

The University of Hull

***Management Learning in the Context of Mexican Micro, Small
and Medium-sized Enterprises (MSMEs): An exploratory study***

being a Thesis submitted for the Degree of

Doctor of Philosophy

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by

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Dedicatoria:

Dios me mira amorosamente con dos ojos. A ellos dedico esta tesis:

A mi esposa, Reyna Karina; con todo mi amor y devoción.

A mi familia, Roberto, Silvia, Rodrigo, Marcelina; con toda mi gratitud.

Dedicated to:

God observes me with two graceful eyes. To them I dedicate this thesis:

To my wife, Reyna Karina; with all my love and devotion.

To my family, Roberto, Silvia, Rodrigo, Marcelina; with all my gratitude.

Roberto.

Summary of Thesis submitted for Doctor of Philosophy degree
by Roberto Ernesto Villaseñor Roldán
on
Management learning in the context of Mexican Micro, Small and Medium-sized
Enterprises (MSMEs): An exploratory study

Summary

This research was dedicated to the exploration of how learning about management could be facilitated among Mexican owner-managers of micro, small and medium-sized enterprises (MSMEs). The rationale for the research arose from the recognition that the vast majority of Mexican MSMEs struggle to survive, despite the fact they play an important role in the economy and society. The research was based on the assumption that it was managerial weakness which lay at the heart of MSMEs failure. In order to understand how management learning could be best facilitated in the context of MSMEs, some frameworks of ideas (management development, experiential learning, organisational learning, adult learning theory and situated learning) were reviewed in order to develop five theoretical dimensions of management learning (assumptions about the learners, assumptions about the learning process, preferred pedagogical setting, development orientation and learning mode orientation). The fieldwork of the research project (January – May 2002) was informed by the ideas of Action Learning and involved two learning sets of six participants each. The discussions of learning set participants' were analysed by disaggregating each transcript into the five theoretical dimensions of management learning. The analysis of the transcripts suggested that, in the context of Mexican MSMEs, it is appropriate to facilitate management learning by encouraging a guided approach (as opposed to a self-directed approach); by encouraging learning through the concept of "community of practice"; by encouraging the accomplishment of personal goals in group settings; by focusing on problems and projects as if they were related to the enterprise (rather than to the individuals); and by encouraging owner-managers to put into practice the managerial issues they learn. The research led to a range of contributions including recommendations for how learning about management could be facilitated among Mexican owner-managers of micro, small and medium-sized enterprises (MSMEs).

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Table of content

Summary	3
Acknowledgements	4
Table of content	5
List of Figures	11
List of Tables	13
List of Extracts	15
Chapter 1 – Introduction: Aims of the study	18
1.1 Introduction.....	18
1.2 Establishing the research problem	18
1.3 Objectives and research questions	22
1.4 Methodological approach	23
1.5 Structure of the thesis.....	25
1.6 Conclusion of the chapter.....	27
Chapter 2 – The context of Mexican MSMEs	29
2.1 Introduction.....	29
2.2 Defining micro, small and medium-sized enterprises	30
2.2.1 Definition of MSMEs used in this research	31
2.3 Characteristics of MSMEs in Mexico	32
2.3.1 Demography of Mexican MSMEs	33
2.3.2 Economic situation of Mexican MSMEs.....	38
2.3.3 Relationships of Mexican MSMEs	44
2.3.4 Purpose and internal organisation of Mexican MSMEs	49
2.4 MSMEs performance and management learning	57
2.4.1 Linking business performance with education and training	57
2.4.2 Training and education for Mexican MSMEs	59
2.5 Conclusion of the chapter.....	61
Chapter 3 – Management Learning: Approaches to facilitate learning about management in MSMEs	63
3.1 Introduction.....	63
3.2 Definition and history of management learning	64
3.2.1 History of management learning	64
3.2.2 Definition of management learning	65

3.3 Approaches to facilitate management learning	69
3.3.1 Management development as a way to facilitate management learning	69
3.3.2 Experiential learning as a way to facilitate management learning	76
3.3.3 Organisational learning as a way to facilitate management learning	85
3.3.4 Adult education as a way to facilitate management learning	92
3.3.5 Situated learning as a way to facilitate management learning	104
3.4 Proposing a management learning approach for the Mexican MSME context..	111
3.4.1 Theoretical dimensions of management learning	111
3.4.2 Selecting management learning as conceptual tool for inquiry.....	114
3.5 Conclusion of the chapter.....	115
Chapter 4 – Methodological approach: Research to promote change and	
qualitative analysis	117
4.1 Introduction.....	117
4.2 Research questions and objectives.....	118
4.3 Research traditions in management learning and MSMEs	120
4.4 Defining research approaches to promote change.....	123
4.4.1 Action-research as a way to promote change.....	124
4.4.2 Action science as a way to promote change.....	127
4.4.3 Co-operative inquiry as a way to promote change.....	129
4.4.4 Action learning as a way to promote change	132
4.5 Entering the problem situation.....	135
4.5.1 Inviting organisations to the research project	135
4.5.2 Inviting owner-managers and facilitator	137
4.5.3 Establishing roles.....	138
4.5.4 Signing a contract.....	144
4.6 Defining qualitative analysis	145
4.6.1 Classifying, indexing, and retrieving qualitative data	146
4.6.2 De-contextualising and re-contextualising qualitative data	147
4.6.3 Interpreting the outcomes of the data analysis	149
4.7 Discussing the philosophical issues involved in this research.....	152
4.7.1 Scientism: Towards encouraging change.....	153
4.7.2 Empirism: Ensuring credibility.....	153
4.7.3 Instrumental knowledge: Ensuring transferability	154
4.7.4 Phenomenalism: Ensuring consistency	155
4.7.5 Value freedom: Towards neutrality	156

4.8 Conclusion.....	157
Chapter 5 – Analysing the learning preferences in the light of the five theoretical dimensions of management learning.....	159
5.1 Introduction.....	159
5.1.1 Categories used in this chapter	160
5.2 Interpreting participants' assumptions about their role as learners	161
5.2.1 Participants' preference for a guided approach to learning	161
5.2.2 Participants' preference for self-directed learning.....	166
5.2.3 Conclusion	170
5.3 Interpreting the nature of the learning process.....	171
5.3.1 Exploring the metaphor of a community of practice.....	171
5.3.2 Exploring the metaphor of cognitive activities.....	175
5.3.3 Conclusion	178
5.4 Interpreting the preferred pedagogical settings of the learners	178
5.4.1 Exploring learning in group mode	179
5.4.2 Exploring learning in individual mode	182
5.4.3 Conclusion	185
5.5 Interpreting the development orientation of learners	185
5.5.1 Exploring organisational development.....	186
5.5.2 Exploring personal development.....	187
5.5.2 Conclusion	188
5.6 Interpreting the learning mode orientation of learners.....	189
5.6.1 Exploring professional practice	189
5.6.2 Exploring theoretical inquiry.....	190
5.6.3 Conclusion	191
5.7 Conclusion.....	192
Chapter 6 – Analysing relevant themes for Management learning in the context of Mexican MSMEs	195
6.1 Introduction.....	195
6.1.1 Explanation of the categories used in this chapter	196
6.2 Relevant themes related to management of product promotion and distribution	197
6.2.1 Finding appropriate customers for a new product.....	198
6.2.2 Finding appropriate distributors for a new product.....	200
6.2.3 Low level of sales.....	201

6.2.4 Evaluating client's satisfaction	202
6.2.5 Presenting a product in a more attractive way	203
6.2.6 Selecting appropriate media for promotions	205
6.2.7 Lack of selling abilities of the owner-manager	206
6.2.8 Opening a new subsidiary.....	208
6.2.9 Summary of relevant themes related to management of product promotion and distribution	209
6.3 Relevant themes related to management of economic resources	211
6.3.1 Need of professional advice on accountancy	212
6.3.2 Inability to determine the cost structure of products and services	213
6.3.3 Difficulty making profits	214
6.3.4 Difficulty raising external funds	215
6.3.5 Summary of relevant themes related to management of economic resources	216
6.4 Relevant themes related to management of people.....	217
6.4.1 Perceived lack of commitment of relatives.....	218
6.4.2 Changing previous goals, values and procedures	219
6.4.3 Motivating employees	221
6.4.4 Ineffective communication	222
6.4.5 Ill-defined responsibilities of relatives	224
6.4.6 Trust and poor delegation of activities and responsibilities.....	225
6.4.7 Training employees.....	227
6.4.8 Hiring appropriate employees	229
6.4.9 Summary of relevant themes related to management of people	230
6.5 Relevant themes related to management of operations.....	231
6.5.1 Poor ability to plan and follow operations schedules	231
6.5.2 Using a fraction of the production capacity	232
6.5.3 Inability to attend more customers	234
6.5.4 Managing inventory level	234
6.5.5 Difficulties fulfilling customers specifications	236
6.5.6 Selecting new information technology	237
6.5.7 Operating in the informal sector.....	238
6.5.8 Summary of relevant themes related to operations' management	239
6.6 Conclusion.....	241

Chapter 7 – Implications of the research project: Management learning and MSMEs in retrospect	243
7.1 Introduction.....	243
7.2 Appraisal of the entrepreneurial circles	244
7.2.1 Analysis of the reaction or satisfaction.....	245
7.2.2 Analysis of learning.....	249
7.2.3 Analysis of attitudes	251
7.2.4 Analysis of results.....	255
7.2.5 Conclusion	258
7.3 The five theoretical dimensions of management learning in retrospect	259
7.3.1 The organisational – personal development dimension: Implications for management development	260
7.3.2 The theoretical inquiry – professional practice dimension: Implications for experiential learning.....	264
7.3.3 The individual – group setting dimension: Implications for organisational learning	267
7.3.4 The guided – self-directed dimension: Implications of the theory for adult education	271
7.3.5 The contextual – cognitive activities dimension: Implications for situated learning	276
7.3.6 Conclusion	280
7.4 Implications of the subject of study of management learning for MSMEs	282
7.4.1 The impact of management learning on business performance of MSMEs.....	283
7.4.2 The impact of management learning on cultural and social factors of a community.....	284
7.4.3 Conclusion	287
7.5 Theory of MSMEs in retrospect.....	288
7.5.1 Reviewing MSMEs from the “outside”.....	288
7.5.2 Reviewing MSMEs from the “inside”.....	290
7.6 Conclusion.....	292
Chapter 8 – Conclusion: Achievements, limitations, and further research	295
8.1 Introduction.....	295
8.2 Achievements of this research project.....	295
8.2.1 Objective 1. Reviewing the main problems that affected Mexican micro, small and medium-sized enterprises (MSMEs).....	296

8.2.2 Objective 2. Reviewing management learning as a subject of study and its major influences.....	297
8.2.3 Objective 3. Formulating a framework in order to understand how management learning could be facilitated in the context of Mexican MSMEs.....	297
8.2.4 Objective 4. Appraising the management learning preferences of the participants in the study with the purpose of providing an answer to research question 2.	299
8.2.5 Overcoming managerial weakness.....	303
8.3 Retrospective limitations of the research project and outcomes	304
8.3.1 Issues affecting the credibility of the research outcomes	304
8.3.2 Issues affecting the transferability of the research outcomes	306
8.3.3 Issues affecting the consistency of the research outcomes.....	308
8.3.4 Issues affecting the neutrality of the research outcomes.....	309
8.4 Original contributions of this research project	310
8.4.1 Developing a different way of understanding the subject of study of management learning.	310
8.4.2 Implementing an old strategy in a new context.....	311
8.4.3 Carrying out research through a strategy that has not been widely used in MSMEs research	312
8.4.4 Combination of the topics	312
8.5 Further research	312
Appendix 1- MSMEs in the formal and informal sector of the economy	315
Appendix 2 - Profile of participant owner-managers, enterprises and facilitators	317
Participant owner-managers of entrepreneurial circle 1 (EC1).....	317
Participant owner-managers of entrepreneurial circle 2 (EC2).....	321
Profile of the facilitator and co-facilitator	326
Appendix 3 - Schedule of activities during the fieldwork (January – June, 2002)	328
Appendix 4 - Web page of the research project.....	329
Appendix 5 - Explanation of the symbols used in the transcripts of this research project	332
References.....	333

List of Figures

Figure 1.1: Outline of the thesis and the research project	28
Figure 2.1: SMEs' contribution to GNP and employment.....	38
Figure 2.2: Percentage of MSMES total exports.....	40
Figure 2.3: Participation of MSMEs on the most dynamic sectors of the Mexican economy	45
Figure 3.1: The scope and topics of management learning	66
Figure 3.2: Facets of management learning	67
Figure 3.3: Combination of learning opportunities	71
Figure 3.4: The learning equation	73
Figure 3.5: Development orientation dimension of management learning: Organisational and personal development	76
Figure 3.6: The four basic learning styles	81
Figure 3.7: The learning cycle.....	81
Figure 3.8: Learning mode orientation dimension of management learning: Theoretical inquiry and professional practice.	84
Figure 3.9: Pedagogical setting dimension of management learning: Individual and group settings	92
Figure 3.10: Assumptions about the learners in management learning: Guided – Self- directed approach	103
Figure 3.11: Assumptions about the learning process in management learning: Cognitive – social process	109
Figure 3.12: Five theoretical dimensions of management learning.....	111
Figure 4.1: Kurt Lewin's proposal of action research	126
Figure 4.2: The four phases of co-operative inquiry.....	131
Figure 4.3: Research design based on action learning sets followed in this research project.	133
Figure 4.4: The process of de-contextualising and re-contextualising	148
Figure 4.5: Possible outcomes of qualitative analysis.....	150
Figure 5.1: Categorisation of five aspects about management learning	160

Figure 6.1: Categories describing the problems participants discussed during the entrepreneurial circles.....196

Figure 6.2: Relationships between problems related to product's promotion and distribution210

Figure 6.3: Relationships between problems related to management of economic resources.....217

Figure 6.4: Relationships between problems related to management of people230

Figure 6.5: Relationships between problems related to management of operations ..240

Figure 7.1: Clusters of activities for the facilitation of management learning280

Figure 7.2: Relationship between MSMEs and the historical and cultural factors that affect them.285

List of Tables

Table 2.1 Definition of MSMEs used in this research	32
Table 2.2 Typical characteristics of small firms.....	33
Table 2.3 Percentage of economic units and employment generation.	35
Table 2.4 Activities of MSMEs in the manufacturing sector	36
Table 2.5 Activities of MSMEs in commerce.....	36
Table 2.6 Activities of MSMEs in the service sector	36
Table 2.7 Activities of MSMEs in the transport sector.....	37
Table 2.8 Comparison of employment generation by different sectors.....	46
Table 2.9: Comparison of benefits received by SME and SNRs' employees	47
Table 2.10: Comparison of educational level between SME and SNRs employees.....	48
Table 3.1 Relationships and examples of formal and informal processes	67
Table 4.1: Code of conduct proposed by the participants in the study.	144
Table 5.1 Participations of entrepreneurial circle one	171
Table 5.2 Participations of entrepreneurial circle two	172
Table 5.3 Fears participants expressed during the first meeting.	182
Table 5.4 Summary of problems owner-managers exposed related to organisational issues.....	186
Table 5.5 Expectations that participants of entrepreneurial circles expressed.	190
Table 6.1: Problems participants discussed related to products' promotion and distribution	198
Table 6.2: Problems participants discussed related to management of economic resources	212
Table 6.3: Problems participants discussed related to management of people.....	218
Table 6.4: Problems participants discussed related to management of operations....	231
Table 7.1: Question 1 – Analysis of reaction.....	245
Table 7.2: Question 2 – Analysis of reaction.....	246
Table 7.3: Question 3 – Analysis of reaction.....	246
Table 7.4: Question 4 – Analysis of reaction.....	247
Table 7.5: Question 5 – Analysis of reaction.....	247

Table 7.6: Question 6 – Analysis of reaction.....	248
Table 7.7: Question 7 – Analysis of reaction.....	248
Table 7.8: Question 8 – Analysis of learning.....	250
Table 7.9: Question 9 – Analysis of learning.....	251
Table 7.10: Question 10 – Analysis of attitudes.....	251
Table 7.11: Questions 11, 12 and 13 – Analysis of attitudes.....	252
Table 7.12: Question 14 – Analysis of attitudes.....	253
Table 7.13: Question 15 – Analysis of attitudes.....	254
Table 7.14: Question 16, analysis of results.....	256
Table 7.15: Question 17, analysis of results.....	257
Table 7.16: Additional comments about the appraisal.....	258
Table A.1 Characteristics of participants of EC1.....	320
Table A.2 Characteristics of participants of EC2.....	324

List of Extracts

Extract 1. Circle 2 – Session 8, text units: 213 - 217	161
Extract 2. Circle 2 – Session 4, text units: 12, 29 and 65 - 67	162
Extract 3. Circle 2 – Session 6, text units: 148 and 159.....	163
Extract 4. Circle 2 – Session 7, text unit: 12	164
Extract 5. Circle 2 – Session 10, text unit: 360	164
Extract 6. Circle 2 – Session 7, text units: 94 –103.....	165
Extract 7. Circle 2 – Session 10, text unit: 32	166
Extract 8. Circle 2 – Session 4, text units: 218 – 219.....	166
Extract 9. Circle 2 – Session 8, text units: 147-149	167
Extract 10. Circle 2 – Session 7, text units: 122 and 140-144	167
Extract 11. Circle 1 – Session 4, text unit: 8	168
Extract 12. Circle 2 – Session 7, text unit: 5	168
Extract 13. Circle 1 – Session 4, text units: 175-176, 200, 239-246	168
Extract 14. Circle 2 – Session 3, text units:14 and 188.....	169
Extract 15. Circle 2 – Session 6, text units: 626-628	172
Extract 16. Circle 2 – Session 2, text unit: 35	173
Extract 17. Circle 2 – Session 7, text units: 494 – 496.....	173
Extract 18. Circle 1 – Session 7, text units: 135 -135	174
Extract 19. Circle 1 – Session 7, text unit: 53	174
Extract 20. Circle 2 – Session 7, text units: 7-9	175
Extract 21. Circle 2 – Session 7, text unit: 242	175
Extract 22. Circle 2 – Session 8, text units: 135 – 141.....	176
Extract 23. Circle 2 – Session 9, text unit: 61	176
Extract 24. Circle 1 – Session 4: text units 91-93	177
Extract 25. Circle 2 – Session 3, text unit: 148	177
Extract 26. Circle 2 – Session 7, text unit: 108	179
Extract 27. Circle 1 – Session 3, text units: 198-199	181
Extract 28. Circle 2 – Session 4, text units: 71 - 73 and 86	181
Extract 29. Circle 2 – Session 8, text units: 3 - 10	181

Extract 30. Circle 2 – Session 2, text units: 75 - 79	183
Extract 31. Circle 2 – Session 3, text unit: 148	183
Extract 32. Circle 2 – Session 3, text units: 196-201	183
Extract 33. Circle 2 – Session 5, text unit: 103	183
Extract 34. Circle 1 - Session 7, text unit: 11 and 24	187
Extract 35. Circle 2 – Session 10, text unit: 435	188
Extract 36. Circle 2 – Session 10, text units: 529 - 544	190
Extract 37. Circle 1 – Session 4, text units: 56 – 76.....	198
Extract 38. Circle 1 – Session 4: text units 91 – 93, 121 – 123.....	199
Extract 39. Circle 2 – Session 3, text units: 30 – 36.....	200
Extract 40. Circle 2 – Session 2, text units: 22 – 24.....	201
Extract 41. Circle 2 – Session 3, text units: 327 – 335.....	201
Extract 42. Circle 1 – Session 7: text unit 149	202
Extract 43. Circle 2 – Session 5, text units 304 – 305.....	203
Extract 44. Circle 2 – Session 4, text units: 123 and 135.....	204
Extract 45. Circle 2 – Session 5, text units:160 – 162.....	204
Extract 46. Circle 1 - Session 3, text units: 78 – 84	205
Extract 47. Circle 2 – Session 10, text units: 298 – 300.....	206
Extract 48. Circle 2 – Session 3, text units:11 – 18, 79 – 80 and 293 – 295.....	207
Extract 49. Circle 2 - Session 6, text units: 687 – 689	207
Extract 50. Circle 2 – Session 6, text units: 197 – 199.....	209
Extract 51. Circle 2 – Session 6, text units: 216 – 219.....	209
Extract 52. Circle 1 – Session 3, text units: 162, 166 and 177.....	212
Extract 53. Circle 1 – Session 4, text units:165 and 227 – 229.....	213
Extract 54. Circle 2 – Session 7, text units: 312 – 314.....	214
Extract 55. Circle 2 – Session 3, text units:16 and 210 – 216.....	215
Extract 56. Circle 2 – Session 2, text units: 70 – 73.....	216
Extract 57. Circle 1 – Session 4, text unit: 221	216
Extract 58. Circle 1 – Session 4, text unit: 5	218
Extract 59. Circle 1 – Session 4, text unit: 6	219
Extract 60. Circle 1 – Session 7, text units: 161 – 165 and 180.....	220
Extract 61. Circle 1 – Session 7: text unit 128	221
Extract 62. Circle 2 – Session 10: text units: 414 and 415.....	223
Extract 63. Circle 2 – Session 4, text units: 266 – 304.....	224
Extract 64. Circle 2 – Session 9, text units: 193 – 195 and 201 – 208.....	226

Extract 65. Circle 2 – Session 9, text units: 229 – 244.....	227
Extract 66. Circle 1 – Session 3, text units: 140 – 155.....	228
Extract 67. Circle 1 - Session 7, text units: 28 – 29	229
Extract 68. Circle 2 – Session 9, text units: 183 – 185, and 189.....	232
Extract 69. Circle 1 – Session 7, text unit: 22	232
Extract 70. Circle 1 – Session 7, text units : 153 and 155 – 158.....	233
Extract 71. Circle 1 – Session 3, text units: 193 – 194.....	234
Extract 72. Circle 2 - Session 8, text units: 106 – 107	235
Extract 73. Circle 2 – Session 8, text units: 122 – 129.....	235
Extract 74. Circle 2 – Session 10, text units : 318 – 326 and 337.....	236
Extract 75. Circle 2 – Session 10, text units: 11, 56 and 101.....	237
Extract 76. Circle 2 – Session 6, text units: 283 – 300 and 333 – 343.....	238

Chapter 1 – Introduction: Aims of the study

1.1 Introduction

The purpose of this chapter is to introduce the research project, which was about management learning in the context of Mexican MSMEs. Section 1.1 describes the aims and of structure of this chapter. Section 1.2 introduces the main problem that this research addressed. Section 1.3 describes the objectives and the questions that guided this research project. Section 1.4 introduces the methodological approach which informed this research project, while section 1.5 describes the structure of the rest of the thesis. Finally section 1.6 provides a conclusion for this chapter.

1.2 Establishing the research problem

This research was dedicated to investigate how learning about management could be facilitated among Mexican owner-managers of micro, small and medium-sized enterprises (MSMEs), i.e. it was about management learning in the context of Mexican MSMEs. The interest of the researcher in developing this topic came about naturally as he worked in management education for four years. During those years the researcher observed that owner-managers found it difficult to trust managerial skills and knowledge and to obtain benefits from them. As a result his concern centred on how to facilitate learning about management among owner-managers of MSMEs¹.

According to the Organisation for Economic Co-operation and Development (OECD) the role of micro, small and medium-sized enterprises is crucial in order to strengthen regional and national economies (OECD, 2002a). MSMEs have demonstrated a great capacity to adapt and change according to dynamic market conditions and availability

¹ At this point, the term “management” refers to the practices deemed appropriate to operate an organisation and to achieve its goals (Willmott, 1997). The term “learning” refers to the process through which individuals acquire skills and knowledge allowing them to modify their behaviour (Knowles et al., 1998). The different connotations that the terms management and learning invoke will be explored throughout this thesis, particularly in chapter three.

of resources. Several authors have confirmed the contributions that MSMEs make to developed and developing economies, for example: Churchill and Lewis, 1983; Gibb, 1987; Storey, 1994; Blackburn and Jennings, 1996; Robertson, 1996; Anzola-Rojas, 1997; Rueda and Simón, 1999; Curran and Blackburn, 2001. Around the world, MSMEs represent a large share of the business sector and generate most of the business turnover (OECD, 2002a). For example in Mexico, MSMEs employ 64% of the total Mexican workforce, and they produce 40% of the Gross Domestic Product (GDP) (Secretaría de Economía, 2000a). The presence of MSMEs in the Mexican economy contributes to avoid monopolistic practices, they foster regional economic cycles, and provide products and services that the society needs (Anzola-Rojas, 1997). According to Lino (2001) MSMEs represent advantages for the economy because they require small amounts of capital to start their operations. Therefore, they generate employment with little associated cost. Since they represent 99% of the total enterprises in Mexico (Rueda, 2001), they significantly exemplify the behaviours and relationships of the Mexican society. Therefore, MSMEs not only create wealth and employment, but also provide individuals with opportunities to fulfil their aspirations and lifestyle preferences (Westall et al., 2000).

Despite the significant contribution of Mexican MSMEs, as a whole, to the economy and society, a vast majority of them serve local markets and often struggle to survive. According to the OECD (2002b), one of the factors which effectively blocks MSMEs' possibilities of survival, is the level of training and education of their owners and managers. Upgrading skills and knowledge helps owners and managers to reorganise their enterprises in order to cope more effectively with challenges such as rapidly changing technologies, saturated markets, global economies and foreign competitors.

Several authors and organisations have pointed out the vital role of management education and training in MSMEs, for example, according to the OECD (2002b) there is evidence which suggests that education and training are linked with small business performance. Storey (1994) argues that failure rates among MSMEs could drastically fall when owner-managers engage in significant training. Robertson (1996) considers that low management competency is a critical factor that constituted a major weakness of small firms in the UK. Anzola-Rojas (1997) points out that a major problem of Latin American owner-managers is that they have failed to understand and apply basic concepts related to management, marketing, accounting and finance. Rueda (2001)

considers that the deficient capacity of owner-managers to cope with managerial and technical issues is a crucial factor responsible for MSMEs' failure in Mexico. Therefore, this research project assumed that managerial weakness lies at the heart of MSMEs' failure (OECD, 2002b).

There were two reasons for which this research project focused in the managerial function of MSMEs instead of other organisational functions or external factors. First, according to Santos-de-Morais (2000), the capacity of MSMEs (or any other organisation) to deal with demanding tasks and situations is determined by the way they are internally organised. This assumption implied that it is their internal organisation which puts MSMEs at a systematic disadvantage when confronted with competition. Second, Santos-de-Morais (2000) also argues that economic and social conditions find their roots within the internal organisation of the production processes. This implies that the internal organisation of the enterprises of a community has an impact on the social and economic conditions of that community. Therefore, the researcher assumed that the way in which owner-managers understood and applied basic concepts related to management was crucial because it had a direct impact at two levels: At the "micro" level, it determined the capacity of enterprises to achieve their goals. At the "macro" level, it determined MSMEs' capacity to fulfil satisfactorily the economic and social roles they were expected to play in their communities.

Despite the importance of management as a function within small firms, it has been widely observed that owner-managers of MSMEs have less training and education in management than their counterparts in large enterprises (OECD, 2002b). According to NAFIN (1999), in Mexico, small firms are less likely to spend on training and education for their owners, managers and employees. Therefore, a task that public and private organisations have undertaken is the provision of training and education for owner-managers of MSMEs. It is difficult to determine the number of programmes which aim to provide education and training in management for Mexican MSMEs. The database of CIPI (Inter-Secretariat Commission for Industrial Policy) had one hundred and thirty one registered programmes for MSMEs in 2001 (CIPI, 2001). Of those, twenty-seven programmes aimed to provide training, technical assistance and consultancy services. Several Colleges, Universities, Chambers and Associations, and private sector organisations also provide training and education for MSMEs in several areas. However there is no existing database on these programmes.

Although private and publicly funded education and training in Mexico seems to be widely available, the lack of careful evaluations makes it difficult to assess which are the most effective programmes and practices. There is evidence to suggest that the provision of management education and training available is not what Mexican owner-managers need and want. For example, according to Rueda and Simón (1999) the percentage of Mexican owner-managers attending the different education and training programmes provided by the Government is surprisingly low. Between 1997 and 1999, less than 1% of the total population of owner-managers participated in training and education programmes. NAFIN's (1999) survey on the characteristics of Mexican enterprises confirmed Rueda and Simón's observation. The low participation of owner-managers in education and training programmes directed to increase the performance of MSMEs raised the issue of the appropriateness of the current provision. As a result, this research project assumed that the provision of management education and training for owner-managers of Mexican MSMEs has not been properly addressed. That is why this research project was dedicated to explore how learning about management could be facilitated among Mexican owner-managers of micro, small and medium-sized enterprises (MSMEs).

There are many subjects of study, or conceptual frameworks, which have undertaken the endeavour of providing management education and training for managers and employees, for example, management development, management education, experiential learning, organisational learning, adult learning theory, and situated learning. However this research project approached the endeavour of facilitation of managerial skills and knowledge from a more holistic subject of study: management learning.

In summary, this section pointed out that: first, micro, small and medium-sized enterprises (MSMEs) play an important role in the Mexican economy and society. Second, a vast majority of MSMEs struggle to survive, and it is managerial weakness which lies at the heart of MSMEs failure (OECD, 2002b). Third, in Mexico, the provision of management education and training has not been properly addressed since few owner-managers participate in these programmes. Finally, this research approached the issue of management education and training from the point of view of management learning. The following section describes the objectives and research questions that drove this research project.

1.3 Objectives and research questions

The first objective of this research project was to review through the literature the main problems that affected Mexican micro, small and medium-sized enterprises (MSMEs). From the many problems reviewed in this research project, “managerial weakness” was the problem that this research project addressed in the belief that managerial weakness lies at the heart of MSMEs failure (OECD, 2002b; Anzola- Rojas, 1997; Baldwin et al., 1994; Marshall et al., 1995; Storey, 1989). This first objective led to the following research question:

Research question 1: If managerial weakness is at the heart of MSMEs failure, then which framework of ideas is appropriate to facilitate learning about management in the context of Mexican MSMEs?

The researcher found that many subjects of study offered complementary (and sometimes contrasting) ideas in order to overcome managerial weakness in MSMEs (e.g. management development, management education, experiential learning, organisational learning, adult learning theory, and situated learning). The researcher became aware that an answer to research question 1 was likely to depend on his preferences towards certain subjects of study. Therefore, the researcher decided to explore the potential of the subject of study of management learning because he assumed it offered a more “holistic” approach in order to facilitate learning about management. As a result, the second objective of this project was to review management learning as a subject of study and its major influences.

The third objective of this research project was to propose a framework in order to understand how management learning could be facilitated in the context of Mexican MSMEs. The framework proposed in this research project embodied five theoretical dimensions inferred from the literature about management learning. The five proposed dimensions were:

1. Assumptions about the role of the learners.
2. Assumptions about the learning process.
3. Preferred pedagogical settings.
4. Development orientation of the learners.
5. Preferred learning mode.

The accomplishment of the third objective led the researcher to formulate a second research question:

Research question 2: Which management learning approach is appropriate to facilitate knowledge and skills about management in the context of Mexican MSMEs?

In order to answer this research question, the researcher explored in collaboration with twelve owner-managers (between January and May 2002) their learning preferences based on the five theoretical dimensions listed above. As a result, a fourth objective emerged, which was to appraise the management learning preferences of the participants in the study with the purpose of providing an answer to research question 2. To accomplish this objective, the researcher formulated two research questions.

Research question 3: What are the learning preferences of the participants in the study based on the five theoretical dimensions of management learning proposed in this research?

Research question 4: What themes do participants in the study considered relevant in order to learn about management in the context of Mexican MSMEs?

In summary, the main achievements and activities of this researcher project could be described as follows: This research project identified an appropriate management learning approach for the context of Mexican MSMEs (research question 2), by exploring the management learning preferences of the participants in the study (research questions 3 and 4), in order to diminish the managerial weakness which lies at the heart of MSMEs' failure (research question 1).

The following section explains the methodological approach which allowed the researcher and the participants in the study to inquire about management learning in the context of Mexican MSMEs.

1.4 Methodological approach

Taking into account that the objectives and the research questions of this research project attempted to review the core problems of Mexican MSMEs, and to assess the possible contributions that the subject of study of management learning could make

towards changing one of those core problems, the researcher considered that the “interpretive” research tradition provided more solid foundations in order to fulfil the objectives and answer the research questions. The “interpretive” research tradition typically aims to understand the meanings that the people assign to some situations in the context in which they live, rather than processing numerically measured data. Therefore, this research followed the “interpretive” research tradition in order to explore the significance of management learning by promoting change among participants MSMEs.

The interpretive tradition to research also was more appropriate in this research project because: first, research about people tends to be more meaningful, and ethically more appropriate, when it is done in collaboration with the participants in the study (Reason and Heron, 1995). Second, the outcomes of implementing new learning and more appropriate managerial practices were more likely to emerge over time and after a series of modest successes, drawbacks and modifications.

From the many approaches to promote change through research (e.g. action science, co-operative inquiry, and action-research), the researcher proposed to the participants in the study to follow the tenets of action learning to inform the research process. Action learning was implemented through “action learning sets” (called in this project “entrepreneurial circles”). Between February and June 2002, the researcher facilitated in Mexico two learning sets with six owner-managers each. The learning sets were weekly meetings in which participants in the study discussed some learning needs and problematic situations they faced in their enterprises, with the purpose of implementing meaningful courses of action. Within the learning sets at least two levels of inquiries, which were mutually supportive, took place. On the one hand, participant owner-managers inquired into ways to overcome their learning needs and problems they experienced in their MSMEs by discussing and implementing meaningful courses of action. On the other hand, the researcher inquired about the appropriateness of management learning in the context of Mexican MSMEs and possible ways to facilitate learning about management.

In order to analyse the management learning preferences of the participants in the study, the researcher recorded the discussions that took place within the learning sets (thirteen recordings containing a total 36 hours of discussions), in such a way that an

“evolution” of problems and relevant themes took place. The transcripts of the discussions were the main source for the analysis, and they included more than two hundred pages organised into thirteen documents. The process of analysis was to disaggregate each transcript into several meaningful categories with the purpose of interpreting the management learning preferences of the participants in the study (in terms of the five theoretical dimensions of management learning, and relevant themes). As a result, the researcher was able to fulfil the objectives of this research project and to answer the four research questions presented in the last section.

In summary, this section pointed out that this research project aimed to increase our understanding about management learning and MSMEs through a process of inquiry which promoted change. Action learning was the research approach which informed this research project in its quest for an appropriate management learning approach in the context of Mexican MSMS. The analysis of the discussions held during the action learning sets was done by disaggregating each transcript into several meaningful categories. As a result, an appropriate management learning approach in the context of Mexican MSMEs emerged. The following section describes the structure of this thesis.

1.5 Structure of the thesis

Chapter one introduces the aim of this research project. It starts by introducing the main problem that this research addressed. It follows by introducing the objectives and the research questions as well as the methodological that guided this research project. It provides a preview of the organisation of the rest of the thesis.

Chapter two presents Mexican micro, small and medium-sized enterprises (MSMEs) as the area of interest of this research project. This chapter explores different ways in which MSMEs have been defined and the main characteristics of Mexican MSMEs. It points out that, among the several problems Mexican MSMEs face it is managerial weakness which systematically puts these enterprises at a disadvantage when confronting competition and environmental disturbances.

Chapter three explores management learning as a subject of study which has evolved influenced by different frameworks of ideas such as: management development,

experiential learning, organisational learning, adult education theory, and situated learning. The chapter describes how these frameworks of ideas contribute to make of management learning a multidisciplinary area of study and research, which embraces different approaches to management education and training. This chapter also proposes five theoretical dimensions in order to understand the subject of study of management learning and its potential significance for Mexican MSMEs.

Chapter four discusses in detail and justifies the methodological approach that participants and the researcher followed in this research project. It explains why a research approach to promote change was more appropriate in this study. It also describes the qualitative analytic procedures that the researcher followed in order to reflect upon the discussions generated through the action learning sets.

Chapter five analyses the management learning preferences of the participants in the study based on the five theoretical dimensions of management learning proposed in chapter three. The chapter answers questions such as: To what extent did participants in the study prefer a guided or a self-directed approach to learn about management? To what extent did they engage in collective or cognitive activities? Which pedagogical setting did they prefer, learning in-group or learning in individual mode? To what extent were their goals oriented to personal and organisational development? To what extent did they emphasise professional practice over theoretical inquiry?

Chapter six analyses the management learning preferences of the participants in the study based on the relevant themes (learning needs and problems) they discussed during the action learning sets. This chapter, together with chapter five, enables the researcher to arrive to an appropriate management learning approach in the context of Mexican MSMEs.

Chapter seven is dedicated to discuss the implications of this research project. It presents an appraisal of the learning sets as a research approach to promote change in Mexican MSMEs. It follows by discussing the implications of the outcomes of this research project for the subject of study of management learning and the frameworks of ideas that have influenced it. Finally, it discusses the implications and relevance of management learning for the Mexican society and economy by helping MSMEs to become more competent in managerial terms.

Finally, chapter eight provides the conclusion of this research project. It analyses the achievements of this research project in terms of the objectives and research questions. It discusses the omissions and limitations of this study and its contributions to the body of knowledge of management learning and MSMEs.

Figure 1.1 at the end of this chapter describes the interplay between the various chapters of this thesis, and how each chapter contributes to fulfil the objectives and research question of this research project.

1.6 Conclusion of the chapter

Mexican micro, small and medium-sized enterprises (MSMEs) are an important area of research because they make significant contributions to the economy and the society. In Mexico, however, the provision of management education and training has not been properly addressed and it is managerial weakness which lies at the heart of MSMEs failure.

Therefore, the purpose of this research project was to identify an appropriate management learning approach for the context of Mexican MSMEs (research question 2), by exploring the management learning preferences of the participants in the study (research questions 3 and 4), in order to diminish the managerial weakness which lies at the heart of MSMEs' failure (research question 1).

The following chapter describes in detail the main problems that Mexican MSMEs face, and explains why management learning could be potentially significant for this type of enterprise.

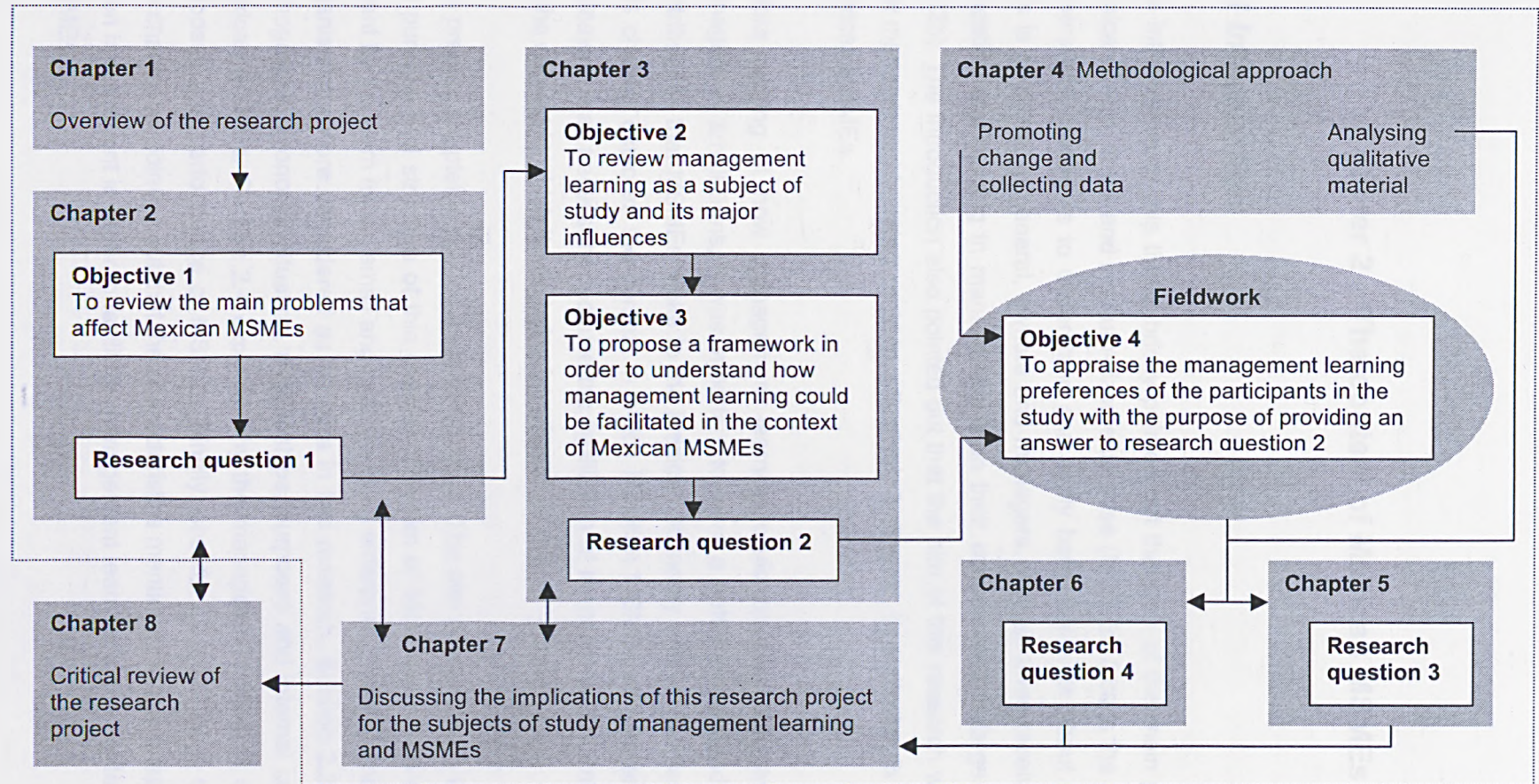


Figure 1.1: Outline of the thesis and the research project

Chapter 2 – The context of Mexican MSMEs

2.1 Introduction

The introduction of this thesis briefly pointed out that one of the main problems that Mexican micro, small and medium-sized enterprise (MSMEs) face is the failure of their owners and managers to understand and apply basic concepts about management. This is because, in general, owners and managers of small firms receive less formal education and training in management than their counterparts in large firms (OECD 2002b). The introduction also pointed out that the aim of this research was to explore how management learning could be effectively facilitated, in particular, in the context of Mexican MSMEs.

Before looking at how management learning could be facilitated among owner-managers of small firms, it was important to have a better understanding about the contributions that MSMEs make to the Mexican economy and to peoples' aspirations. This chapter explores the context in which Mexican MSMEs survive and grow. This endeavour was necessary because the facilitation of management learning depended on the context in which it was being introduced.

The present chapter is divided into five sections. The aim of section 2.1 is to introduce the purpose and structure of this chapter. The aim of section 2.2 is to clarify what is meant by the term micro, small and medium-sized enterprise (MSME) and states which organisations were considered as MSMEs in this research..Section 2.3 explores the demography, economic situation, relationships, purposes and internal organisation of Mexican MSMEs. Section 2.4 explains why the managerial function is crucial for the purposes and performance of MSMEs. Finally, section 2.5 provides a conclusion for this chapter by pointing out that the characteristics mentioned in this chapter should be taken into account in order to facilitate management learning in the context of Mexican MSMEs.

2.2 Defining micro, small and medium-sized enterprises

The aim of this section is to clarify which organisations are considered MSMEs and which are considered large enterprises.

The task of defining micro, small and medium sized enterprises (MSMEs)² was not easy because most of the proposed definitions are strongly limited. Curran and Blackburn (2001) pointed out that MSMEs have been defined basically in three ways: (1) using quantitative parameters, (2) using qualitative parameters, and (3) combining parameters.

Definitions based on quantitative parameters often rely upon parameters such as number of employees, and financial turnover of the enterprise. These two parameters have been popular among researchers and policy makers because it is perceived that quantitative measurements on the size of enterprises could be the basis of appropriate statistical analysis, objective policies and research outcomes (Curran and Blackburn, 2001). Despite their popularity, definitions based on number of employees and financial turnover have severe disadvantages for research and policy making purposes. First, what is meant by “small” depends on the sector under study. Enterprises could be significantly different between sectors (manufacturing, retailing, catering, construction, etc.), and definitions of this type aggregate enterprises that are significantly different in the same cluster. Second, these definitions assume that the size of firms is constant; however, the size of firms might increase and decrease several times per year. Third, the number of employees, or volume of turnover per year which typically define the size classes are set arbitrarily. Therefore, the researcher concluded there was no single way to define MSMEs based on quantitative parameters (Curran and Blackburn, 2001).

A second way to define MSMEs is through qualitative parameters. According to Curran and Blackburn (2001) the Bolton Committee³ offered one of the best known definitions based on qualitative parameters:

² Throughout this thesis the following terms are used interchangeably unless specified: MSME, SME, small firm, small enterprise, small business.

³ The Bolton Committee was officially appointed to inquire into the impact of small firms in UK. The Committee produced 18 research reports (the Bolton Report, 1971: Appendix 3).

“First, in economic terms, a small firm is one that has a relatively small share of its market, Secondly, an essential characteristic of a small firm is that it is managed by its owners or part-owners in a personalised way, and not through the medium of a formalised management structure. Thirdly, it is also independent in the sense that it does not form part of a larger enterprise and that the owner-managers should be free from outside control in taking their principal decisions” (As quoted by Curran & Blackburn, 2001, p.13).

This type of definition intends to highlight the essential nature of micro, small and medium-sized enterprises by appreciating characteristics such as personalised management, informal managerial structures, independence of decision-making, small market share, variety of products offered and the uncertainty they face. Although qualitative definitions acknowledge some essential characteristics of MSMEs, they have serious disadvantages for research and policy making purposes. Their most important disadvantage, in terms of this research, was that they were very difficult to employ in practice. For example, there was little or no available data on the business population in terms of market share. No national survey and census (at least in Mexico) was likely to provide information about managerial style or independence of decision making (Curran and Blackburn, 2001).

In summary, although definitions of small firms based on quantitative and qualitative parameters attempted to underline that MSMEs and large enterprises are fundamentally different (Curran and Blackburn, 2001), they fail to present the fundamental differences between MSMEs and large enterprises. Definitions based on a few parameters (either quantitative or qualitative) fail to present the essential nature and complexity of small firms by ignoring characteristics such as enterprise culture, behaviours, values, and goals.

2.2.1 Definition of MSMEs used in this research

Curran and Blackburn (2001) acknowledged that all current definitions of MSMS have strong disadvantages. However, they suggested that whenever possible researchers and policy makers should use existing parameters. Following this suggestion, this research took the standards dictated by the Mexican Secretariat of the Economy (see Table 2.1) as the main parameters to define MSMEs in this research. These standards classified micro and small businesses based on the numbers employed and economic

sector. The standards were useful because they allowed this research to be “compatible” with different research projects using the same official standards.

	Industry	Commerce	Services
Micro – numbers employed	0 – 30	0 – 5	0 – 20
Small – numbers employed	31 – 100	6 – 20	21 – 50
Medium – numbers employed	101-500	21-100	51-100

Table 2.1 Definition of MSMEs used in this research
(Source: Secretaría de Economía, 2000a)

In summary, this section pointed out that this research assumed that there was no universally accepted definition of MSMEs (Curran and Blackburn, 2001). Researchers and policy makers have adopted different definitions according to their interests and availability of data. This section presented a working definition for MSMEs which was useful to recruit participants for this research. The following section describes in detail some of the fundamental characteristics that definitions presented previously left out.

2.3 Characteristics of MSMEs in Mexico

As mentioned in section 2.2, this research project assumed that no single definition could summarize the fundamental characteristics of an MSME. Several authors (e.g. Reid, 1993) have suggested that, although MSMEs are not homogeneous, they share similar characteristics and patterns of behaviour. For example, the following table summarises some typical characteristics and behaviours attributed to MSMEs.

Typical characteristics of SMEs
It is an enterprise seeking advice.
It employs 8 to 15 full-time workers, and works below capacity output.
It sells more than 80 products (mainly variations on attributes) that can be classified into three group products. Its main product could be considered as similar to that of its rivals.
It responds to a boom in demand by increasing over-time or shift-work.
It undergoes periodic repositioning in the market as a result of flexibility and adaptation to external forces.
It maintains a competitive edge over rivals through quality of service emphasising reliability, courtesy, quick delivery, and effective service
Apart from skilled labour, many of its factor inputs are relatively homogeneous <u>as the price dispersion between suppliers is small, and costs of switching</u>

as the price dispersion between suppliers is small, and costs of switching between suppliers are therefore low.
 It tends to adopt a focused strategy which emphasises low cost and product differentiation.
 It obtains information about markets and innovations through channels such as trade shows, suppliers, customers and trade journals.

Table 2.2 Typical characteristics of small firms
 (Source: Reid, 1993)

Although “typical characteristics” have been ascribed to MSMEs, this research project assumed that not all small firms are the same. This section is devoted to providing a picture in which MSMEs are seen as a heterogeneous group of organisations that evolve over time and that are subject to historical and social forces which they also co-produce (Gherardi et al., 1998). The following subsections present some characteristics of Mexican MSMEs in terms of four parameters:

- Their demography
- Their economic situation
- Their relationships
- Their purpose and internal organisation.

These parameters were chosen because they describe with more precision the nature and complexity of Mexican MSMEs, and their differences with their counterparts in other countries. Particular attention was paid to those parameters that were influenced by, or had an impact on management learning.

2.3.1 Demography of Mexican MSMEs

Analysis of the demographic characteristics of Mexican MSMEs, relies upon surveys made at regional and national levels; it also relies upon the economic census that takes place in Mexico every five years. The public organisations that performed these surveys and census were the National Institute for Statistics, Geography and Informatics (INEGI), and the National Bank for Development (NAFIN). The results of the surveys that these organisations produced were stored in databases and released in the form of publications that contain statistically processed data (e.g. INEGI, 2001,

2000; NAFIN, 1999). Two main issues are explored in this section: the total number of Mexican MSMEs and the diversity of their activities.

2.3.1.1 Size of the MSMEs sector

One of the main parameters that researchers on Mexican MSMEs have tried to clarify, is the size of the MSMEs sector in Mexico as well as their survival rate. Despite the availability of sources, it is difficult to determine the precise number of micro, small and medium-sized enterprises in Mexico. This is due to two main problems: first, the different units of analysis used to define MSMEs, and second, the distinction between small firms and self-employed individuals.

In Mexico, several public organisations calculate the number of MSMEs according to different units of analysis. For example in 1994 the National Institute for Statistics (INEGI) reported 2.3 million economic units. In 1996 the Mexican Institute of Social Security (IMSS) reported 635,000 patrons, which should correspond to the number of firms they assisted. Finally, the Secretariat of Hacienda and Public Credit (SHCP) reported 366,000 taxpaying firms. NAFIN (1999) concludes that the databases generated by INEGI, IMSS and SHCP are not equivalent, and that only an approximation of the number of Mexican MSMEs is possible. In brief, there is consensus that there are approximately 2.84 million enterprises in Mexico, of which 99.7 are micro, small and medium-sized (OECD, 2002a). Rueda (2001), pointed out that most of those micro and small firms have a short life. Almost half of them (48.8%) disappear within five years, and only 30.8%, a third, survives more than ten years.

The second obstacle which makes it difficult to determine the size of MSMEs sector is the distinction between micro enterprises and self-employed individuals. This distinction is grounded in the belief that micro enterprises with less than two employees are not real enterprises because their aim is to survive rather than to accumulate capital. According to Rueda (2001) in 1994 Mexican micro enterprises represented 97% of the total economic units, and generated 49% of the total employment. However, these numbers did not distinguish between self-employed workers and real micro enterprises. The following table disaggregates self-employed individuals from enterprises with between 3 and 15 employees.

Sector	% Of economic units	% Of employment generation
Self-employed	71.00 %	24.74 %
Micro	26.19 %	25.00 %
Small	2.33 %	19.07 %
Medium	0.33 %	10.33 %
Large	0.15 %	20.86 %
TOTAL	100 %	100 %

Table 2.3 Percentage of economic units and employment generation.
(Source: Rueda, 2001).

Table 2.3 shows that the self-employed sector, supposedly composed of “not real” enterprises, was the one which represented the most common economic form of organisation in 1994, and not the MSMEs sector. The most important implication for researchers is that theories describing organisations do not necessarily describe MSMEs appropriately.

In summary, the researcher assumed that the MSME’s sector in Mexico was the biggest in terms of number of enterprises that belong to it. The following subsection describes the main activities that MSMEs perform.

2.3.1.2 Activities of the MSMEs sector

The second demographic parameter that researchers on Mexican MSMEs have tried to clarify is the main activities that small firms perform. INEGI (2000) presented a classification of activities that Mexican MSMEs performed in five economic sectors: manufacturing, building, commerce, services and transport. The activities of each sector are disaggregated in the following tables.

Manufacturing sector

- Food and drinks processing
 - Textiles and confection
 - Leather and footwear
 - Wood products
 - Stationary and printing
 - Mineral products (excluding metals) and chemical products
 - Metal products, machinery and equipment
 - Other industries
-

Table 2.4 Activities of MSMEs in the manufacturing sector
(Source: INEGI, 2000).

Commerce

- Food retailers
 - Retailers of fruits, vegetables and non-processed agricultural products
 - Retailers of alive animals and their products
 - Retailers of candies, chocolates, sodas and ice cream.
 - Retailers of snack and tobacco
 - Retailers of new and second-hand cloth (including footwear)
 - Retailers of product for personal use
 - Newsagents, bookshops and retailers of stationary and magazines.
 - Retailers of domestic products
 - Retailers of raw materials and by-products of other industries.
 - Retailers of machinery, equipments, electrical devices, hardware, spare parts (including transport).
 - Retailers of products not mentioned previously
-

Table 2.5 Activities of MSMEs in commerce
(Source: INEGI, 2000).

Service sector

- Elaboration of food and temporal accommodation.
 - Education and leisure
 - Healthcare
 - Financial services, property letting and professional services.
 - Repair and maintenance of properties.
 - Repair and maintenance of transport equipment and machinery.
 - Repair and maintenance of domestic appliances
 - Cleaning of personal items and personal hygiene
 - Other services
-

Table 2.6 Activities of MSMEs in the service sector
(Source: INEGI, 2000).

Transport sector
<ul style="list-style-type: none"> • Transport of raw materials, in-process and finished products. • Transport of people. • Services related to transport.

Table 2.7 Activities of MSMEs in the transport sector
(Source: INEGI, 2000).

The building sector included those self-employed individuals and MSMEs whose activities were related to the construction of new buildings for public, commercial or habitation purposes.

In summary, the range of activities that MSMEs perform led the researcher to conclude that not all MSMEs are the same. Although they may have similar number of employees, they could be extremely diverse. MSMEs could range from high turnover information technology companies, to local retail outlets. Some MSMEs were set up in order to grow and to increase their economic value, while others were created to provide a permanent (or temporary) income for the founder alone (Westall, et al., 2000).

2.3.1.3 Comments about the demographic characteristics of Mexican MSMEs

Although the demographic characteristics of MSMEs do not describe precisely the nature of small firms, they helped the researcher to understand them better, by realising their numbers and the diversity of their activities. For the purposes of this research project, the demographic characteristics of MSMEs were important because they implied that management learning could potentially benefit a significant amount of Mexican enterprises (Urquidi, 1996), and that it should generate appropriate strategies for learning about management for a diversity of activities.

The main limitation of the accounts derived from statistical procedures was that they described only some cultural and historical factors that affected MSMEs during a particular period, and failed to explain the causes of those factors (Curran and Blackburn, 2001). Also, the demographic data on Mexican MSMEs did not focus on the

micro level (everyday) activities of MSMEs. For the purposes of this thesis, a micro level focus was crucial in order to develop a deeper understanding about the concept of management learning in the context of Mexican MSMEs. The following sub-section describes MSMEs in terms of their economic situation.

2.3.2 Economic situation of Mexican MSMEs

Although individual small firms are, in macro terms, practically irrelevant, economically, and that the overwhelming majority never employ more than five people (NAFIN, 1999), the MSMEs sector has been regarded as crucial for the Mexican economy. According to the Mexican Secretariat of the Economy, MSMEs constitute a strategic sector for the economic and social development of Mexico because they contribute approximately 40% of Mexico's Gross National Product (GNP) and 64% of the total employment. Figure 2.1 shows a comparison between American, European and Mexican MSMEs' contribution to their respective GNP and employment generation.

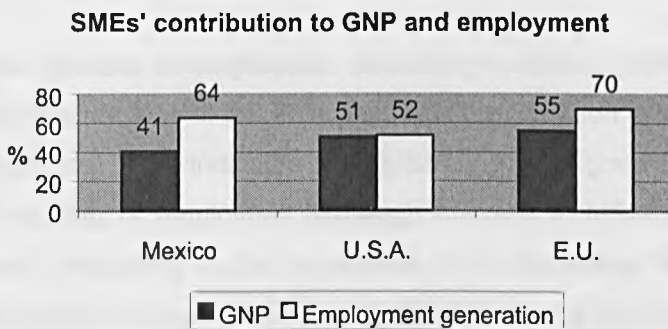


Figure 2.1: SMEs' contribution to GNP and employment
(Source: Secretaría de Economía, 2000a)

Although Mexican MSMEs make a significant contribution to the economy by creating nearly half of the annual wealth of Mexico, their individual economic situation has been described as weak and disadvantaged when compared with large firms. The survey of the National Bank of Development (NAFIN, 1999) summarised the economic situation of MSMEs in terms of four parameters:

- Tendency to increase/decrease production and sales.
- Tendency of the profits.
- Variation on the number of employees.
- Problems of liquidity and expired holdings.

Tendency to increase/decrease production and sales. According to NAFIN (1999) the generation of products and services is highly dependant on the size of the firms, especially during and after an economic crisis. Micro and small firms have more chances, at any time, to stop operations or to decrease their production than medium and large firms. In contrast, medium and large firms have more opportunities to increase their production and sales than micro and small firms.

Tendency of the profits. According to NAFIN (1999) there is a clear relationship between the tendency of the profits and the size of the firms. Micro and small firms are more likely to see their profits reduced than medium and large firms. Large firms tend to generate larger and more sustained profits than medium, small and micro-sized enterprises.

Variation on the number of employees. According to NAFIN (1999) there is no clear relationship between the size of the enterprise and the variation of personnel over time (increase or decrease). This indicates that, MSMEs are as good large enterprises at preserving the number of employees (although turnover in MSMEs is higher than in large enterprises). According to the Secretariat of the Economy, in 1999 64% of the total Mexican workforce was employed in MSMEs (Secretaría de Economía, 2000a).

Problems of liquidity and expired holdings. According to NAFIN (1999) two out of three enterprises in Mexico have liquidity problems. There is no clear relationship between the size of the firm and problems of liquidity and expired holdings. As a result, problems related to liquidity affect micro and small firms as much as medium and large enterprises.

In summary, although the economic situation of Mexican MSMEs has been described as weak when compared with large firms, the researcher assumed that they are important because they tend to keep the employments they generate. According to NAFIN (1999) there are some internal and external factors related to the generally

disadvantaged economic situation which affected MSMEs. These factors are described in the following subsections.

2.3.2.1 Internal factors that affect the economic situation of MSMEs

According to the National Bank of Development, the economic situation of MSMEs can be explained (in part) due to some internal factors of MSMEs. These internal factors are:

- Commercial expansion
- Infrastructure
- Knowledge about competitors
- Education, consultancy and technical support
- Type of reactions

Commercial expansion. NAFIN (1999) found that, in Mexico there is a clear relationship between the economic situation of enterprises and their commercial expansion. The more a firm expands its commercial operations (attending more regional and national markets) the better economic situation it is likely to experience. Mexican MSMEs are characterised by a focus on local markets. Although they constitute 99% of the enterprises in Mexico, MSMEs contribute only 6.7% of exported products (Figure 2.2).

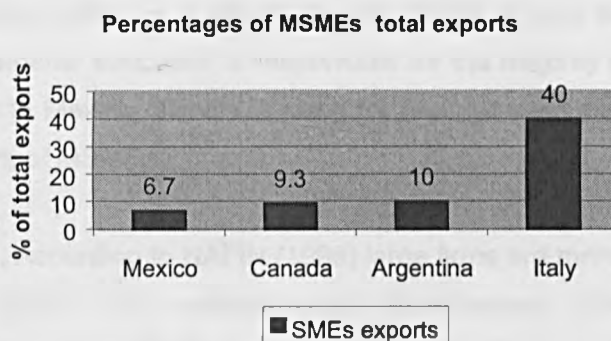


Figure 2.2: Percentage of MSMEs total exports
(Source: Secretaría de Economía, 2000b)

Figure 2.2 indicates that Mexican MSMEs are different from their counterparts in other countries in the sense that their commercial expansion is limited to local markets.

Infrastructure. According to NAFIN (1999) large firms are likely to have a better infrastructure than MSMEs. However, three out of four owner-managers consider that their equipment is adequate for the type of operations they undertake. Three out of four MSMEs operate only during one shift, and most of them operate below 90% of their capacity. As a result it could be argued that most Mexican MSMEs do not make use of their full production capacity.

Knowledge about competitors. Knowledge about competitors increases according to the size of the firm. While half of owner-managers of micro enterprises are aware of their local competitors, three out of four owner-managers of medium-sized enterprises know their regional, national and international competitors (NAFIN, 1999).

Education, consultancy and technical support. According to NAFIN (1999) the bigger the size of an enterprise, the more likely it is to use consultancy services and technical support. A factor that seems to determine the development of MSMEs is the level of education of their owners and managers. According to the Secretariat of the Economy (2000b), 65% of new MSMEs do not survive the first two years due to the low level of training of managers and employees. This observation is similar to those of other countries. For example, in the UK half of all new firms cease to operate within the first three years (Storey, 1994). OECD (2002b) reports that owner-managers of small firms are less likely to have education and training about management than their counterparts in large firms. As a result, Rueda (2001) argues that the low level of technical and managerial education is responsible for the majority of business failures. This confirms that, in Mexico, there is a need for management education and training for owner-managers of MSMEs.

Type of reactions. According to NAFIN (1999) large firms are more likely than MSMEs to react when faced with environmental disturbances. When MSMEs face environmental disturbances (e.g. devaluation, and inflation) one in five owner-managers do not take any reactive attitude, one reduces the number of employees, one re-negotiates payments with suppliers, and one adjusts the prices of the products or services.

In summary, Mexican MSMEs are more likely than large firms to have limited commercial expansion, less adequate infrastructure and less busy capacity, less knowledge about competitors, less education and training in management, and react less than large firms when faced with environmental disturbances.

2.3.2.2 External factors that affect the economic situation of MSMEs

NAFIN (1999) summarised three external factors that significantly affect the economic situation of MSMEs. These external factors were:

- External competition.
- Devaluation of the currency (Mexican peso) and inflation.
- Environmental regulations.

External competition. External competitors affect more MSMEs than large firms. According to NAFIN (1999) between 13 and 18% of Mexican MSMEs reported that their products were displaced by foreign products due to lower prices, better quality and more variety. External competitors come mainly from Canada and the United States, countries which have a free trade commercial agreement with Mexico.

Devaluation of the currency. MSMEs are more affected by devaluations than large enterprises. When devaluation occurs, foreign materials become more expensive and MSMEs are less likely to be able to afford their new prices. When the costs of materials and services increase due to inflation, most small firms cannot manage to maintain their operational costs and their profits decrease significantly.

Environmental regulations. According to NAFIN (1999) one in two owner-managers of MSMEs consider that the current environmental legislation does not distress their operations and the productivity of their firms. In contrast, managers of large enterprises consider that the current environmental regulations block their opportunities for growth and expansion.

In summary, Mexican MSMEs are more affected by external competitors and devaluation of the currency than large firms. However they are less affected than large firms by the current environmental legislation.

2.3.2.3 Comments about the economic situation of Mexican MSMEs

An advantage of economic-based descriptions is that they portray clearly the performance of Mexican MSMEs in relation with other sectors in the economy. In summary, although a significant proportion of MSMEs have an unstable economic situation, struggle to keep operating, and a big proportion of them do not survive more than few years, they make a substantial contribution to the gross national product (GNP) and the amount of employment they generate is considerable (OECD, 2002a).

This section argued that large enterprises are more likely to have a better economic situation than MSMEs. However it is not clear whether the combination of positive factors (e.g. infrastructure, commercial expansion, and level of education of owners, managers and employees) leads to a better economic situation, or whether successful enterprises are the ones able to afford to invest in those factors regarded as positive (Curran and Blackburn, 2001).

The characteristics of Mexican MSMEs based on their economic situation were important in terms of this research because they provided an excellent starting point to understand the social and economic structures in which MSMEs participate and to uncover some factors that affected more appreciably MSMEs (Curran and Blackburn, 2001). The most significant factor for this research, was the low level of education and training about management of owners-managers of MSMEs.

The following sub-section continues the description of the main characteristics of Mexican MSMEs based on the economic relationships they develop within the Mexican society.

2.3.3 Relationships of Mexican MSMEs

The description of the economic relationships of Mexican MSMEs relied upon statistics (direct measurements) and calculations (indirect measurements) to provide accounts which attempted to understand the behaviour of small firms as economic entities. The following subsections describe MSMEs in terms of their integration with other sectors of the economy, and the type of economy in which they participate.

2.3.3.1 Integration of MSMEs with other sectors of the economy

One way to describe Mexican MSMEs is by providing an account of their relationship (as customers or suppliers) with other sectors of the economy. The North America Free Trade Agreement (NAFTA), in which Mexico participates, opened the opportunity to international companies operating in Mexico, to obtain their supplies from American and Canadian small firms. As a result, Mexican MSMEs struggle to become or remain part of “supply chains” by providing medium and large enterprises with the products and services they require.

According to Anzola-Rojas (1997) Mexican MSMEs acquire the majority of their raw materials from regional markets. That is why local economies benefit from small firms' activities. The majority of them deal directly with final customers instead of being suppliers of other enterprises. During the last ten years the sectors in Mexico that grew most and increased their external trade were: automotive, electric wire, electrical appliances, computers industry, and spare parts for machinery. According to Figure 2.3, not only MSMEs do have a limited participation in these most dynamic sectors, but their participation has declined in the last few years.

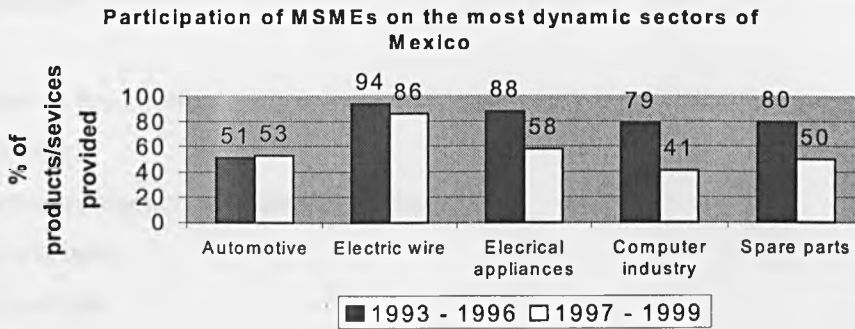


Figure 2.3: Participation of MSMEs on the most dynamic sectors of the Mexican economy
(Source: Secretaría de Economía, 2000b)

According to Martínez (1995), small firms participate mostly in sectors such as food, wood and furniture, press and printing, and non-metallic minerals. This represents a problem because MSMEs limit their opportunities for growth by operating in sectors that are less dynamic.

In summary, Mexican MSMEs have been described as economic entities that have not achieved an appropriate integration with the most dynamic sectors of the economy. Most MSMEs focus their commercial transaction towards local markets and prefer to deal with final customers.

2.3.3.2 MSMEs and the informal sector of the economy

Roubaud in his 1995 work showed that, in Mexico, it is possible to identify a set of enterprises and self-employed people that operate businesses without being registered by the relevant public organisations (see Appendix one); this set of enterprises is called the informal sector. For the purposes of this research it was important to differentiate between the formal and informal sectors because they create two different types of economy, which are interrelated but follow different rationalities. Based on Roubaud's (1995) work, this section shows that SMEs operating in the formal sector of the economy are more likely to accumulate capital and to increase in value over time. In contrast, small firms operating in the informal sector should not be considered as real enterprises because survival of the family is the driving force and not accumulation of

capital (Rueda, 2001). This section explores five aspects of MSMEs operating in the informal sector:

- Size of the informal sector
- Income
- Social protection and other benefits
- Workplace
- Education

Size of the informal sector. According to Roubaud (1995) the amount of small firms operating in the informal sector of the economy is significant. Roubaud showed that if registered firms are separated from those which are not registered, then the size and contribution to the economy of MSMEs are lower than estimated. Table 2.8 shows that the contribution to employment generation of formal SMEs is around 30%. In contrast, non-registered small firms (SNRs) employ up to 22% of the total workforce.

Sector	% Of people employed
Public sector	23.9
Large sized enterprises	23.1
SMEs	30.8
SNRs	22.1

Table 2.8 Comparison of employment generation by different sectors.
(Source: Roubaud 1995).

In summary, a significant proportion of the Mexican workforce works in enterprises which are not registered.

Income. Informal small firms provide less income than formal MSMEs. Owner-managers and employees of SNRs have 28% less income than employees of SMEs and 40% less than workers of medium and large-sized enterprises. Roubaud's (1995) analysis points out that the income that individuals receive from SNRs in some cases is the main income of a family, but in the majority of cases it is an auxiliary or complementary income.

Social protection and other benefits. Owner-managers and employees of SNRs tend to have less social protection and other benefits than their counterparts in formal MSMEs (Roubaud, 1995). Appendix one summarises the social protection and benefits all employees are entitled to have. Table 2.9 summarises this issue.

% Of employees that receive benefits		
	SMEs	SNRs
Annual bond	40%	11%
Part of organisations' profits	20%	4%
Holidays and holiday bond	34%	10%
Credit for house	8%	1%
Social security	Almost 40%	2.5%

Table 2.9: Comparison of benefits received by SME and SNRs' employees

(Source: Roubaud, 1995)

From the point of view of employees SMEs provide better perspectives, in the form of benefits and security, than SNRs. From the point of view of SMEs owner-managers, being registered involves higher costs and not necessarily higher productivity.

Workplace. Roubaud (1995) found that SMEs have a tendency to invest more in infrastructure such as a fixed establishment, vehicles and other assets. Fixed assets cause SMEs to incur fixed costs such as council tax, water, gas and electricity. In contrast, SNRs' tendency is towards minimizing their investment. They are more likely to provide their products or services from improvised and mobile establishments or vehicles which use and invade public spaces not designed for commercial activity. Another difference between SMEs and SNRs is the number of working hours per week. While SMEs have a tendency to work more hours per day, SNRs tend to have short days. This is because individuals working in SNRs combine their economic activities with other activities of a domestic nature, e.g. child, sick and elderly care, cleaning and catering activities, repairing and enhancing their property. Young people also combine their economic activity with studies (Roubaud, 1995). This implies that employees and owner-managers of SNRs tend to be more concerned with the survival of their family and they experience less or no need to grow. In contrast, owner-managers of SMEs spend more time working on their enterprises finding out ways of making the enterprise

more productive. This reinforces the suggestion that SMEs are “real” enterprises concerned with efficiency and accumulation of capital (Roubaud, 1995).

Education. Probably the most important difference between SMEs and SNRs for this research is the topic of education. According to Roubaud (1995) people without basic education are more likely to create or be employed in a SNR than in a SME. The following table shows that owner-managers of SMEs and SNRs have in general a low level of education. As a result, management learning becomes an important issue for MSMEs.

% Of employees		
	SMEs	SNRs
Illiterate	3.8 %	10.0 %
Basic education incomplete	12.0 %	24.0 %
Only basic education complete	21.0 %	28.0 %
Vocational education complete	10.0 %	4.0 %
Higher education complete	12.0 %	4.5 %

Table 2.10: Comparison of educational level between SME and SNRs employees
(Source: Roubaud, 1995).

According to Stanworth and Gray (1992) owner-managers with formal qualifications are more likely to invest in education and training. Therefore, owner-managers of formal SMEs are more likely to engage in management learning experiences because they recognise that higher levels of education and training could increase the performance of the enterprise. In contrast, owner-managers of SNRs are less likely to appreciate the benefits of management education and training and could be more reluctant to engage in management learning.

In summary, the existence of a significant informal sector is probably a characteristic that differentiates the Mexican economy from other western economies. The importance of SNRs for this research is that their existence highlights that the motivations and aspirations of many owner-managers are not exclusively of economic nature (Roubaud, 1995). A significant proportion of owner-managers see their firm as an opportunity to cater for their needs and fulfil their aspirations rather than as an

opportunity to accumulate capital. As a result, any management learning should include the different motivations that owner-managers have in order to facilitate successfully learning about management.

2.3.3.3 Comments about the relationships of Mexican MSMEs

The relationships that MSMEs maintain with other sectors most of the time overemphasise and take for granted the economic rationale behind MSMEs. In this sense, MSMEs are characterized by a weak level of integration (as suppliers) with other sectors of the economy, especially with those considered more dynamic. However, although MSMEs may have similar numbers of employees, they are not homogeneous, either in their activities or in their purposes. While some small firms aim to accumulate capital and increase their value, others aim to fulfil the personal aspirations of the founder or the needs of a domestic unit. As a result, at least three distinctive types of MSMEs emerged:

- **Family enterprises.** Those set up to fulfil personal aspirations or family needs.
- **Competitive enterprises.** Those set up to accumulate capital. Their relationships include local or regional suppliers and final customers
- **Integrated enterprises.** Those set up to accumulate capital. They have become part of supply chains, therefore they usually do not deal with final customers and their products usually reach national or international markets.

Overall, the most important issue to point out in terms of this research, is that education about management has been highlighted as a factor that could potentially improve MSMEs chances to fulfil their purposes more effectively. For some owner-managers, management learning may be useful to fulfil their personal aspirations, for others, management learning may help to achieve a better level of performance and efficiency. The following section describes Mexican MSMEs in terms of their purposes and internal organisation.

2.3.4 Purpose and internal organisation of Mexican MSMEs

2.3.4.1 Purpose of MSMEs

Descriptions about MSMEs in Mexico have been dominated by fields of knowledge such as statistics, business administration studies and economics. As indicated in the subsections above, this type of description focuses on the macro-level performance of MSMEs and allow decision makers to create policies oriented to enhance the condition of the MSME sector. However, researches have increasingly acknowledged that policymaking can benefit from perspectives that describe MSMEs from the “inside”. Such perspectives aim to describe the micro-level activities of small firms and the meanings owner-managers assign to their actions and interactions. According to Curran and Blackburn (2001) the aim of such perspectives is to offer an:

“... analysis often illustrated with quotations from respondents expressing their views in their own words, which attempts to let the reader enter the world of the respondents and see it from their point of view” (Curran and Blackburn, 2001, p. 104).

The literature review that the author of this thesis conducted showed that little has been written about the purposes that drive Mexican MSMEs from the perspective of their owner-managers. What we know about the purposes of Mexican MSMEs is through surveys such as Anzola-Rojas (1997) and INEGI (2000). According to Anzola-Rojas (1997), the main motivation that encourages owner-managers to start a new business is the responsibility they feel to satisfy the needs of their family and dependants. Other motivations include the sense of independence individuals feel as a result of owning their own enterprise, and the possibility of escaping from routine jobs often found in large firms. According to INEGI (2000) owner-managers started or continued with their own enterprise because:

- 5.5% wanted to continue with a family tradition.
- 36% wanted to complement their main income.
- 33% wanted to obtain a better income than as an employee of a large firm.
- 13.6% did not find a job as employee.
- 3.4% wanted a flexible schedule.
- 2.5% were redundant in other enterprises.
- 6% for other reasons.

Tait (1990) argues that the purposes that owner-managers have for operating MSMEs could help researchers and policy-makers to understand the values and behaviours of ordinary owner-managers in order to design and implement more significant policies.

Although it is well known that entrepreneurial activities help individuals to increase their confidence, empowerment and sense of fulfilment (Westall, et al., 2000), little has been researched on this issue in Mexico. Some attempts have been made to provide a psychological profile of Mexican owner-managers. Unfortunately such profiles normally are intuitive generalisations, which have not been confirmed through exploratory research. They also reflect more the opinion of the author than the point of view of the owner-managers. For example COPARMEX (1998) describes owner-managers as: proactive, adaptable, reliable, active, creative and organized. Similar descriptions are provided by Irigoyen and Puebla (1997) and Grabinsky (1994). Probably because these profiles are more intuitive generalisations than the result of exploratory research, they have been mostly ignored in the design of policies and more effective education and training experiences directed to entrepreneurs and owner-managers.

Managerial values have been ignored in research on Mexican MSMEs. Little research has been done in order to understand how managerial values of Mexican firms have permeated to the Mexican society. Research on entrepreneurial and managerial values has proved to be useful to explain how MSMEs contribute to release governments from providing economic management, social and welfare services (e.g. Ram, 1994; Chell, et al., 1991; Scase and Goffee 1980, 1982). Although research on individuals' values and motivations cannot be generalised to the universe of MSMEs, it helps participants under study to analyse their beliefs in a way that enables them to make more informed decisions (Romm, 2001).

In summary, a major problem with MSMEs research in Mexico is that it has failed to recognize that economic activities are embedded in social, cultural and political relations. As a result MSMEs and owner-managers are described as entities and individuals that perform economic activities.

2.3.4.2 Internal organisation

Another way to describe Mexican MSMEs is through their internal organisation. This type of description aims to depict the fundamental characteristics of MSMEs by describing some functions that organisations should perform (e.g. management, marketing and production). The main characteristic of these descriptions is that they present MSMEs as if they were small versions of large enterprises.

This section is based on Anzola-Rojas's (1997) description of Latin-American small firms. It is the result of a five-year research programme which included samples of MSMEs from Mexico, Colombia, Ecuador, Honduras, Peru, Paraguay, Panama, Guatemala, Costa Rica, Dominican Republic, Nicaragua, Chile and Brazil.

Management process. According to Anzola-Rojas (1997) owner-managers manage their enterprises in an autocratic way. In addition, the administration of the small firm is characterised by the lack of technical managerial abilities. As a result owner-managers are likely to run their businesses on the basis of their experience and common sense. The most typical example of the lack of managerial skills and competences that owner-managers have is the absence of an explicit business plan, objectives, and a systematic analysis of internal and external forces affecting the small firm (Ozuna, 2002). Anzola-Rojas found that only a quarter of owner-managers are inclined to elaborate business plans.

In summary, the managerial function of MSMEs is characterised by over reliance on experience and common sense. As a result the management function is unlikely to achieve the purposes that owner-managers have for their enterprises.

Marketing. According to the marketing literature, marketing is a structure which allows enterprises to drive their activities according to the forces of the market, which determine what commodities a society is demanding (Kotler et al., 2002). According to Anzola-Rojas (1997), Mexican MSMEs are characterised by the absence of such a structure and their resulting plans based on market research. As a result, MSMEs normally drive their activities depending on their competitors' actions, their experience and common sense instead of the needs and wants of a targeted market.

An example of poor skills and knowledge about marketing is the process followed to design a product. Mexican MSMEs normally design their products based on imitation of competitors' products, regardless of the needs and wants of their customers. Their lack of innovation makes MSMEs focus their activities on traditional products and services, which normally are saturated markets (Barragán and Pagán, 2002; Flores, 2002). As a result, the majority of owner-managers consider that the most important thing to do is to offer better prices than competitors (NAFIN, 1999).

In summary, as a result of a poor marketing function, owner-managers often fix prices relying on intuition, they offer ill-structured promotions of products and services, and they cannot take full advantage of their production capacity.

Production and operations management. According to Anzola-Rojas (1997) MSMEs usually stay in their original establishment and rarely open subsidiaries. Production and operations management normally leads to a disorganised sequence of activities. The level of efficiency and productivity is typically low due to inadequate systematisation of production, inappropriate management of resources, low level of education and training, and lack of technical support. Owner-managers are unlikely to keep formal accounting records and other types of reports related to production. As a result, production planning is commonly based on inaccurate and incomplete information, previous experience, and intuitive sales estimates. In general, production processes tend to be labour-intensive rather than capital-intensive (Carmona and Pisani, 2002).

The location of the firm, and the organisations of the workspace are determined through intuition and convenience, and they are not considered as factors for better efficiency and performance. MSMEs workspace is usually noisy, poorly illuminated, and inadequate for many tasks (Anzola-Rojas, 1997).

In summary, Anzola-Rojas (1997) concluded that owner-managers have been unable to develop adequate production systems. Efficiency tends to be low, employees are unqualified, and they do not regularly seek technical support and information.

Accounting and finance. The accounting and financial areas are usually weak and ill-structured. Owner-managers do not have the knowledge and skills needed to understand and manage fundamental concepts of accounting. Anzola-Rojas (1997)

found that, since the most important financial indicator is cash flow, the majority of owner-managers do not keep accurate records of their financial transactions. When records are kept, it is through clerical staff or an external accountant. Accounting becomes an important issue, especially when the due date to pay taxes approaches.

As regards financial planning, the most common financial strategies to support growth are: re-investment of profits, loans from relatives and friends and, occasionally, loans from banks. When owner-managers ask for loans from banks and other financial institutions, they often find high rates and difficult repayment schedules.

In general, Anzola-Rojas (1997) concludes that owner-managers do not have the knowledge and skills needed to manage their financial transactions and records for the benefit of the firm. It is their lack of knowledge about accounting and finance that blocks owner-managers' opportunities to search for and compete for financial resources.

Human resources. According to Anzola-Rojas (1997) small firms almost never have a specialized area for human resources. Owner-managers often do not have the skills and knowledge needed to identify the actual and future needs of the firm and of their employees. As a result, activities such as recruitment, selection, training, evaluation, compensation and finishing the labour relationship, are subject to the experience and common sense of owner-managers.

According to Anzola-Rojas (1997) recruitment of employees is heavily based on friendship and recommendations. Selection of personnel is most of the time performed through a simple interview. Owner-managers judge subjectively whether or not candidates have the knowledge and skills required for the job. As a result, a major problem of MSMEs is that they often have inadequate and unqualified personnel, which is a factor which contributes to MSMEs' low level of efficiency. Owner-managers supervise their employees informally and almost never set explicit and specific targets to check their performance. Due to the low level of salaries, small firms can experience a turnover rate up to 80% (Anzola-Rojas, 1997).

Although it has been suggested that owner-managers need to increase their managerial skills and competence, there is a widespread reluctance of owner-

managers to provide training for themselves and for their employees. According to Anzola-Rojas (1997), owner-managers are reluctant to provide training to their employees, and when they do, owner managers themselves train the new employees during working hours. This is consistent with the findings about the reluctance to train and provide training of owner-managers around the world (e.g. Stanworth and Gray, 1992; Marshall et al., 1995; Gibb, 1997; Gorman et al, 1997; Dalley and Hamilton, 2000). Westhead and Storey (1996) argue that it is probably the lack of recognition of the long term benefits of training and education, which discourages owner-managers from investing in training for their human resources. Other reasons which prevent owner-managers from providing training are:

- In large enterprises employees expect to be promoted within the firm after training. In contrast, MSMEs employees are likely to obtain a better job outside the firm.
- The cost of training in terms of money, opportunity cost, and cost per employee trained is bigger for small firms than for large enterprises.
- MSMEs may have less income than large enterprises, making training and education an unviable endeavour.
- Training and education may be perceived as “too general”, and MSMEs need specific solutions.
- Owner-managers often perceive that training is provided by teachers rather than by practitioners, and teachers do not “understand” the reality of business life.
- Owner-managers have less information about the variety of training and educational needs and opportunities (Westhead and Storey, 1996).

In summary, activities such as recruitment, training, evaluation and compensation are subject to the experience and common sense of owner-managers. MSMEs offer low salaries and, in turn, they suffer from high turnover rates. Employees tend to be unskilled and unqualified, and owner-managers are reluctant to provide training and education opportunities. These factors, related to human resource management, have a direct impact on the productivity of small firms

2.3.4.3 Comments about purposes and internal organisation

This section described some essential characteristics of MSMEs by exploring their purposes and internal organisation. A problem which affects the internal organisation of Mexican MSMEs is that the entrepreneurial attitudes of owner-managers (e.g. risk taking propensity, opportunity seeking, optimism, and creativeness) hardly ever become professional business practices (Roubaud, 1995). Little is known about the purposes, motivations and values that affect MSMEs performance.

The most important disadvantage of this type of description is that it leaves the impression that small firms are incomplete and weak versions of large firms. Although the motivations of owner-managers of MSMEs may be other than profit making, organisational-based descriptions assume that micro, small, medium and big enterprises are fundamentally of the same nature. They fail to recognise that there are factors that make it impossible to apply to MSMEs theories intended for large firms, without losing their nature, for example: scale of the operations, amount of employees needed to set up systems like marketing and human resource management, amount or available resources and the interests and motivations of owner-managers.

In summary, the purpose of this section (2.3) was to argue that MSMEs are heterogeneous organisations that evolve over time and are subject to historical and social forces which they also co-produce (Gherardi et al., 1998), for example:

- Mexican MSMEs' scope of activities is directed more towards local markets than towards external markets.
- Mexican MSMEs' relations are more developed towards final customers than towards other enterprises.
- Mexican MSMEs have more interactions (than their counterparts of developed economies) with the informal sector of the economy. They were created to fulfil a variety of purposes including economic, personal and family issues.
- Mexican MSMEs rely upon a poorly educated workforce. Owner-managers are likely to have less experience and education in management than their counterparts in large firms.

The assumption of this research project is that education and training about management is a factor that could help owner-managers to change these historical and social forces in such a way that MSMEs could become better means through which individuals and the society can fulfil their aspirations. The following section describes in what sense management learning could potentially enhance the performance of MSMEs.

2.4 MSMEs performance and management learning

2.4.1 Linking business performance with education and training

It has been argued that education and training are activities positively related with the performance of small firms (OECD, 2002b). As indicated in the last section, there is no universal agreement about the meaning of the term “performance” in MSMEs. For some authors performance is linked with profits, growth or survival (e.g. Westhead and Storey, 1996); for other authors performance means a growth in sales, development of new products and services, response to clients and cost reduction (e.g. Marshall et al. 1995).

According to OECD (2002b), there are two typical observations from which it is inferred that owner-managers of MSMEs need management education and training. First, that individuals who own or manage small firms often have less educational experience in business and management than their counterparts working in large firms. Second, that it is managerial weakness which lies at the heart of small firm failure. OECD's (2002b) work reached this conclusions after analysing six cases of study which included small firms of countries with free-market economies such as Canada, Finland, Germany, Japan, United Kingdom and United States. OECD's (2002b) report underlines the importance of the acquisition of managerial knowledge and skills by employees and owner-managers of MSMEs because they are central to the performance and survival of small firms. Other authors (e.g. Santos-de-Morais, 2000; Young and Sexton, 1997; Baldwin et al., 1994; Marshall et al., 1995 and Storey, 1989) reached similar conclusions and argued that there is a positive correlation between management training and education and the performance of small firms.

A tentative rationale behind this claim is that, in free-market economies, enterprises (MSMEs and large) should adapt quickly to customers' preferences and suppliers' requirements. It is inferred that owner and managers with appropriate managerial knowledge and skills are more likely to facilitate organisational change to respond to the new environmental conditions. Management education and training are expected to help owner-managers to fulfil their purposes at personal and business levels, for example:

- To prepare would-be owner-managers to start new ventures by instilling entrepreneurial values, encouraging initiative taking and by fostering their creativity.
- To help established owner-managers to consolidate survival activities such as goal-setting, risk evaluation and business planning.
- To help senior owner-managers to achieve growth and increase their personal and business assets through a better knowledge about product and processes.
- At a personal level, to improve self-esteem, confidence and sense of satisfaction; to improve family income and stability; and to define future plans and lifestyles.

In summary, managerial knowledge and skills have been pointed out as relevant for owner-managers to fulfil their personal and business aspirations (Westall, et al., 2000).

While some authors claim that there is a consensus that activities such as training and education can help to improve business performance, other authors are not so keen to accept the strength of this link. For example, Storey and Westhead (1996) point out that studies which have tried to establish the link between training and performance of small firms have not tracked firms over time; they have relied only upon one quantitative measure of performance (typically level sales or profits) and ignored qualitative variables. These methodological weaknesses make such studies unreliable and unrepresentative of the universe of small firms. Another common weakness is that studies trying to establish the link between education and training with business performance is that the majority of them have not compared the results of training firms against the result of a control group of MSMEs. Also, researchers have not been able

to distinguish whether small firms perform better because they train, or whether they are the ones which can afford to train, because they perform better (OECD, 2002b).

2.4.2 Training and education for Mexican MSMEs

Although the link between education and training and small firms performance has been challenged, it is indisputable that small firms provide less training and education for their employees and owner-managers than large firms (NAFIN, 1999; OECD, 2002b). In order to bridge the gap between training and education and MSMEs, several organisations throughout the world have developed a variety of educational and training programmes directed to enhance the level of performance of MSMEs. Such organisations include: public or governmental organisations, colleges and universities, chambers and professional associations, and private independent organisations. For example, according to the Commission for the Economic Development of Latin America (CEPAL) between years the 1995 and 2000, local and federal governments of Mexico supported 131 programmes designed to increase the competitiveness of enterprises including MSMEs. Many of these programmes contemplated support for education and training in management (CIPI, 2001; García and Paredes, 2001). The fact that governments, and other organisations, have invested resources in designing and implementing a considerable number of educational programmes in order to improve small firms' performance can be justified by two arguments. First, that owner-managers of small firms have failed to appreciate the long-term benefits (in terms of business consolidation and growth) of training and education. Therefore governments need to provide (and in many cases such as Mexico, subsidise) educational and training programmes so that owner-managers could take the first steps towards training and education for better performance without spending too much resources. Second, the presence of an educated and skilled workforce makes a country more competitive and attractive to foreign investors. Therefore this thesis relies upon the assumption that, although the link between training, education and performance of small firms has not been completely established, education and training in MSMEs deserves attention because it accounts (in part) for the success and failure of small firms, and because it contributes to the competitiveness of the Mexican workforce (OECD, 2001b).

2.4.2.1 Training and education for the management function

Education and training could cover different functions of the MSMEs, typically, management and production. Education and training programmes could be implemented through different strategies, for example through formal “out of the company” courses, or through self-study and self-directed learning. Training and education could be encouraged as part of an integrated strategy (for example as a requirement to obtain a loan), or as a desirable goal and self-contained end. This thesis focuses particularly on training and education directed to enhance the managerial function of the small firms, it focuses on owner-managers of Mexican MSMEs, and it assumes that management education and training is beneficial for owner-managers of all types of MSMEs.

According to Beer (1981) management could be understood as a subsystem (or function) which encloses all the activities needed to run an organisation. The aim of management is to reduce the complexity of an organisation in such a way that it could remain viable. This research project assumed that it is the management function which is responsible for dealing with internal and external complexity which an organisation faces. Therefore, in order to increase the viability of small firms it is necessary to help owner-managers to increase their ability to manage their firms. This assumption is also based on Santos-de-Morais’ argument which proclaims that the capacity of organisations to deal with demanding tasks and situations is determined by the way they are internally organised (Sobrado, 2000). This implies that it is their management (or internal organisation) which puts MSMEs at a systematic disadvantage when confronted with competition and environmental disturbances. Following a Marxist ideology, Santos-de-Morais (2000) argued that economic and social conditions find their roots within the internal organisation of the enterprises’ production processes. This implies that management not only affects the internal organisation of enterprises, but also has an impact on the social and economic conditions of the community in which they operate.

“As national economies gyrate, ‘management’ has been identified as perhaps the critical resource which holds the key to unlocking the potential in all other factors of production” (Storey, 1989; p.3).

If management is a central factor that could help MSMEs to achieve a better level of business performance, then helping owner-managers to understand and develop more efficient and effective management is imperative. Helping owner-managers to acquire and implement better management knowledge and practices would influence the achievement of personal goals, organisational goals and social life. This was the endeavour to which this research project was committed: facilitating learning about management among owner-managers within the context of Mexican MSMEs.

2.5 Conclusion of the chapter

In order to understand how management learning could be facilitated among owner-managers of small firms, it was important to appreciate the way MSMEs contribute to the Mexican economy and society and to peoples' aspirations. The purpose of this chapter was to introduce the context in which micro, small and medium-sized enterprises (MSMEs) operate and develop.

This chapter explored different ways to define small firms and presented the definition of MSMEs used in this research. It also explored in detail the main characteristics of Mexican MSMEs. It was pointed out that, although Mexican MSMEs share many problems and characteristics with their counterparts of western economies, they are different in the sense that the scope of their activities is more directed towards local markets than towards external markets; their relationships are more developed towards final customers than towards other enterprises; they rely upon a poorly educated workforce; they are more likely to maintain social and economic interactions with the informal sector of the economy; and they were created to achieve different purposes (including economic, personal and family issues).

The underlying characteristic that current accounts point out about MSMEs is that they are at a systematic disadvantage in facing competition and environmental disturbances. Most important for this research is that MSMEs' demography, economic situation, relationships, purposes, and internal organisation are affected by the level of education and training of their owners, managers and employees (Rueda, 2001; NAFIN, 1999; Anzola-Rojas, 1997). Level of education and training has been related (although not strictly demonstrated) with a poor internal organisation, with low levels of

efficiency and productivity, with lack of innovation, and with lack of opportunities to foster a better economic performance. As a result, promotion of education and training about management emerged as an important issue in the context of Mexican MSMEs. Management could be defined as a set of activities directed to achieve a certain level of performance through integrating people's goals and values with adequate structures for interaction (Drucker, 2001).

“In less than 150 years, management has transformed the social and economic fabric of the world's developed countries. It has created a global economy and set new rules for countries that would participate in that economy as equals” (Drucker, 2001; p.3).

If management has resulted in activities that have transformed societies in the last centuries, then encouraging owner-managers of MSMEs to acquire managerial skills and knowledge could help them to achieve better levels of performance at a personal and social level. Due to the fact MSMEs in Mexico represent 99% of the total of enterprises and employ 64% of the working population, it could be argued that management education and training could play an important role in shaping the behaviours and relationships of Mexican society.

The following chapter explores in detail some ways in which learning about management could be facilitated. It argues that the study of management learning could potentially help owner-managers in the context of Mexican MSMEs.

Chapter 3 – Management Learning: Approaches to facilitate learning about management in MSMEs

3.1 Introduction

In chapter two it was pointed out that education and training were activities positively related to small firms' performance (OECD, 2002b; Young and Sexton, 1997; Westhead and Storey, 1996; Marshall et al., 1995; Gibb, 1997; Stanworth and Gray, 1992). It was suggested that education and training directed to reinforce the managerial function of micro, small and medium-sized enterprises (MSMEs) is crucial because it is managerial weakness which lied at the heart of small firm failure (OECD, 2002b). Based on the observation that owners and managers of small firms have less educational experience in business and management than their counterparts in large firms, it was concluded that, in Mexico, there is a lack of adequate provision of management education and training for owner-managers of MSMEs.

This chapter describes the different connotations of the terms "management" and "learning", and how they can contribute to overcome managerial weakness in MSMEs. The chapter also discusses why the academic subject of management learning is crucial to facilitate better managerial theory and practices in MSMEs.

The chapter is divided into five sections. Section 3.1 introduces the purpose of this chapter and its structure. Section 3.2 defines management learning as a subject of study and explores its history. Sections 3.3 explores several approaches that could be used in order to facilitate management learning, in particular: Management development, experiential learning, organisational learning, adult education and situated learning. Section, 3.4 describes the management learning approach followed in this research project. Finally, section 3.5 provides a conclusion for this chapter.

3.2 Definition and history of management learning

3.2.1 History of management learning

According to Fox (1997a) management learning as a subject of study emerged as an attempt to reduce the perceived tension between the fields of management education and management development. On the one hand, management education could be seen as the set of activities that take place within university business and management schools, the aim of which is to develop and increase skills and knowledge relevant to management. It has emphasised (at least in the USA and the UK) the study of a body of theories (regarded as knowledge) and has encouraged the formation of communities of discourse (i.e. sets of individuals who are able to *talk about* something, in this case management) (Willmott, 1994). On the other hand, management development could be seen as the set of activities that take place in the private sector in the form of training and schemes to prepare managers and human resources. Management development aims to improve the competencies that managers need in order to perform their job satisfactorily. Management development emphasises the practice of a set of skills (for example time management, stress management, assertiveness, team work, presentations, negotiation and interpersonal skills, selling, and counselling) needed to improve the competitiveness of organisations. Due to its practical orientation, management development has facilitated the creation of communities of practitioners (these represent sets of individuals who perform some practice) (Fox, 1997a).

Management education has been criticised for developing theories that seem to be difficult to practise in day to day management. In this sense, Fox (1997a) argued that researchers in management education overemphasise the development of explanatory frameworks of complex phenomena, diminishing the problems that the organisations are more interested in solving (Fox, 1997a). In contrast, management development has been criticised for encouraging management practice without reflecting appropriately on its assumptions and implications. As a result, some managers are unlikely to be able to explain the main factors affecting success or failure of their enterprises (Burgoyne and Reynolds, 1997).

In summary, the tension between management education and management development could be understood as a perceived distance between theoretical knowledge and uninformed practice. Management learning emerged as a proposition to (re)link the ideas of those who talk about management and of those who practise management (Fox, 1997a).

3.2.2 Definition of management learning

According to Fox (1994 a,b) the most simple way to define management learning is the following: management learning is the study of *(a) how people learn about management and (b) how people manage to learn*. In order to study both processes (management and learning), researchers in this subject of study have applied theories from psychology, education, management and sociology. As a result, management learning has emerged as a unique-multidisciplinary subject of study capable of enhancing knowledge about management and learning.

In order to develop a deeper understanding of management learning, several approaches have been proposed. This section describes the two most influential approaches to characterise the field of management learning.

3.2.2.1 Formal and informal situations to understand management learning

Within the subject of management learning, researchers have recognised that learning can occur through formal and informal processes (Fox, 1994a). Formal learning could be represented, for example, by university based degrees and research. In contrast, informal learning could be understood as the natural acquisition of knowledge that individuals experience through the actions/interactions of everyday life.

In a similar way, there has been an increasing recognition that management could refer to two different processes. Willmott (1997) describes formal management as the effort “associated with the governance of work organisations and, more specifically, with particular practices and (usually) hierarchical positions deemed necessary for their effective operation” (p.162). On the other hand informal management refers to the “mundane, everyday organising” of things (p.162).

According to Fox (1994a) an idea that could help to illustrate the scope of management learning as a field of study, is to recognize that there is an interplay between formal management (M), informal management (m), formal learning (L) and informal learning (I).

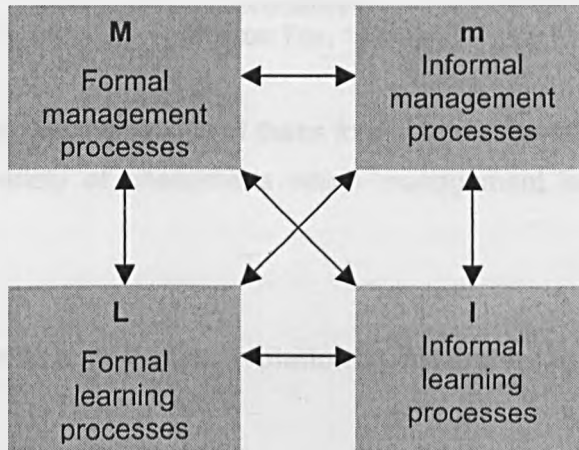


Figure 3.1: The scope and topics of management learning
(Source: Fox, 1994a; p.89)

Examples of the relationships generated in Figure 3.1 are provided in the following table.

Relationship	Explanation and example
L – M	formal learning of formal management processes (e.g. MBA or training courses)
M – L	formal management of formal learning processes (e.g. organizing a training course).
I – m	informal learning of informal management (e.g. learning to manage a difficult person).
m – I	informal management of informal learning (e.g. manage to get information about travel).
M – I	formal management of informal learning (e.g. managing to get tacit knowledge).
I – M	informal learning of formal management (e.g. observation of professional techniques).
L – m	formal learning of informal management (e.g. ethnographical studies about work).
m – L	informal management of formal learning (e.g. informal chat about a management technique).
M – m	formal management of informal management (e.g. management of informal groups).
m – M	informal management of formal management (e.g. employees dealing with managers).

L – I	formal learning of informal learning (e.g. researching about the apprenticeship system).
I – L	informal learning of formal learning (e.g. learning to use internet resources)

Table 3.1 Relationships and examples of formal and informal processes

(Source: Fox, 1994a)

In summary, the set of combinations of these formal and informal elements is one way to represent the variety of phenomena which management learning studies (Fox, 1994).

3.2.2.2 Management learning as an evolution of interests

According to Burgoyne (1994) management learning is an evolving subject in which academics and practitioners have centred their attention on different issues. In other words, the central issue of management learning has changed through time. The following figure depicts the perspectives or facets which have been the focus of management learning.

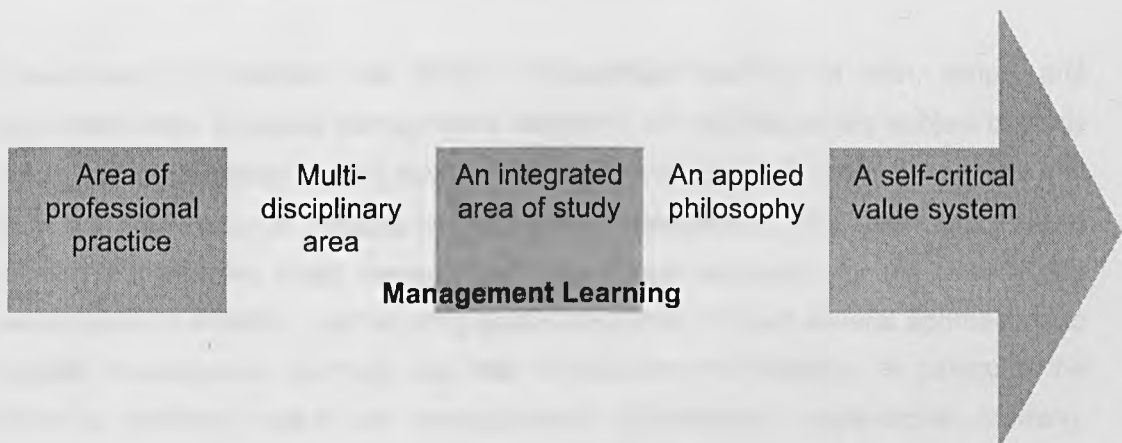


Figure 3.2: Facets of management learning
(Adapted from Burgoyne, 1994)

Burgoyne (1994) argues that management learning was originally conceived as the set of theories and practices useful in order to develop managers. This professional practice took the form of university-based programmes, in-company training schemes or informal everyday situations in which individuals learn to manage and manage to

learn. In order to make sense of their professional practice, academics and practitioners selected sets of theoretical ideas that were originally developed in different disciplines (e.g. psychology, sociology, adult education, management education, linguistics, biology, computer studies and gender studies). As a result, management learning was considered as a multi-disciplinary area of study. According to Burgoyne (1994) and Burgoyne and Reynolds (1997) even though several “root” disciplines influenced the subject, management learning has become an area of study in its own right. It has become an area of study concerned with the learning of management and the management of learning. Increasingly academics and practitioners in this subject of study have become aware of the traditional problems of ontology, epistemology and ethics in order to make sense of their practice. Finally, management learning has become a subject of study in which academics and practitioners are encouraged to recognise of the value system their theories and practices embrace. This awareness is encouraged by the belief that no theory in any discipline is free from the values of the practitioners. Burgoyne (1994) argues that the three systems of values that have driven the theory and practice of management learning are disciplinarianism (concerned with the development of knowledge for its own sake), humanism/holism (concerned with values such as human emancipation), and neo-managerialism (concerned with achieving a certain level of performance).

In summary, this section has defined management learning in both, simple and elaborated ways. Because management learning is a multi-disciplinary subject of study which has been influenced by several frameworks of ideas, it could be argued that there are many ways to facilitate learning about management (Fox, 1994 a,b). Having in mind that learning about management is a crucial endeavour for the viability and performance of MSMEs, the following sections explore in detail several approaches to facilitate management learning and their implications for MSMEs. In particular the following sections focus on: management development, experiential learning, organisational learning, adult and self-directed learning, and situated learning.

3.3 Approaches to facilitate management learning

3.3.1 Management development as a way to facilitate management learning

3.3.1.1 Formal and informal processes for management development

Management development in the UK is the result of the concern of government, higher education institutions and private sector about British managers who needed more management education in order to keep Britain competitive in relation to other countries such as France, Germany, Japan and the USA (Storey, 1989). This concern encouraged the government and the private sector of the UK to formulate policies in order to increase the competitiveness of managers. Such policies included the expansion of the existing number of degrees related to management, support for in-company training, encouragement of work experience while studying, and even the organisation of management as a regulated profession (Easterby-Smith and Thorpe, 1997).

Mumford (1997) suggests that the aim of management development is “to improve managerial effectiveness through a planned and deliberated learning process” (p.5). According to Storey (1989) formal management development could be implemented by:

- a) Detecting and forecasting training needs and existence of skills.
- b) Designing programmes and professional careers in order to achieve competitiveness.
- c) Practising the skills acquired through training.

Mabey (2002) suggests that these activities cannot take place without appropriate organisational support. Organisational support for management development encompasses:

- An explicit awareness of the top management that management development is of strategic importance for the organisation.
- A written policy statement to guide and orchestrate the management development activities.
- Systematic mechanisms to diagnose individual and collective training needs as well as lack of knowledge (for example: training needs analysis, skills audits and appraisals).
- Evaluation processes to ensure that training meets the needs of managers and organisations.
- Negotiation of the ownership of management development programmes and implementation (Mabey, 2002).

This approach to management development (e.g.; Mabey, 2002; Winterton and Winterton, 1999; Storey, 1989 and Kubr, 1986) has been criticised because it is based on assumptions that could be unrealistic. First, the tools to detect training needs could be unreliable and unable to uncover the real training need of managers. Second, it assumes that knowledge and skills are entities that could be transferred to managers. Finally, it assumes that formal, planned and deliberated learning experiences represent the best way by which managers acquire knowledge and skills.

In summary, the formal approach to management development emphasises the detection of learning needs, a planning process aimed to provide learning experiences in order to match the learning needs, and the evaluation of the learning experiences in terms of management effectiveness to meet organisational goals (Mumford, 1997).

Increasingly, researchers have recognised that individuals do not learn only during specific and planned situations. As a result, a more informal approach to management learning has been advocated. This informal approach involves the recognition that incidental and informal types of learning also play an important role in improving managerial skills, knowledge and effectiveness (Mumford, 1997). Therefore, everyday tasks could provide valuable opportunities to learn about a job, for example: problem solving, projects, presentations, redundancies, selling, meetings, visits and observation (Mumford, 1997). According to Marsick and Watkins (1997) informal and incidental learning have the following characteristics:

“Incidental learning, a subcategory of informal learning, is defined by Watkins as a by-product of some other activity, such as task accomplishment, interpersonal interaction, sensing the organizational culture, trial-an-error experimentation, or even formal learning. Informal learning can be deliberately encouraged by an organization or it can take place despite an environment not highly conducive to learning. Incidental learning, on the other hand, almost always takes place although people are not always conscious of it” (Marsick and Watkins, 1997; p.295).

Although informal situations could lead to significant learning, managers must reflect on and analyse their learning and interpretations so that no false assumptions lead them to inaccurate conclusions (Marsick and Watkins, 1997).

Mumford (1997) argues that managers should approach management development through formal and informal learning as complementary processes. He provides a useful insight about the learning opportunities available for practitioners and organisations in order to develop programmes of management development. These learning opportunities are presented in Figure 3.3.

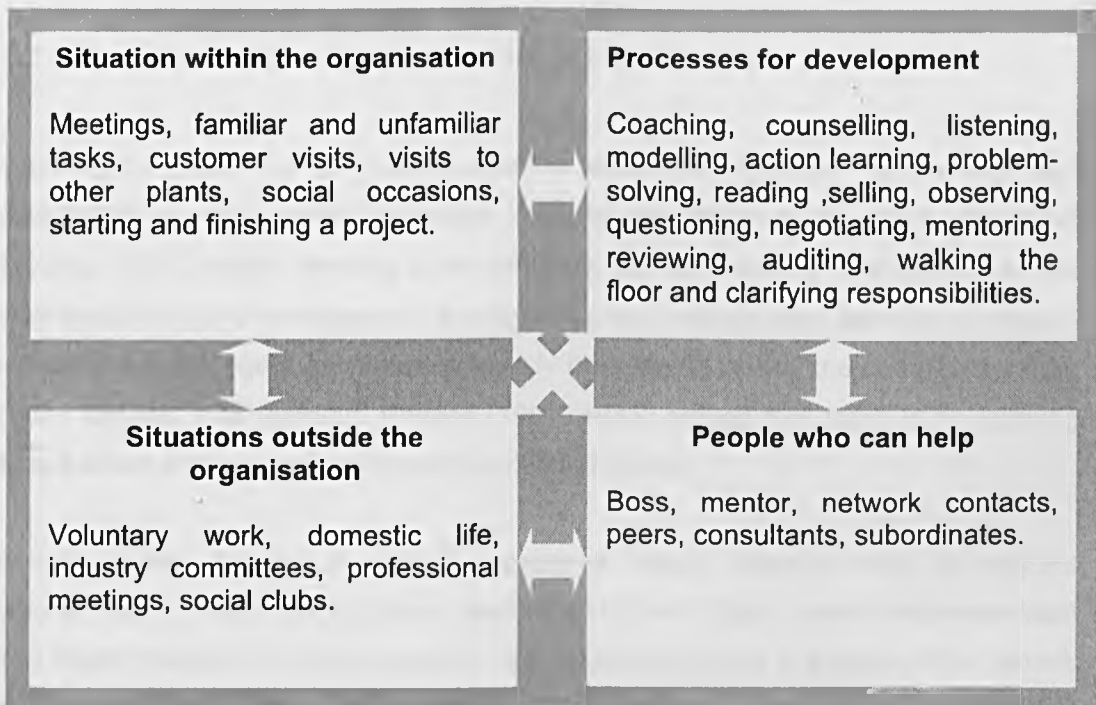


Figure 3.3: Combination of learning opportunities
(Source: Mumford, 1997; p.2)

As suggested in Figure 3.3, management development includes a variety of developmental activities, from formal education and training schemes, to informal

approaches based on everyday work situations. Management development could focus only individuals, small groups or even the whole organisation. It could be based on trainer-led approaches in which trainers/advisors tell learners what to do (such as lectures and courses), or on activities based on self-management approaches (such as coaching, mentoring and action learning) (Winterton and Winterton, 1999).

According to Storey (1989) researchers and practitioners of management development have not proved with sufficient rigour the benefits achieved through their programmes. However several researchers and practitioners within this field argue that the results of management development could be appreciated at personal and organisational levels. For example, Mumford (1997) argues, on the one hand, that organisations benefit from developing their managers' competencies because the value of the organisation rises when managers' effectiveness increases. On the other hand, managers get benefits through developing planned competencies because greater effectiveness could enhance their future progress in their careers.

3.3.1.2 Management development through action learning

According to Pedler et al. (1997), another structured approach to management development is represented by action learning. According to its major proponent (Revans, 1981), action learning is an effective way to educate managers and has influenced the field of management development and management learning because it proclaims that managers can learn effectively from their actions, and orient better their actions through their learning. Revans (1981, 1983) argued that there is no learning without action and no responsible action without learning.

To define action learning is difficult because it means different things to different authors (Pedler, 1997). For example, Marsick and O'Neil (1999) have identified at least three major "schools" of action learning: the scientific school, the experiential school, and the critical reflective school. Each school placing emphasis on different aspects of action learning. A definition that explains the concept of action learning might be the following:

“Action learning is a means of development, intellectual, emotional or physical, that requires its subject, through responsible involvement in some real, complex and stressful problem, to achieve intended change sufficient to improve his observable behaviour henceforth in the problem field. ‘Learning-by-doing’ may be, perhaps, a simpler description of this process ... “ (Revans, 1981, p.9).

A programme of action starts when a group of managers recognise their ignorance and its associated implications. Therefore, action learning needs two components: (1) real problems with the totality of their surrounding conditions and (2) a “set, or small group of managers similarly placed to work on other problems” (Revans, 1981 p.11). It is the group of “comrades in adversity” (or learning set) who help participants to treat real problems and opportunities and to dig into some hidden issues. According to Revans (1998), peer meetings are the ideal arenas for self-revelation about beliefs, policies, behaviour, and assumptions through impartial support, critique and judgements of colleagues. Although learning sets require teamwork, every member of the group is expected to design and execute its experiments (courses of action) individually Hughes (1991). For him, the fundamental nature of action learning relies on four foundations:

“The application of the scientific method; the pursuit of a rational decision –even by guesswork; the exchange of sound advice and fair criticism; and the learning of new behaviour” (Revans, 1981; p.11).

One of the aids that participants of action learning sets have to gain understanding about their concerns and issues is the concept of “the learning equation” (Figure 3.4).

$$L = P + Q$$

Figure 3.4: The learning equation
(Source: Revans, 1998)

This equation states that learning (L) is the result of the addition of programmed knowledge (P) and questioning insight (Q). In action learning participants should be more interested in asking sharp and meaningful questions (Q) than in generating knowledge typical of traditional education. This does not underestimate the importance of programmed knowledge, which is knowledge that could be acquire through higher education, because learning to get problems solved, first relies on insightful questions and then on programmed knowledge (Revans, 1998).

Although action learning promotes a learning environment similar to that advocated by the person-centred approach to psychotherapy, Revans emphasised that it is the group of “comrades in adversity”, not the professional psychotherapist (or any advisor), who provides the conditions for learning, personal growth and task achievement (Casey, 1991). Therefore, action learning encourages participants to “learn with and from each other by mutual support, advice and criticism during their attacks upon real problems, intended to be solved in whole or in part” (Revans, 1981 p.9).

According to Pedler et al. (1997), the critiques of action learning have focused on four main areas. First, despite the fact that action learning is based on asking sharp and meaningful questions, it seems that managers in organisations have introduced it without questioning the interest it will serve. Second, it has been criticised for overemphasising the role of questioning and underestimating the value of developed and proved knowledge. Third, it emphasises that learning is an individual process and diminishes the importance of the context in which learning takes place. Finally, Pedler argues that groups of “comrades in adversity” can degenerate into support groups, similar to those advocated by Brown (1998) and Rogers (1951, 1967, 1970). Support groups are more likely to help individuals to pursue their individual agendas, leaving organisational interests at a second level.

3.3.1.3 Implications of management development: The organisational – personal development dimension

Management development as an approach to management learning aims to increase the competitiveness of organisations by developing the competencies of managers. It is grounded in the belief that more effective management is a factor which increases the competitiveness of organisations. Management development highlights the value of practical skills and encourages the practice of management. It assumes that learning processes are more effective when individuals plan, implement and evaluate deliberated actions, although it is increasingly relying on more informal approaches for learning such as mentorship, peer and group advice.

The assumptions and aims of management development have several implications for those interested in facilitating management learning in MSMEs. First, management

development advocates that MSMEs' competitiveness could be enhanced by developing skills and competences of their owner-managers. Second, it encourages owner-managers to detect their training needs and to choose a relevant course of action to overcome them. Third, it encourages owner-managers to take advantage of any opportunity (either planned or informal situations) in order to improve their managerial practices. Finally, it encourages owner-managers to evaluate the outcomes of the skills and competencies obtained for the benefit of the firm.

Because management development attempts to rise organisational performance by matching organisational needs with individuals' growing needs (Mumford, 1997), it could be argued that a critical issue in management development is the balance between organisational and personal development (Burgoyne, 1988).

On the one hand, management development could encourage learning about management in order to increase organisational development (e.g. Warfield and Cardenas, 1994). This is because management has been considered as a key resource of modern societies.

“As national economies gyrate, “management” has been identified as perhaps the critical resource which holds the key to unlocking the potential in all other factors of the production” (Storey, 1989; p.3).

As a result, the legitimate purpose of knowledge about management is improve the efficiency and effectiveness of the management function of organisations (Burgoyne, 1994). On the other hand, management development could encourage learning about management in order to achieve personal development and integration. This is because the aim of knowledge about any subject (including management) should be a better integration of individuals with their society and nature (Burgoyne, 1994 1988). As a result, the legitimate purpose of knowledge about management is to develop awareness about the theory and practice of management so that individuals could behave “in more independent, more responsible, less confused, better organised ways.” (Rogers, 1967; p.5).

Because management development could encourage learning about management for both (organisational and personal) development, it could be argued that management learning is also a subject of study which tries to balance these two desirable goals.



Figure 3.5: Development orientation dimension of management learning: Organisational and personal development

Figure 3.5 does not suggest that personal and organisational development are mutually exclusive goals in management learning. Rather, it expresses the concern of the researcher to find an appropriate balance between learning about management for different purposes. According to Gibb (1997) management learning should lead to both personal and organisational development. He argues that assuring the survival of the firm and increasing its value is a constant concern of many owner-managers. However, managing their network of relationships (keeping everybody happy) is as important as business performance for owner-managers of MSMES. The network of relationships of owner-managers could include: spouse/partner, sons, other relatives, the firm, suppliers, customers, friends, personal commitments, and organisations such as chambers of commerce and banks. Therefore management learning should help owner-managers to enhance not only such parameters as efficiency and productivity, but also ability in relating with others and integration of the self.

In summary, learning about management (as advocated by management development) is an endeavour which attempts to match organisational and personal needs in order to achieve organisational and personal development. As a result, the management learning approach of this research project considered this “development orientation dimension” in order to explore the preference to learn about management of owner-managers of Mexican MSMEs. The following section explores the subject of study of experiential learning as a way to facilitate management learning. It argues that learning about management could be driven by individuals' learning modes.

3.3.2 Experiential learning as a way to facilitate management learning

According to Burgoyne and Reynolds (1997) the subject called experiential learning has widely influenced the subject of management learning. Specifically, Kolb's (1984) work justifying the experiential learning theory and learning styles inventory has been

used to design several management learning programmes. This section explains the theory of experiential learning and points out its implication for management learning and MSMEs.

3.3.2.1 Emergence of experiential learning

According to Kolb (1984) three major influences enabled him to articulate the theory of experiential learning. First, experiential learning has been influenced by John Dewey's approach to education. According to Kolb (1984) Dewey advocated an education which emphasised experience as an essential element for learning. Dewey insisted that students should be "in touch with the realities being studied ... [and a] direct encounter with the phenomenon being studied rather than merely thinking about the encounter or only considering the possibility of doing something with it" (Kolb, 1984; p.5).

For Dewey, learning has a developmental nature in the sense that it embodies a process rather than an outcome. Learning involves (1) observation of current conditions, (2) knowledge about previous similar conditions, and (3) judgement which could integrate observation and previous knowledge. Judgement is the element which helps individuals to take relevant actions in order to achieve a specific purpose. The consequences of actions taken can be observed, compared with previous knowledge, and judged, so they can lead to new actions. This progression suggests that the experience that individuals have is an essential part of the learning process. The idea that learning is driven or mediated by direct experience justifies the use of methods in which would-be learners are in direct touch with the reality they want to study, for example: "apprenticeships, internships, work/study programmes, cooperative education, studio arts, laboratory studies and field projects" (Kolb, 1984; p.5).

Second, the theory of experiential learning has been influenced by Kurt Lewin's studies about group dynamics and action research. According to Kolb (1984) Lewin argued that learning could be facilitated if a dialogue is orchestrated between the experience of the participants of a situation under study, and the theoretical knowledge of researchers. Lewin thought that both experience and theoretical knowledge should be continuously challenged instead of taken for granted. Therefore, learning embodies a process which involves: (1) a concrete experience, (2) observation and reflection about

the experience, (3) development of concepts based on observation and reflection of experience, and (4) actions informed by concepts developed through observation and reflection. This progression of actions suggests that, for learning to occur, there should be an interplay between personal experience and previous theoretical knowledge related to the experience (Kolb, 1984).

Finally, Jean Piaget's cognitive-development theory also influenced the theory of experiential learning. According to Kolb (1984), Piaget thought that the experiences that children had were responsible for shaping their intelligence. In Piaget's view, intelligence is the product of the interaction between an individual and his/her environment, and learning depends on the actions individuals undertake in order to explore their environment. Learning takes place when individuals "accommodate" new concepts to previous experiences, and when individuals "assimilate" new experiences into the previous concepts they had.

Essentially the theories about learning developed by Dewey, Lewin and Piaget emphasise the importance of experience as a *sine qua non* without which no learning is possible. These theories acknowledge that the learning process also requires conceptualisation, observation, reflection and further action. Based on the similarities of these theories⁴, Kolb argues that it is possible to describe the characteristics of the experiential learning theory:

- Learning is a process rather than an outcome. Experiential learning theory is based on the belief that ideas are not fixed elements within the mind of individuals. Ideas are constantly formed and reformed through experience.
- Learning is a continuous process based on experience. "Knowledge is continuously derived from and tested out in the experiences of the learner" (Kolb, 1984; 27). Because what individuals have learned is continuously tested, learning means "relearning". Therefore, individuals enter learning situations with some ideas about the content under study (these ideas could be rough or refined). Individuals take action recalling these ideas whenever they need them in their everyday life. Learning emerges when individuals challenge the ideas

⁴ Kolb acknowledges that the theories developed by Dewey, Lewin and Piaget are not totally compatible; however, together they represent a unique perspective about learning.

(or beliefs) on which they rely, and when they resolve the conflict between new experiences and old beliefs which appear to be inconsistent.

- According to Kolb, the theories developed by Dewey, Lewin and Piaget suggest that learning emerges from the conflict between opposed ways of dealing with reality. “The process of learning requires the resolution of conflicts between dialectically⁵ opposed modes of adaptation to the world” (Kolb, 1984; p.29). Therefore, the theory of experiential learning emphasises conflicts such as: concrete experience vs. abstract conceptualisation, and active experimentation vs. reflective observation.
- Learning involves all the person. It is not only cognition which allows individuals to adapt to the world, feelings, perceptions and behaviours take an active role in learning.
- Learning emerges from the interaction between an individual and his/her environment. According to Kolb (1984), environmental elements such as culture and society influence the learning process of individuals. The theory of experiential learning emphasises that learning cannot be de-contextualized. It is an irony that the major critiques of experiential learning point out that it focuses too much on individuals and too little on environment (this critique is explored towards the end of this section).
- Learning is the process of creating knowledge. According to Kolb (1984) learning is intimately related with the beliefs that individuals hold about knowledge (epistemology).

In summary, Kolb (1984) brings into the arena of management learning the idea that learning is a process by which “knowledge is created through the transformation of experience” (p.38). Therefore, experiential learning, as a way to facilitate management learning advocates methods directed to transform the experience of managers. The most influential concepts which aid in transforming experience into knowledge are the learning styles inventory and the learning cycle, which are explained as follows.

⁵ Kolb (1984) defines a dialectical relationship as “mutually opposed and conflicting processes the result of each of which cannot be explained by the other, but whose merger through confrontation of the conflict between them results in a higher order process that transcends and encompasses them both” (p.29).

3.3.2.2 The concept of learning style

One of the major achievements of the theory of experiential learning is the articulation of the concept of learning style. According to Kolb (1984) learning is a process mediated by four modes:

1. Concrete experience. This mode represents an orientation of individuals to emphasise feelings over thinking.
2. Abstract conceptualisation. This mode represents an orientation of individuals to emphasise thinking over feelings. In this mode individuals focus on logic, concepts and ideas.
3. Reflective observation. This mode represents an orientation in which individuals try to understand the meaning of an idea or a situation by observing and describing it. In this mode individuals prefer to understand passively something rather than to apply practically something.
4. Active experimentation. This mode represents an orientation in which individuals prefer to participate actively in a situation rather than observe it passively.

According to Kolb (1984) concrete experience and abstract conceptualisation are dialectically opposed strategies for dealing with the world. In the same way reflective observation is dialectically opposed to active participation. The concept of learning styles emerged when these four concepts were arranged in a matrix, as Figure 3.6 depicts.

The four learning styles described in Figure 3.6 provide a “structure” for learning. This structure is a unique and personal inclination which varies from individual to individual and which depends on how they prefer to resolve both dialectic dimensions (Mainemelis, Boyatzis and Kolb, 2002).

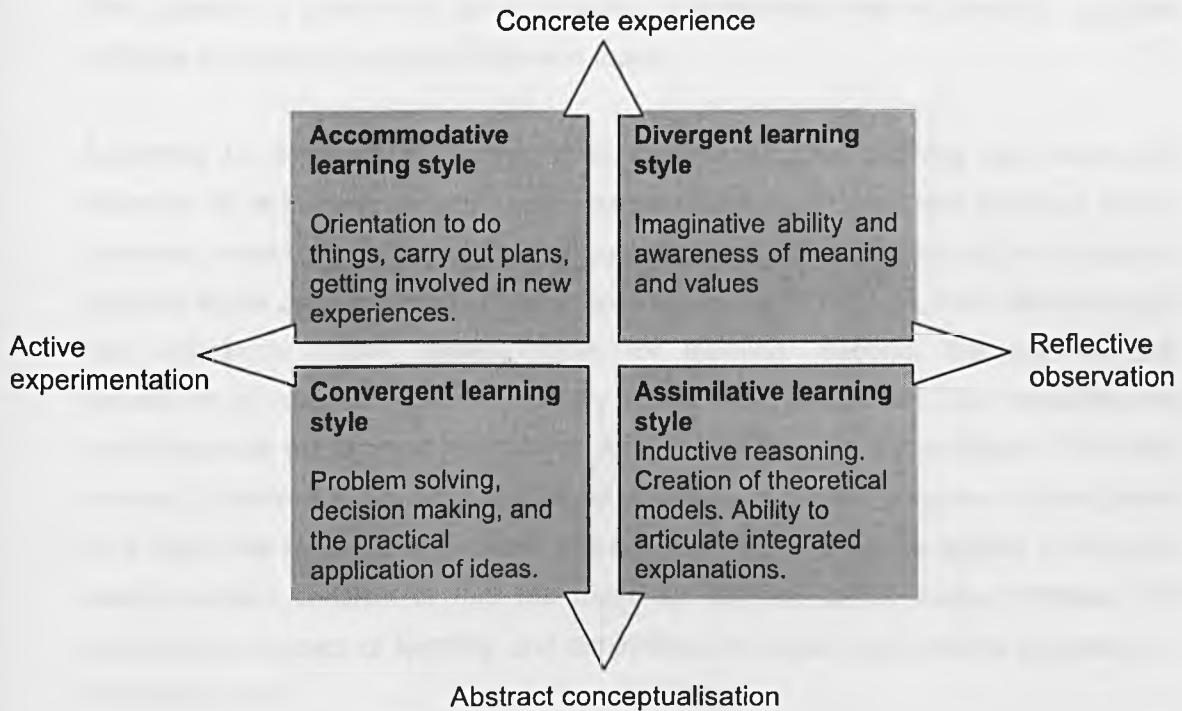


Figure 3.6: The four basic learning styles
(Source: Kolb, 1984)

3.3.2.3 The concept of learning cycle

According to Mainemelis et al. (2002), individuals do not have only one learning style; they prefer a learning style depending on many factors such as: the situation they face, psychological type, cultural background, professional career and actual job. One learning style might be dominant in an individual but the rest of the styles might be present in several degrees. Therefore, it has been suggested that learning could be facilitated if learners engage in a cycle which encourages the four modes of learning. The following figure illustrates the concept of a learning cycle.

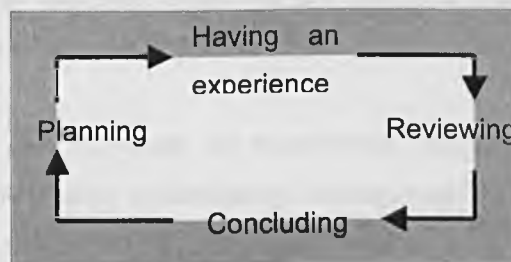


Figure 3.7: The learning cycle.
(Source: Honey and Mumford, 1992).

The concept of a learning cycle provides a systematic way to develop cognitive activities to facilitate learning of different topics.

According to Reynolds (1997), the theory of experiential learning has been very influential to facilitate knowledge about management (e.g. Honey and Mumford 1992). However, it has been criticised in some aspects. First, the usefulness of the concept of learning styles depends on how stable individuals are. It has not been demonstrated that individuals display regular styles for learning. Second, the psychological dimensions of the learning style inventory do not take into account other variables that could influence the process of learning, for example anxiety and workload. Third, the concept of learning styles has encouraged practitioners to think in terms of stereotypes; as a result, the relationship between teacher and learner could be biased. Finally, the most important criticism is that the focus on learning styles overemphasises the psychological aspect of learning and diminishes the social and political aspects of it (Reynolds, 1997).

3.3.2.4 Implications of experiential learning: The theoretical inquiry – professional practice dimension

In summary, experiential learning theory as an approach to management learning assumes that learning is a process mediated by experience. Therefore, it encourages the direct encounter with the phenomenon under study and promotes methods which allow learners to be in touch with the reality. It suggests that, for learning to be effective, it must take into account two key concepts: the learning styles of the learners, and the learning cycle (Kolb, 1984). By exploring the learning style of the learners, it might be possible to determine an appropriate method to facilitate the teaching-learning transaction. Learners and teachers could use the idea of a learning cycle to design a variety of activities that would enable them to learn more efficiently and effectively.

The assumptions and key concepts of experiential learning theory have several implications for those interested in facilitating management learning among MSMEs. First, learning about management could be facilitated by challenging previous knowledge through experience. Therefore, facilitators should provide pedagogical settings in which owner-managers could be exposed to new managerial experiences,

reflect on their previous management theories, and articulate a more appropriate understanding about management. Second, learning about management could be facilitated by helping owner-managers to reflect about their preference for learning (learning style) about management in one way as compared to another. Finally, because the learning styles of owner-managers are not permanent and depend on many factors, learning about management could be facilitated by encouraging different activities such as planning experiences, having experiences, reviewing and concluding about experiences. As a result, while some owner-managers would take advantage of actively experimenting with a new skill, others may take advantage by observing or conceptualising it.

Because experiential learning theory is an approach in which meaningful ideas or beliefs emerges emerge only through relevant experiences, and that ideas, beliefs and experience are entities subject to continuous verification (Kolb, 1984), it could be argued that a critical issue in experiential learning theory is the balance between theoretical knowledge (ideas and beliefs) and professional practice (experience).

On the one hand, experiential learning could encourage learning about management emphasising the acquisition and appraisal of the theoretical knowledge of the learners. This is because several authors have linked small businesses performance and level of innovation with formal qualifications of owner-managers (OECD, 2002b; NAFIN, 1999; Gorman et al., 1997; Westhead and Storey, 1996; Stanworth and Gray, 1992). Also, the dissemination of theoretical knowledge about management has been considered a key factor to increase the competitiveness of a country (Easterby-Smith and Thorpe, 1997). The acquisition of theoretical knowledge about management could be appropriate in the context of Mexican MSMEs because it could encourage owner-managers to rely less in trial and error strategies, and more on knowledge that has proved to be useful in similar contexts (Anzola-Rojas, 1997).

On the other hand, experiential learning could encourage learning about management, emphasising the experience which results from practising knowledge. This seems to be meaningful in the context of MSMEs because owner-managers tend to spend more time implementing courses of action than gathering information.

“Managers are people who actually do things and get others to do things. Their prime concern is normally to implement effective action rather than to collect knowledge for its own sake” (Mumford, 1997; p.28-29).

Revans (1981) argued that managers are persons that are willing to engage in a learning experience if they perceive it would help them to solve real problems, especially the ones that they face in their working environment. Therefore, the application of theoretical knowledge through problem-solving is an important motivator for learners in the context of MSMEs.

Because experiential learning theory could encourage learning about management based on the interplay between knowledge and experience, it could be argued that management learning is also a subject of study which tries to balance the search of theoretical inquiry and professional practice (Burgoyne and Reynolds, 1997), as figure 3.8 illustrates.



Figure 3.8: Learning mode orientation dimension of management learning: Theoretical inquiry and professional practice.

Figure 3.8 does not suggest that theoretical inquiry and professional practice are mutually exclusive ways to learn about management. Rather it expresses that in an ideal management learning approach, participants may understand the supportive interplay and complimentary nature of both learning strategies.

Encouraging owner-managers to practise theoretical knowledge about management may raise the general achievement of their firms. However, on its own, practice does not necessarily transform the traditional understanding about management and learning owner-managers have. The inquiry element (which involves critique and reflection) is therefore a desirable element in the context of Mexican MSMEs.

In summary, learning about management (as advocated by experiential learning theory) could be mediated by the accommodation of previous knowledge and knew experiences. As a result, the management learning approach of this research project

considered this “learning mode dimension” in order to explore the preference to learn about management of owner-managers of Mexican MSMEs. The following section explores the subject of study of organisational learning as a way to facilitate management learning. It argues that learning about management could be driven by the learning setting.

3.3.3 Organisational learning as a way to facilitate management learning

Organisational learning is a subject of study that has interacted intensively with other fields of study such as psychology, organisational development, management science, strategy, production management, sociology and cultural anthropology (Easterby-Smith, 1997). It focuses on the technical and social ways in which individuals acquire knowledge, distribute and interpret information within organisational settings (Huber, 1991). It also focuses on the ways in which organisations (as entities of the world) can learn.

This section explores the main ideas that have dominated the subject of organisational learning and their implications for management learning and MSMEs. Its point of departure is the belief that “an entity learns if, through its processing of information, the range of potential behaviours is changed” (Huber, 1991; p.89). Based on this belief, this section focuses on two “versions” of organisational learning that can be identified in the literature. The first version argues that organisational learning occurs when isolated units of an entity change the potential range of behaviours of that entity; i.e. organisational learning could be an individual cognitive phenomenon. The second version argues that organisational learning takes place only when all of the units of an entity, by sharing and interpreting information, change the potential range of behaviours of that entity; i.e. organisational learning is a collective cognitive phenomenon. Although there are many ways to make sense of organisational learning as a field of study (e.g. Gnyawali and Stewart, 2003; Easterby-Smith, et al., 2000; Morgan, 1997; Easterby-Smith, 1997; Jones, 1995; Burgoyne et al, 1994; Huber, 1991) these two perspectives are useful to reflect about the individual learning vs. group learning dimension of management learning.

3.3.3.1 Subjective cognition as organisational learning

According to Jones (1995) an organisational learning version based on individual cognition requires an interpretivist understanding about organisations. I.e., organisations are not structures of the world, but concepts within the mind of individuals (Burrell and Morgan, 1979; Morgan, 1997). In turn, the human mind is shaped by the behaviours and routines that it observes and learns. From this perspective, organisational learning can occur at many levels.

The simplest degree of organisational learning occurs when individuals of an organisation learn something about the organisation and its environment. This degree of organisational learning could be understood as uncoordinated learning process which individuals undertake about different topics according to their own interests. A more elaborated degree of organisational learning occurs when individuals of an organisation acquire knowledge and recognise its potential usefulness for the organisation (Huber, 1991). This degree of organisational learning is still uncoordinated in the sense that not all the individuals of an organisation recognise the relevance of certain knowledge (Jones, 1995). Because the two degrees of organisational learning explained above are centred around knowledge acquisition of individuals or organisational units, a key concept in organisational learning has been labelled "knowledge acquisition" (Huber, 1991).

A more complex degree of organisational learning takes place when more than one individual or organisational unit acquire knowledge and recognise it as potentially useful for the organisation. This degree of organisational learning could take place when information considered relevant is distributed to different individuals or organisational units. As a result, another key concept of organisational learning has been labelled as "information distribution" (Huber, 1991). Information distribution could lead to a diversity of interpretations about potential useful knowledge. Therefore, the more elaborated degree of organisational learning occurs when individuals or organisational units engage in a process of understanding the different interpretations of knowledge or information. As a result, another key concept of organisational learning could be understood as "information interpretation" (Huber, 1991).

It could be argued that the most dynamic debates on this subject have developed around the most complex view of organisational learning. These debates include the rise and challenge of concepts such as routines, mental models and learning loops (Argyris, 1992; Argyris and Schon, 1996, Levitt and March, 1988). Routines refer to “forms, rules, procedures, conventions, strategies and technologies” that individuals follow in an organisation (Jones, 1995; p.67). They embody rationales that justify the (defensive /open) behaviour of individuals within an organisation, and they determine organisation’s performance (Edmonson and Moingeon, 1998). The concept of mental model refers to ways of thinking or rationales which individuals use to explain the current state of part of the whole organisation. According to Senge (1990), organisational learning takes place when individuals acknowledge that their mental models are in part responsible for the current situation of an organisation, and when they share their mental models with other individuals of the organisation. The concept of learning loops refers to two levels of learning: one in which individuals detect errors and correct mismatches (single-loop learning), and another in which individuals reflect about and change the governing values of an organisation or its units (double-loop learning) (Argyris and Schon, 1996). According to Argyris (1992), learning is about detecting and correcting error. The main sources of errors affecting organisations are the individuals’ discrepancies between what they think (espoused theories) and what they really do (theories-in-use). These discrepancies are difficult to detect and encourage individuals to become defensive and unresponsive to feedback. As a result, information which individuals share within organisations is likely to be vague, unclear and inconsistent. Organisational learning occurs when individuals become aware of the discrepancies between their espoused theories and their theories-in-use and their consequences (Argyris, 1992). A result of managing appropriately concepts such as routines, mental models and learning loops, is that information within organisations flows effectively, without bias; and individuals can rely on concrete, clear, consistent and congruent information.

In summary, the organisational learning version which depends on individuals’ cognition emphasises the role of individuals’ mental processes and interactions. It focuses on how individuals and organisational units acquire knowledge, distribute and interpret information. It recognises the importance inter-subjectivity of individuals and the existence of hidden motives, emotions and political structures as variables that affect learning.

3.3.3.2 Collective cognition as organisational learning

While the last section argued that organisational learning is possible when individuals acquire and share knowledge and information, this section argues that organisational learning is possible when knowledge and information is stored and disseminated through well defined procedures, structures and “hard” systems. These structures and systems help organisations to learn as if they were independent entities of the world. According to Jones (1995) the concept of collective cognition requires an objectivist view of organisations, i.e., it requires an analyst to think that organisations are independent entities of the world (Beer, 1981; Burrell and Morgan, 1979). Under this perspective organisational learning takes place when organisations develop qualities and attributes similar to those that characterise human beings (e.g. memory, capacity of storing and retrieving information, capacity of sensing the environment, intelligence and “mind”). Authors like Beer (1981), would argue that organisations are capable of developing “identical” attributes than human beings or other living entities. According to Jones (1995) this understanding of organisational learning often leads to an extreme which suggests that organisations are entities capable of developing extra-human intelligence mechanisms because it is possible to demonstrate that organisations have capabilities that none of their members have. Organisational learning could be understood as an emergent property generated by clusters of individuals.

Under this perspective of organisational learning, the most common debates have centred around the value of organisational knowledge, on how organisations could generate, store and retrieve knowledge more efficiently and effectively, and how computer-based technologies could help organisations to learn. In the same way that organisations have been regarded as independent entities in the world, this degree of organisational learning assumes that knowledge is also an independent entity that could be generated and managed in order to gain a competitive advantage (Nonaka and Treece, 2001; Nonaka and Takeuchi, 1995). Knowledge about an organisation and its environment is so complex and diverse (it could involve historical, social, political, technical, economic and environmental issues), that it surpasses individuals’ capacity of processing it. Therefore organisational learning is about managing knowledge in such a way that it can be used as source of competitive advantage. Authors have

suggested organisational learning takes place when individuals make explicit their tacit knowledge and this knowledge is shared and perpetuated as part of an organisation (Nonaka and Takeuchi, 1995). As a result a key concept of organisational learning has been labelled as “knowledge management”. For some authors, the capacity of firms to manage their knowledge gives them a unique character which has been compared with an “organisational mind” (Jones, 1995; Beer, 1981).

The concept of organisational memory refers to the ways organisations “store” information about past events in order to guide present and future actions. Actually, there is no universal agreement on how organisations store information. Some authors (e.g. Gherardi et al., 1998; Brown and Dugid, 1991; Lave and Wenger, 1991) suggested that social structures and relationships between individuals are the ways in which an organisation stores “soft information” (e.g. acceptable beliefs, attitudes and behaviours). In contrast, other authors argue that organisations store “hard information” through tangible devices such as databases, files and information systems (Yates, 1990; Beer, 1981). From this perspective, a priority for organisational learning is to gather, process and share information about the organisation and its environment in such a way that it can be used in the future as a competitive advantage (Huber, 1991). A tangible evidence that organisations are capable of learning is the concept of “learning curve”, which shows the relationship between learning and the performance (measured in profits or cost) of an organisational unit or an organisation (Jones, 1985).

Finally, the concept of organisational learning has been evolving towards the concept of learning organisation (e.g. Easterby-Smith et al., 1999; Easterby-Smith et al., 1998; Burgoyne et al., 1994). This evolution highlights that organisational learning is concerned with descriptions about how individuals learn in organisations, as well as with ideal prescriptions about how organisations should be in order to maximize individuals’ learning (Edmonson and Moingeon, 1998).

In summary, an objectivist perspective of organisational learning emphasises that organisations have properties and attributes that individuals generate through interacting with each other and through the technology they use. At one extreme organisational learning suggests that organisations are entities of the world that metaphorically generate human-like attributes. At the other extreme, organisational learning suggests that organisations have real existence in the world, and that they are

capable of generating supra-human intelligent mechanisms identical to those that characterise human beings.

3.3.3.3 Implications of organisational learning: The individual – group setting dimension

In summary, organisational learning as an approach to management learning encourages learning mainly on organisational settings. It points out that learning in an organisation could be based on individuals' learning which could result in a positive emergent property for the organisations. It emphasises (like management development) that managing learning processes and the resulting knowledge could increase the value and competitiveness of organisations. Organisational learning suggests that individuals learning could have consequences at individual and organisational levels.

Although most of the concepts reviewed in this section have been developed within medium and large enterprises, organisational learning has some implications for those interested in facilitating learning in MSMEs. First, it implies that learning is an activity which potentially can shape the reality of MSMEs (Senge, 1990). Therefore, owner-managers should feel more accountable for the current state of their enterprises than the environmental conditions they face. In this sense organisational learning encourages owner-managers to reflect critically upon their mental models (e.g. habits, values and beliefs) in order to generate better practices for the MSME. Second, although a great deal of owner-managers' learning occurs in isolation (Gibb, 1997), it points out that learning about management could take place through the interaction with others (Gherardi et al., 1998). As a result, owner-managers should consider their interaction with other stakeholders of the MSME (e.g. other owner-managers, employees, relatives, suppliers and customers) as opportunities for learning. Learning in groups could be an appropriate pedagogical setting in which owner-managers could learn and coordinate their actions in order to achieve a better level of performance (Easterby-Smith, et al. 1998). Finally, organisational learning points out the value of acquiring purposively knowledge, distributing it and storing it appropriately. This is an important point for MSMEs, taking into account that MSMEs are managed through

common sense and previous experience typically stored in the mind of the owner-manager.

Because one of the major debates in organisational learning is concerned with whether organizational learning is simply the sum of individuals' learning within organizations, or whether it is an emergent property which surpasses individuals' capabilities (Jones, 1995), it could be argued that a critical issue in organisational learning is the balance between learning individually or learning collectively (in groups).

On the one hand, organisational learning encourages owner-managers to learn individually due to practical, motivational and educational reasons. First, a practical reason is that owner-managers have a "strong belief in the uniqueness of their own business causes them to be very circumspect to new information and advice, no matter how well intentioned and efficacious this might be" (Gibb, 1994). Therefore, individual learning could allow owner-managers to undertake learning activities without having to negotiate and share objectives, contents and resources with other individuals. A motivational reason is that owner-managers may not enjoy working with others or they may not have the social skills necessary to learn with and from others. Owner-managers may find it psychologically safer to learn alone than to share their learning with others. Finally an educational advantage of learning individually is that owner-managers could concentrate in more depth in the problems affecting their MSME. However, by learning independently, owner-managers would have fewer educational resources for learning and less support in order to detect errors and challenge their understanding about management and learning.

On the other hand, organisational learning encourages learning collectively for several reasons. A practical reason is that, Mexican MSMEs are often constrained in the resources they can get, making it difficult for owner-managers to spend significant amounts of time money on efforts to learn. Therefore, the most coherent way for MSMEs to overcome their scarcity of resources for learning is not only to share information and knowledge but also to share common resources (Rueda and Simón, 1999). An emotional reason for learning collectively or in groups is that participants may enjoy interacting with others, and groups provide opportunities of interaction through several techniques such as games, simulations, formal and informal chats, role playing and discussions. According to Stanworth and Gray (1992), owner-managers

often prefer to interact in groups with people like themselves and managers of a range of industries. Learning in groups may provide an opportunity to meet people perceived to have the same learning needs and knowledge interests, the opportunity to make friends, build alliances and to become part of network of peers (Reynolds, 1994). An educational reason for learning in groups in the Mexican MSMEs context is that owner-managers facing a particular situation could find in the group other individuals that have faced a similar situation in the past. Therefore, learning could emerge through sharing a variety of past experiences and their implications (Reynolds, 1994).

In summary, because organisational learning could encourage learning about management in individual and group settings, it could be argued that management learning is also a subject of study which tries to balance these two settings.



Figure 3.9: Pedagogical setting dimension of management learning: Individual and group settings

Figure 3.9 does not suggest that learning individually and learning in groups are mutually exclusive endeavours. Rather, it expresses the concern of the researcher to find an appropriate balance in the context of Mexican MSMEs between learning individually and learning in groups.

The following section explores adult education theory as a way to facilitate management learning. It points out that the assumptions about ideal adult learners could be a useful guideline for thinking about the role of the learners.

3.3.4 Adult education as a way to facilitate management learning

According to Burgoyne and Reynolds (1997) the contributions of adult learning to management learning are widely acknowledged by several researchers and practitioners of management learning. It has been suggested that adult education theory has provided useful guidelines to design, facilitate and evaluate learning

processes in educational settings, industry and different social situations. This section focuses on adult education theory and its implications for the subjects of study of management learning and MSMEs.

3.3.4.1 The emergence of adult education

As Brookfield (1986) comments, adult education emerged as a field of study during the 1960s and was encouraged by the growing complaints about the inadequacy of the “traditional” pedagogical model when applied to adult education programmes. According to Brookfield (1986) in the traditional approach to education and training some participants are instructed and other participants arrange the conditions for instruction. In this approach, learners normally do not participate designing aims, methods, content and evaluation procedures of the learning process (Joyce and Weil, 1980; Brookfield, 1986). A major objection to the traditional approach to education is that, at the extreme, it could promote a relationship in which learners depend excessively on the teachers. This dependence-based relationship is considered a major obstacle to education because it encourages people to renounce their capacity to decide (Freire, 1999). The pedagogical model in which students become more and more dependent on the teacher, encourages less and less the development of a critical consciousness⁶ which is, according to Freire (1993), the most important element to become transformers of the world.

It has been argued that the traditional pedagogical model could represent the means by which oppressor-oppressed relationships are created and perpetuated. In his 1993 and 1999 works, what Freire calls “the banking concept of education” contains the basic assumptions on which traditional education is based, and which perpetuates little critical consciousness:

“the teacher teaches and the students are taught;
the teacher knows everything and the students know nothing;
the teacher thinks and the students are thought about;
the teacher talks and the students listen –meekly;

⁶ *Conscientização* or critical consciousness “refers to learning to perceive social, political, and economic contradictions, and to take action against the oppressive elements of reality” (Freire, 1993; p.17).

the teacher disciplines and the students are disciplined;
the teacher chooses and enforces his choice, and the students comply;
the teacher acts and the students have the illusion of action through the action of the teacher;
the teacher chooses the program content, and the students (who were not consulted) adapt to it;
the teacher confuses the authority of knowledge with his or her own professional authority, which she and he sets in opposition to the freedom of the students;
the teacher is the Subject of the learning process, while the pupils are mere objects.” (Freire, 1993; p.54)

Hartree (1984) suggests that the pedagogical model described above should be more properly named “schooling”. In the schooling approach to education the “scope of action allowed to the students extends only as far as receiving, filling, and storing the deposits” (Freire, 1993; p.53). It presents knowledge as a gift, and students cannot discover that they also educate the teacher, and that they also can transform the world which they perceive (including the oppressor-oppressed relationships).

In summary, the traditional pedagogical model (or schooling) could be characterised by assumptions that seem to encourage a learning process heavily centred around the teachers, content of books and other resources, and less centred on the needs, wants, preferences and resources of the learners.

As a reaction to the critiques of the traditional pedagogical model applied to adults’ education, several non-traditional approaches began to emerge. Early approaches to adult education were influenced by authors writing in the field of clinical psychology (e.g. Freud, Jung, Erickson, Maslow and Rogers). They were interested in topics and phenomena (such as personality change and development) which have some relevance to the concepts of learning and education. According to Brookfield (1986) with the basis provided by psychology, from the 1960s on, adult education practitioners started to develop their own explanations about how adults could learn more appropriately.

However the quest for a unified theory of adult learning seems to be a difficult and probably impossible endeavour (Brookfield, 1986). A complete theory of adult learning must take into account not only psychological elements such as learning styles, preferences and the unique personality of individuals (in children and adults). It also

must realise that learning depends very much on the context, culture, interests, abilities and resources. The following subsection explores the major proposals that emerged within the theory of adult education.

3.3.4.2 Assumptions of the theory of adult learning (andragogy)

According to Brookfield (1986) several “theories” of how adults learn have emerged since 1960, mainly in the USA and to a minor degree in Europe. The word theories has been written in quotations marks because, according to Brookfield, such theories are more speculations about how adults learn rather than explanatory findings which could be confirmed through experimental exploration. Also these, “theories” seem to prescribe universal guidelines despite the fact that they were developed by observing middle class white Caucasian Americans. The main developers of adult education theories according to Brookfield (1986) were: Gibb (1960), Miller (1964), Kidd (1973), Knox (1975), Brundage and Mackeracher (1980). The principal findings of these adult educators could be summarised as follows:

“Adults learn throughout their lives, with the negotiations of the transitional stages in the life-span being the immediate cause and motives for much of this learning. They exhibit diverse learning styles – strategies for coding information, cognitive procedures, mental sets – and learn in different ways, at different times, for different purposes. As a rule, however, they like their learning activities to be problem centered and to be meaningful to their life situations, and they want the learning outcomes to have some immediacy of application. The past experiences of adults affect their current learning, sometimes serving as an enhancement, sometimes as a hindrance. Effective learning is also linked to the adult’s subscription to a self-concept of himself or herself as a learner. Finally, adults exhibit a tendency toward self-directedness in their learning” (Brookfield, 1986; p.31).

Early and contemporary theories about how adults learn reflect a basic value: that adult learning should be focused on the learner rather than on the teacher or on practising a method of teaching. These theories are also based on a common assumption: that adults and children learn in different ways, an assumption that has not been proved. Finally, two common characteristics of adults are present in early and contemporary theories of adult learning: First, that adults seem to prefer self-direction for learning, and second, that adults rely on personal experience as a major learning resource (Brookfield, 1986).

According to Brookfield a concept that has had a major impact in adult education is “andragogy”, and the author most associated with such concept is Malcolm Knowles (e.g. Knowles 1990; and Knowles 1980). Knowles et al. (1998) suggested that andragogy is a term developed to characterise the art of leading adults in their learning activities (in opposition to pedagogy which literally means: leading children). Knowles suggested that andragogy could be understood as set of assumptions that provide effective guide in order to design, facilitate and evaluate learning experiences with adults. The assumptions that Knowles et al. (1998) advocated are explained as follows:

As individuals mature they move their preference to learn from dependency to self-direction. According to Knowles et al. (1998) as adults mature, they “resist situations in which they feel others are imposing their wills on them” (p.65). He argues that adults have the need to be perceived as independent. Therefore, in learning situations adults prefer to make decisions about their way of learning and are unlikely to learn if they feel dependent of the teacher. Brookfield (1986) argued that a tendency towards self-development was a characteristic which educators took for granted about adults, and should not be treated as a reliable generalisation. This is because he observed many adults who never developed a self-direction in their learning activities and remained dependant on the teachers and, on the other hand, children that seemed to be self-directive in their learning.

Maturity accumulates experience which is a valuable resource for learning. In a similar way to Kolb (1984), Knowles et al. (1998) considered that the quantity and quality of adults' past experiences have several implications for the learning process. Unlike children, adults enrol in educational experiences with more experience about many topics. A key issue for andragogy is that experience is the most important and richest resource for learning, because adults always use their previous experiences as a reference when they encounter new situations or knowledge.

“To children, experience is something that happens to them; to adults, their experience is who they are. The implication of this fact for adult education is that in any situation in which the participants' experiences are ignored or devaluated, adults will perceive this as rejecting not only their experience, but rejecting themselves as persons” (Knowles et al., 1998; p.67).

As a result, andragogy emphasises the use of techniques in which adults could recall their experiences, such as group discussions and problem-solving activities, instead of

transmission techniques such as lectures. Brookfield (1986) considered that experience represented a twofold resource since it could be a resource to learn but it could also block or retard learning. For example: “mental habits, biases, presuppositions that tend to cause us to close our minds to new ideas, fresh perceptions, and alternative ways of thinking” (Knowles et al., 1998; p.66). Therefore, facilitators should help learners examine their beliefs and habits in order to discover and manage their biases.

As individuals mature, their readiness to learn tends to focus on their social roles. Knowles et al. (1998) pointed out that the social roles or situations that adult experience influence significantly their learning needs. As a result, he proposed that adult education programmes should be organised to match the developmental stage of the learners with its consequent needs. For example, teenagers are unlikely to learn taxation strategies because they do not need them to cope with life. However, if teenagers become owner-managers of a small firm, then they will be ready to learn about taxation strategies because this topic becomes important in their life. Brookfield (1986) argued that this assumption can lead to a reductionist type of education in which learning is based on isolated situations of learners' lives, underestimating the complexity of other factors not perceived by learners but equally important for an appropriate education.

As individuals mature they become more problem-centred and less subject-centred. According to Knowles et al. (1998) adults usually wish to apply their acquired skills in the situations in which they participate. This means that adults are inclined to learn about issues that have practical applications for their lives. Adults do not study subjects hoping that the information will be useful in the future. On the contrary, they usually give attention to issues that reflect the situations in which they are living. Therefore, learning could be facilitated if learners are presented with issues as problems. Brookfield (1986) argued that this assumption tends to underestimate the fact that adults may also learn for pure fascination and the joy that a topic could foster in an individual. It also neglects the possibility of learning without a predetermined goal.

As Knowles refined and developed his speculations about adult learning, he added two more assumptions to the body of andragogy:

As individuals mature they develop a deeper need to know why they should learn. Unlike the pedagogical model, andragogy does not assume that learners only need to know that they must learn. On the contrary, according to Knowles et al. (1998) adult learners have the need to know the reasons and consequences of learning something before undertaking such endeavour. This assumption suggests that if learners do not find a significant reason for learning they are unlikely to learn. As a result, one of the main “tasks of facilitators of learning is to help the learners become aware of their need to know” (p.65).

As individuals mature internal motivations tend to drive their learning experiences. Andragogy considers that there are two types of motivational factors which stimulate learning. (1) External factors such as promotions, higher salaries and approval from others. (2) Internal factors such as self-esteem, better quality of life, and job satisfaction. Based on Tough (1979), Knowles argued that an intrinsic characteristic of normal adults is their tendency to keep developing and learning, and that the most powerful factors behind this tendency are the internal motivational factors of individuals.

According to Knowles et al. (1998) the assumptions of andragogy had a significant impact on practitioners in many disciplines, including higher education, human resource management, management development and counselling. Davenport and Davenport (1985) reported further applications in nursing, social work, religion, agriculture and law.

Even though andragogy has been accepted as a positive influence by practitioners in several fields, it has been criticized in many aspects (Rachal, 2002). First, Brookfield (1986) points out that the assumptions on which andragogy was based are speculations that, at best, are derived from subjective observation. The six assumptions explained above have not been proven, therefore, their explanatory power is limited and no solid general theory of learning or education could emerge from them. Second, there is no substantial evidence to support the main assumption of andragogy (the one that presupposes that adults and children learn in different ways). According to Davenport and Davenport (1985), some andragogical principles could be applied to children, and it is unrealistic to assume that all adults have ideal capacities, such as the capacity for experiencing the world in a unique way, the natural capacity for self-

actualisation, a commitment to dialogue and emancipation, the tendency to be independent, the capacity for critical reflection and absolute reliance on their experience. As a result, Davenport and Davenport (1985) argue that the differences between how children and adults learn were so vague that a different approach to education was hardly justified. They suggest that the emergence of andragogy as a subject, reflects the interest of many adult educators in achieving status and recognition in a separate profession. Third, Hartree (1984) points out that the way that Knowles portrays andragogy misleads practitioners. She points out that it was not clear whether andragogy is a theory of learning or a theory of teaching, whether andragogy is opposed (by definition) to pedagogy or if they could be complementary. It is not clear whether andragogy is a description of how adults actually prefer to learn, or whether it is a prescription for the development of an ideal adult learner. Finally, Hartree (1984) points out that Knowles does not make clear the philosophical commitments attached to andragogy in the way other adult educators have done it, for example Freire's (1993) orientation to Marxism, and Mezirow's (1990) commitment to Habermas' critical theory. According to Hartree (1984) the commitment of andragogy to humanistic psychology and existentialism should be more explicit because they conform the philosophy that supports the concept of self-directed education. The following section explains such philosophical and psychological underpinnings.

3.3.4.3 The student-centred approach and the concept of self-direction

As stated above, a key assumption of andragogy (and according to Brookfield (1986) many other theories of adult learning) is that adults develop a psychological need to be autonomous and independent. As a result, facilitators of learning are encouraged to move away from teacher-dependant models and promote environments in which adults can make their own decisions about learning. It could be argued that the value of respecting the learner's decisions was pioneered by Carl Rogers, a psychologist who supported the idea that human beings have a natural tendency to self-actualisation or self-direction and that they can work towards self-actualisation if they are provided with a psychological environment which reduces to a minimum threats to the learners. What Rogers meant by self-actualisation or self-direction may be summarised as follows:

“change in the personality structure of the individual, at both surface and deeper levels, in a direction which clinicians would agree means greater integration, less internal conflict, more energy utilisable for effective living; change in behaviour away from behaviours generally regarded as immature and toward behaviours regarded as mature” (Rogers, 1957; p.220).

Rogers (1957) argued that constructive personality change occurs if the following conditions are present in a relationship:

“Two persons are in psychological contact.

The first person, whom we shall term the client, is in a state of incongruence, being vulnerable and anxious.

The second person, whom we shall term the therapist, is congruent or integrated in the relationship.

The therapist experiences unconditional positive regard for the client.

The therapist experiences an empathic understanding of the client’s internal frame of reference and endeavours to communicate this experience to the client.

The communication to the client of the therapist’s empathic understanding and unconditional positive regard is to a minimal degree achieved.

No other conditions are necessary.” (Rogers, 1957; p. 221)

Rogers (1967) argues that the six conditions stand for every situation in which constructive personality change can occur. He argues that these conditions are ideal but not unique of the person-centred approach to psychotherapy and that the six conditions can be present in relationships people experience in everyday life. Rogers (1967) also stated that no “special intellectual professional knowledge –psychological, psychiatric, medical, or religious – is required of the therapist” (p.231). This implies that everyone is capable of delivering the six conditions within a relationship; however, the conditions are most likely to appear if individuals are properly trained (Hattie et al., 1984; Durlak, 1979). Because the necessary and sufficient conditions proposed by Rogers (1967) are not unique to psychotherapy, they were extended to relationships such as that of teacher-learner. Rogers (1951) explored whether the necessary and sufficient conditions could be effectively experienced in teacher-learner relationships and arrived at five conditions which very much resemble the self-directed approach to adult education proposed by Knowles et al. (1998):

“We cannot teach another person directly, we can only facilitate his learning.

A person learns significantly only those things which he perceives as being involved in the maintenance of, or enhancement of, the structure of self.

Experience which, if assimilated would involve change in the organisation of self, tends to be resisted through denial or distortion of symbolization.

The structure and organization of self appear to become more rigid under threat and to relax its boundaries when completely free from threat. Experience which is perceived as inconsistent with the self can only be assimilated if the current organization of self is relaxed and expanded to include it.

The educational situation which most effectively promotes significant learning is one in which (a) threat to the self of the learner is reduced to a minimum, and (b) differentiated perception of the field is facilitated” (Rogers, 1951).

As pointed out in the above quotation, the concept of self-direction proclaimed by andragogy and other theories of adult learning is based on the belief that learning is a unique and personal experience that cannot be transmitted from one person to another. This assumption of adult education has been gaining recognition because it is attractive in the sense that the responsibility and results (and therefore the accountability) of teaching-learning processes moves from the teacher and institutions to the learners. It has been argued that encouraging a self-directed approach to education promotes significant learning (Knowles, et al., 1998), self-actualisation (Rogers, 1967), and emancipation (Freire, 1999). However, according to Stansfield (1996) a self-directed approach to adult education has some problems, for example, adults might be more used to the traditional pedagogical approach in which the responsibility of the learning process remains with the teacher. Learners might experience frustration, anxiety, a sense of lack of direction and lost time, and obtain poor feedback. Knowles et al. (1998) acknowledge that self-direction sometimes led to learning experiences in which satisfaction was high but the quality of the content poor. Because self-directed learning has not proved to be a universal description of how adults prefer to learn, Brookfield (1986) suggests that a self-development approach to education might be better understood as a set of guidelines which promote a process of “becoming” an ideal learner rather than a universal prescriptive approach to adult education.

3.3.4.4 Implications of the theory of adult education: The guided – self-directed dimension

In summary, adult education theory as an approach to management learning, has several implications for those interested in facilitating management learning in MSMEs. First, adult education theory suggests that management education and training should be driven (at least in part) by owner-managers, since the process of learning occurs around the learners. Owner-managers should participate in the selection of content and pedagogical strategies based on the needs they experience. Second, because learning about management (or about any other topic) is considered a unique and personal experience; those truly responsible and accountable for developing managers are the managers themselves. Third, adult education theory points out that advisers, teachers, mentors, or consultants, cannot transmit knowledge directly; at best, they only can provide appropriate conditions for learning. The role of teachers and advisers is to encourage a supportive environment in which owner-managers could become less defensive and more proactive in assimilating new or different ideas. Therefore the concept of “facilitation” emerges as a crucial activity, an activity which could be considered different from teaching. Fourth, because learning is also centred on social roles, adult education theory suggests that the different roles that owner-managers experience (e.g. parent, employees, friend, spouse, community member) should be taken into account because they also affect any learning process.

Although adult education theory advocates the independence of learners from teachers, in an extreme, this approach to education could lead to unsatisfactory results (Brookfield, 1986). For example, a relationship in which learners only do what they want, explore only their interests, through the means they feel comfortable with, may initially be enjoyable but over time, learners may realise that the facilitator does not really understand them. Therefore, Brookfield (1986) advocates a facilitator-learner relationship in which education is considered a transactional encounter, i.e., an encounter in which at least two individuals engage in a continual process of modelling each other's minds through their ideas about the world. Learners and teachers should negotiate priorities, methods, and evaluations. Because a central issue in adult education theory is the balance of the teacher-learner relationship, it could be argued that management learning is also a subject of study which tries to balance the learning

relationship between those who teach about management and those who had learning needs related to management.



**Figure 3.10: Assumptions about the learners in management learning:
Guided – Self-directed approach**

On the one hand, management learning encourages a guided approach to learning about management in the context of Mexican MSMEs for several reasons. First, according to several authors and organisations (e.g. OECD, 2002b; Gibb, 1997; NAFIN, 1999) a significant proportion of owner-managers do not have formal qualifications, therefore it is likely that they would prefer a guided approach to learning about management because they could have few skills for self-directed learning. Second, according to Kirby (1990) many owner-managers are simply unaware of their managerial deficiencies and training needs. Through a guided approach to management education and training teacher/advisors could suggest knowledge and skills that have been useful for other owner-managers in different situations. For example, in Mexico it has been suggested that owner-managers may obtain benefits from improving their skills and knowledge in the managerial process, finance and accounting, marketing and commerce, human resource management, innovation, production and operations management (Secretaría de Economía, 2000a; Rueda and Simón, 1999; Anzola-Rojas, 1997).

On the other hand, management learning encourages a self-directed approach to learning about management for several reasons. First, according to Kirby (1990), in many countries education and training programmes have failed to appeal the interest of possible participants, because owner-managers considered the content too general and with little relation with the reality of small firms. In contrast, a self-directed approach to learning about management encourages owner-managers to work on topics and problems they perceive as important, and to develop contents and materials appropriate for their reality. Second, according to Gibb (1997) owner-managers often complain that training is provided by teachers rather than practitioners, and they perceive that teachers do not “understand” the reality of business life. A self-

directed approach to education and training encourages owner-managers to seek help from colleagues, experienced managers or more appropriate facilitators. Third, according to Gorman et al. (1997) in entrepreneurship and management education, audience segmentation is important to define educational objectives, subject matter and pedagogical approach. According to Anzola (1997) in Mexico owner-managers typically report being “full of activities”, therefore a self-directed approach encourages owner-managers to organise time, content and pedagogical strategies according to their own needs. Finally, the variety of problems that every Mexican MSME face, makes it difficult to design and implement general a management education and training programme. Therefore it is appropriate to let owner-managers to reflect upon their specific learning needs and possible courses of actions.

The following section explores situated learning as a way to facilitate management learning. Situated learning points out that learning processes could be understood as the result of cognitive activities or the result of individuals' interactions.

3.3.5 Situated learning as a way to facilitate management learning

According to Gherardi, et al. (1998), formal and structured pedagogical situations have dominated western societies' view about learning, education and training. Formal and structured pedagogical situations are based on a relationship in which some participants are instructed, and other participants arrange the conditions for instruction (Brookfield, 1986). The main activity of teachers is to “deliver” knowledge to their students. From this view, knowledge represents a cumulative body of information (independent from the context it was generated and independent from those who deliver it and receive it) which can be transmitted and processed.

Learning, seen as “knowledge delivery”, resembled the banking concept of education described in section 3.3.4, and it had two major disadvantages. First, it suggests that learning is an activity that takes place apart from other activities, which seems to be unrealistic because individuals do not learn only at certain points of their lives, for example during lectures, training courses or while reading a book (Gherardi, et al., 1998). Learning cannot be confined to certain periods of life, and it can take place in every situation that individuals face (Marsick and Watkins, 1997). The second

disadvantage of the “knowledge delivery” understanding of learning, education and training, is that it assumes that learning is entirely a personal and individual activity. Therefore, in order to explain why learning is an activity that occurs as a by-product of other activities, and that it does not necessarily takes place in isolation, Lave and Wenger (1991) developed the concepts of “situated learning”, “community of practice” and “legitimate peripheral participation” which are explained as follows.

3.3.5.1 The concept of situated learning

The first assumption that the theory of situated learning considered is that knowledge is always contextual. Even what it is regarded as “general knowledge” is only meaningful and useful in certain circumstances (Lave and Wenger, 1991). Therefore, what makes knowledge possible is not only the codification of information, but the historical and cultural factors in which a person learn something; i.e., knowledge is a dynamic process rather than a body of accumulated information (Wenger, et al., 2002). According to Lave and Wenger (1991), the only sense in which knowledge could be regarded as “general”, is the fact that individuals could renegotiate its meaning within past, present and future circumstances.

The second assumption of situated learning, is that because knowledge is context-dependant, learning cannot occur in isolation; learning occurs with others and through others (Gherardi, et al., 1998). Therefore, learning is the product of the social and political interactions of individuals within a community. Situated learning proposes that learners acquire their skills and knowledge by participating in social relationships.

Lave and Wenger (1991) developed the term “situated learning” through analysing the essence and implications of historical forms of apprenticeship. While analysing how individuals managed to learn to perform a certain practice, they realised that learning was a result not only of being *in situ*. Learning referred to the individuals' ability to become cultural-historical participants of their world. Therefore, learning refers to the possibility of becoming a participant in and with the world, and it makes individuals share fully the historical and cultural consequences of their actions (practice). In other words, participation within a community which performs a certain practice, is what allows individuals' learning. Therefore, situated learning shifts the concept of learning

from being an “information processing” phenomena, to a “participation within a community” phenomena (Lave and Wenger, 1991). Participation leads to learning, and learning is demonstrated through participation; therefore, situated learning emphasises the study of the social engagements (or the context⁷) which facilitate individuals’ learning.

3.3.5.2 The concept of community of practice

Within the perspective of situated learning, learning takes place with and through others. To know, means to be capable of relating with others and being competent in engaging with others in various activities. Therefore “knowing” and “learning” refer to practical accomplishments which only have meaning within a community of people that perform the same practical accomplishments (Lave and Wenger, 1991). A community of practice could be conceptualised as a group of individuals “who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis” (Wenger et al., 2002). The relationships that individuals hold, help them to interpret and to do things in a certain way (Gherardi, et al., 1998). Lave and Wenger (1991) suggest as examples of communities of practice midwives of Yucatec-Maya villages, tailors of Vai and Gola, naval quartermasters, meat cutters and non-drinking alcoholics. Each of these communities perform a distinctive practice, and their members are not necessarily present in the same location.

According to Wenger et al. (2002), communities of practice have three structural elements: domain, community and practice. Domain refers to the knowledge that gives members of a community a sense of common identity. Community refers to the congregation of individuals who care about a certain domain. Practice refers to the “specific knowledge that a community develops, shares and maintains” (Wenger, et al., 2002). Every practice depends on the social processes of a community in order to be sustained and perpetuated. The knowledge that has developed and characterises a practice is normally displayed by old-timers of the community (e.g. teachers, masters, professionals) and learning is a mechanism through which the community is preserved.

⁷ Context defined by Gherardi, et al., (1998) is “a historical and social product which is co-produced together with the activities it supports: agents, objects, activities, and material and symbolical artefacts all constitute a heterogeneous system that evolves over time.” (p. 275)

Therefore, learning within this perspective resembles more a product of a social process than a product of individual cognitive processes. Involvement in a community of practice is therefore a requirement *sine qua non* learning is possible (Lave and Wenger, 1991).

3.3.5.3 Legitimate peripheral participation

In order to expand their understanding about situated learning, Lave and Wenger (1991) developed the concept or metaphor of “legitimate peripheral participation”. The term “legitimate” stands for a way of belonging. Legitimate participation means that an individual could become a recognised member of a community practice, whether as a beginner, as an advanced beginner or as a master. In gaining legitimacy, an individual also gains access to the resources, practices, information, technology, other members, power structures and relationships that characterise the community of practice.

The term “peripheral” for Lave and Wenger (1991) means that there are different ways to be engaged with a community. Some forms of engagement are more inclusive than others. For example, in the apprenticeship systems that they observed, when apprentices were accepted within a community they typically began to participate with tangential, less important activities of the community of practice. As they gained understanding of the culture and became competent in some skills, they were given more important tasks, or tasks that were more central for the community of practice. Therefore, the term peripheral means that there is a path that new-comers must follow in order to become recognised practitioners of the community.

Participation in Lave and Wenger’s (1991) terms means to act in the world, influenced by the world and transforming the world. It implies that individuals negotiate continuously the meaning of things of the world through absorbing other’s meanings and influencing the meanings of others. It is participation that allows individuals to:

“assemble a general idea of what constitutes the practice of a community... who is involved; what they do; what everyday life is like; how masters talk, walk, work and generally conduct their lives; how people who are not part of the community of practice interact with it; what other learners are doing; and what learners need to learn to become full practitioners. It includes an increasing understanding of how,

when, and about what old-timers collaborate, collude and collide, and what they enjoy, dislike, respect, and admire” (Lave and Wenger, 1991; p.95).

So legitimate peripheral participation is a “specific mode of engagements by which new members of the community socialize and learn, as well as by which the community perpetuates itself” (Gherardi, et al., 1998; p.279). It explains how people changed through participating in a community of practice, and how a community of practice changes through the participation of its members.

According to Wenger et al., (2002), although the term “community of practice” has a positive connotation, communities of practices could have certain negative aspects. For example, communities of practice could become a closed circle of individuals who can control and hide knowledge, take assumptions for granted and limit individuals' innovation. They may also perpetuate narrow views about a phenomenon, or be reluctant to receive challenge and critique; therefore they could become an obstacle for learning. According to Gherardi, et al., (1998) the situated learning approach has been criticised because it overemphasises the role of tacit knowledge⁸ that communities of practice possess. The fact that taken for granted rules of a community of practice are rarely codified and explicitly stated or described, brings two problems. First, those rules could be forgotten and with them knowledge about a certain practice. And second, for outsiders, uncovering and understanding the practices of a certain community becomes a difficult task.

3.3.5.4 Implications of situated learning: The contextual – cognitive activities dimension

In summary, situated learning suggests that learning is not only a matter of storing and delivering knowledge but also a matter of becoming proficient in applying knowledge according to certain historical and cultural factors. It emphasises the value of “talking within” a profession over “talking about” it. Situated learning suggests that learning is not an isolated process, but implies a complex set of relationships of a community in a certain context. It proclaims that the process of learning allows individuals to become a

⁸ Gherardi et al. (1998) define tacit knowledge as taken for granted rules that govern the performance of a particular activity. “They have become habits, part of corporeal schemata, of unawareness” (p. 276).

different person mediated by the context in which they interact. Situated learning emphasises that learning does not occur exclusively in formal structured situations, and that in order to understand and manage processes of learning it is crucial to understand the set of relations that prevail in a community of practice.

The assumptions and key concept of the theory of situated learning have several implications for those interested in facilitating management learning among MSMEs. First, situated learning suggests that the learning about management is possible by participating in a community of practicing managers (i.e. the community of owner-managers). Therefore, situated learning encourages owner-managers to build up relationships with fellow owner-managers and other stakeholders in such a way that they could develop more appropriate understandings of skills, knowledge and problems relevant for their community of practice. Second, situated learning suggests that the process of learning about management is not confined to isolated activities such as lectures, conferences and reading. Learning about management means becoming a manager by observing, imitating and mastering those skills and knowledge that characterise effective and efficient managers.

Because the theory of situated learning proclaims that knowledge has a social and an individual dimension (Wenger, et al., 2002), it could be argued that management learning is also a subject of study which tries to balance the social and individual dimensions of learning (Fox, 1997b), as figure 3.11 illustrates.



Figure 3.11: Assumptions about the learning process in management learning: Cognitive – social process

On the one hand, learning about management could be facilitated by assuming that learning is a social process. First, following the idea that learning could not occur in isolation, learning about management could be facilitated by encouraging owner-managers to find, cultivate, create a community in which management of small firms is regarded as the main practice. Second, learning about management could be facilitated by helping owner-managers to increase their abilities to interact with others

in order to learn and in order to communicate to their colleagues their understanding about management. Third, learning about management could be facilitated by promoting an environment in which appropriate managerial practices could be reproduced and challenged.

The researcher considered some arguments favouring this approach to management learning. For example, according to Roubaud (1995) few of the new owner-managers that establish an MSME (whether in the formal or informal economy) have previous experience in managing a firm. He suggests that they learn mainly through experience and from observing competitors' practices. Therefore the researcher considered that owner-managers were likely to learn by contacting and observing more experienced colleagues (although they represent the competition), and by building relationships. Owner-managers that inherited a family business also were likely to learn to manage a small firm by participating in a family business and by observing the founder of the firm or more experienced members of the family. Also, according to Anzola-Rojas (1997) owner-managers are not the only ones that learn through relationships and context. He argues that small businesses provide little or no formal training to their employees, and that employees learn about management in a way which resembles the "apprenticeship" system described by Lave and Wenger (1991). As a result, the researcher considered that a management learning approach based on relationships and context could be appropriate for the context of Mexican MSMEs.

On the other hand, learning about management could be facilitated by assuming that the learning process is more a personal and cognitive activity than a social process (Fox, 1997b). In this sense, learning about management could be facilitated following "learning cycles" such as the ones described in section 3.3.2.

In summary, learning about management (as advocated by the theory of situated learning) could be mediated by a the set of relationships, historical and cultural factors of a community of practice. As a result, the management learning approach of this research project considered this set of ideas in order to explore the preference to learn about management of owner-managers of Mexican MSMEs. The following section summarises the theoretical dimensions of management learning that this research advocated.

3.4 Proposing a management learning approach for the Mexican MSME context

3.4.1 Theoretical dimensions of management learning

Given the discussions presented from section 3.3.1 to 3.3.5, it could be argued that management learning is a subject of study which has been influenced by several central issues in order to facilitate management learning. This section brings together for the first time the theoretical dimensions that emerged from reviewing the following areas of study: management development, experiential learning, organisational learning, adult education theory, and situated learning. The variety of assumptions and ideas enclosed in these frameworks seems to suggest that management learning is a “holistic” approach which welcomes a variety of ideas in order to facilitate learning about management. These theoretical dimensions could shape management learning depending on the context in which it is to be implemented. The theoretical dimensions considered in this research involved: assumptions about the role of the learners, assumptions about the nature of the learning process, the pedagogical settings, the development orientation, and the learning mode.

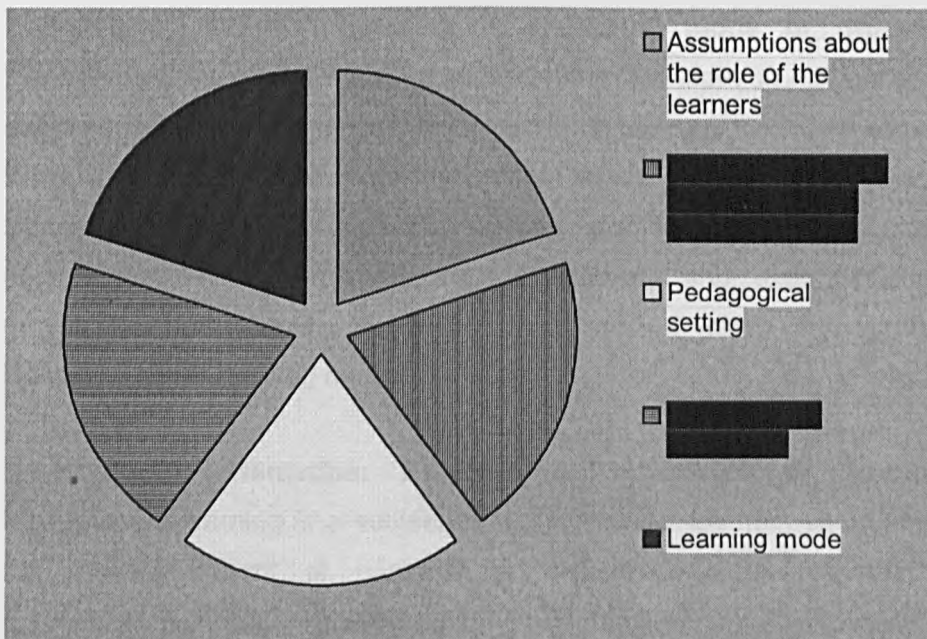


Figure 3.12: Five theoretical dimensions of management learning

- 1. Assumptions about the role of the learners: Learning could be a guided or a self-directed endeavour.** Management learning is a subject of study in which practitioners could embrace two different assumptions about learners. While approaches such as management development, experiential and organisational learning assume that learners need the expertise and guidance of a teacher/advisor, other approaches such as adult education assume that learners have a natural and self-sufficient ability to organise their learning experiences.
- 2. Assumptions about the nature of the learning process: Learning could be the result of a cognitive or social activities.** Management learning is a subject of study in which learning could be considered the result of two different processes. While approaches such as organisational learning and situated learning use the metaphor of “community” in order to understand learning as the result of individuals’ interactions in a social context, other approaches such a management development and experiential learning use the metaphor of “learning cycle” in order to explain how individuals overcome their learning needs through systematic activities such as planning, having an experience, reviewing and concluding.
- 3. Pedagogical settings: Learning in individual mode or group mode.** Management learning is a subject of study in which learning can occur through different settings: learning in a group mode or learning in an individual mode. While approaches such organisational learning, adult learning theory and situated learning emphasise that groups are ideal settings for learning, approaches such as management development and experiential learning emphasise that learning is better accomplished when individuals focus individually their learning needs.
- 4. Development orientation: Personal or organisational development.** Management learning is a subject of study in which learners could emphasise the accomplishment of personal or organisational development. While approaches such organisational learning and management development tend to favour goals that would result in organisational development, approaches such

as adult learning theory tend to favour goals that would result in the personal development and integration of the learners.

- 5. Learning mode: Theoretical inquiry or professional practice.** Management learning is a subject of study in which learners could have an orientation towards acquiring theoretical knowledge or towards practising or implementing that knowledge. While approaches such as management development suggest that theoretical inquiry is a necessary activity in order to learn, other approaches such as experiential learning, the theory of adult learning and situated learning emphasise that the direct encounter with the reality is crucial in order to learn.

It is worth considering two issues. First, the five theoretical dimensions of management learning explained above do not represent an exhaustive list of all the possible theoretical dimensions that could be embedded in management learning. Second, although they are presented as dimensions with two mutually exclusive sides, management learning could be better understood as an endeavour in which practitioners struggle to balance the two opposite sides of each theoretical dimension. The five theoretical dimensions should be understood as guidelines that the researcher considered useful in order to reflect about management learning in the context of Mexican MSMEs.

The combination of the five theoretical dimensions mentioned above made of management learning a subject of study which supports a diversity of approaches to facilitate learning about management. The question that the researcher faced was: Which combination of the theoretical dimensions were appropriate in the context of Mexican MSMEs? To what extent do owner-managers prefer a guided or a self-directed approach to learn about management? To what extent do they engage in social or cognitive activities? Which pedagogical setting do they prefer, learning in-group or learning in individual mode? To what extent are their goals oriented to personal and organisational development? To what extent do they emphasise professional practice over theoretical inquiry?

Taking into account these questions, the researcher started an inquiry in order to elucidate an appropriate management learning approach in the context of Mexican MSMEs. The inquiry aimed to clarify:

1. How owner-managers balanced their self-directed activities with a guided approach to learn about management.
2. How owner-managers balanced their cognitive activities and their relationships grounded in a context in order to learn about management.
3. How owner-managers balanced their individual and group activities in order to learn about management.
4. How owner-managers balanced their goals for personal development and their goals for organisational development.
5. How owner-managers balanced theoretical knowledge and professional practice.

The methodological issues and practicalities that these inquiry involved are discussed in detail in chapter four.

3.4.2 Selecting management learning as conceptual tool for inquiry

As indicated in section 3.3 there are many approaches which have undertaken the endeavour of improving the provision of management education and training in the business community, for example: Management development, management education, adult education, and organisational learning. The researcher selected the subject of study of "management learning" as the conceptual tool for the inquiry based on the following reasons:

- First, the complexity and variety of the problems that MSMEs face is not likely to be adequately addressed by a single and particular subject of study. Management learning is a subject of study that has "naturally" evolved from several frameworks of ideas and values the theories and practices of a variety of perspectives (Burgoyne, 1994).
- Management learning, unlike other subjects of study, focuses especially on how to learn about management, in the belief that management is the key factor which determines the success or failure of an enterprise.
- The theory and practice of management learning (especially the journal of management learning) encourage cross-fertilization and values the theories and

practices of many disciplines, e.g. organisational learning (theory of organisations), experiential learning (psychology), situated learning (sociology), and adult and self-directed learning (education). As a result, management learning (as the author of this thesis understands it) emerged as a comprehensive area which studies learning about management in different contexts.

- Finally, apart from exploring ways of learning about management, authors within this subject of study have to explored ways to manage learning (Fox, 1997a). In the view of the author of this thesis, MSMEs would benefit not only from better theories and practices about management, but also from better theories and practices about learning.

3.5 Conclusion of the chapter

As indicated in chapter two, management education and training are activities positively related with the performance of small firms (OECD, 2002b). This research focuses especially on education and training about management, following the assumption that the capacity of organisations to deal with demanding tasks and situations is determined by the way they are internally organised. It is managerial weakness of MSMEs which puts them at a systematic disadvantage when confronted with competition and environmental disturbances. The problem of poor or lack of management education and training among owner-managers of MSMEs deserves attention because it accounts (in part) for the success and failure of small firms, and because it contributes to the competitiveness of the a nation's workforce (OECD, 2002b).

In order to approach the problem of management education and training, the subject of study of management learning was selected. Although management learning is a subject of study that evolved mainly in the UK and the USA, it opens several opportunities for all industrial societies to understand how people learn about management and how people manage to learn. This chapter argued that management learning, as a field of study, emerged from the perceived need to help managers to become more competent and from the need to reconcile practice with theory within the teaching-learning processes about management. Management learning was presented as an integrated and multi-disciplinary area which has been influenced by several

subjects of study, for example: management development, experiential learning, organisational learning, adult education theory, and situated learning.

Overall, the frameworks of ideas that have influenced management learning encouraged the author of this thesis to understand that management and learning processes could be designed, facilitated and analysed based upon five theoretical dimensions. These theoretical dimensions represent a way to understand management learning as a subject of study in which practitioners may have several decisions to make, depending on the context:

1. Assumptions about the role of the learners.
2. Assumptions about the nature of the learning process.
3. Pedagogical settings.
4. Development orientation .
5. Learning mode.

These five theoretical dimensions were guidelines that were considered useful in order to reflect about management learning in the context of Mexican MSMEs. In summary, management learning was a subject of study relevant for MSMEs because it opened several opportunities for the participants of this research to acquire managerial knowledge and skills, which in turn enhanced the performance of their enterprises.

The following chapter is dedicated to explore the methodological approach (theory and practicalities) that this research project adopted.

Chapter 4 – Methodological approach: Research to promote change and qualitative analysis

4.1 Introduction

The objectives of the last chapter were to review the frameworks of ideas that have been more influential in the subject of study of management learning, and to propose a management learning approach appropriate for the context of Mexican MSMEs. In doing so, five theoretical dimensions of management learning emerged. The purpose of this chapter is to discuss the methodological approach followed in this research. I.e. it discusses the system of methods (step by step routines) and their justifying assumptions followed in order to fulfil the objectives and research questions of this research project.

In order to fulfil its purposes, this chapter is divided into eight sections. Section 4.1 presents the purpose and the structure of this chapter. In order to justify the research approach of this project, section 4.2 presents the objectives and research questions of this research project. Then, section 4.3 explores the research traditions in management learning and discusses the best approach for this project based on the research questions. Section 4.4 describes four ways to define participatory approach to research, and their relevance for this research. It argues that action learning was not only a management learning method, but the methodological approach more appropriate for this research project. Section 4.5 presents the schedule of this research project and describes the most relevant practicalities during the fieldwork, then section 4.6 describes the type of qualitative analysis developed in this research, and describes the procedure that the researcher followed in order to analyse the data obtained in the fieldwork. Section 4.7 discusses the philosophical assumptions implied within the participatory and qualitative approach followed in this research project. Finally, section 4.8 provides a conclusion for this chapter.

4.2 Research questions and objectives

According to authors such as Strauss and Corbin (1998); Denzin and Lincoln (1998), Manson (1996), and Robson (1993), the methodological adequacy of a research project depends on the objectives and the research question. This seems to be applicable both to research on MSMEs (Curran and Blackburn, 2001), and to research on management learning (Easterby-Smith and Thorpe, 1997). Research questions, in this research project should be understood as:

“The specific query[ies] to be addressed by this research that sets the parameters of the project and suggests the methods to be used for data gathering and analysis” (Strauss and Corbin, 1998; p. 35).

Therefore, this section present the research questions and the objectives of this research for the purpose of establishing the methodological adequacy of this research project.

The first objective of this research project was to review the main problems that affect Mexican micro, small and medium-sized enterprises (MSMEs). This objective emerged naturally since most of the researcher’s professional experience was related to consultancy projects for MSMEs. This objective was accomplished through chapter two, which pointed out that it is managerial weakness which lies at the heart of MSMEs failure (OECD,2002b; Anzola- Rojas, 1997; Baldwin et al., 1997; Marshall et al., 1995; Storey, 1989). The first research question emerged as a consequence of fulfilling this research objective.

Research question 1: If managerial weakness is at the heart of Mexican MSMEs failure, then which framework of ideas is appropriate to facilitate learning about management in the context of Mexican MSMEs?

Because there are many frameworks of ideas which potentially could facilitate learning about management, answering research question 1 was not a straightforward task. However, through a review of relevant literature, the researcher recognized that the subject of study of management learning had the potential of accomplishing this task. Therefore, the second objective of this project was to review management learning as a subject of study and its major influences.

The third objective of this research project was to propose an approach to management learning which could facilitate learning about management in the context of Mexican MSMEs. From this objective a second research question emerged:

Research question 2: What management learning approach is appropriate to facilitate knowledge and skills about management in the context of Mexican MSMEs?

In order to answer this research question, chapter three proposed that five theoretical dimensions could be useful in order to implement and analyse a management learning experience with the purpose of arriving at a satisfactory answer for research question two.

This chapter describes the system of methods (or step by step routines) that the researcher followed during the fieldwork (between January and May 2002) in order to foster learning about management among some owner-managers of Mexican MSMEs. After the fieldwork, this research project had a fourth objective, which was to appraise the management learning preferences of the participants in the study with the purpose of providing an answer to research question 2. To accomplish this objective, chapters five and six analyse the transcripts obtained during the fieldwork with the purpose of answering the following research questions:

Research question 3: What are the learning preferences of the participants in the study based on the five theoretical dimensions of management learning proposed in this research?

Research question 4: What themes do participants in the study considered relevant in order to learn about management in the context of Mexican MSMEs?

While chapter seven discusses the implications of this research project for the subjects of study of management learning and MSMEs, chapter eight reviews the outcomes of this research project in the light of the four research objectives and four research questions delineated in this section.

4.3 Research traditions in management learning and MSMEs

According to Robson (1993) there is no universal consensus on how to conceptualise and implement research. However, in the literature on this topic it is common to find two main traditions of research. One is often labelled as positivistic, quantitative, natural-science based, traditional approach, hypothetico-deductive or even the scientific approach. The other tradition is often labelled as interpretive, qualitative, social-science based, ethnographic, inductive or even the new paradigm approach (Robson, 1993). Although this traditional dichotomy has been widely challenged (e.g. Willmott, 1993; Bordieu and Wacquant, 1992; Hammersley, 1992), it has helped researchers to consolidate their research practices and reflect on the implications of their outcomes. For example, researchers following the “positivist” tradition tend to generate hypothesis from the theory, and to test their hypothesis through controlled experiments. On the other hand, researchers following the “interpretive” tradition tend to raise meaningful questions during and after the process of inquiry, and are willing to test the meaningfulness of their questions revisiting on several occasions the context under study (Robson, 1993). It has been argued that while the “positivist” tradition of research is more appropriate to describe the status of a social phenomenon, the interpretive tradition provides more solid basis to change the social phenomenon under study (Burrell and Morgan, 1979; Lewin, 1947).

For the purpose of this research, it is important to mention that researchers on management learning and MSMEs have established both types of research approaches in their respective subjects of study. For example, according to Easterby-Smith and Thorpe (1997), researchers within the subject of study of management learning have established several research traditions researching and tackling a variety of concerns and issues. For example, researchers exploring the implications of educational and training policies at national and corporate levels, have relied upon large-scale surveys and statistical analysis (e.g. Taylor, 1994; Boyatzis, 1982). In contrast, researchers exploring and evaluating the effectiveness of certain training methods and their implications at educational and corporate levels, have balanced qualitative methods (such as action research and co-operative inquiry) and quantitative methods (such as surveys for statistical analysis). Although research approaches labelled as “qualitative” (or positivist) and “quantitative” (or interpretive) are present in the management learning literature, Easterby-Smith and Thorpe (1997) point out that,

because management learning has evolved within business and management schools, the research methods that have dominated this field are the ones labelled as “quantitative”.

In a similar way, according to Curran and Blackburn (2001), researchers on MSMEs have established several research methods, which could be reflected on the qualitative-quantitative (or positivist – interpretive) dichotomy. For example, on the one hand, researchers and organisations exploring the impact of certain policies on MSMEs, and trying to describe their current state, have relied upon large-scale surveys and statistical analysis (e.g. OECD 2001a and b; INEGI, 2000; NAFIN, 1999; COPARMEX, 1998; Anzola-Rojas, 1997). On the other hand, researchers exploring the day to day operations of MSMEs, the impact of certain policies as experienced by owner-managers, and particular aspects of entrepreneurial life; have relied on methods such as participant observation, action-research, and in-depth interviews (e.g. Ram, 1994; Chell et al., 1991; Scase and Goffee, 1980 and 1982). However, according to Gibb (1987) the “positivist” tradition is more established in research on MSMEs than the “interpretivist” tradition.

Taking into account that the objectives and the research questions of this research project attempted to review the core problems of Mexican MSMEs, and to assess the possible contributions that the subject of study of management learning can make towards changing one of those core problems, the researcher considered that the “interpretive” research tradition provided more solid foundations in order to fulfil the objectives and answer the research questions. This consideration was reinforced by the following arguments.

First, in line with Reason and Heron (1995), the researcher believed that research about people is more meaningful, and is ethically more appropriate, when it is done in collaboration with the participants in the study. This implied that methods of data collection such as participant observation, in-depth interviews and focus groups were more likely to reveal more meaningful information (about management and learning activities) than methods such as surveys, which demanded little contact with the participants in the study.

Second, the outcomes of implementing new learning and more appropriate managerial practices are more likely to emerge over time and after a series of modest successes, drawbacks and modifications. “Learning is a continuous process, there is a need to follow people over time rather than relying solely on retrospect” (Rae, 1999). This implied that methods such as participant observation and focus groups were more likely to capture more faithfully the process of becoming a better owner-manager than methods such as surveys.

Third, although several authors have suggested that research on MSMEs has been dominated by the positivist paradigm while participatory approaches have been widely neglected in this subject of study (Curran and Blackburn, 2001; Rae, 1999; Gibb, 1987), the positivist approach has several disadvantages for the purposes of this research. For example Argyris et al. (1985) suggest that positivist research (in particular functionalism), encourages unilateral control of the researchers over the participants of the study, the research process, and its outcomes. The functionalist paradigm assumes that the social world is external to individuals, and that it is governed by order, patterns of behaviour, cause-effect relationships and external rules. Therefore, researchers often try to produce true explanations about the social world by describing patterns of behaviour governing it (Burrell and Morgan, 1979). In MSMEs research, researchers have used the scientific method in order to demonstrate how some factors are related to the performance of MSMEs (Curran and Blackburn, 2001). However the main problem with this type of research is that it overemphasises the explanations from the point of view of the researchers and fails to present explanations from the point of view of those involved in the actions and interactions of MSMEs.

“The problem emanating from this is [functionalist research] that the voice of the entrepreneur –whoever he or she may be- seems to have become disconnected from its academic study. The history, that is the shared understanding of events, the cultural significance, processes and meaning which constitute entrepreneurial life, are captured and explored very imperfectly by such [functionalist] research, even when they are regarded as being valid or important at all. The production and application of this type of academic theory often seems to bear little relation to the reality, experience and living theory of entrepreneurial life. Entrepreneurs are the objects of study but the relationship seems remote and lacking in reflexivity or interaction; their ‘real voices’ are rarely heard. As a field of study, entrepreneurship is in some danger of losing touch with the people who enact it in their daily lives” (Rae, 1999).

Gibb (1987) suggests that, although qualitative and participatory research could provide more significant understandings of the inner life of MSMEs than functionalist research, it has been widely neglected because “it is usually extremely difficult to identify specific ‘outputs’ which can be related to specific ‘inputs’” (Gibb, 1987).

In summary, this section argued that the research tradition labelled as “interpretive” or “qualitative” in which participants is more appropriate in order to fulfil and answer the objectives and research questions of this research project. The following section describes with more precision the systematic steps and their assumptions that this research followed.

4.4 Defining research approaches to promote change

According to Greenwood and Levin (1998), research approaches to promote change acquired relevance in the social sciences (as opposed to the scientific method) when researchers acknowledged the limitations of studying and changing complex social phenomena in laboratory and controlled environments. According to Checkland and Holwell (1998) there are several (similar) methodological approaches which emphasise a change in the status quo of the situation under investigation, and the participation of researchers and participants of the study in equal terms, for example, co-operative inquiry (Reason and Heron, 1995), action learning (Marsick and O’Neil, 1999), action-research (Lewin, 1946 and 1947; Fals-Borda and Rahman, 1991; Whyte 1991), and action science (Argyris et al., 1985). The underlying characteristic of these approaches to research is that neither researchers nor participants in the study claim to hold a monopoly over knowledge about social phenomena, and together explore the more appropriate ways to change a specific situation (Fals-Borda and Rahman, 1991).

Although some authors have pointed out differences between these approaches, it may be argued that there are no clear boundaries between them because they recognise that the roles of researchers and participants in the study are not mutually exclusive, and that theorising and implementation of knowledge are interrelated activities of the research process, which could lead to a desirable change. Differences between these approaches have been suggested mainly in terms of emphasis on some stages of the research process and their outcomes. While action science emphasises improvements

in interpersonal relations and psychological processes, action-research emphasises improvements on social processes and social change (Whyte, 1991). Marsick and O'Neil (1999) argue that action-research and action learning have many features in common but action learning deliberately emphasises improvements in personal learning.

Following the idea that the research approaches that aim to promote change, such as the ones mentioned above, share more common tenets than incommensurable differences (Checkland and Holwell, 1998), this section justifies why action learning represented the more appropriate way to conceptualise the research approach of this project. The following subsections (4.4.1 to 4.4.4) describe briefly similar participatory approaches to research, and the common tenets they share with action learning.

4.4.1 Action-research as a way to promote change

Kurt Lewin is widely recognised as the initiator of action-research as an approach to research in the social sciences (Dickens and Watkins, 1999; Greenwood and Levin, 1998 and Peters and Robinson, 1984). According to Kolb (1984), Lewin developed action-research as an approach to research by accident. While Lewin and fellow scientists were conducting research on a group of people following an approach that resembled the scientific method, some of the subjects under study asked permission to join the scientists' discussions and reflections. Until that point, the discussions had always taken place out of the view of the subjects under study. Lewin noticed that the challenges that the subjects under study posed to the reflections of the scientists led to richer and more meaningful explanations about social phenomena. In this way, Lewin noticed that meaningful research in social sciences emerged when a purposeful dialogue took place between the experience of the subjects under study and the theoretical knowledge of researchers (Kolb, 1984).

According to Peters and Robinson (1984), while some researchers have maintained Lewin's original ideas about action-research (who conceived action-research as a way to understand a social phenomenon by changing it), other researchers have interpreted Lewin's ideas in a more ambitious way, and regard it as an intervention capable of facilitating human emancipation and social change (e.g. Fals-Borda and Rahman,

1991). Distinguishing between the different interpretations about action-research is not an easy task. According to Dickens and Watkins (1999), action-research has not evolved into a unified theory and has different meanings for different researchers. Action-research has become an “umbrella term for a shower of activities” intended to generate knowledge and change, mainly in social settings. The different interpretations of action-research may be a result of its application in different academic subjects.

“Participatory action researchers focus on participation and empowerment. Teacher action researchers rely on data to transform individual behaviour. Organizational action researchers focus on research and data driven decision-making” (Peters and Robinson, 1984).

It could be argued that the early developments of action-research resemble the values of the scientific method and the functionalist paradigm of social sciences (Burrell and Morgan, 1979). For example, Lewin valued action-research as an opportunity to study the general laws that are present in group life by designing and implementing change. His documents imply a commitment towards understanding social life as if governed by patterns of behaviour, cause-effect relationships and external rules (e.g. Lewin, 1946). Like the scientific method, Lewin’s action-research emphasised the importance of measuring certain variables before “dismantling” a social structure (unfreezing), while actions take place (changing) and after “assembling” it (freezing), otherwise it would not be possible to determine the direction of social change and therefore the effectiveness of a research (Greenwood and Levin, 1998).

“... basic social research will have to include mathematical and conceptual problems of theoretical analysis. It will have to include the whole range of descriptive fact-finding in regard to small and large social bodies. Above all, it will have to include laboratory and field experiments in social change” (Lewin, 1946; p.36).

In his 1946 and 1947 papers Lewin justified and explained his understanding of action-research. He believed that people from the communities under study were more likely to develop meaningful hypothesis because they were grounded in the context and experienced the problems to be addressed. Therefore, to design social change, researchers should avoid formulating a *a priori* hypothesis to drive their inquiries. Instead, they should join the community under study in order to find “facts” and clarify “the structure” of the problem to be tackled. The outcome of the fact-finding activity should be an overall plan which includes: (1) a statement of how to reach a desired

objective (a hypothesis), and (2) a decision about the first courses of action (how to test the hypothesis). According to Lewin, the overall plan should be flexible rather than rigid. The next step is to execute the first courses of actions, and to measure to what extent they have an impact on the problem being addressed. In summary this process could be depicted (Figure 4.1) as a cycle that systematically helps researchers to pass from theory to practice and from practice to reflection (Lewin; 1946, 1947).

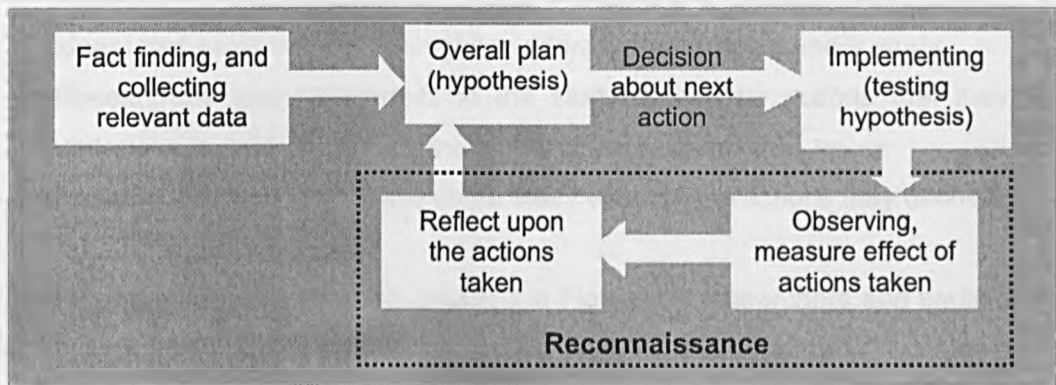


Figure 4.1: Kurt Lewin's proposal of action research
(Source: Lewin 1946 and 1947).

It is not only Lewin who introduced in social research the value of the views of the participants in the study as part of the research process. Authors such as Peters and Robinson (1984), also endorsed Lewin's idea of performing experiments in natural settings (as long as the researchers retain a degree of control over the conditions of the experiments). Lewin argued that natural settings allowed researchers to understand how social variables such as subjectivity, norms, values, and meanings took part in the process of social change.

As indicated in the previous paragraph, Lewin acknowledged the value of the participation of the subjects under study, however his understanding of action-research suggest that the main actors of the research project were still the researchers. Later interpretations of action-research assume that there is no distinction between the roles of researchers and the participants in the study. For example, Fals-Borda and Rahman's (1991) interpretation of action-research (participatory action-research or PAR) suggests that the research project is not exclusively an approach to gain knowledge, but it is an approach directed to empower those who are oppressed, and to facilitate socio-political change. In other words, action-research is a process with a clearly defined social agenda (Greenwood and Levin, 1998).

According to Checkland and Holwell (1998) although there are some different interpretations to action-research, they have in common the following points:

- Researchers and participants in the study agree on a problem that needs to be addressed (an area of concern).
- Researchers and participants define together the themes (or framework of ideas) that seem to be meaningful to address the problem under study.
- Researchers and participants in the study define the actions that they will undertake in order to change the status of the problem.
- Researchers and participants in the study execute the actions they defined.

By getting engaged in the process depicted in Figure 4.1 researchers and participants in the study not only could improve the problem they wanted to address, but also could learn about the adequacy of the themes they defined as relevant and the actions they undertook in order to promote change. According to Checkland and Holwell (1998) a key idea in action-research is that researchers and participants in the study continuously challenge themes, actions and understandings about a problem instead of taken them for granted.

Action-research and action learning share many common principles. For example, in both approaches learning from experience, collaboration and reflection are fundamental tenets (Marsick and O'Neil, 1999). However, while action-research is more focused on social change and empowerment (Fals-Borda and Rahman, 1991), action learning is deliberately more focused on effective problem solving, which chapter two pointed out as an important factor in the context of Mexican MSMEs. The following subsection explores another way to promote change through research and its relevance for the context of Mexican MSMEs.

4.4.2 Action science as a way to promote change

According to Greenwood and Levin (1998) the legacy of Lewin's ideas about action-research is present in the ideas of action science; a participatory approach to research

which considers that theoretical knowledge is not possible without action, and informed action is not possible without theoretical knowledge (Argyris et al., 1985).

According to Argyris et al. (1985) action science is an approach which helps communities of practice (for example, members of an organisation) to become communities of inquiry (i.e., researchers inquiring about certain problems). This perspective advocates that the generation of knowledge and its technical applications are essentially two interrelated sides of the same activity: research. In order to help communities of practice to become communities of inquiry (or vice versa) Argyris et al. (1985) rely upon the concepts of “espoused theories” and “theories-in-use”.

“Espoused theory refers to the account actors give of the reasons for their actions. Theory-in-use refers to the observer-analyst’s inferences about the theory that must underlie the observed actions of the same people if their actions are to be made sense of” (Greenwood and Levin, 1998; p. 191).

According to Argyris et al. (1985) problems are likely to emerge (specially problems related with learning in organisations) when espoused theories and theories-in-use do not coincide. A first key hypothesis of Argyris et al. (1985) is that learning and inquiry are blocked specially when individuals’ theories-in-use entail unilateral control over other individuals (theory of action Model I). A second key hypothesis is that learning and inquiry could be facilitated when individuals’ espoused theories and theories-in-use entail “sharing control with those who have competence and who participate in designing or implementing the action” (p.98). In this way, action science emerges as a research approach which promotes change based on two main activities: (1) making explicit the divergences between espoused theories and theories-in-use that individuals hold, and (2) confronting individuals with the divergences of their espoused theories and theories-in-use in such a way that learning is facilitated and informed actions could be taken.

“Confrontation is a process by which social actors are forced to come to terms explicitly with their own defensive reactions to changes and perceived threats by inquiring into the causes of those reactions and analysing the consequences of giving into them. Though Argyris et al. point out that not all defensive reactions have negative consequences, they strongly believe that defensive behaviours are the key causes for the widespread observation that groups often cycle endlessly between conflicting demands, when the only way forward is to confront and resolve the conflicts” (Greenwood and Levin, 1998; p. 189).

Resolution of confrontations requires researchers and participants of the study: (1) to gather empirical evidence (like the scientific method and Lewin's version of action-research) in order to make informed claims, (2) to challenge their interpretations about other individuals behaviours, and (3) to reflect upon ethical issues involved in their claims, and behaviours. In this way, action science is an approach to research in which individuals' claims over knowledge are based upon "norms of public testing, falsifiability, intersubjective agreement on data, and explicit inferences" (Argyris et al., 1985, p.78). Claims over knowledge help individuals to change the status quo in which they design and implement their activities. As a result, action science represents a cycle in which practitioners move from theory to action and from action to reflection.

As Whyte (1991) points out, action science is a participatory approach to research which deliberately focuses on interpersonal relations, and it has been used successfully specially in large organisations. However, the purpose of this research was to facilitate management learning among owner-managers of different enterprises, not better interpersonal relationships. Therefore, it could be argued that, for this research, action-science was more meaningful in large enterprises than in the context of MSMEs. The next subsection describes co-operative inquiry as a research approach to promote change, its applications and its relevance for the context of Mexican MSMEs.

4.4.3 Co-operative inquiry as a way to promote change

Like action science and action-research, co-operative inquiry is based upon the premise that human beings have the potential to change the situations they experience through responsible and informed actions. Personal and social change is facilitated when individuals develop a reflective attitude towards their beliefs, and a profound communication with others.

"So persons can only properly study persons when they are in active relationship with each other, where the behaviour being researched is self-generated by the researchers in a context of co-operation" (Reason and Heron, 1995; p.123).

As a result of this premise, co-operative inquiry could be understood as an endeavour in which all the individuals involved are co-researchers and co-participants in the study.

The process of co-operative inquiry requires from co-researchers a voluntary engagement in cycles characterised by propositions (theory), actions relevant to their propositions, and reflections about their propositions and their actions (Reason and Heron, 1995).

A second premise of co-operative inquiry is that every individual experiences the world in a unique way. This premise implies that the research process requires deep communication between co-researchers and co-subjects under study, in order to recognise possible biases involved in each way of experiencing the world. Research is therefore a collaborative process that only occurs with others.

A third premise of co-operative inquiry is that there are different types of knowledge. (1) Propositional knowledge consists of information (e.g. theories) which allows individuals to “talk about something”. (2) Practical knowledge is composed of information and skills that individuals gain about “how to do something”. (3) Experiential knowledge are the feelings and information that individuals have gained through a “direct encounter with something”. (4) Presentational knowledge consists in the ability of individuals to find meaning and “accommodate” their past experiences and their propositions or ideas about the world. Presentational knowledge also embraces the ability to communicate with others. The importance of these four types of knowledge is that, if learning and change are to happen, different activities should take place: theorising, designing, experiencing and reflecting.

According to Reason and Heron (1995) the research process of co-operative inquiry could be better understood as a cycle of four phases. In phase one, a group of co-researchers and co-participants define the themes or topics they wish to explore. A useful way to define such themes is through questions or through propositions about the world. In this phase co-researchers and co-participants agree in a method to explore the proposed theme and agree on procedures to observe and record their experiences. In phase two, co-researchers and co-participants get engaged in the actions they have agreed to perform, observe and record. In phase three, co-researchers and co-participants become engaged with their experiences. In doing so they may confirm that the actual experience is similar to or different from past experiences. Finally, in phase four co-researchers and co-participants get together in order to review the appropriateness of their initial propositions in the light of the recent

experiences. A desirable outcome of this process is that the group of co-researchers are able to reframe their previous ideas and experiences and agree on new dimensions to be observed about a theme. The four phases are depicted in Figure 4.2.

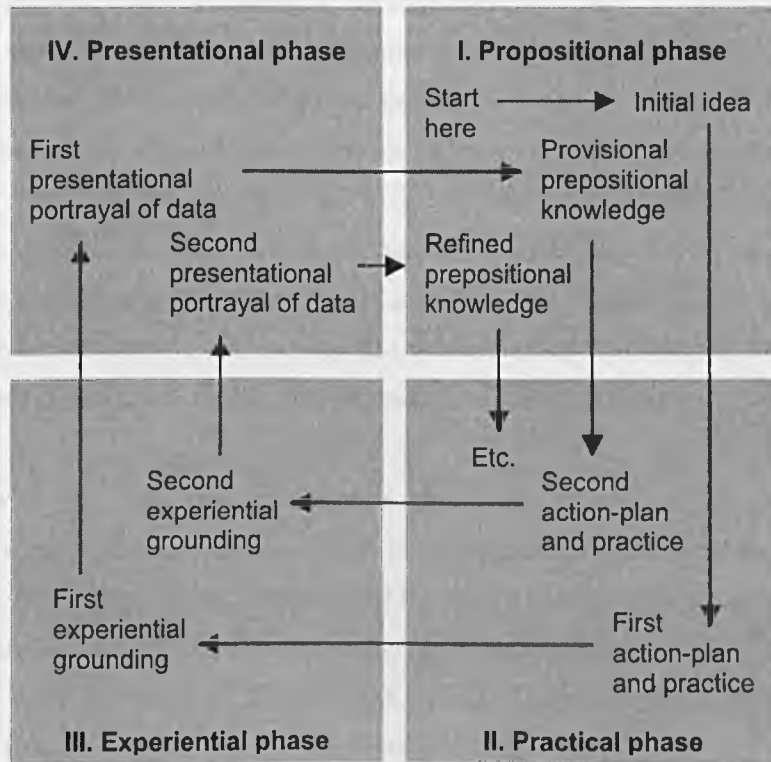


Figure 4.2: The four phases of co-operative inquiry
(Source: Reason and Heron, 1995; p.130)

The four phases depicted in Figure 4.2 help co-researchers and co-participants to pass from theory to practice, and from practice to reflection. Although this process would allow the researcher and participants of this research project to answer the research questions, co-operative inquiry focuses on a common problem or an agreed theme rather than on the individual problems participants have. Therefore, although co-operative inquiry shared the main tenets of research approaches which promote change, it would make it difficult for owner-managers of MSMEs to explore their individual problems and concerns.

The following subsection describes action learning as a way to promote change and its relevance for the context of Mexican MSMEs.

4.4.4 Action learning as a way to promote change

This research considered that action learning was not only an approach to management development, but also a participatory approach to research. Sections 4.4.1 to 4.4.3 summarised the common tenets of action-research, action science and co-operative inquiry as research approaches which promote change. An argument which corroborated the unity of these approaches was that they have been developed influenced by the same set of ideas. For example, authors of action science, action-research and action learning acknowledged that their respective approaches to research were grounded in the same ideals about social change (mainly advocated by Lewin), and pragmatism and democracy (as advocated by Dewey) (cf. Argyris et al., 1985; Greenwood and Levin, 1998; and Marsick and O'Neil, 1999).

In contrast with the research approaches described above, action learning was considered an approach in which a group of participants made inquiries about their own-problems but also provided support and feedback to their colleagues of the group. As pointed out in chapter two, action learning required two elements: (1) Real life problems and their surrounding practicalities, and (2) a group of “comrades” that are willing to tackle their own and others’ problems (Revans, 1983, 1981).

In this research project, action learning sets were meetings of owner-managers in which they disclosed the problems they faced, designed courses of action, and revisited them in subsequent meetings. In the learning sets, problem-solving was the driving activity which allowed participants to design courses of actions relevant to them. Participants centred on problems that affected their MSMEs rather than on interpersonal relationships or community problems. The research design (based on the ideas of action learning) that this research followed is depicted in Figure 4.3.

Although the process depicted in Figure 4.3 suggests that this research project had a single purpose, the researcher was aware that at least two levels of inquiries, which were mutually supportive, took place. On the one hand, the primary concern of the researcher was to inquiry about the appropriateness of management learning in the context of Mexican MSMEs and possible ways to facilitate learning about management. On the other hand, participant owner-managers’ main concern was to solve problems

they experienced in their MSMEs by acquiring relevant knowledge and implementing effective courses of action. Therefore, it could be argued that the action learning approach which guided this research project, fostered collaboration, purposeful inquiries and meaningful change.

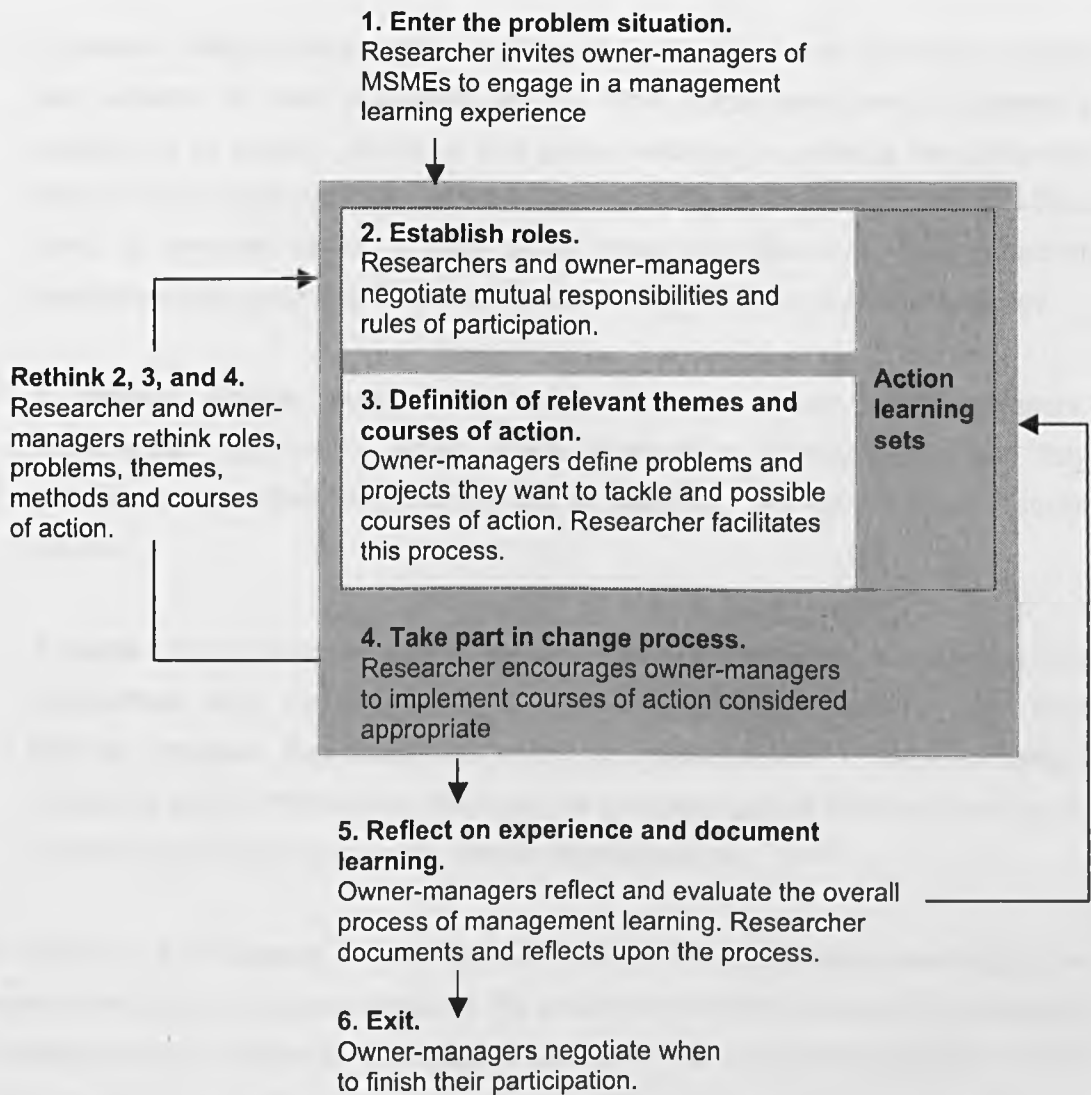


Figure 4.3: Research design based on action learning sets followed in this research project.

(Source: Adapted from Checkland and Holwell, 1998).

- It fostered collaboration between all the participants of this research, because neither the researcher nor owner-managers held a monopoly over knowledge about issues affecting MSMEs (Fals-Borda and Rahman, 1991). Although they were

motivated by different concerns, the researcher and owner-managers participated in the research process on equal terms, letting others influence them and influencing others (Marsick and O'Neil, 1999). It was their mutual acknowledgement of ignorance about their issues and concerns which made them "comrades in adversity" (Revans, 1981).

- It fostered critical inquiries which challenged participants' views about their issues and concerns in order to promote change. While some participants considered it appropriate to observe, measure and gather evidence in order to take informed action, other participants took informed action relying upon different points of view about a particular issue. In both cases owner-managers and the researcher conducted inquiries (either "facts" or "points of view") in order to promote change.
- It fostered change because the researcher, but mainly owner-managers, implemented courses of action which changed a particular problem they experienced. In doing so, change led to personal, inter-personal, and social actions.
- It fostered a deliberate process of learning. As Figure 4.3 points out, learning was represented as a cycle in which owner-managers and researcher used their theories (whether they were appropriate or inappropriate) in order to design courses of action. Participants observed the consequences of their actions in order to reflect on the appropriateness of their original theories.

In summary, this research project was informed by the theory action learning as an appropriate way to promote change in the context of MSMEs. Although it was not an approach designed especially for MSMEs, the reason that led the researcher to choose this approach over other research approaches to promote change was that he considered that owner-managers were more likely to participate in the study if the research process offered them the opportunity to solve problems and decide courses of action, than if the process offered them social change or improvement in interpersonal relations.

The following section describes the main practicalities involved in the implementation of the action learning sets.

4.5 Entering the problem situation

4.5.1 Inviting organisations to the research project

Before setting up the fieldwork, the researcher invited two organisations based in Toluca City (Mexico) to collaborate as host organisations of the research project. The researcher invited these two organisations because they were devoted to the development and consolidation of regional MSMEs through different programmes. The two organisations were:

1. The General Office for the Promotion of Micro and Small Enterprises (DGFMPPE in Spanish). This organisation was part of the Secretariat of Economic Development of the State of Mexico. Their programmes included training for owner-managers on diverse topics, organisation of regional associations of enterprises, and to a smaller degree, financial support.
2. The Centre for Sustainable Development (CAD in Spanish). This centre was part of the Monterrey Institute of Technology and Superior Studies (ITESM Toluca Campus), a private Mexican University. The main goal of CAD was to promote regional sustainable development. Their programmes included technical assistance and consultancy for MSMEs, as well as regional studies directed to increase competitiveness of enterprises.

The main form of communication before the fieldwork, between the directors of both organisations (DGFMPPE and CAD) and the researcher was e-mail. Initially, both directors decided to participate in the research project because they wanted to explore how the concept of learning sets could benefit the programmes they managed.

The researcher wanted to organise two entrepreneurial circles, one with each organisation. The researcher considered that two circles were appropriate for him to handle because he intended not only to spend time organising and running them, but at the same time, to start the process of transcribing and analysing data. Through e-mail communication, the researcher and the directors of DGFMPPE decided to run the learning sets from January to June 2002.

Prior to arrival in the field, the researcher designed and printed a flyer which contained information about the research project for possible participant owner-managers. He e-mailed the flyer to the directors of DGFMPPE and CAD, who agreed to start the process of inviting owner-managers to participate in the research project. This was convenient for the researcher because he did not spend time inviting owner-managers for the research project. However, the two directors determined that they could only invite owner-managers who already had contact with their organisations. In terms of “sample selection” this implied that only few owner-managers of Toluca City had the opportunity to participate in the research project, and that the owner-managers that had more opportunity to participate were the ones already taking part in a programme offered by DGFMPPE or CAD. In terms of “validity” and “generalisation” this strategy to involve participants did not have an impact on the research results, since the aim of this research was to help participant owner-managers to explore their problems, consequences, and possible solutions so they could review their actions in the world (cf. section 4.7).

When the researcher arrived in Toluca City, he did not encounter the situation he expected. First, the directors of DGFMPPE and CAD had not advertised the research project as agreed and no owner-managers had signed up as participants. Second, the director of DGFMPPE had been promoted to a different position which in effect impeded his support for the research project. These two situations reduced the time available for the fieldwork because the researcher had to spend time personally inviting participants for the research project. The researcher decided not to continue the process with DGFMPPE because its new director had different priorities which excluded new projects.

With CAD the situation was not as problematic as with DGFMPPE, but it had its difficulties. The director of CAD wanted to make sure that she could implement the learning sets after this research project. Therefore, she wanted to be involved directly in the development of the entrepreneurial circles. She suggested participating in the learning sets as a co-facilitator. The researcher considered that the entrepreneurial circles could benefit from a second facilitator, especially if the exchange of ideas between owner-managers was too complex to be followed by only one person. The role of the co-facilitator was genuine since the director of CAD was not an owner-manager herself (as defined in section 2.2.1). A concern that the researcher had about

the unexpected collaboration of a co-facilitator was that she had more experience as an advisor for small firms than as a facilitator of learning. However the researcher accepted the participation of the director of CAD as a co-facilitator because, in this way, both CAD and the research project could gain benefits.

4.5.2 Inviting owner-managers and facilitator

Once the negotiation of participation and roles with the director of CAD had finished, she and the researcher started to invite owner-managers to the learning sets (stage 1 of Figure 4.3). This was done through a database that CAD had of owner-managers (mainly ITESM alumni) who had participated in their programmes. Unfortunately the database was out of date, and few addresses and telephone numbers were accurate. The director of CAD and the researcher invited as many owner-managers as they could and, as a result, seven owner-managers attended to an information session. The information session (which is described in more detail later in this chapter) took place the first week of February 2002. Owner-managers who were present at this information session and who agreed to participate organised Entrepreneurial Circle number one (EC1). It is worth mentioning that owner-managers invited in this way already had previous experience in education and training, and all of them had university degrees, which presupposed some learning skills such as studying, reflecting, discussing and criticising.

The researcher still wanted to organise a second entrepreneurial circle, so he asked for help to the School of Engineering of ITESM Toluca Campus (in which he worked before this research project began). ITESM developed an agreement with a local radio station (101.3 FM) which allowed them to send every day a lecturer to talk, during five minutes, about current research findings and different academic subjects. These five minutes were broadcast daily during lunch time (between 1:00 and 2:00). The School of Engineering had to send two lecturers every week. The researcher asked the Dean of the School permission to broadcast the research proposal of this thesis and to invite owner-managers of Toluca City to get involved in the project. Permission was granted, and during the second week of February the researcher promoted the research project inviting owner-managers to an information session in which more details were offered. Through this action, seven owner-managers attended an information session in the

third week of February. They became Entrepreneurial Circle number two (EC2). Recruiting participants through this strategy implied that owner-managers of Toluca had more chance of participating in the research project, if they listened to the research proposal. The researcher acknowledged that through this strategy owner-managers of very distinct backgrounds could attend the research project. However, like in EC1, most of the respondents also had a university degree.

In summary, the researcher is aware that the way in which the participants in the study were recruited implied that the type of volunteers were likely to be individuals who had previous formal qualifications, learning skills, and therefore could have self-directed abilities for learning. Having described how owner-managers and facilitators were involved, the next section describes the content of the information sessions.

4.5.3 Establishing roles

As pointed out in the last section, the two entrepreneurial circles were formed at different times. When entrepreneurial circle one (EC1) was formed (first week of February 2003), a first information session was arranged (stage 2 of Figure 4.3). Approximately two weeks later, a second information session was arranged for entrepreneurial circle two (EC2). Both information sessions took place at ITESM Toluca campus. The researcher decided to organise two separate information sessions instead of one because continuity was considered important in order to keep interested possible participants of EC1. The aim of the information sessions was to explain the initial management learning approach that and to allow would-be participants to ask questions and clarify their concerns. The following sections summarise the agenda of the information sessions.

4.5.3.1 Explaining the concept of entrepreneurial circles

As the theory of action learning suggested, an action learning set was defined as a group of individuals who got together periodically in order to disclose and discuss in collaboration, real problems they faced, or projects they wanted to implement (McGill and Beaty, 1985). The researcher proposed to use the term “entrepreneurial circles”

instead of “action learning sets”. This was because the latter suggested that the principal aim of the research was learning. In contrast, the term “entrepreneurial circles” suggested that the group was composed of entrepreneurs who were trying to solve problems their enterprises faced. From the point of view of the researcher, there was no essential difference between the concepts of “action learning sets” and “entrepreneurial circles”. The researcher explained that entrepreneurial circles were centred on individuals’ problems and individuals’ courses of action. They were meetings which started without a predetermined agenda of issues and topics to be covered. Members of the circles took their turn to disclose the problems they wanted to improve and they received feedback from their colleague owner-managers. The researcher explained that he assumed that participants valued the feedback or “lessons” they received from their colleagues, more than the “lessons” and advice received from teachers, consultants or advisors. This was because owner-managers perceived that their colleagues understood the “reality” that MSMEs, face while teachers and advisors were more interested in theories than in real life problems facing MSMEs.

Following the literature about action learning (e.g. Revans, 1981; McGill and Beaty, 1995), the researcher explained that entrepreneurial circles work better when they have between five and eight participants. The researcher made it clear that members of each entrepreneurial circle were expected to decide how often they would meet and the duration of each meeting. The initial activities that the researcher proposed to the participants to undertake in each meeting resemble the activities of a learning set, as described by Revans (1981) or McGill and Beaty (1995). These activities included:

1. During the meetings, the facilitator would encourage each participant to share with their colleagues a problem they wanted to solve, or a project they wanted to implement.
2. Once a participant disclosed to the group a problem or a project s/he wanted to address, the facilitator would encourage the rest of the participants to suggest courses of action based on past experiences or any other relevant information.
3. Taking into account the feedback received, the facilitator would encourage participants to analyse different courses of action and to implement the most appropriate ones. As a result, in the following meeting owner-managers could

comment their progress (or lack of progress), new details from the perceived problem, alternative courses of actions, and in turn receive more feedback.

4. The aim of each meeting was that every owner-manager could disclose one problem to their colleagues and received feedback in order to chose relevant courses of action.

It is important to mention that these activities were proposed as an initial structure for the meetings. The researcher expressed that participants could change these activities for more meaningful ones in such a way that a more appropriate approach to management learning could emerge.

During the information sessions the researcher clarified that entrepreneurial circles meetings required of every participant to spend approximately two hours with fellow owner-managers (ideally every week). Participants were not required to have higher education studies nor specific studying abilities.

4.5.3.2 Proposing initial objectives of the entrepreneurial circles

The researcher proposed four initial objectives for the entrepreneurial circles. The researcher expressed that participants in the study could propose and negotiate more meaningful objectives according to their needs and preferences.

1. To promote and generate among participants a group culture based on mutual support and exchange of experiences.
2. To encourage participants to identify problems that affect their enterprises or projects they wanted to implement.
3. To encourage participants to analyse and implement courses of actions considered appropriate.
4. To inquiry about an appropriate approach to management learning based on the needs and preferences of the participants of the study.

4.5.3.3 Proposing initial responsibilities of the participants

Before starting the entrepreneurial circles, the researcher proposed some responsibilities that the participants in the study should accomplish. The responsibilities were inferred from the assumptions of the action learning theory, and the researcher expressed that participants in the study could negotiate them before and during the fieldwork.

First, the facilitator and co-facilitator were expected to avoid taking the role of advisors, teachers, experts, consultants, assessors or any other role that could make owner-managers perceive that they had “superior” or more knowledge about the problems MSMEs faced. The facilitator and co-facilitator were not responsible for instilling knowledge into members of the entrepreneurial circle.

Second, facilitators were responsible for helping participants to exchange ideas and feedback between participants. Their role involved performing activities such as listening, clarifying, moderating, handling conflicts between participants, and asking questions. However, like any other member of the entrepreneurial circle, facilitators could express opinions and challenges openly and freely, and when owner-managers requested them to do so.

Third, owner-managers were responsible for negotiating the content of the entrepreneurial circles. The researcher expected owner-managers to bring to each meeting issues concerning organisational or personal problems. Facilitators were not expected to suggest topics or themes for discussion and learning. Participation and disclosure of problems and feedback was absolutely voluntary. Although participants were encouraged to ask questions and request further details, every participant was in control of the information s/he wanted to disclose to the group. Facilitators were expected to detect and point out situations in which one participant or the group pushed other participant to disclose more information s/he was willing to share. The information disclosed by all the participants within the entrepreneurial circles was treated as confidential.

Fourth, owner-managers were responsible for implementing possible courses of action. It was up to them to decide the appropriate time and actions in order to implement changes. Owner-managers were responsible for time management of each meeting.

They were required to give notice in advance to the facilitator if they were going to miss a meeting.

Finally, the researcher expressed the responsibilities that the host organisation (CAD) agreed to undertake. They were going to provide facilities in which the entrepreneurial circles could have their meetings, for example a spacious seminar room, and materials such as blackboard and stationary. The host organisation also was going to allow the participant owner-managers to take advantage of the following learning resources: the library, seminars and open conferences, and help from lecturers on some topics.

4.5.3.4 Explaining the research project

During the information sessions the researcher explained that the entrepreneurial circles (learning sets) were an initial strategy for management learning to promote change based on problem-solving. Their aim was to help them to acquire relevant skills and knowledge in order to enhance the managerial function of their enterprise. The researcher explained the objectives of his thesis and the research objectives. He explained that he was interested in developing an appropriate management learning approach for the context of Mexican MSMEs. He explained that he was convinced that by collaborating and exploring with them their problems and possible courses of action, a more appropriate approach to management learning could emerge. The researcher also explained that he wanted to analyse qualitatively the process and content of the entrepreneurial circles. He explained that, in his view, a qualitative analysis normally does not start with well defined hypothesis, but with some research questions that could be re-formulated and answered during and after the research takes place. Finally the researcher informed the participants that, for documentation purposes, he intended to record in tapes each meeting, with the participants' consent.

4.5.3.5 Acknowledging ethical considerations

In order to be consistent with the tenets of action learning, the researcher acknowledged that the participants had the right to know not only that they were participants in a research project, but that they were co-researchers inquiring about

management learning, MSMEs problems, and appropriate courses of action. As a result, owner-managers had at all times the right to discuss and suggest more appropriate objectives and research questions.

The second ethical consideration was about the material generated during the entrepreneurial circles. Because the research approach emphasised collaboration, the researcher informed the possible participants that they were entitled to have full access to the notes that the researcher took during each meeting. They had the right to listen to the tape recordings in which they participated and to ask for the removal of any material if they considered it appropriate. Also they had the right to refuse to be recorded on tape or by any other means. The researcher treated the content of the entrepreneurial circles as confidential; however, he informed participants that he intended to write a doctoral thesis with transcripts of the material generated.

A third ethical consideration was the right of the participants to withdraw at any time from the entrepreneurial circles or from the research. The researcher explained that if owner-managers considered it appropriate they could only withdraw from the research but not necessarily from the entrepreneurial circles (only two owner-managers withdrew from the entrepreneurial circles). In practical terms this would mean that the researcher would erase their interventions in all the materials generated. Participants had the right to complain about any situation generated by the research project. Complaints were to be directed to the facilitator or to the co-facilitator.

A fourth ethical consideration was that participation was encouraged in a voluntary basis. Owner-managers and facilitators had the right to refuse to answer questions posed by other participants if they considered it appropriate.

The last ethical consideration was about rules and procedures needed for the research project. In order to commit all participants of the research to appropriate ethical practices, the researcher encouraged participants to elaborate in the first meeting a code of conduct or set of rules for the entrepreneurial circles. The following table shows the code of conduct that participants elaborated during the first meeting of each entrepreneurial circle.

Entrepreneurial circle 1	Entrepreneurial circle 2
<ul style="list-style-type: none"> • Information disclosed will be treated as confidential. • Participants will let the facilitator know if they are going to miss a session in advance. • Sessions will not last more than two hours. • Other owner-managers can be accepted only if they join before the third session. • Participants will display trust, respect and honesty. • Sincere communication will be the basis to solve problems in the group. 	<ul style="list-style-type: none"> • Participants will show respect for other's opinions. • Participants will speak one at a time. • Participants will not comment to outsiders the information disclosed. • Members could bring guests owner-managers previous consultation with the members of the group. • Participants will observe punctuality.

Table 4.1: Code of conduct proposed by the participants in the study.
(Translation by the researcher)

4.5.4 Signing a contract

According to Schwarz (1994) contracting has several purposes. In this research project, contracting helped in the following ways: first, it ensured that all the participants understood the conditions that governed their relationship. Second, it provided participants with the opportunity to evaluate the advantages and disadvantages of the working relationship in order to make an informed decision of whether to participate or not. Finally, it provided a psychological foundation for the working relationship.

At the end of each information session, the researcher circulated a “contract” which stated: the concept of learning sets (entrepreneurial circles) and the suggested initial activities, the initial objectives of the entrepreneurial circles, the initial responsibilities all the participants (owner-managers, facilitators and host organisation), a statement of the overall research project, and the ethical considerations involved in the entrepreneurial circles. The “contract” used in this research project was in reality a set of statements which clarified responsibilities, objectives, and purposes rather than an agreement enforceable by law. Also, it did not involve any kind of monetary transaction.

In both information sessions the researcher encouraged owner-managers to take the contract with them, analyse it and contact him if further clarification was needed. To the surprise of the researcher, of the fourteen owner-managers that assisted to the information sessions thirteen signed the contract after the information sessions were concluded. They also agreed when to start their meetings (EC1 the second week of February and EC2 the last week of February). Appendix 3 shows the schedule of activities that the researcher performed during the fieldwork.

A further task for researcher was to define how to record, document, and analyse the actions and interactions generated during the learning sets. The following section discusses different ways to document the information obtained during the action learning sets and defines the approach the researcher used to analyse that information.

4.6 Defining qualitative analysis

As pointed out in section 4.3, the “interpretive” research tradition provided a more solid foundation to fulfil the objectives of this research project and its research questions. Therefore, a qualitative approach was more appropriate than a quantitative approach in order to analyse the actions and interactions of the participants in the study (Silverman, 2000).

Qualitative research is not a unified field of study or a unified approach to analyse inquiries. Qualitative researchers embrace different theoretical paradigms, methodological strategies and different procedures to collect and analyse data (Denzin and Lincoln, 1998). As a result, qualitative research means different things for different researchers (Strauss and Corbin, 1998). The aim of this section is not to discuss in detail the different characterizations of qualitative research, but to present the approach that the researcher used in order to analyse the process and content of the entrepreneurial circles.

This research project adopted Strauss and Corbin’s (1998) understanding of qualitative research as a working definition which guided the analysis of the material gathered during the fieldwork.

“By the term qualitative research, we mean any type of research that produces findings not arrived at by statistical procedures or other means of quantification. It can refer to research about lived experiences, behaviours, emotions, and feelings as well as about organisational functioning, social movements, cultural phenomena, and interactions between nations. Some of the data may be quantified as with census or background information about the persons or objects studied, but the bulk of the analysis is interpretative... In speaking about qualitative analysis we are referring not to the quantifying of qualitative data but rather to a nonmathematical process of interpretation, carried out for the purpose of discovering concepts and relationships in raw data and the organizing these into a theoretical explanatory scheme” (Strauss and Corbin, 1998; p. 10-11).

The following subsections are organised around three questions: (1) What did this research consider as qualitative data? (2) What procedure to analyse the data did the researcher followed? (3) What type of outcomes resulted from analysing qualitative data?

4.6.1 Classifying, indexing, and retrieving qualitative data

Tesch (1990) suggests that in reality qualitative research does not exist; there is only qualitative data. This type of data is not limited to the use of words, it also includes resources such as drawings, photographs, tapes, music, and films. There are many procedures to collect this type of data, for example: observation, interviews and participation. This sub-section defines what this research considered as qualitative data and how it was collected.

Between February and June 2002, the researcher organised two learning sets in which owner-managers of MSMEs disclosed and discussed problems related with their MSMEs and possible courses of action. While the five theoretical dimensions of management learning (see section 3.4) provided a framework to analyse “the process” of the learning sets; the problems and courses of action that they discussed were regarded as “the content” of the learning sets. The process and content of the learning sets were recorded through tapes (containing a total 36 hours of conversation) and then transcribed into fourteen documents. The transcripts of the learning sets were the main data that the researcher analysed. The reasons for using the transcripts, and not the tapes, as the main source for the analysis were:

- a) Transcribing each meeting from tape to document format enabled the researcher to become more familiar with the issues disclosed by participants, because he had to listen, write, and read the transcripts and tapes several times.
- b) It was more practical to scan documents than to scan tape recordings for the purpose of the analysis.
- c) Finally, it was more practical to classify, index, and retrieve categories (defined in the next subsection) in documents than in tapes.

The researcher acknowledged that there were some disadvantages using written transcripts, rather than tape recordings. First, recordings reproduced more faithfully than the transcripts, emotions and feelings through voice volume and intonation of participants. Second, the researcher added punctuation to the transcripts, with the danger that inaccurate punctuation could modify the meaning of a sentence. Third, the transcripts presented in a “linear” way those parts of the tapes in which more than one participant was speaking simultaneously. Finally, transcripts were not exact replicas of the tapes since the researcher necessarily left out expressions, background sounds, and comments that he considered irrelevant for the analysis of the data (for example jokes that participants told). In order to undertake the systematic process of classifying, indexing, and retrieving qualitative data the researcher made use of NUD-IST, a software for qualitative analysis (Non-numeric Unstructured Data – Index, Searching and Theorising). The following sub-section describes the systematic process of creating meaningful categories from the data.

4.6.2 De-contextualising and re-contextualising qualitative data

This section describes the nonmathematical process of interpretation that the researcher followed in order to identify the themes that participants disclosed, and how they were organised in order to present an explanatory scheme faithful to the views of the participants.

According to Tesch (1990), data analysis could be defined as the process of formally identifying and developing themes or concepts as they are “suggested by the data”.

This is done with the purpose of organising and supporting an explanatory scheme. Strauss and Corbin (1990) suggest that “categories” are themes or concepts which aggregate, describe and account for a certain phenomena. Therefore, data analysis was about identifying and refining categories, and building relationships between them. Tesch (1990) suggests that the analysis of qualitative data emerges from de-contextualising and re-contextualising categories. She suggests that data (for example a quotation of a text) has two contexts: the context from which a text is taken, and the “pool of meanings” or categories in which the researcher decides to classify it. Figure 4.4 describes the two contexts of data.

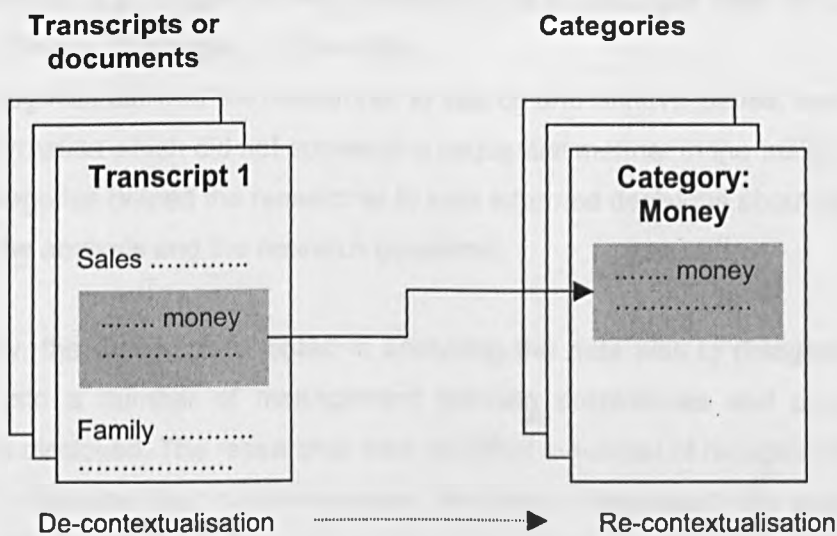


Figure 4.4: The process of de-contextualising and re-contextualising
(Source: Tesch, 1990; p. 122)

A problem that emerges from Figure 4.4 is that it suggests that categories are “containers” of data pieces about the same topic, or “variables” to be manipulated. However this research considered that categories were mental constructs in which the researcher (inevitably) accentuated certain elements of the reality that participants disclosed (Romm, 2001). Each category was a possible ideal representation of the reality that owner-managers expressed during the fieldwork. In this research, categories were considered “unfinished resources” or “unfinished mental constructs” subject to modification, which helped the researcher to see thematically across the data (Mason, 1996). Mason (1996) argues that categories represent one way in which a researcher identifies and develops themes and concepts. Therefore, the categories of this research represented a version (of the many possible) to understand and

answer the research questions. Following Strauss and Corbin's (1998) and Mason's (1996) ideas about categorising, the researcher considered that the process of identifying and developing categories was worth adopting in order to answer the research questions because:

- a) Identifying and building categories helped the researcher to gain a systematic overview of how participants interacted and the themes they disclosed.
- b) Categories were abstractions which represented an individual perspective based on the point of view of a group of people, they allowed the researcher to describe in an organised way several points of view that could be scrutinised, confirmed, challenged, and modified.
- c) Categories allowed the researcher to search and retrieve issues, examples and information which did not appear in a sequential manner in the transcripts.
- d) Categories helped the researcher to take informed decisions about the direction of the analysis and the research questions.

In summary, the procedure adopted in analysing the data was to disaggregate each transcript into a number of management learning preferences and problems that participants disclosed. The researcher also identified a number of recognisable items of feedback or "lessons" that owner-managers received in response to the problems they disclosed. This method resulted in a number of meaningful categories which describe in an integrated way:

1. The management learning preferences of participants in the study (figure 5.1).
2. The types of problems owner-managers were interested in, and the kind of feedback they received (see Table 6.1).

4.6.3 Interpreting the outcomes of the data analysis

This subsection discusses the outcomes that the categories aimed to present and organise. There are several understandings about what should constitute the outcomes of a qualitative analysis (Silverman, 2000). According to Flick (2002) qualitative analysis could lead to at least three different outcomes. For example, while some researchers present the reconstruction of subjective viewpoints and meanings (e.g.

symbolic interactionism), other researchers present routines that individuals use to produce reality in everyday life (e.g. ethnomethodology). Finally, other researchers present not only “surface” viewpoints and experiences, but the “deep” structures that govern social meanings and activities (e.g. structuralism). In a similar way, Tesch (1990) suggests four possible outcomes of a qualitative analysis. These are shown in the following figure:

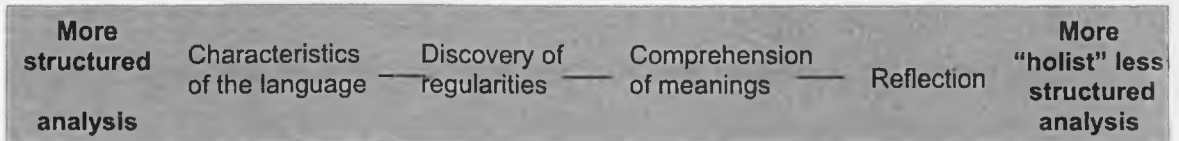


Figure 4.5: Possible outcomes of qualitative analysis.

(Source: Tesch, 1990; p.59)

According to Tesch (1990) the four possible outcomes depicted in Figure 4.5 are better appreciated as a continuum which requires researchers to use a fixed procedure to analyse data, while others allow researchers to rely more upon their intuition and the insights they developed through immersion in the data.

Analysis interested in the characteristics of the language. According to Tesch (1990) this approach to qualitative analysis uses language to explore two different issues: First, it uses the language to study what messages individuals communicate to each other and how they communicate them (e.g. content analysis and discourse analysis). Second, it uses the language as a mean to reveal manifestations of a culture. Researchers try to gain insights about how individuals make sense of their interactions with others, and what words and concepts mean for a community (e.g. symbolic interactionism). In both cases researchers divide their data into discrete units of analysis (for example: words, sentences or paragraphs) in order to study the messages individuals communicate their possible meanings. Some of the procedures used to analyse the data may be well structured and almost of a quantitative nature.

Analysis interested in the discovery of regularities. According to Tesch (1990) this approach to qualitative analysis aims to identify entities that appear continuously across the data such as concepts and relationships between concepts. Researchers following this approach assume that concepts and relationships between concepts exist in the world, and their aim is to “reveal” or “find out” these concepts, define their

characteristics and establish relationships among them based on what people have expressed (e.g. grounded theory). In this way, typical incidents or situations that repeat across the data could be related to a specific set of conditions and probable outcomes. Other researchers focus on the deficiencies and problems that repeat across the data based on what people said. Their aim is to improve those deficiencies and problems through formative approaches (e.g. evaluation research), or participation of a community (e.g. action-research).

Analysis interested in comprehension of meaning. According to Tesch (1990) in this approach to qualitative analysis, researchers aim to understand the nature or “essence” of a phenomenon expressed in the data. The strategy to understand the essence of a phenomenon is “interpretation” (i.e. developing, appreciating and probing one or more particular meanings of a phenomenon). Interpretation is a way of gaining access to another’s experience. While some researchers aim to provide explanations about the world from the point of view of those involved with phenomena of the world as faithfully as possible (e.g. phenomenology) other researchers tend to include their considerations and experiences as part of the meanings they found.

Analysis interested in reflection. In this approach to qualitative analysis, researchers rely more upon their considerations and “sense of wonder” (based on the insights they developed within a community under study) than upon collected data. According to Tesch (1990) reflection refers to the introspection that the researchers do about the research process. The aim of researchers is not to reveal the authentic essence of phenomena but to present images that people would find meaningful. As a result, research interested in reflection allows researchers’ values, intuitions and feelings to help them to explore, question, and explain the phenomenon under study. Because research interested in reflection is less structured than the previous three approaches, it has been argued that it resembles a more “artistic” approach to qualitative research and analysis.

Section 4.3 argued that research on MSMEs and management learning has been dominated by a positivist type of research (Rae, 1999; Easterby-Smith and Thorpe, 1997), and that its main problem is that it fails to present explanations from the point of view of those involved in the actions and interactions of MSMEs. The four approaches

to qualitative analysis mentioned above aim to present different aspects of a group of individuals or the context in which they live.

In order to clarify the outcomes of this research project, the researcher considered the objectives and the research questions. Although meaningful answers to these research questions could involve in some degree characteristics of the language, discovery of regularities, comprehension of meanings, and reflection, the researcher decided to stress comprehension of meanings as the output of the qualitative analysis. This was because participant owner-managers and the researcher had in reality different interests. While owner-managers' interest was centred on solving problems their MSMEs faced, the researcher's interest was centred on gaining access to participants' experiences, in order to explore an appropriate management learning approach for the context of Mexican MSMEs, i.e. the purposeful attempt to comprehend owner-managers' interactions, problems and feedback delivered a significant approach to management learning in the context of Mexican MSMEs. The following section discusses the philosophical implications involved in this research project, and how the participants in the study tackled them.

4.7 Discussing the philosophical issues involved in this research

From a positivist point of view, research approaches to promote change (such as action learning) and qualitative analysis could be regarded as anecdotal, unreliable, invalid and unworthy approaches to produce scientific explanations about the social world (Silverman, 2000; Robson, 1993). The purpose of this section is to clarify the grounds under which the "trustworthiness" of this research project could be established. Based on Lincoln and Guba (1985) and Romm's (2001) ideas about accountability in social research, this section points out the appropriate accountability by which this research should be evaluated. In doing so, it evaluates the accountability of action learning and qualitative analysis in terms of positivist and interpretivist assumptions about social research.

4.7.1 Scientism: Towards encouraging change

According to Romm (2001) a positivist understanding of social research considers that the way research on natural sciences has developed could serve as a model for the development of social research. In contrast, an interpretivist understanding of social research considers that the phenomena that natural and social sciences study are of a different nature (Hammersley, 1992; Burrell and Morgan, 1979). While phenomena of natural sciences seem to be subject to cause-effect relationships not imputable to the objects under study, phenomena which the social sciences focus seem to be subject to purposeful actions. In other words, in the social sciences what matters is the imputation of meaning that individuals give to the phenomena in which they participate (Romm, 2001).

- Following an interpretivist understanding about social research, the categories of this research project were developed in order to acquire “knowledge about peoples’ convictions and of their consequences for social action” (Romm, 2001; p.56), rather than in order to discover cause-effect relationships that might claim to explain social actions.

4.7.2 Empirism: Ensuring credibility

According to Romm (2001) a positivist understanding of social research considers that experience (which relies upon senses) is the mean through which the veracity of an inquiry (a hypothesis which refers to facts) is corroborated. Conclusions or outcomes of research should be reinforced by evidence which is put forward for public scrutiny. In contrast, the goal of credibility from an interpretivist understanding of social research is to “demonstrate that enquiry was carried out in a way which ensures that the subject of the enquiry was accurately identified and described” (Robson, 1993; pp.403). How did this research project establish confidence in the truth of the outcomes in the eyes of the participants in the study?

- First, it was carried out during four months in which the researcher had the opportunity become closer to the participants, and to develop a deep insight into their learning preferences and relevant themes. According to Reason and

Heron (1995), collaborative exploration of issues helps to establish credibility in the research project.

- Second, after each meeting of the entrepreneurial circles, the researcher listened to the tape recordings in order to uncover the main ideas exposed, make a summary, and to start the process of transcribing each meeting. At the beginning of each meeting, the researcher summarised the main ideas expressed in the last meeting with the purpose of allowing the participants to check if their ideas were fairly summarised.
- Third, the researcher during all the research process allowed the participants to have full access and control over the material generated (e.g. field notes and tape recordings).
- Finally, the researcher developed a web page which contained, all the transcripts of the entrepreneurial circles as well as the outcomes of the research. The aim of this web page was to allow the participants in the study to debrief the transcripts and the outcomes of the research project in order to ensure that their views were accurately described. Appendix 4 presents the web page of this research project.

4.7.3 Instrumental knowledge: Ensuring transferability

According to Romm (2001) a positivist understanding of social research assumes that scientific inquiries should lead to the discovery of connections between phenomena. "Propositions that are forwarded about such connections enable people in the society to recognize under what conditions certain outcomes are likely to occur" (p.18). In contrast, an interpretivist understanding of social research assumes that the aim of scientific inquiries is not to provide "widely accepted value-judgements" (p.56), or statistical generalisations, but to create meaningful information relevant to actors. By pointing out to actors the consequences of their actions, social sciences are able "to offer information that can help people in reviewing their actions in the world" (p.56).

- The main instrumental purpose of this research project aimed to help participants in the study to discuss their actions and consequences in order to make informed decisions. This instrumental purpose was more likely to occur over time and in collaboration with others, because consequences of actions

were not always apparent to participant owner-managers and the researcher. This is why research methods such as surveys and questionnaires were less appropriate for this research than the action learning approach of this project.

So, in what sense are the discussions and courses of action that participants undertook applicable to other contexts?

- First, according to Checkland and Holwell (1998), because the situations that the participants expressed may be unique, there is no guarantee that they are richly meaningful for other individuals in different circumstances. The transferability of the outcomes of this research should be understood in terms of the participants in the study who were representative of the group of owner-managers who are interested in learning about management (transferability to those with similar background and aspirations). Therefore, the outcomes of this research are not directly transferable to other contexts unless a profound reflection takes place.
- Second, in order to facilitate an adequate reflection, the research project provided a “full specification of the theoretical framework”, i.e. (a) the context of Mexican MSMEs, and (b) the main ideas that have influenced the subject of study of management learning (cf. chapters two and three). In this way, those interested in facilitating management learning could review how meaningful this research project is for the context in which they attempt to work.
- Third, the research project provides a “thick description” of the fieldwork. While the transcripts of the entrepreneurial circles are available through the web page (Appendix 4), the analysis of the transcripts is presented in chapter five and six of this thesis. In this way, those interested in the facilitation of management learning could review how meaningful are the views of the participants of this study for the group of people they attempt to work with.

4.7.4 Phenomenalism: Ensuring consistency

According to Romm (2001) a positivist understanding of social research considers that the reality under study can be separated into “observable units”. As a result, positivist researchers strive to show as clearly as possible to other researchers how they

generated their observations in such a way that anyone interested could generate the same observations. Checkland and Holwell (1998) calls this principle of positivist research “reductionism”, and it is important because it is the principle which allows public scrutiny of observations and outcomes. In contrast, an interpretivist understanding of social research considers that the point of studying a social phenomenon is not to observe it, but to understand it (Romm, 2001; Burrell and Morgan, 1979; Lewin, 1947). Observable units (e.g. categories) are useful if they mean something to someone, and a key issue for interpretivism is that observable units may have several possible meanings. So, in what sense does this research project provides assurance that the outcomes could be “replicated” with similar participants or contexts?

- First, the researcher acknowledges that all the categories developed are not “finished descriptions” but “unfinished resources” or “unfinished mental constructs”. The categories helped the researcher to see thematically across the data but were subject to discussion and modification (Mason, 1996).
- Second, by comparing the categories and outcomes of this research project (see chapter seven) with previous research on MSMEs and management learning, the researcher shows how relevant the categories and outcomes could be for other MSMEs, specially Mexican MSMEs.

4.7.5 Value freedom: Towards neutrality

According to Romm (2001) a positivist understanding of social research considers that “the advance of science requires that scientific inquiries are not tarnished by the values or beliefs of those involved in the inquiry process” (p. 17). Romm (2001) argues that the interpretivist understanding of social research still considers this as an adequate but impossible endeavour in social research. This is because whenever researchers introduce their values and judgements, a full understanding is blocked as values are biased towards certain ideals. Since interpretive understanding of social research considers value-freedom an impossible endeavour, then it suggests that a more appropriate attitude of researchers towards the audiences of the research is to acknowledge and recognise the values that “tarnished” their inquiries and outcomes. Therefore this research acknowledges that the way in which the researcher answered

the research questions is not value-free or “objective”, and reflects the values of the researcher and the participants in the study. So, how did this research project make sure that the outcomes emerged from the data and not from the biases of the researcher?

- First, Appendix two provides a profile of the participants in the study and of the researcher (the facilitator) in order to raise awareness of the possible biases he had.
- Second, the research outcomes were made available to the participants in the study with the purpose of allowing them to judge whether they portrayed their views and values and not those of the researcher.

In summary, this research was committed to the interpretivist assumptions of social research. This research was about developing knowledge about owner-managers learning preferences, problems, convictions and their consequences for action. By discussing their problems, participants could appreciate the consequences of adhering to certain values and courses of action. Finally, the researcher acknowledges that the analysis and outcomes of the research process are not value-free and unavoidably reflect the values of the researcher and the participants in the study.

4.8 Conclusion

This chapter suggested that in order to uncover and present the richness of owner-managers' views about their management learning preferences, problems, courses of actions and reflections, a research approach to promote change was more appropriate than a functionalist type of research (Curran and Blackburn, 2001; Rae, 1999; Gibb, 1987).

Of the many ways to promote change through research, action learning was more appropriate for this research because it was centred on individual issues and problem-solving. Learning sets were meetings in which owner-managers and researcher disclosed and discussed in collaboration, problems that they considered important and possible courses of action. The content of the learning sets was the conversations that participant owner-managers and researcher held during a period of four months. The

researcher transcribed those conversations and analyse them following a systematic procedure of de-contextualising and re-contextualising data. This procedure disaggregated each transcript into a number of problems participants disclosed, together with their context. Afterwards the researcher identified a number of recognisable items of feedback or “lessons” that owner-managers received in response to the problems they disclosed. Categories helped the researcher to analyse thematically the content of the learning sets. The outcomes of such analysis were interpretations which reflected owner-managers’ view of their management learning preferences, problems and possible courses of action. Categories also helped participants to review their actions in the world and their consequences.

The following chapter describes presents in detail the analysis of the learning preferences of the participants in the study of this research project.

Chapter 5 – Analysing the learning preferences in the light of the five theoretical dimensions of management learning

5.1 Introduction

The last chapter pointed out that, in the light of the research questions and objectives of this research, it was more appropriate to research about management learning in the context of Mexican MSMEs through an approach which could promote change (action learning), and to analyse the interactions of the participants in the study through qualitative analysis (de-contextualising and re-contextualising data).

The aim of this chapter is to analyse the interactions of participants in the study in the light of the five theoretical dimensions of management learning proposed in chapter three.

1. Assumptions about their role as learners
2. Assumptions about the nature of the learning process
3. Preferred pedagogical settings
4. Development orientation
5. Learning mode

The chapter discusses the management learning preferences of the participants in the study. The source of the analysis presented in this chapter was transcripts of the discussions participants held within the entrepreneurial circles. The researcher disaggregated each transcript into the five dimensions of management learning listed above. This method resulted in a number of meaningful categories which described in an integrated way the management learning preferences of the participants in the study. As a result, the analysis helped to fill a gap in the knowledge about how to facilitate learning about management in the context of Mexican MSMEs.

In order to accomplish its purpose, this chapter is divided into seven sections. Section 5.1 explains the purpose and the structure of this chapter and it explains the categories used to analyse the transcripts. Section 5.2 discusses the assumptions that participants had about their role as learners. Section 5.3 discusses the participants' assumptions about the learning process. Section 5.4 discusses participants' preferred pedagogical setting in order to learn about management. Section 5.5 describes the orientation of the goals of the participants in the study. Section 5.6 discusses the orientation of the content that owner-managers preferred. Finally, section 5.7 provides the conclusion of this chapter.

5.1.1 Categories used in this chapter

In order to establish an appropriate approach in order to facilitate management learning in the context of Mexican MSMEs, this chapter explored the learning preferences of the participants in the study. The following figure depicts the five categories (related to the theoretical dimensions of management learning) developed throughout this chapter.

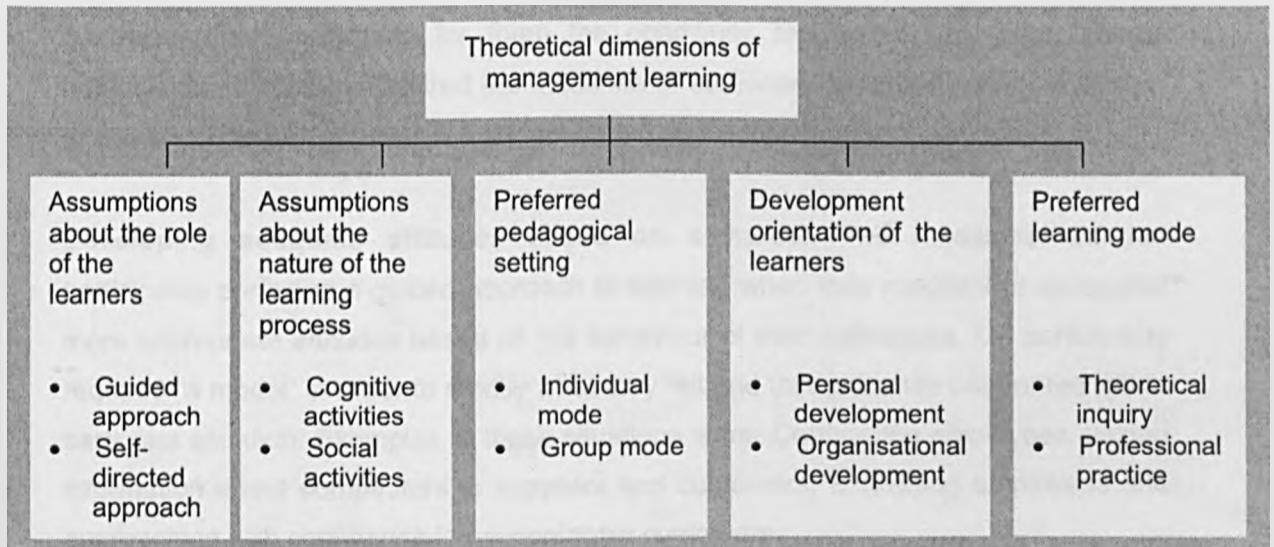


Figure 5.1: Categorisation of five aspects about management learning

The following sections discuss the learning preferences of the participants of the study in terms of each of these categories. Appendix 5 provides an explanation of the symbols used in the transcripts of this research project.

5.2 Interpreting participants' assumptions about their role as learners

The purpose of this section is to analyse the assumptions (or perceptions) of the participants of the study about their role as learners. While approaches such as management development, experiential and organisational learning suggested that learners often required the expertise and guidance of a teacher/adviser, other approaches such as adult education suggested that learners had a natural and self-sufficient ability to organise their learning experiences. Towards the end of this section, it becomes clear how the participants in the study balanced their self-directed abilities with a guided approach in order to learn about management.

5.2.1 Participants' preference for a guided approach to learning

According to Brookfield (1986), in a guided approach to education and training some participants are instructed and other participants arrange the conditions for instruction. The researcher interpreted that there were some circumstances in which participants preferred others arranging for them the conditions for learning. In other words, participants sometimes required the guidance of someone taking the role of a teacher or adviser. These circumstances are described as follows.

Developing adequate attitudes based on a model. The researcher inferred participants preferred a guided approach to learning when they modified or developed more appropriate attitudes based on the behaviour of their colleagues, i.e. participants required "a model" in order to modify what they felt and thought when confronted with a particular situation. Examples of these situations were: Confronting employees, asking information about competitors to suppliers and customers, motivating employees and approaching with confidence to new potential customers.

Extract 1. Circle 2 – Session 8, text units: 213 - 217

FACILITATOR: Could you show Javier how would you approach the procurement manager of a company in order to find out why you didn't win a contest and the prices of your competitors?

CARLOS: Ok. Let's assume that I don't know that manager personally. In the first approach I would say something like - Hello Mr. X, I'm representing the firm "Y". I submitted a quotation to your company in order to compete for contract Z. Unfortunately I didn't win the contract. I have important clients such as A, B and C. They chose me because I offer good quality and my personnel are qualified. I'm still interested in being your supplier in the future, and next year I will submit a more attractive quotation in terms of price and service -. I think this argument will trigger an exchange of information with the procurement manager. The difficult part is to "break the ice" and then to show your willingness to cooperate. In a later conversation you can ask him - I think that my prices are the lowest in this region, is somebody else offering you a better price? Would you mind telling me what percentage I need to discount in my quotation order to be more attractive to your company?- At the end of the day you have to ask them a direct question.

The quotation illustrates an example in which participants found it useful to observe their colleagues modelling certain actions or behaviours they wanted to implement; and that some participants were willing to model those behaviours. When this happened the task of the facilitator was to ask members of the circle to enact the behaviour or attitude that their colleagues wished to observe.

Acquiring skills or competencies through practice and evaluation. The researcher assumed participants preferred a guided approach to learning when participants deliberately practised attitudes and behaviours they wanted to acquire and received feedback or "evaluations" from their colleagues, for example:

Extract 2. Circle 2 – Session 4, text units: 12, 29 and 65 - 67

JAVIER: I tried to practice what we simulated here the other day [confronting difficult employees]. I think I took the right attitude. I didn't hesitate, I didn't ask for favours.

:

JAVIER: I'm going to tell you guys the exact words so you can evaluate if I took the right attitude. I said to my employee - Why are you so late? What happened this time? Yesterday you agreed to be here at ten o'clock in the morning ...[a long account continues]

:

JAVIER: So, what do you think? Do you think I took the right attitude in this situation? Or, did I make the same mistake as the other day?

As indicated in the extract, external evaluations were important for some participants in order to confirm that (in the eyes of their colleagues) they had learnt successfully how to behave in a certain way. An important point that emerged from this interpretation

was that, the assumption that internal motivations and evaluations tend to drive learning processes as individuals mature (Knowles et al., 1998), was not always realistic in the context of Mexican MSMEs.

Requesting opinions, ideas and guidelines. The researcher assumed that the participants in the study preferred a guided approach to learning when they requested their colleagues' ideas, opinions and guidelines. For example, during the entrepreneurial circles, participants requested opinions when they wanted to improve certain problematic situations, and had some ideas of how to do it. However, before implementing their ideas, they wanted their colleagues to point out advantages and disadvantages of their proposed actions, and to point out alternative ideas in order to make more informed decisions.

Extract 3. Circle 2 – Session 6, text units: 148 and 159

CARLOS: I've thought about this issue for some time and I still don't know what to do. [The participant wanted to open a subsidiary of his enterprise and was considering two possible locations]. So, what do you think? Is it better the nearest marketplace? Or, should try to open a market elsewhere?

:

CARLOS: One probable location is Tenancingo [a town 200 kilometres from Toluca city], but the distance is a negative factor since I must supervise both establishments. I don't know. Travel expenses may rise as well, but the potential market in Tenancingo seems to be bigger. I don't know, I would like to hear your opinions.

Extract 3 indicates that, although participants had in mind possible courses of action, they valued the opinions of their colleagues as a source of external advice. During the entrepreneurial circles, participants asked their colleagues to provide ideas and opinions on issues such as how to recruit and train personnel, the appropriateness of a selected market niche, and publicity schemes. When this happened, the role of the facilitator was to help participants to exchange their opinions and to provide alternative ideas.

Another example of participants requesting opinions and ideas was when they designed products or services and wanted their colleagues to evaluate and provide feedback. For example, participants asked their colleagues to evaluate and criticize

materials such as: catalogues, pamphlets, reports and publicity, as the following extract exemplifies:

Extract 4. Circle 2 – Session 7, text unit: 12

ANAID: As I promised last meeting I brought the catalogues that we are giving to our distributors. I'm aware that we still can improve them a lot ... ok, here they are, please pass them out and tell me if you like them. [Brief silence] Each page in the catalogue shows a different cheese, the idea is to help our distributors to promote our cheeses with their customers...

Extract 4 indicated that participants considered important the evaluation and feedback of their colleagues about the materials and products they designed.

Finally, participants requested guidelines from their colleagues when they acknowledged certain problematic situations, but they did not know what to do about them. Therefore, participants wanted their colleagues to offer ideas, previous experiences and guidelines that could help them to improve the situation they faced. Participants asked for guidelines on issues such as how to increase the level of sales, how to motivate employees, and how to acknowledge employees' needs. For example:

Extract 5. Circle 2 – Session 10, text unit: 360

FILIBERTO: So, what do you think? How can I encourage commitment among my employees? I want them to acknowledge that when the business was blooming I was very generous with them, and now, when the business is struggling, I expect their loyalty.

As extract 5 indicates, participants asked for advice and guidelines because they did not know how to make certain things happen. They considered that their colleagues could provide them with guidelines based on similar past experiences.

Requesting theoretical knowledge (formal academic guidance). The researcher interpreted that participants preferred a guided approach in order to learn, when they recognised their lack of knowledge about certain topics. In order to overcome their problems and learning needs they requested guidance in the form of lectures from an expert. In this way, participants in the study tackled topics such as determining the cost

of a product, fixing the price of a project, forecasting future demand, and inventory management.

Extract 6. Circle 2 – Session 7, text units: 94 –103

ANAID: At the beginning of the circles you mentioned that we could use some resources of [the host organisation]. What about asking a teacher to explain to us how to calculate the cost and price of a product? That would be very helpful to me because right now I do it empirically, and I would like to have a solid basis.

FACILITATOR: So you would like to learn specific techniques in order to determine the cost of a product or service?

ANAID: Yes. I think this problem requires a more academic approach. Right now I'm realising that I never consider transportation costs and other factors.

LUPITA: I would be interested in that type of help as well. Sometimes I feel despair, especially when we are calculating the balance of the month. Where are the profits? I just can't see them!

As indicated in Extract 6, participants in the study not only required the advice of their colleagues, but also the guidance and knowledge of a professional teacher or adviser in order to learn how to improve certain managerial situations.

Disadvantages of the guided approach. The researcher found that the most critical disadvantage for the guided approach to management learning appeared when nobody in the entrepreneurial circle had the knowledge (or willingness to share it) in order to act as a model, teacher or adviser. When these situations occurred, the role of the facilitator was to discuss with the participants ways to overcome their learning needs in a more appropriate way.

In summary, participants preferred a guided approach to learn about management when they required a model from whom to learn, external evaluation to consolidate attitudes and behaviours, ideas opinions and guidelines in order to make informed decisions, and when they recognized lack of knowledge on topics that they perceived as beneficial. The following subsection discusses participants' preference for a self-directed approach to learning.

5.2.2 Participants' preference for self-directed learning

Although participants preferred on many occasions the guidance of a teacher or adviser, there were many situations in which they chose a self-directed approach to learn about management. According to Brookfield (1986), in a self-directed approach to learning, all the elements of the teaching-learning transaction are centred around the learners needs and their feelings. This section describes in which situations participants in the study centred the learning process around their needs and feelings.

Learning according to their own needs and resources. The researcher assumed that participants in the study had a preference for self-directed learning when they chose the content to be learnt, the learning pace, and the resources for learning. The following extracts indicated that participants drove their learning according to their needs, and that they had budget, resource, and time constraints.

Extract 7. Circle 2 – Session 10, text unit: 32

CARLOS: As you know, I have a computer at home. I bought a (illegal) copy of a software for budget and inventory management. During my spare time I learnt by myself how to use it. The problem was the software is designed for medium sized enterprises, and my business requirements are not so big. It was useful to learn how to use it in the sense that now I know how to update and adjust my inventory but ...

Extract 8. Circle 2 – Session 4, text units: 218 – 219

ANAID: Yes, we designed the label and the logo of the packet. To be honest I think it looks great! Everybody liked the logo. And we have done everything in that way, by ourselves. I remember when we asked a designer a quotation for a label with our logo, he wanted to charge \$ 30 000 [£ 1 800]. That was ridiculous! So my father and me designed the label and I think we couldn't have done a better job.

Extracts 7 and 8 indicated that self-directed abilities to learn were probably the only option for MSMEs to enhance some of their organisational functions (e.g. inventory management) and to acquire services (e.g. label design). Extract 8 indicated that self-directed learning could lead to cost reductions, satisfactory results and rewarding feelings. In contrast, extract 7 indicated that sometimes self-directed learning did not bring relevant learning for the enterprise, but helped to define more precisely owner-managers' learning needs.

Confidence in their self-directed abilities. The researcher assumed that participants in the study had a preference for self-directed learning when they had confidence in their self-directed abilities to learn.

Extract 9. Circle 2 – Session 8. text units: 147-149

[The facilitator mentions that he has some books about inventory management, and he offers to lend them to the participants]

ANAID: Ok, please let me have a look at them. Any guide is useful at this stage. I know nothing about the topic and any starting point would be helpful.

Extract 9 shows that some participants were confident in their abilities to organise their learning activities and expected to use them, provided they got appropriate resources. Some participants also expected their employees to have confidence and use their self-directed abilities in order to learn about the business. For example:

Extract 10. Circle 2 – Session 7, text units: 122 and 140-144

CARLOS: I've tried to encourage my employees to take and read some of my handbooks during their spare time. They know that I'm available if they have any technical doubt and I expect them to bring me their questions. I've tried to prepare them so they can give a better advice to our clients and increase the level of sales. However that strategy has failed again and again.

:

CARLOS: The problem is that if they don't learn how to deal with all type of clients, I'll be tied all the time to the business, and I couldn't attend to other things. I feel that if I'm not at the counter, I will lose one or two clients per day. So my question is, how do you select your personnel? What actions do you take?

As indicated in Extract 10, some participants expected their employees to learn by themselves during and after working hours. Employees were expected to read about themes relevant to their job, and to clarify doubts with the owner-manager. Participants considered that the more knowledge their employees had, the more free they would be to do other activities (whether or not related to the enterprise).

Taking advantage of educational and training opportunities. Participants had a preference for self-directed learning when they chose and took advantage from the opportunities that the context provided for learning. For example, Extract 11 showed

that participants deliberately learnt from informal situations such as dealing with customers, suppliers and competitors, while Extract 12 showed that participants were willing to engage in more structured learning experiences.

Extract 11. Circle 1 – Session 4, text unit: 8

DIANA: Right now we are going to sell what we have: raw vegetables. We don't have any other option since we don't know the size of the market for processed vegetables. What we are going to do is to observe our customers which already process vegetables and we will learn from them. In that way we can sell raw vegetables and learn how to become formal food processors as well. Therefore we are targeting only those clients which are formally established.

Extract 12. Circle 2 – Session 7, text unit: 5

JUAN G: Right now I am preparing a project to export these handcrafted cards. The University [ITESM] is helping by giving me consultancies. I am taking a course about how to export, and how to set up businesses abroad. I think the course is helping me a lot in order to make a better business plan.

Extracts 11 and 12 indicated that participants were willing to organise their learning activities from structured and unstructured learning situations.

Disadvantages of self-directed learning. Although participants showed confidence in their abilities to learn by themselves and their willingness to learn from different opportunities, the researcher identified some disadvantages of the self-directed approach to learning. A first disadvantage was that participants had limited abilities to organise their own learning activities. For example, Extract 13 shows participants' limited ability to conduct relevant research:

Extract 13. Circle 1 – Session 4, text units: 175-176, 200, 239-246

JORGE: There is no literature available about how to determine the price of a software. We have been thinking about researching that area [he laughs] in order to write handbooks about the topic. There is no literature available. We have found few sources but they are very basic. I have also asked some colleagues, who I thought had more experience, and they said that they're not developing software any more because its too complicated. [Brief silence]

JORGE: I'm sure that there must be a methodology especially for software developers with guidelines on how to fix the price of a specialized programme,

otherwise how the big software companies such as Microsoft determine the price of their products? I want a methodology that could help me to determine a fair price for my programs. I've been searching through Internet and reading books but, until now, I haven't found anything appropriate. Well, to be honest, I haven't spent a lot of time searching for that information. What I need is a literature review on the topic, but I'm not going to make it because I don't have the time. I prefer someone to tell me how to do it ...

JUAN G: I don't have a lot of experience determining the price of a service, however as you just said, it seems that the only way forward is through a comprehensive literature review on the topic.

JORGE: Yes, I know. We have tried but... let's say ... although this problem is important and deserves attention, we still need to keep working on other things. We can't stop operations in order to make a literature review. We have contracts and projects to finish, we have tough dead lines, and we cannot let our customers down...//

FACILITATOR: So you don't have time to make that literature review on that issue?

JORGE: That's right. In fact, if you have noticed my red eyes is not because I smoked dope [everybody laughs]. Its because I went to bed at five o'clock in the morning. We were finishing a presentation that we were going to make today. Unfortunately our customer postponed the presentation. You see? We are becoming heavy coffee drinkers and we work long days. I usually go home only for a shower and to get clean clothes, then, back to work. So, we really don't have time for research and literature reviews.

As indicated in Extract 13, factors that inhibited self-directed learning were busy working days, poor ability to analyse critically existing references, pressure to fulfil other objectives, lack of models from whom to learn, and preference for problem-solving over theoretical inquiry activities. As a result of participants' limitations in organising their self-directed learning activities, they found it difficult to reflect on the essence of their problems and possible courses of action, as Extract 14 showed.

Extract 14. Circle 2 – Session 3, text units:14 and 188

ANAID: Through trial and error we have managed to increase our sales a little bit compared with the last year.

:

ANAID: To be honest, today I struggled a lot to determine my problems.

In summary, participants preferred a self-directed approach to learn about management when they emphasised their learning needs, when they had confidence in their abilities to organise their learning activities, when they spotted structured and unstructured opportunities for learning, and when they made effective use of their time and resources. Participants also pointed out that a self-directed learning approach to management learning was the only way they had available to reduce costs and to acquire some services they required. Although there were circumstances in which participants preferred a self-directed approach to management learning, there were factors that effectively inhibited participants' abilities to learn by themselves.

5.2.3 Conclusion

In conclusion, in the context of Mexican MSMEs it could be misleading to think that the guided and self-directed approaches were mutually exclusive approaches to learn about management. However, in the light of the categories and subcategories analysed in this section, this research project found that participants in the study consistently required the guidance and knowledge of somebody acting as a teacher or adviser. Sometimes the facilitator provided this guidance, but most of the times other participants in the entrepreneurial circles were the ones who provided guidance, acted as "models", and provided feedback to their colleagues. To a minor, but by no means insignificant extent, participants in the study preferred a self-directed approach to learning because they organised some learning activities according to their needs, resources, goals and preferences. This findings implied that, within the entrepreneurial circles, owner-managers preferred to learn about management as if they needed the guidance of others rather than as if they were naturally able to organise their own learning activities.

The following section analyses the learning preferences of the participants in the study according the second theoretical dimension of management learning: The nature of the learning process.

5.3 Interpreting the nature of the learning process

The purpose of this section is to analyse the assumptions of the participants of the study about the nature of the learning process. While approaches such as organisational learning and situated learning suggested that the metaphor of “community” was useful in order to understand how individuals learn, other approaches such as a management development and experiential learning used the metaphor of “cognitive activities” in order to explain how individuals overcame their learning needs. This section discusses and clarifies in which sense participants of the study balanced their cognitive activities and their relationships in order to learn about management.

5.3.1 Exploring the metaphor of a community of practice

According to Wenger et al. (2002), a community of practice could be conceptualised as a group of individuals “who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis”. Continuous interaction helps individuals to interpret and to do things in certain ways (Gherardi, et al., 1998). In a community of practice, individuals change through participating in their community, and the community of practice changes through the participation of its members. Tables 5.1 and 5.2 summarise the number of interactions participants in the study generated.

Participant	(I) Number of transcripts	(II) Total participations	(III) % of participations = (I) / 351	(IV) Participations per session = (I) / (II)
Sem F.	2	30	8.54	15
Diana H.	2	65	18.51	33
Juan G. F.	2	64	18.23	32
Miriam G.	1	22	6.26	22
Roman R.	1	11	3.17	11
Jorge N.	1	36	10.26	36
Co- facilitator	2	30	8.54	15
Facilitator	3	93	26.49	31
TOTAL		351	100	195

Table 5.1 Participations of entrepreneurial circle one
(Source: Data obtained from NUD – IST)

Participant	(I) Number of transcripts	(II) Total participations	(III) % of participations = (I) / 1357	(IV) Participations per session = (II) / (I)
Anaid E.	11	332	24.46	30
Carlos P.	7	203	14.95	29
Javier P.	10	189	13.92	19
Lupita	5	97	7.14	20
Filiberto A.	6	72	5.30	12
Aram Z.	4	60	4.46	15
Facilitator	11	404	29.77	37
TOTAL		1357	100	162

Table 5.2 Participations of entrepreneurial circle two
(Source: Data obtained from NUD – IST)

From these tables it was possible to conclude that participants of EC1 made, on average, twenty-four interventions per meeting, while participants of EC2 made twenty-three interventions per meeting. However, since the quality of the interactions rather than the their number was what mattered, the following sections describe qualitatively the interactions participant held.

Displaying entrepreneurial values. The researcher assumed that participants in the study learnt about management based on the ongoing interaction with their peers, when they observed their colleagues expressing entrepreneurial values and enacted them during the meetings. For example, participants in the study expressed, enacted and reinforced values linked to entrepreneurial behaviour such as initiative, power of persuasion, moderate risk-taking propensity, flexibility, creativity, independence and autonomy, need for achievement, leadership, and high belief in control of one's own destiny (Gibb, 1993).

Extract 15. Circle 2 – Session 6, text units: 626-628

ARAM: So, if sales have been low, somebody has to start raising the level of sales: you! [Talking to Anaid] Think that this is your business, and that nobody is going to help you. You have to take control and the initiative. Keep the business simple, after a while you will notice that an expansion is required.

ANAID: I guess you're right, I will start with training one of my distributors...

As indicated in Extract 15, participants stressed values such as courage, independence, moderate risk-taking, and control. Some participants learnt about management by acknowledging that their colleagues expressed or enacted these values.

Finding inspiring models within the entrepreneurial circles. The researcher interpreted that participants learnt about management based on their interaction with other owner-managers when they acknowledged that their colleagues had qualities or abilities that they considered desirable to acquire, for example:

Extract 16. Circle 2 – Session 2, text unit: 35

LUPITA: [Talking to Aram] I think that if you solve this problem your business will be very successful. Well, in fact you are already a successful businessman. You are twenty seven years old and you own two enterprises! That's an achievement that not everybody can accomplish.

Extract 17. Circle 2 – Session 7, text units: 494 – 496

ARAM: Afterwards I started to think the problem that I expressed here [closed factory] could be seen as an opportunity. After all, everybody has to overcome difficulties continuously and if I re-open my factory I will become stronger and wiser. For example, I took FILIBERTO and his great enterprise as an example, and also the example of all of you guys. Now I realise that nothing has been free for you, and what you have, is due to your courage and hard work. I used to think that the only failure here was me, but now I am confident that I will open my factory again.

FACILITATOR: I think everybody here is glad to see you with that determination.

Although all the participants in the study disclosed problems they had in their MSMEs, Extracts 16 and 17 showed that participant owner-managers found among their colleagues models of successful owner-managers, and they were determined to use their examples to become successful owner-managers as well.

Understanding “the reality” in a similar way. Participants preferred a management learning approach based on ongoing interactions with other owner-managers when they acknowledged that their colleagues understood the reality in the same way they perceived it, for example:

Extract 18. Circle 1 – Session 7, text units: 135 -135

JUAN G: Ok, I will try that out. [Talking about a possible solution for a problem he exposed] Before finishing my participation of today, I would like to say that before coming to the entrepreneurial circle, I only used to interact with my relatives and my employees. However that was very constraining because fresh ideas were difficult to emerge. This is why I wanted to come to this circle, I wanted to meet other entrepreneurs like me, and to talk with them and hear their opinions. Now, thanks to your feedback, I realise that there are many issues that I must correct.

Extract 18 indicated that participants valued the view of their colleagues because they were also entrepreneurs.

Finding common situations. The researcher assumed that participants preferred to learn about management based on an ongoing interaction with their peers, when they identified themselves in the issues that their colleagues expressed. For example, Extracts 19, 55 and 62 showed that participants not only provided feedback to their colleagues, but also pointed out similar situations.

Extract 19. Circle 1 – Session 7, text unit: 53

[It might be useful to read first Extract 34]

DIANA: [Talking to Juan] Before answering your question, I would like to tell you something. I really felt identified with your situation because I had the same problem. My enterprise is also a family business, everybody is expected to help in many activities, however my youngest brother had different ideas and he was not committed at all to the enterprise.

Most of the problems described in chapter six were disclosed by one participant but shared by at least another owner-manager of the entrepreneurial circle. As a result participants acknowledged that owner-managers were likely to face similar problems and concerns.

In summary, although some participants were more active than others, their role was legitimate even if that peripheral role promoted feelings of discomfort among other participants. Owner-managers preferred a management learning approach based on an ongoing interaction with their colleagues when they found common relevant themes and values, when they found inspirational models within the circles, when they

recognised that their colleagues understood their problems and when they expressed similar problems and concerns.

5.3.2 Exploring the metaphor of cognitive activities

This subsection discusses in what sense participants in the study preferred to perform systematic activities (such as planning, experimenting, reviewing and concluding) in order to learn about management. These activities were taken from the learning cycle as proposed by Honey and Mumford (1997), and were considered as "stages" in order to learn.

Planning an experience. Participants preferred a management learning approach based on cognitive activities when they planned experiences in order to learn. Participants planned experiences in order to improve MSMEs' problems or implement projects. Participants relied upon their past experiences and colleagues' opinions as sources of ideas in order to plan courses of action, for example:

Extract 20. Circle 2 – Session 7, text units: 7-9

ANAID: Ok, it's my turn. This week I've been very active in relation to the objectives I set last meeting. So I am working with one distributor per week. I decided to work only with distributors and not with final customers because this is what has worked in the past. I realise that it's better to have one big distributor than hundreds of independent customers.

Extract 21. Circle 2 – Session 7, text unit: 242

CARLOS: Ok, I think today you have given me good ideas and I will put them in practice during the week. I will start by designing a questionnaire for interviewing potential employees I will also go to one vocational college in order to promote there the vacancies I've got.

Extracts 20 and 21 showed that planning was an important activity that participants performed before implementing courses of action; however, planning usually did not involve measurable targets and due dates. One limitation participants had while planning was their poor ability to collect and use accurate data, for example:

Extract 22. Circle 2 – Session 8, text units: 135 – 141

FACILITATOR Do you have the necessary elements in order to forecast next month's demand? For instance, do you have historical data of your sales?

ANAID: Yes, ... well, I think I can look for last year's data...//

FILIBERTO: Hey! But take into account that the last year you were in a financial crisis, and the level of sales has been rising recently. Also, think that you had started to collect data systematically only during this year, so I don't think that your past data is useful at all.

DIANA: Well ... you're right. Last year's data is, at best, based on approximations.

Extract 22 showed that lack of accurate data was an effective constraint that limited participants' ability to plan courses of action in order to solve problems or to learn about management.

Experimenting. Participants preferred a management learning approach based on cognitive activities when they expressed that experimenting (a direct encounter with the reality) was crucial in order to find out solutions that their enterprises needed, for example:

Extract 23. Circle 2 – Session 9, text unit: 61

ANAID: I already tried that idea [offering cheese in sample packets]. I made packets of three different cheeses and I offered them cheaper than three individual cheeses. That was a good idea. Believe me, I've been trying everything to increase my sales!

Although experimenting was a central activity from which owner-managers learnt, it was difficult to identify either formal plans supporting the "experiments" nor formal evaluation procedures in order to determine the effectiveness of an experience. Also, experimenting was an activity more related to problem-solving than with deliberated learning.

Reviewing an experience. The researcher assumed that participants preferred a management learning approach based on cognitive activities when they deliberately reviewed an experience. In contrast with planning and experimenting, participants

acknowledged that reviewing an experience was an important source of learning. Extract 24 shows that reviewing experiences was an individual as much as a collective activity.

Extract 24. Circle 1 – Session 4: text units 91-93

JORGE: Afterwards, analysing the situation with my associates and with my wife, we couldn't visualise our product [educational software] in that kind of stores, no! I see my product in stores such as [E], [F] and [G] [he mentions departmental stores regarded as expensive]. So I have my product, but where I am going to sell it? Now I think that my product shouldn't be commercialised everywhere, it's not for everybody. [Brief silence] Am I afraid? Yes! We still don't know where we are going to sell it. Next Wednesday we are going to receive two thousand DVDs [the educational software], and we are going to store them in the office and we are going to keep looking at them. Now we must sell them, we have to earn our living, because if we don't sell them we won't earn our living. However, we are not going to sell them in markets which aren't appropriate. In other words, whatever happens I'll trust the quality of my product. I think the situation will improve, however we have found that our product should be targeted only to certain type of customers, not everybody.

Reaching conclusions from an experience. Participants preferred a management learning approach based on cognitive activities when they expressed they reached appropriate conclusions based on previous experiences. For example, the following abstract shows that when participants implemented a particular course of action without positive results, they tended to conclude that it was pointless to implement the same action again.

Extract 25. Circle 2 – Session 3, text unit: 148

ANAID: I really appreciate your suggestion, but I've already tried that strategy and I know that it won't work [selling to a particular retailer]. I haven't studied anything about marketing. The only marketing I know is the one that life has taught me, and I know that the strategy you're suggesting won't work.

Although reaching conclusions from experience was considered a central activity in order to build a "personal theory" about how to manage an MSME, concluding was not clearly linked with previous explicit activities such as planning, experimenting and reviewing.

In summary, participants expressed they undertook activities in order to learn: planning, experimenting, reviewing and concluding from experiences. However, these cognitive activities appeared to be more disarticulated actions than a systematic process from which participants deliberately learnt.

5.3.3 Conclusion

In the light of the categories and subcategories analysed in this section, this research project found that participants expressed that they learnt a great deal about management as a result of their ongoing interaction with their colleagues (the community of practice of owner-managers of MSMEs). Through the entrepreneurial circles they acknowledged common values, common themes, and common problems; they learned from the attitudes and behaviours of their colleagues; they were understood by their colleagues and obtained relevant feedback. In contrast, participants expressed with less intensity that their learning was the result of cognitive activities such as planning, experimenting, reviewing, and concluding. Although participants performed these activities, they were rather disarticulated actions than systematic and integrated activities for learning.

In conclusion, this research project concludes that in order to facilitate management learning in the context of Mexican MSMEs, it was more useful to think that owner-managers were more likely to learn about management as a result of participating in a community of practice, than the result of systematic and integrated cognitive activities. The following section analyses the learning preferences of the participants in the study according to a different theoretical dimension of management learning.

5.4 Interpreting the preferred pedagogical settings of the learners

The purpose of this section is to analyse the pedagogical setting that the participants in the study preferred in order to learn about management. While approaches such as organisational learning, adult learning theory, and situated learning suggested that groups were ideal settings in order to learn, approaches such as management development and experiential learning suggested that learning is better accomplished

when individuals worked on their own. According to Brookfield (1986) it was important to distinguish learning in group mode from learning in individual mode because they involved different abilities from participants and facilitators. The analysis presented in this section allowed the researcher to appreciate how participants in the study balanced their individual and group settings in order to learn about management.

5.4.1 Exploring learning in group mode

Chapter three pointed out that individuals could prefer to learn in groups due to practical, emotional and educational reasons (section 3.3.3). This section discusses the reasons participants expressed in favour learning in group mode.

Finding common relevant themes. The researcher assumed that participants preferred to learn in a group mode when they acknowledged that they could explore together common themes relevant for their enterprises. For example, Extracts 6, 26 and 87 showed that participants found common themes and were willing to share resources for learning.

Extract 26. Circle 2 – Session 7, text unit: 108

[It might be useful to read first Extract 6]

CARLOS: I think that topic will be interesting for everybody. So I support Anaid and Lupita's idea about bringing someone to explain to us how to determine the price of a product. At least we can ask for an explanation of the basic concepts, and with that basis we can develop a deeper understanding.

Participants found that they could explore in collaboration relevant themes such as increasing the level of sales, lack of selling abilities, strategies for determining costs and price, raising external funds, lack of commitment of employees and relatives towards the business, changing goals and values, motivating and training employees, and managing inventories level. The next chapter describes these themes in more detail.

Expressing positive reaction towards group work. According to the appraisal that the participants made about the entrepreneurial circles (see section 7.2 for a full explanation), they expressed positive feelings towards learning in group. They

expressed that the entrepreneurial circles were related to their requirements as owner-managers of an enterprise, and considered that the facilitation process was appropriate and they enjoyed interacting with colleague owner-managers. In particular, what the participants enjoyed the most was the exchange of ideas and experiences, the suggested solutions they received, meeting fellow owner-managers and the environment generated within the entrepreneurial circles. In contrast, what participants disliked the most was the lack of attendance of some owner-managers to all the meetings. Finally, all the participants expressed that they would participate again in an entrepreneurial circle if they had the opportunity, and some of them were willing to become facilitators.

Obtaining relevant feedback from colleagues. Finally, the researcher interpreted that participants preferred to learn in a group mode when they acknowledged that they received relevant opinions and feedback and used them as a basis to implement appropriate courses of action. The researcher interpreted that participants provided four types of feedback to their colleagues.

1. **Experiential feedback.** The researcher applied this category to those situations in which participants provided feedback relying upon their own experience solving similar problems as owner-managers, for example as owner-managers who had successfully recruited qualified employees following a specific strategy.
2. **Vicarious feedback.** The researcher applied this category to those situations in which participants provided feedback relying on their observations on someone solving a specific problem, for example, as employees of a large enterprise.
3. **Preferential feedback.** The researcher applied this category to those situations in which participants provided feedback relying upon their needs and wants as clients or customers.
4. **Theoretical feedback.** The researcher applied this category to classify those situations in which participants provided feedback relying upon information which was not backed up with their personal experience (Dalley and Hamilton, 2000). Theoretical knowledge referred to information that owner-managers

acquired through study activities (for example reading books and journals or attending to specialist courses) but that they had not directly practised.

The important point of these types of feedback is that participants in the study considered them appropriate and relevant for the context in which they managed their enterprises, as the following extracts exemplify:

Extract 27. Circle 1 – Session 3, text units: 198-199

ROMAN: I think that you guys gave me the best solution which was: Why not release the first few advertisements on radio, and wait to see what is their impact? I can do that for one or two weeks. Then I will increase the number of advertisements and measure again their impact in terms of number of clients. I think I will spend the same amount of money I've planned, but now I will control the demand, and I won't be too stressed thinking about how to react in case the demand overcomes my capacity.

Extract 28. Circle 2 – Session 4, text units: 71 - 73 and 86

JAVIER: I think you pointed out an important issue that I couldn't see. I was extremely benevolent with my employees. And they were misunderstanding my attitude. Now I feel that I have put on the "boss" cap. The other day I heard my employees commenting - what's going on with him? He has changed! [He laughs] ... the group was right, I was trying to be a very good comrade with my employees but they misunderstood the message and weren't respecting my authority.

Extract 29. Circle 2 – Session 8, text units: 3 - 10

CARLOS: Up to this point, the entrepreneurial circles have helped me to improve two issues that I had. The first issue was about how to recruit adequate personnel. I'm about to hire not one, but two new employees, thanks to the feedback and ideas that I obtained from here. The second issue was about opening a subsidiary. Following your comments and suggestions I contacted an established enterprise in another city and I am going to start to commercialise my products through them. I'm very satisfied with the improvements that I have made thanks to your comments. I only wanted to let you know that these meetings have been productive to me, and that your feedback has been wise and appropriate.

In summary, participants preferred to learn in a group mode because they acknowledged common themes relevant for their enterprises, because they expressed positive feelings towards learning with their colleagues, and because they received relevant feedback. The following subsection discusses in what sense participants preferred to learn in an individual mode.

5.4.2 Exploring learning in individual mode

Chapter four argued that individuals could prefer to learn individually also due to practical, emotional and educational reasons. This section analyses in what sense participants preferred to learn in an individual mode rather than in group mode.

The fear of being judged. The researcher interpreted that participants preferred to learn in an individual mode when they had fears of being evaluated or judged by their colleagues. During the first meeting of each entrepreneurial circle the researcher suggested to the participants to elaborate a list of expectations and fears they had in relation to the entrepreneurial circles. The fears participants expressed are summarised in the next table, and reflected the participants' preference to learn in individual mode.

Fears
<ul style="list-style-type: none"> - To explain my problems incorrectly and therefore obtain irrelevant solutions. - To be exposed to my own weaknesses. - To be subject of ridicule and mockery due to my lack of experience as entrepreneur. - That others would not understand the process of my product. - To be judged by the rest of the participants.*

Table 5.3 Fears participants expressed during the first meeting.
(Translation by the researcher)

* Refers to statements that were mentioned more than once.

Table 5.3 showed that participants did not like to expose their weaknesses to others, they did not like to be considered unsuccessful entrepreneurs, and, most consistently, they did not like the idea of being evaluated and judged by their colleagues. Therefore, Table 5.3 supported Rae's (1999) idea which stated that participants in social sciences studies prefer to present themselves in ways they wanted to be perceived.

Overemphasising Individual objectives. The researcher interpreted that participants preferred to learn in an individual mode when they expressed that, although they enjoyed interacting with their colleagues, their interests were more centred around their individual objectives than on group's objectives. For example:

Extract 30. Circle 2 – Session 2, text units: 75 - 79

FACILITATOR. So, would you like to explore this issue [raising external funds] further?

ARAM: Yes, well... not only this issue but any issue that others would like to comment on. What I hear, I take. It is not that I'm interested only in my business, but that's the reality. I think everybody here is looking for its own interests. Everybody will follow their own path. That's the way I see these meetings.

Extract 31. Circle 2 – Session 3, text unit: 148

ANAID: Yes, I've been working a lot. And the best thing is that I can see the results. This is different from other employments. In my case, if I work hard, I obtain benefits, if I don't work hard I obtain nothing. Nobody is looking after me.

Extract 30 and 31 showed that although participants recognized the importance of learning in a group, they had their own agendas and interest. In this sense they had a preference to learn in individual mode.

Disclosing information carefully. Although participants enjoyed interacting with colleague owner-managers, participants preferred to learn in an individual mode when they selected carefully the issues (problems or learning needs) they wanted to reveal. Participants did not disclose all the problems they had, only the ones that they felt comfortable disclosing. For example, the following extracts indicated that participants "prepared their problem" (or the way to disclose it) before arriving at the meetings.

Extract 32. Circle 2 – Session 3, text units: 196-201

FACILITATOR: OK, Anaid. Would you like to add another comment? You still have two more minutes.

ARAM: Excuse me, but I don't mind if she takes my twenty minutes because I didn't have time to prepare my problem.

Extract 33. Circle 2 – Session 5, text unit: 103

FACILITATOR: Lupita, you have two more minutes to conclude your intervention.

FILIBERTO: Let her take more time. She can use my twenty minutes. To be honest, I had a very busy week and I couldn't prepare issues for today. So, please Lupita continue with your explanation.

Extracts 32 and 33 confirmed that participants in social research were likely to present themselves in the way they wished to be perceived. They prepared their accounts, because they were the principal actors in them. Therefore, participants preferred to learn in individual mode because there was a limit to the information they were willing to disclose to their colleagues.

Dealing with heterogeneity. The researcher interpreted that participants preferred to learn in an individual mode when they acknowledged the heterogeneity of backgrounds, goals and interests among their colleagues. Although all of the participants, except one, had completed bachelor degrees, there were other factors that introduced heterogeneity of goals and interests. For example, participants of EC1 argued that, those who founded an enterprise and who were in the "start-up phase", had more pressure than those participants who inherited their enterprise or ran a subsidiary of the main business. They justified their argument pointing out that, while the former were struggling to consolidate their enterprises, the latter enjoyed the "inertia" of the principal establishment. As a result, participants who founded their own enterprises expressed more feeling of "real pressure" than their counterparts (second generation owner-managers). Another factor that participants mentioned that introduced heterogeneity of interests was the responsibility towards their families. While participants who had dependants (such as spouse, children and elder relatives) were more anxious to find effective solutions for their problems and had to combine their business activities with their domestic duties, participants without dependants spent more time in their businesses, and felt less anxious while exploring solutions for their problems. As a result, participants who had dependants and were struggling to consolidate the start up of their enterprise attended with less regularity the meetings of the entrepreneurial circles.

In summary, participants preferred to learn in individual mode because they did not liked to be judged or evaluated by their colleagues, because they had individual goals, they selected the information they wanted to disclose, and they acknowledged a degree of heterogeneity within the group.

5.4.3 Conclusion

In the light of the categories and subcategories analysed in this section, this research project found that participants in the study preferred to learn in a group mode because they enjoyed and learnt from interacting with their peers. However, this section also made it clear that participants in the study worked towards individual goals rather than towards common goals.

In conclusion, in the context of Mexican MSMEs it was realistic to expect that owner-managers preferred to learn in group mode towards individual goals. This finding does not imply that participants in the study did not have any group goal; in fact, section 5.3 pointed out that participants shared common learning resources and explored in collaboration common themes or problems and possible courses of action. This finding implied that owner-managers, within the entrepreneurial circles, had an inclination to learn about management as if following their own goals, and using the group as a resource which provided fresh ideas, feedback and support. The following section analyses the learning preferences of the participants in the study according to the fourth theoretical dimension of management learning: development orientation of the learners.

5.5 Interpreting the development orientation of learners

The purpose of this section is to analyse the development orientation of the participants in the study. While approaches such organisational learning and management development suggested that learners should work towards goals that would result in organisational development, approaches such as adult learning theory suggested that learners should work towards goals that would result in personal development. Reason and Heron (1995) argued that research promoting changes should include both types of development, since problem-solving without changes in the individuals' values tends to be superficial, while changes in the individual's values without practical application tend to be theoretical and impractical. Towards the end of this section, it becomes clear, how participants in the study balanced their goals for personal development and their goals for organisational development.

5.5.1 Exploring organisational development

As pointed out in chapter three, management learning could embrace the idea that groups of individuals get together in order to achieve goals related to organisational development. The aims of these groups are normally centred around problem solving and decision making (Corey, 2000). The following table summarises the issues that participants in the study raised during the entrepreneurial circles according to the following subjects: management of products' promotion and distribution, management of economic resources, management of people, and management of operations.

Category	Description of the problem
Management of product's promotion and distribution	<ul style="list-style-type: none"> - Finding an appropriate niche for a new product - Finding appropriate distributors for a new product - Increasing sales of a particular product - Lack of selling abilities - Evaluating client's satisfaction - Presenting the product in a more attractive way to the potential customers - Selecting the appropriate media for promotions - Opening a new subsidiary
Management of economic resources	<ul style="list-style-type: none"> - Need of professional advice on accountancy - Poor ability to determine the structure of the cost of products and services - Difficulty to make profits - Difficulty to raise external funds
Management of people	<ul style="list-style-type: none"> - Motivating employees - Ineffective communication - Poor delegation of responsibilities - Training employees - Hiring appropriate employees - Perceived lack of relatives' commitment - Changing previous goals and values - Ill-defined responsibilities of relatives
Management of operations	<ul style="list-style-type: none"> - Poor ability to plan and follow operations schedules - Using a fraction of the production capacity - Inability to assist more customers - Managing inventory level - Difficulties fulfilling customers' specifications - Selecting new information technology - Operating in the informal sector

Table 5.4 Summary of problems owner-managers exposed related to organisational issues

Table 5.4 summarises the twenty-seven issues that participants raised during the meetings of the entrepreneurial circles. It could be appreciated that most of the problems and learning needs were directly related to enhance organisational efficiency and performance of the participant MSMEs. So, Table 5.4 showed that participants preferred a management learning approach emphasising organisational development and business performance. The next chapter analyses each issue of Table 5.4 in detail.

5.5.2 Exploring personal development

As indicated at the beginning of this section, management learning was considered a subject of study which could embrace personal as well as organisational development. Such approaches to adult learning theory (especially the student-centred approach) emphasised that learning should lead participants to deal with present and future problems "in more independent, more responsible, less confused, better organised ways." (Rogers, 1967; p.5). As indicated in Table 5.4, participants in the study did not disclose issues related to personal development; however, they disclosed issues related to the management of the network of relationships, which included feelings and behaviours towards their employees, relatives and friends. As Gibb (1997) pointed out, a major issue for owner-managers is to keep everybody happy. For example:

Extract 34. Circle 1 - Session 7, text unit: 11 and 24

JUAN: The other problem that I wanted to share is that the enterprise has been changing [brief silence]. This is because my brother, who was in charge of the subsidiary, suddenly decided to apply for a job in a large enterprise. So I feel a lot of pressure and my father feels the same. Now I must attend personally the subsidiary that he left unattended, serve his clients, continue with the designs he left incomplete, attend the customers that go to the principal establishment and rush to everywhere ... on the other hand I was hurt when my brother suddenly decided to apply for a job out of our family business. He didn't talk the issue through with us; that was an issue that everyone resented. He was supposed to develop new designs but sadly he didn't finished them, so he didn't fulfil his responsibilities. Now I have to do the work he left unfinished and to accomplish my own workload. My other brother also is absorbing part of these responsibilities. Now everything is a mess!

Extract 35. Circle 2 – Session 10, text unit: 435

LUPITA: After a couple of weeks without attending our meetings, I have a lot of things to say. [Brief silence] I'm really stressed. I have some family problems [she laughs nervously]. They involve a lawyer, so I have to go continuously to Mexico City because the dispute is there. I'm attending a course related to jewellery and I must be in the business because we still don't have employees...What is taking most of my time is the legal problem I must resolve. And the worst thing is that many months will pass before the problem is sorted.

[Brief silence]

FILIBERTO: If I may, I would like to say that it is better to have a not very satisfactory but quick agreement outside the courts, than a very satisfactory agreement after a long period of distress.

LUPITA: Yes, I know. The problem is that, now, the only way forward is through the court. We tried to solve the dispute independently but ... it is an issue about an estate, and many relatives are claiming their rights. I'm already sick and tired of this problem.

Participants expressed that the problems they had with their relatives and friends (their network of relationships) had an impact on organisational issues such as level of sales, management of activities, and setting common goals and values. These issues are described in detail in the next chapter. The important point in this section is that participants in the study, during the entrepreneurial circles, placed less emphasis on personal issues than on organisational issues.

5.5.2 Conclusion

In the light of the categories presented in the last two subsections, this research project found that participants in the study focused more on problems and projects directed to enhance organisational development and business performance, than discussing personal problems in order to achieve personal development. This finding did not imply that participants in the study did not obtain any personal benefit; in fact, from the evaluation of the entrepreneurial circles (see section 7.2) it could be inferred that participants made progress towards their personal development (e.g. improved self-confidence as owner-managers, more knowledge about management, empowerment and sense of fulfilment). This finding implied that owner-managers preferred to

express, within the entrepreneurial circles, problems, goals and learning needs as if they were related to their business rather than as if they were related to themselves. The following section analyses the learning preferences of the participants in the study according to the last theoretical dimension of management learning: learning mode.

5.6 Interpreting the learning mode orientation of learners

The purpose of this section is to analyse the learning mode that the participants in the study preferred within the entrepreneurial circles. Approaches such as experiential learning and management development suggested that theoretical inquiry was a necessary activity for learning. In contrast, approaches such as the theory of adult learning and situated learning emphasised that direct encounter with the reality (practice of knowledge) was more important in order to learn. While in an ideal management learning approach participants may understand the supportive interplay and complementary nature of professional practice and theoretical inquiry (Burgoyne and Reynolds, 1997), the researcher considered that participants in the study could tend to emphasise one of these two alternatives. Therefore, this section explores how participants in the study balanced their need of theoretical knowledge and their need of professional practice.

5.6.1 Exploring professional practice

As indicated in section 5.4.2, one of the activities that the researcher suggested during the first meeting of each entrepreneurial circle was to elaborate a list of expectations and fears that participants had in relation with the entrepreneurial circles. The list of expectations that participants expressed are summarised in the Table 5.5.

Expectations

- To obtain a clear vision of how to build an enterprise.
 - To belong to a long term team.
 - To acquire real experience through others.*
 - To be able to prevent future problems.
 - To find the solution of my present problems.*
 - To create more business relationships.*
 - To learn new ways to manage my enterprise.
 - To learn how to take better decisions.
 - To acquire more knowledge about management.
-

- To receive appropriate comments in order to develop my new project.
 - To detect possible problems or threats as well as opportunities.
 - To talk about different topics in a clear and impartial way.
 - To help others and receive help from others.
 - To develop a good sales plan.
-

Table 5.5 Expectations that participants of entrepreneurial circles expressed.

(Translation by the researcher)

* Refers to statements that were mentioned more than once.

The list of expectations that participants in the study expressed suggested that they wanted to obtain practical advice that could help them to make their encounter with “the reality” more effective. They expected to obtain: experience, business relations, solutions to their problems, knowledge about management and feedback. The list presented in Table 5.5 emphasised the pragmatic intentions of the participants in the study, i.e. they were more interested in practical rather than in theoretical issues. From the point of view of the theory of adult learning, the list presented in Table 5.5 emphasised that owner-managers were more problem-oriented than subject-oriented. Only one participant expressed explicitly that s/he expected to help others through his/her experience.

In summary, the list of fears and expectations (Tables 5.3 and 5.5) that participants expressed suggested that they preferred a management learning approach based on a direct encounter with the reality.

5.6.2 Exploring theoretical inquiry

Although participants emphasised more frequently their interest in putting into practice skills and knowledge, participants also were interested in theoretical inquiry when they acknowledged they had more abilities to acquire theoretical knowledge than to put it into practice. For example:

Extract 36. Circle 2 – Session 10, text units: 529 - 544

FACILITATOR: So, are you going to offer courses of jewellery design?

LUPITA: Yes, I have contemplated that idea as well because I like teaching and learning more than selling [She laughs]. I'm still not a very good sales person.

FACILITATOR: You mentioned that you have a strong academic background, didn't you?

LUPITA: Absolutely! That's why I'm not very good at selling. My idea about selling is to wait until the client comes into the establishment, but in reality there are days on which nobody enters the store in several hours. So I guess I'm a better teacher than a sales person.

Extract 36 indicated that owner-managers had several abilities and attitudes apart from those traditionally catalogued as "entrepreneurial" (e.g. initiative, power of persuasion, moderate risk-taking propensity, flexibility, creativity, independence and autonomy, need for achievement, leadership, and high belief in control of one's own destiny) (Gibb, 1993). Owner-managers had abilities traditionally linked to other professions (e.g. the ability to inquire about a phenomenon, to reflect upon its different interpretations and its implications). As a result, owner-managers could emphasise theoretical inquiries if they considered them relevant to their enterprises.

5.6.3 Conclusion

According to the last two subsections, it was more realistic to expect owner-managers of Mexican MSMEs to overcome their problems and learning needs by practising and implementing skills and knowledge in their context, than inquiring and accumulating theoretical knowledge (as presented in relevant literature). This finding did not imply that participants in the study did not accumulate theoretical knowledge for its own sake; in fact, the last subsection made it clear that owner-managers had abilities and interest that resembled the "academic world" more than the "entrepreneurial world" (e.g. the ability to observe and inquire into a particular phenomenon and to reflect and discuss its different interpretations and its implications). This finding implies that when owner-managers interacted with their peers (such as within entrepreneurial circles), they preferred to acquire and consolidate their skills and knowledge through practising them in their day to day professional activities, rather than conducting theoretical inquiries about them.

5.7 Conclusion

In summary, the aim of this chapter was to analyse the interactions of participants in the study in the light of the five theoretical dimensions of management learning proposed in chapter three. As a result, some propositions in order to facilitate management learning in the context of Mexican MSMEs emerged:

First, participants consistently required the guidance and knowledge of somebody acting as a teacher or adviser. Sometimes the facilitator provided this guidance, but most of the times participants in the entrepreneurial circles were the ones who provided guidance, acted as “models”, and provided feedback to their colleagues. To a minor, but by no means insignificant extent, participants preferred a self-directed approach to learning, because they were capable of organising some learning activities according to a their needs, resources, goals and preferences. This findings implied that, within the entrepreneurial circles, owner-managers preferred to learn about management as if they needed the guidance of others rather than as if they were naturally able to organise their own learning activities. Therefore, in the context of Mexican MSMEs, it was useful to consider that the guided and self-directed approaches to learning are appropriate in order to facilitate management learning.

Second, participants in the study emphasised more that they learnt as the result of participating in a community of practice (the community of owner-managers of MSMEs) than through systematic cognitive activities. Through the entrepreneurial circles they acknowledged common values, common themes, and common problems; they learned from the attitudes and behaviours of their colleagues; they were understood by their colleagues and obtained relevant feedback. To a minor extent participants expressed that they learnt as the result of cognitive activities such as planning, experimenting, reviewing, and concluding. Although participants performed these activities, they were rather disarticulated actions than systematic and integrated activities for learning. Therefore, in order to facilitate management learning in the context of Mexican MSMEs, it was more useful to think that owner-managers were more likely to learn about management as a result of participating in a community of practice, than the result of systematic and integrated cognitive activities.

Third, participants in the study preferred to learn in a group mode because they enjoyed and learnt from interacting with their peers, they shared common resources for learning and they explored in collaboration relevant themes. However, this research project acknowledged that participants in the study worked towards individual goals rather than towards common goals. Therefore, in order to facilitate management learning in the context of Mexican MSMEs, it seems useful to think that owner-managers would prefer learning in group mode towards individual goals, i.e. it was realistic to expect owner-managers to learn about management as if they were following their own goals, and using the group as a resource which provided fresh ideas, feedback and support.

Fourth, participants in the study focused more on problems and projects directed to enhance organisational development and business performance, than discussing personal problems in order to achieve personal development. Only to a minor extent did they disclose personal problems; however, they acknowledged that problems not related to the enterprise could have an impact on it. Therefore, in order to facilitate management learning in the context of Mexican MSMEs it was useful to consider that owner-managers seemed to prefer to express their problems, goals and learning needs as if they were related to their business rather than as if they were related to themselves.

Fifth, this research project found that it was realistic to expect owner-managers of Mexican MSMEs to overcome their problems and learning needs by practising and implementing skills and knowledge in their context, rather than seeking and accumulating theoretical knowledge (as presented in relevant literature). This finding did not imply that owner-managers did not have an inclination to learn about management for its own sake, it implied that when owner-managers interacted with their peers (such as within entrepreneurial circles), they preferred to acquire and consolidate their skills and knowledge through practicing them in the day to day professional activities, rather than through conducting theoretical inquiries.

Finally, the analysis presented in this chapter was important for the whole thesis for two reasons. First, it provided a "thick description" (in the form of extracts) in order to ensure certain degree of credibility, transferability, consistency and neutrality of the research project. Second, by analysing the management learning preferences of the

participants of the study, some guidelines in order to facilitate management learning in the context of Mexican MSMEs began to emerge. However, a more appropriate approach to management learning could not emerge fully without the relevant themes participants in the study discussed. Therefore, the following chapter analyses the content (i.e. the relevant themes) that participants in the study disclosed and discussed.

Chapter 6 – Analysing relevant themes for Management learning in the context of Mexican MSMEs

6.1 Introduction

The last chapter presented the analysis of the learning preferences of the participants in the light of five theoretical dimensions of management learning. The aim of this chapter is to provide a deeper understanding of management learning in the context of Mexican MSMEs by analysing the themes that participants in the study discussed. Therefore, while the previous chapter focused on the “process” of management learning, this chapter focuses on the “content” of management learning. As a result, this chapter complemented the gap in the knowledge about how to facilitate management learning in the context of Mexican MSMEs.

This chapter is divided into six sections. Section 6.1 describes the purpose and the structure of this chapter, as well as the categories presented in this analysis. Sections 6.2 to 6.5 describe the problems or learning needs (relevant themes) that owner-managers exposed and the type of feedback they received. These four sections successively describe the problems and feedback exposed according to the following academic subjects: Management of products' promotion and distribution, management of economic resources, management of people, and management of operations. Table 5.4 summarises the types of problems exposed during the entrepreneurial circles. Finally, section 6.6 provides the conclusion of this chapter.

6.1.1 Explanation of the categories used in this chapter

As mentioned in chapter four, in order to describe the relevant issues owner-managers discussed and the feedback they received in response to their problems, the researcher disaggregated the transcripts into four academic subjects: Management of products' promotion and distribution, management of economic resources, management of people, and management of operations. Figure 6.1 shows these categories.

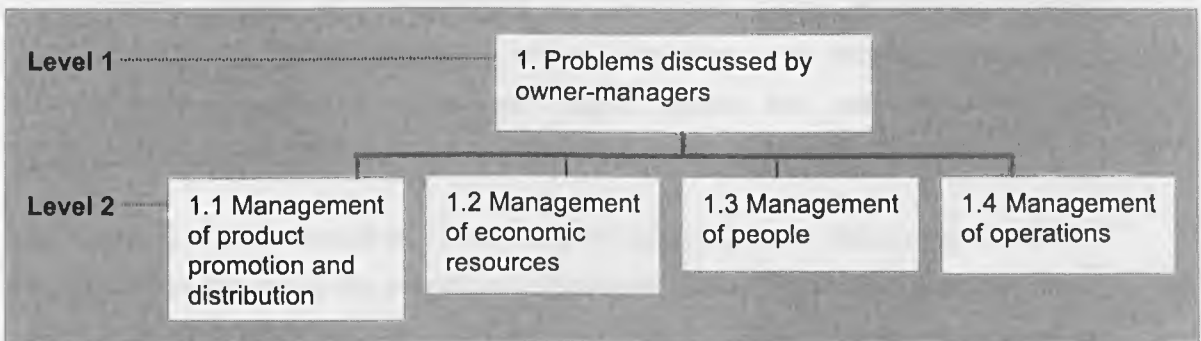


Figure 6.1: Categories describing the problems participants discussed during the entrepreneurial circles.

The researcher chose these categories due to two reasons. First, taking into account the academic and professional background of the researcher (see Appendix 2), they “emerged naturally” from the data. Second, they coincide with many of the categories developed in the literature about education and training in MSMEs (for example: Anzola, 1997; Stanworth and Gray, 1992; Curran [in Stanworth and Gray], 1986). These categories are explained as follows.

1. Management of product promotion and distribution. The researcher categorised as a relevant theme related to management of product promotion and distribution those situations in which participants in the study discussed how to obtain what they needed and wanted through creating and exchanging products and value with their customers (as suggested by Kotler, et al., 2002).
2. Management of economic resources. The researcher categorised as a relevant theme related to economic resources those discussions in which participants in the study were trying to identify and measure financial information in order to

make decisions, and those situations in which participants were concerned with raising and investing funds (McLaney and Atrill, 2002).

3. Management of people. The researcher categorised as a relevant theme related to management of people, those situations in which participants discussed how to achieve joint performance through common goals, values, structure, training and development (Drucker, 2001).
4. Management of operations. Finally, the researcher categorised as a relevant theme related to management of operations, those situations in which participants discussed how to create, implement and improve processes to transform resource inputs into output goods and services (Knod and Schonberger, 2001).

The following section describes the relevant themes (problems or learning needs) that participants in the study disclosed and discussed during the entrepreneurial circles, and the type of feedback they received according to the four sets of categories described above.

6.2 Relevant themes related to management of product promotion and distribution

According to Kotler, et al. (2002), the promotion and distribution of products and services is part of what marketing studies. Marketing could be defined as "a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others" (p.5). The researcher interpreted as relevant issues related to the management of products' promotion and distribution the following situations that participants discussed:

Category	Description of the problem or project
Management of products' promotion and distribution	<ul style="list-style-type: none"> - Finding appropriate customers for a new product - Finding appropriate distributors for a new product - Low level of sales - Lack of selling abilities - Evaluating client's satisfaction - Presenting the product in a more attractive way to the potential customers - Selecting the appropriate media for promotions - Opening a new subsidiary

Table 6.1: Problems participants discussed related to products' promotion and distribution

6.2.1 Finding appropriate customers for a new product

Participants expressed that finding appropriate customers was crucial for their businesses as they were experiencing low level of sales. Four participants were interested in finding appropriate customers for a new product (i.e. an adequate market niche). The problem of not having appropriate customers began when participants designed and developed a new product or service taking into account their preferences and knowledge instead of considering the needs and wants of a specific market. Participants expressed difficulties in finding appropriate customers for their products and they wanted ideas and suggestions from their colleagues about how and where to commercialise their products.

Extract 37. Circle 1 – Session 4, text units: 56 – 76

JUAN: My actual plan is to promote these handcrafted greeting cards in places where I think I will find more customers. But first I would like to hear your opinions and ideas. I would like to become a provider of the Government of the State and also of big stores such as [B].

[Participants ask questions about the characteristics of the greeting cards]

FACILITATOR: Did you bring a sample of your cards?

JUAN: Yes! I'm sorry ... here they are. [He shows several samples of greeting cards to the group]. As you can see, at the back of the product it says that they were made by persons with a physical impairment. I consider this as a project with a clear social benefit... so my plan is to promote them through the National Institute of

Anthropology and History, which has a lot of stores at museums and archaeological zones. I think that's the way forward. Some time ago, I tried to commercialise them through different small retailers. But they sold very few. Sometimes one in a month. I went to Mexico city and I had the same result. So, what's happening? Is it ever going to work? Should I abandon the project?

When confronted with this issue, participants expressed that a product should target a specific set of clients, and that participants concerned with this issue should investigate the characteristics of potential customers and their needs and wants, for example:

Extract 38. Circle 1 – Session 4: text units 91 – 93, 121 – 123

[Continuation of Extract 24]

JORGE: I'm going to tell you the experience which I'm going through. I have a product, that this coming Wednesday my supplier is going to deliver. It's a CD with a game that we invented and developed. It's name is "Doctor Brain". It's a software which has a database of five thousand questions and includes several games for children. The questions are classified according to different topics and academic level. It is an excellent product! We invested around fifty thousand pesos [£ 3000] in order to produce two thousand CDs. Since we started designing, developing and manufacturing the product we have been thinking of possible clients. Right now we are negotiating insistently with [a big departmental store]. We know that this distributor is the type of market we want to target, however we haven't achieved anything yet. The money that we have invested doesn't matter, we know that it's a good product. I'm going to tell you my experience. My wife connected me with the owner or a chain of regional supermarkets. I went to visit him and I showed him a dummy of the product and we make a presentation for him. He was very satisfied. He told us that the product was excellent, and asked for the type of package of the product. We told him that we intended to sell it within a plastic box like a DVD. Then he told us – You know? If I sell your software in my stores you would need to bring special stands with locks to exhibit the DVDs. Locks are very important because without them people can steal the product – that statement gave me an insight. I was targeting a wrong market with my product! Are you following me? Afterwards, analysing the situation with my associates and with my wife, we couldn't visualise our product [educational software] in that kind of stores, no! I see my product in stores such as [E], [F] and [G] [he mentions departmental stores regarded as expensive]. So I have my product, but where I am going to sell it? Now I think that my product shouldn't be commercialised everywhere, it's not for everybody. [Brief silence] Am I afraid? Yes! We still don't know where we are going to sell it. Next Wednesday we are going to receive two thousand DVDs [the educational software], and we are going to store them in the office and we are going to keep looking at them. Now we must sell them, we have to earn our living, because if we don't sell them we won't earn our living. However, we are not going to sell them in markets which aren't appropriate. In other words, whatever happens I'll trust the quality of my product. I think the situation will improve, however we have found that our product should target only to certain type of customers, not everybody.

FACILITATOR: So, in summary, what are you suggesting to Juan?

JORGE: To think carefully who is the real market of his product. I think that the customers that he is targeting right now will buy for a short period because they're fulfilling a short-term need. I think that your handcrafted cards are more oriented towards tourism and culture. So you should target stores related to culture and in strategic tourist places of the State. I reckon that it's better to explore that direction.

As indicated in the extract, participants provided feedback expressing similar situations and pointing out how they started to focus on a specific market. They also provided feedback pointing out places in which they preferred to buy certain products.

6.2.2 Finding appropriate distributors for a new product

Participants in the study mentioned that they found it difficult to locate appropriate distributors that could help them to deliver their products to final customers. Four participants were interested in finding appropriate distributors. The process of finding new distributors was described as follows:

Extract 39. Circle 2 – Session 3, text units: 30 – 36

ANAID: For example, all January and part of February I spent time visiting new possible clients and distributors. I wrote a list of possible customers. I didn't visit all of them due to several reasons: First, it took a lot of time to visit them all, and second, because I had to give them a sample of the product and that cost a lot of money. Although I made appointments they kept me waiting until they found time. I visited about ten clients. For me that's a lot because I had to leave other clients unattended. Of all the ones that I visited none of them has placed an order. And I already invested time and money in them! They haven't called me; now I don't know whether to call them again or not. Another problem is that [medium sized enterprises] usually pay to their suppliers at fixed days of the week. But first they have to receive an invoice from me, and there is also a special day and time to receive that invoice. So I have to programme all my week in function of their due dates... in summary I have to wait up to fifteen days in order to receive a cheque.

As indicated in Extract 39, the problem was not limited to finding distributors. Owner-managers had to give free samples and invest time in meetings and negotiations (reducing time dedicated to other activities). Owner-managers also were required to fulfil essential requirements that distributors demanded, for example special packets and labels, stands for exhibition, bar code, nutritional information and expiring dates.

In summary, some participants expressed that they had difficulties finding appropriate distributors and meeting their requirements. They also required to develop a more assertive attitude, and acquire skills and competences in order to negotiate more effectively with possible distributors.

6.2.3 Low level of sales

Participants mentioned that not selling all the products they expected was their most crucial problem, since a low level of sales led them to poor financial outcomes. Participants mentioned that they had stocks of finished products but that their potential customers were not interested in buying them. They wanted advice on how to find new customers in such a way that they could sell all their production and inventories. The following quotations describe the situation:

Extract 40. Circle 2 – Session 2, text units: 22 – 24

LUPITA: The problem is related to commercialisation. Here in Toluca City is difficult to sell up to twenty five silver necklaces. Customers buy one, two, probably five, but no more. The problem is that the minimum amount in which artisans sell their products to us is twenty five. So, how can I sell them all? Sometimes I design and elaborate my own products, however raw materials also are sold in amounts bigger than needed, and I can't sell everything. That's one of our major problems. Although we have investment [in the form of inventory], we can't sell it all.

Extract 41. Circle 2 – Session 3, text units: 327 – 335

FILIBERTO: The production capacity of wood floors that we have is much bigger than what we are capable of selling through our two commercialising channels. My wife and me have started to work towards finding new customers. We've tried several strategies but, in general, we have found a contradiction: On the one hand, people don't like the idea of chopping down trees. On the other hand, most people like wood in their floors. It's an expensive product and most people like how it looks when it's already installed ... Right now we already have an impressive stock of finished wood floors ready to be installed. It's just standing there. It's occupying space, it's already consumed money for its process, which is very expensive to run, and I don't want to invest more in it. Therefore, we come back to the same point, how can we sell this product more easily?

Most of the participants in the study identified with the problem of low level of sales, however not all of them were running into financial difficulties. Some participants realised that they did not know well who were their customers, and therefore they could not use that knowledge in order to increase the level of sales. A problem related with low level of sales that participants experienced was that finding new customers became a difficult task in a saturated market, i.e. some participants were offering the same products that many other competitors offered. Supply exceeded demand, causing the prices to fall. This confirmed Anzola-Rojas' (1997) idea that lack of innovation (which presupposes the ability to foresee the commercial potential of a product or a derivative of that product) often leads to saturated markets, for example:

Extract 42. Circle 1 – Session 7: text unit 149

DIANA: Now we have the following problem. Some time ago we didn't have customers for our product. Now it's spring and it's the time in which all the farmers are producing more vegetables. Because the supply of vegetables is high, we have to reduce our price. But the price is so low that the costs of cutting, packing and transporting are higher than the income from sales. At the end of the day we have to throw it away. I can't believe it! How could it be possible that I bring and sell my vegetables and I lose money. It is better to cut the vegetables and throw them away immediately instead of bring them to the market; I lose less money!

Participants suggested, based on their own experience courses of action such as hiring sales agents in order to increase the level of sales; implementing a payment system which included credit; observing and copying sales strategies from successful competitors; localizing market niches; and contacting enterprises which managed databases of potential customers.

6.2.4 Evaluating client's satisfaction

Some participants in the study wanted to evaluate their clients' satisfaction in relation to the product or service they provided. Two participants designed and applied a questionnaire to their customers in order to obtain feedback. They wanted their colleagues to criticize their questionnaires in order ensure the appropriateness of the questions. For example:

Extract 43. Circle 2 – Session 5, text units 304 – 305

JAVIER: What I did was to design and implement a questionnaire in which my customers evaluate the service we provide, for example presentation of the employees, quality of the information they provide, and if we reacted in the way the client expected. Sometimes we don't know about those small details. I designed a questionnaire of twelve or thirteen questions and I would like to know if that's the way to improve.

[JAVIER distributes copies to the group and reads the questionnaire]

ANAID: May I make a comment?

JAVIER: Yes.

ANAID: I like very much how this questionnaire is presented. However I was imagining myself having to answer it and ... it seem that I must write a lot, and I really have a lot of things to do. So I wouldn't answer it. If you were my supplier I would like to help you, but I don't want to spend fifteen or twenty minutes answering these questions. So, why don't you use a multiple-choice format instead of open-ended questions? In that way I would only have to tick the appropriate answer. You can still leave some open-ended questions. For example in the hotel where we stayed last holidays, they gave me an evaluation which contained answers in the form: excellent, good, regular, bad and very bad.

ARAM: Another thing is that the questions are directed to different persons. For example, the first question should be answered by the person who contacted you, question three should be answered by the person who supervised the work, while question six should be answered by the person who is paying for the service. In some cases the same person could answer these three questions, but in other cases you have to deal with several persons within a company, not only with one.

In summary, the researcher interpreted that some participants in the study not only wanted to improve the way in which they obtained feedback from their customers, but also, as pointed out in chapter five, they had the need to be guided and have their materials evaluated by someone acting as a teacher or adviser.

6.2.5 Presenting a product in a more attractive way

Participants in the study wanted to improve the presentation of their products, since they thought this could have a positive impact on the level of sales. This situation was brought into the circles by two owner-managers. When confronted with this problem, participants suggested presenting their products to the group, so they could provide more appropriate feedback.

Extract 44. Circle 2 – Session 4, text units: 123 and 135

JAVIER: Now I feel that I would like to improve the presentation of the final report that I give to the customers. I feel that something is missing there ... I'm not sure, I think its the presentation. What I did was to print stationary with the name and logo of the enterprise. With that stationary I normally print the report and give it to the customers, however I still think that the presentation can improve, the actual format is not enough, probably I can bring some reports so that you can see them.

Participants expressed their interest in presenting their products in a different way, as their competitors did; however there were some financial constraints on their ability to design and introduce new presentations. Participants responded from two perspectives: as potential customers, and from their experience in similar situations. When participants responded as customers they pointed out some attributes in the presentation of a product that would make them decide whether to buy it or not.

Extract 45. Circle 2 – Session 5, text units:160 – 162

FILIBERTO: I agree that you could enhance the presentation. I'll tell you why. Before you showed and explained each piece of jewellery, I thought you were selling cheap stuff. Now that I see the necklaces more carefully and with your explanation I realise that it is indeed high quality silver jewellery. However, the price is too low. Quality products tend to be expensive. I would pay for this product more than triple your price if only you could present it in better packaging. This product could be presented as a very special and refined gift. I wouldn't buy it too often, however, I would certainly buy it for special occasions because I'm sure that people appreciate this kind of gifts.

When participants responded based on their experience of how to present their products more attractively, they suggested ideas such as introducing different materials and colours, changing the design, and providing optional technical information.

In summary, some participants in the study had difficulties presenting their products in a more attractive way. In order to overcome this problem they gathered appropriate

information about the preferences of their customers and found ways to overcome their financial constraints.

6.2.6 Selecting appropriate media for promotions

During the entrepreneurial circles some participants expressed that they wanted to publicise their products and services more appropriately in order to increase the level of sales. A problem that participants expressed which effectively blocked these aspirations was that they did not have a clear idea about the reaction of their clients to advertisements in particular media. Participants mentioned the following possible media for the promotion of their products and services: radio, pamphlets, newspapers, commercial signs, promotional stationary, Internet web pages, and specialised expositions. According to the participants, while some media would bring few potential customers (e.g. pamphlets) other media would bring too many customers (e.g. radio) in such a way that the enterprise could not cope with the demand and potential clients would go away. An associated problem with promoting products and services was the costs associated with this endeavour. While the most economic media were considered not appropriate for certain markets (for example using pamphlets to promote administrative software), appropriate media were perceived as too expensive (for example acquiring a stand within a specialised exposition). Participants wanted: (1) information about which media their colleagues have used in order to promote their products, and if the benefits outweighed the costs; (2) advice on how to evaluate the media by which they promoted their products or services. When confronted with these issues, participants provided feedback recalling experiences they had advertising in different type of media, for example:

Extract 46. Circle 1 - Session 3, text units: 78 – 84

SEM: I have tried with advertisements but I didn't get the results I expected.

MIRIAM: Advertisements in newspapers?

SEM: No, Internet advertisements.

ROMAN: I agree. The internet is not that effective. Once I tried to sell a car through an Internet commercial web page. At the beginning I thought it was going to be quick and easy. However I didn't get any response. Then I advertised it in a newspaper and I sold it very quickly. Why? I don't know.

Extract 47. Circle 2 – Session 10, text units: 298 – 300

FILIBERTO: Once we participated in an specialised exposition but I guess we chose the wrong sector. The event was "Expo-Flower" it was small but a nice specialised exposition mainly for small growers of flowers but we participated with wood products. Although we didn't target the appropriate sector, we had several positive responses. We are still negotiating some ventures thanks to that exposition. Other ventures are on hold because we didn't have enough external funding and credit. But in general I would definitely recommend you to participate in specialized expositions. You can see the benefits, even if you go only as an spectator.

Participants exposed their experiences advertising their products through different media. While some experiences pointed out positive outcomes (e.g. Extract 47), others pointed out disadvantages or lack of positive results (e.g. Extract 46). Owner-managers had to decide which media were appropriate for their products.

In summary, some participants in the study did not have appropriate information about advertising through different media, they needed adequate information about the preferences of their customers and they were constrained by the amount of financial resources they could allocate to publicity.

6.2.7 Lack of selling abilities of the owner-manager

Some participants mentioned that before becoming owner-managers, they had no previous experience related to selling products or services (a central activity for owner-managers). Their previous working experience was related to academic jobs, or as employees of large enterprises and public organisations. Some participants expressed that they did not have attitudes and skills appropriate for salespersons (for example, persistence and assertiveness). Other participants expressed that they did not have the verbal skills needed to persuade customers, as the following extract described.

Extract 48. Circle 2 – Session 3, text units: 11 – 18, 79 – 80 and 293 – 295

FACILITATOR: Does any of your relatives have experience in commerce?

ANAID: No, not any of them. No! For us its very difficult to sell. We feel embarrassed, we don't know how to sell, and we need to sell a little bit more. Through trial and error we have managed to increase our sales compared with the last year...

:

ANAID: Yes, I've spotted some potential clients in Mexico City. The problem is that that area is supposed to be covered by my parents and I can't go often to Mexico City. My parents... mmmm ... [brief silence] no, I've already made my mind up that my parents will never learn how to sell our products. If we have clients in Mexico City its because I've promoted the product there!

LUPITA: I still don't have either the language required for selling or the assertiveness. I still fail to convince many potential clients. I think that if I could observe them carefully and build some rapport, then I would convince them to buy something. Am I right? I still need the abilities to sell, however I think I'll definitely acquire them [she laughs].

As indicated in the last extracts, feelings such as not being (or feeling) assertive, or embarrassment at being persistent, as well as lack of knowledge of what to say in order to convince potential customers were major impediments to improving the level of sales and to find new customers.

When questioned about how to improve or develop abilities for selling, participants suggested identifying successful salespersons and observe the way they approached their customers, as well as the words and arguments they used. They also suggested identifying enterprises which targeted the same market and observing their routines for selling. An experiment that some participants decided to undertake was to sell their product to their colleagues in the entrepreneurial circles, who acted as clients. Participants also provided feedback by recalling their experiences as salespersons and suggested ways to acquire confidence and relevant skills and competencies, as the following extract indicated:

Extract 49. Circle 2 - Session 6, text units: 687 – 689

CARLOS: Now that we are talking about this topic, I must confess that I didn't consider myself a good salesman. So, what I did whenever I had to visit a new

customer, was to write a kind of “rosary” – Good morning, my name is Carlos, I’m representing enterprise “X” and I understand that you are interested in this product, bla, bla, bla –. I repeated it until I memorised it, and it helped a lot! I understand that you do not consider yourself an innate salesperson, and that you haven’t studied commerce or anything related, however somebody has to do that job. In my case it was the same. I didn’t have a choice but to become the salesperson of my company. I wrote the information that I thought a customer would like to hear and I practised in front of a mirror until I felt more natural and fluent. I think that brought good results because in that way I selected the information I wanted to give to the client before approaching it, I gave the impression that I knew what I was talking about, and I didn’t have to improvise in front of the customer.

In summary, some participants in the study acknowledged their poor skills as salespersons. However, by practising with the group different ways to approach customers, participants were able to acquire relevant competencies needed to increase the level of sales of their enterprises.

6.2.8 Opening a new subsidiary

Participants in the study mentioned that they wanted to open a subsidiary of the principal establishment because they wanted to increase the value of their enterprise and to increase their profits. Participants who were thinking about opening a subsidiary had in mind two or three different locations; however, they wanted to hear opinions from their colleagues in order to make a more informed decision. In order to open a new subsidiary participants considered parameters such as time and distance to the principal establishment, travel expenses from the principal establishment to the new subsidiary, possible local demand and availability of competent local employees of each proposed location (cf. Extract 4). The main fear participants had was leaving their principal establishment unattended, even though they considered it a solid business. In particular, participants did not believe that the employees could attend the principal establishment (and in particular the best and more loyal clients) in the same way they did. Attending both establishments personally at the same time seemed to be difficult.

Participants provided feedback by recalling positive and negative experiences when they opened, or attempted to open a subsidiary establishment (e.g. Extract 50 and 51). They also responded by exposing vicarious experiences.

Extract 50. Circle 2 – Session 6, text units: 197 – 199

ARAM: Well, you must be careful because many customers go to your establishment because you serve them well. And if you are not there, they could go with your competitors. Some time ago I had the intention of opening a subsidiary but after careful consideration I decided not to open it. The first time I considered the idea, I thought that I could send my best employees to the new subsidiary and I could hire new personnel for the principal establishment. However since you must supervise both establishments you could leave your loyal customers unattended. Once it happened to me that, when I was dealing with some paperwork with the Municipality, I left clients unattended and then I realised they were acquiring their supplies from another distributor.

Extract 51. Circle 2 – Session 6, text units: 216 – 219

ANAID: You could try to set up your subsidiary in partnership with somebody else. The type of product that you sell is similar to mine in the sense that I have to spend a lot of time with every customer because they require information about the product before purchasing it. So for me it would be difficult to open a new subsidiary in another city because I would have to leave unattended many customers here. So what I have done, very successfully, is to find enterprises that target the same market. It doesn't matter that their products are not related to mine. The important thing is that they already have an establishment and some loyal customers. I ask them to display my products in their establishment and I give them a percentage of what they sell. From a certain point of view it is a partnership because if they sell a lot of my products they will earn a lot of extra money, and in that way I don't need to open a new establishment.

In summary, some participants in the study wanted to open a new subsidiary and they wanted to hear the opinions of their colleagues in order to make more informed decisions. Opening a new subsidiary was subject to constraints such as funding, travelling time, and distance to the new establishment, delegation of responsibilities and training level of their human resources (these problems are explained in detail in section 6.4).

6.2.9 Summary of relevant themes related to management of product promotion and distribution

Section 6.2.1 to 6.2.8 described in detail the problems that participants expressed related to the marketing function of their enterprises. In summary, the researcher interpreted that the complexity of participants problems could not be fully understood

were a strategy of management learning in which participants obtained feedback which proved to be crucial in order to overcome some of the problems depicted in Figure 6.5. The following section describes the problems and feedback that participants expressed related to finance and accounting.

6.3 Relevant themes related to management of economic resources

According to McLaney and Atrill (2002) finance and accounting are subject which study the management of economic resources. These are important functions for MSMEs because they could provide useful information that would enable owner-managers to take informed decisions concerning the allocation of resources. According to McLaney and Atrill (2002) accounting could be defined as:

“The process of identifying, measuring and communicating information to permit informed judgements and decisions by users of the information” (McLaney and Atrill, 2002; p. 1).

Finance within organisations represents a different function:

“Finance like accounting, exists to help decision makers. It is concerned with they way in which funds for a business are raised and invested” (McLaney and Atrill, 2002; p.2).

Because resources in MSMEs are usually scarce, management of economic resources deeply affects the performance of the enterprise (Cursi, 2002). During the entrepreneurial circles, owner-managers pointed out some problems related to the management of economic resources. The following table shows these problems and the following sub-sections describe them in detail.

Category	Description of the problem or project
Management of economic resources	<ul style="list-style-type: none"> - Need of professional advice on accountancy - Poor ability to determine the structure of the cost of products and services - Difficulty making profits - Difficulty to raise external funds

Table 6.2: Problems participants discussed related to management of economic resources

6.3.1 Need of professional advice on accountancy

Participants in the study expressed that they needed professional advice that could help them to maintain and understand their financial records. Most of the participants expressed that they kept themselves the records of their financial transactions (incomes and outcomes) and that they received little professional help. Participants made it clear that they needed to hire a professional accountant to help them to maintain their financial accounts in a more organised way, to carry out paperwork related to tax and legal duties, and to provide advice based on financial parameters. By keeping their own financial records without acknowledging standard accounting procedures, participants expressed that they lost opportunities to identify critical information and spent unnecessary time performing this task, as extract 52 indicated.

Extract 52. Circle 1 – Session 3, text units: 162, 166 and 177

MIRIAM: At the moment I have a more urgent problem, I need a good accountant. Actually I keep all the financial records but I lose a lot of time especially at the end of each month. It's a very consuming activity ... Now we have another accountant. However, this time I decided to do the calculations myself, and he only deals with the paperwork on our behalf with the Government. Before, he also did the calculations but we found difficult to understand the results he presented. We stopped ... well ... not trusting him but since we didn't have a clear panorama of our incomes and outcomes, we couldn't trust him completely. Now we have to do all the calculations and he only signs the final balance and the tax forms...two persons have to invest time in maintaining those records. The secretary keeps track of all the incomes and outcomes of the enterprise and I make all the calculations. Afterwards I give the result to her [the secretary] and she fills the forms that we have to present to the Secretariat of Hacienda [Inland revenue service].

As indicated in Extracts 52, some participants had problems hiring accountants because they tended to use technical terms, which owner-managers did not

understood. As a result, participants found it difficult to trust their accountants fully. Participants expressed they spent a lot of time maintaining financial records which did not help them to identify the costs of raw materials, finished products, equipment or facilities. Therefore, allocation of resources seemed to be inappropriate.

In summary, some participants in the study acknowledged that they did not have the necessary knowledge to maintain their financial transactions and take advantage of the information they could provide. Other participants acknowledged that they needed to be more skilful in managing with their accountants.

6.3.2 Inability to determine the cost structure of products and services

Some participants in the study expressed that they were not able to identify the costs that they incurred in producing a certain product or service. As a result they found it difficult to determine the adequate price of their products or services, which in turn had an impact on their resources (e.g. Extract 53) and level of sales. In some cases owner-managers were also concerned with the structure of the costs of their competitors, since they perceived competitors offered better prices. Participants also wanted to know the cost of their products in order to determine appropriate discounts that they could offer to their customers (e.g. Extract 54).

Extract 53. Circle 1 – Session 4, text units:165 and 227 – 229

JORGE: But we have a critical problem, which in some way is related to costs. How could I determine the cost of a software? In other words, how much a project costs? Roughly, my customers tell me what they want, I present them a proposal and if they agree, I develop the software. The proposal includes my best calculation of the price but at the end of each project I always feel that the price does not make justice to the time I invested. That always happens!

FACILITATOR: How important is this problem for you?

JORGE: To determine the cost of a project? Lets say ... about... of all my problems and situations that we have to solve daily, about forty percent of my problems.

Extract 54. Circle 2 – Session 7, text units: 312 – 314

LUPITA: ...Yes because with the necklaces that we make everything is based on rough calculations. I calculate the cost of raw materials and other costs like parking my car in Mexico City, which is expensive, petrol, tolls and a percentage of profits. But somebody has told me that I should also consider my salary, bills such as electricity and the rent, and other costs like stationary. Everything! But I suppose that there are some costs that are more important than others. Am I right? Well, I really don't know.

Owner-managers expressed that they did not have the necessary knowledge in order to determine the costs of their products or services. Only one participant explained his experience and suggested analysing each task or operation not only to uncover the associated costs but also in order to determine possible savings. The rest of the participants admitted that they had the same problem and that they could not provide any advice. As a result they decided to ask the host organisation (ITESM) for a lecture so that they could learn how to determine the cost of their products (cf. Extract 6).

In summary, participants acknowledged their lack of theoretical knowledge about determining the cost of a product or service. This lack of knowledge effectively impeded them in setting an appropriate price for their products, offering adequate discounts to their customers, and ultimately, managing their economic resources more effectively. With the help of a lecturer, participants in the study started to overcome their lack of knowledge on this problem.

6.3.3 Difficulty making profits

Three participants in the study expressed that the income of their enterprise did not exceed the costs, therefore they were failing to make profits. While one participant expected this situation to be temporary, other participants expressed that this was a persistent situation during the year. Participants reported that their profits were so modest that they were considering stopping operations and investing their time and money in more profitable activities, for example:

Extract 55. Circle 2 – Session 3, text units:16 and 210 – 216

ANAID: So you will agree that we are in a critical situation. We have decided to take this year as a reference in order to decide if we keep the business operating. I consider that it's a good business, I've been making rough calculations and I'm convinced that we can make profits, however we need to sell more.

LUPITA: We have the same problem, keeping all sense of proportion. My cousin in law started the business and I became her partner eight months ago. Most of the clients that we have are acquaintances of her... and some young students from the surrounding schools who sometimes buy, but in small quantities. Now we are at the point at which we are thinking – why should we invest more in this business? – We aren't getting money out of it. We are only earning enough to pay the rent of the premises and a little bit more to buy new products.

So participants expressed that they wanted suggestions on how they could raise their profits. This problem was partially grounded in their inability to find new customers, their inability to increase the level of sales, and their difficulty in identifying and taking advantage of crucial information such as costs. These related problems prevented owner-managers from increasing the level of profits through higher sales and cost reductions.

6.3.4 Difficulty raising external funds

Participants in the study expressed that they have failed to look for and to obtain external funds. This difficulty blocked participants intentions to assign resources to activities they considered important, for example: Training their employees, updating equipment, undertaking projects for productivity improvements, attending regional and national markets instead of local customers. Five owner-managers were interested in finding external funds. They regarded money as a necessary factor to trigger growth and expansion projects. Participants mentioned that the most common source of funds was the reinvestment of profits. This strategy was perceived safer than acquiring external funds but it was also a slow strategy when owner-managers considered their enterprise had reached enough maturity to expand its activities.

Extract 56. Circle 2 – Session 2, text units: 70 – 73

ARAM: That's the way we all started: reinvesting our profits. So, what you earn, you invest. However, now I consider that's a slow way to grow. I started in that way, but now it's a very slow way. Now I require more equipment. Actually I have one sales agent, but I want to hire two or three more. I've been tempted to ask for a loan from NAFIN [National Bank for Development], of about ... I don't know, around a million pesos [£ 60 000] in order to make a giant step. But I don't know when is the best moment to consider it.

Extract 57. Circle 1 – Session 4, text unit: 221

JORGE: More than solving that problem through an external accountant, we were thinking about looking for a major investor who could bring money to the enterprise. We want a partner-investor that could inject about one million pesos [£ 60 000] to the enterprise. In that way we could hire an accountant, assign fixed salaries and acquire other assets.

In some cases participants' difficulty attracting external funds effectively blocked their aspirations to expand in particular markets. As a result, they had to focus on markets that they originally did not want to serve. Many participants were unaware of the variety of possible sources of funds (for example banks, cooperatives, or public organisations) and wanted information about different options. They had little information about the advantages and disadvantages of each option and the best time to look for external funds. Finally they wanted advice about the appropriate rates and repayment conditions.

In summary, some participants lacked knowledge of sources of external funds, while most of them did not know the appropriate conditions in order to obtain and successfully repay a loan. Participants acknowledged that they needed to increase competences that could help them to elaborate project proposals and feasibility reports.

6.3.5 Summary of relevant themes related to management of economic resources

In summary, problems related to management of economic resources that participants expressed were grounded in their lack of knowledge about standard accounting

procedures and their benefits. Other financial difficulties were grounded in problems such as low level of sales. The following figure depicts the interplay that the researcher interpreted between the different problems participants expressed related to accounting and finance.

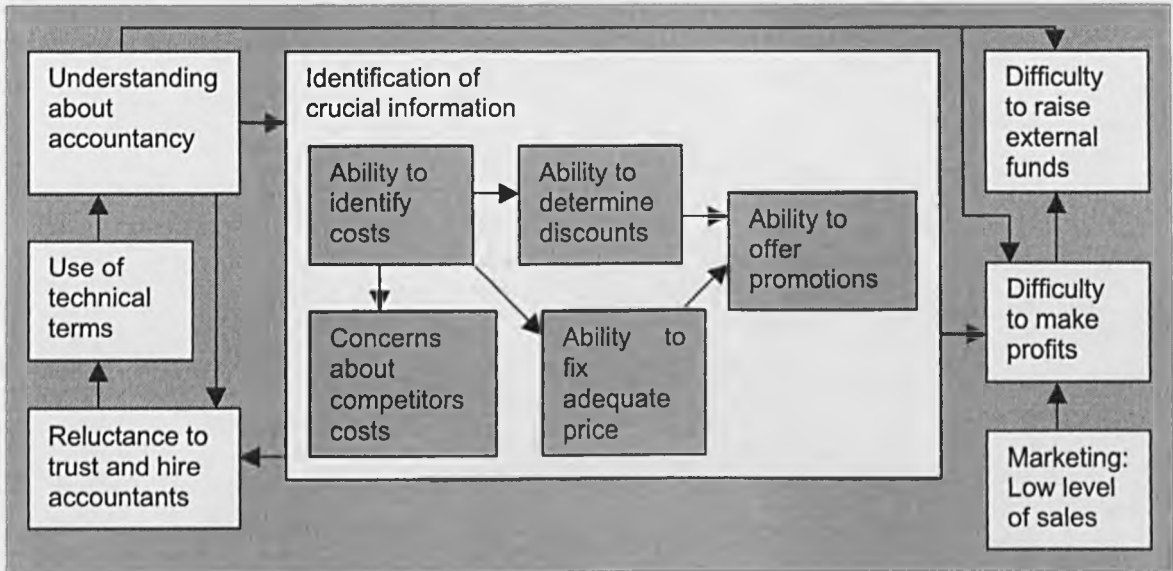


Figure 6.3: Relationships between problems related to management of economic resources.

In line with Anzola-Rojas (1997), this diagram suggests that, at the heart of participants' problems related to accountancy and finance was the lack of knowledge and competencies in using and understanding standard accounting procedures and financial reports. Participants were not able to provide their colleagues with appropriate advice on accountancy and expressed that they had to deal with similar problems. As a result, participants found that in problems such as inability to determine costs, and inability to select appropriate sources for external funds, they required a guided approach (as opposed to a self-directed approach) to learn about accounting and finance. The following section explores a third category of relevant themes that participants expressed.

6.4 Relevant themes related to management of people

According to Drucker (2001) the fundamental task of management can be described as:

"To make people capable of joint performance through common goals, common values, the right structure, and the training and development they need to perform and to respond to change" (Drucker, 2001; p.4).

Therefore, the researcher classified as a management of people problem those situations in which owner-managers expressed difficulties achieving joint performance through: common goals and values, organisational structure and training. The researcher interpreted as management of people problems the following issues that participants discussed.

Category	Description of the problem
Management of people	<ul style="list-style-type: none"> - Perceived lack of relatives' commitment - Changing previous goals, values and procedures - Motivating employees - Ineffective communication - Ill-defined responsibilities of relatives - Poor delegation of responsibilities - Training employees - Hiring appropriate employees

Table 6.3: Problems participants discussed related to management of people

6.4.1 Perceived lack of commitment of relatives

Participants in the study expressed that they expected their relatives to participate in the activities of the MSMEs and found it difficult to accept that their relatives preferred to attend to other commitments. As a result, participants had to perform the activities that their relatives were expected to do. Two participants wanted to improve this problem as Extract 34 and 58 described.

Extract 58. Circle 1 – Session 4, text unit: 5

DIANA: Last meeting I commented that when I set up the enterprise all the members of my family were very excited and wanted to get fully involved. During the first planning meetings we agreed to carry out specific tasks and activities, however in the follow up meeting some relatives presented excuses such as – I didn't know that I had to do that for today – or – I didn't know that I was responsible for that activity – and so on. That is very frustrating because we can't make any progress.

According to participants' words, a factor that inhibited their ability to confront this situation were the positive feelings they felt towards their relatives (cf. Extract 34). Participants expected to maintain positive family relationships. Participants expected from the group advice and emotional support. Owner-managers responded as "mirrors" recalling similar experiences and explaining to what extent they have resolved similar situations (cf. Extract 19). Other participants provided feedback by suggesting that the enterprise should be managed professionally and that there should not be space for relatives with their own agendas. They suggested that a separation between family and enterprise affairs could help to maintain good relationships among relatives. They suggested working only with those relatives who had similar goals and views about the company, and limiting the number of relatives involved in the enterprise.

Extract 59. Circle 1 – Session 4, text unit: 6

DIANA: So as you suggested I spoke with my brother. We acknowledged that our father was afraid of this new project and that the rest our relatives were not collaborating at all. So we concluded that, because this is a new enterprise, we have to start from scratch and without the support of our relatives or of the principal establishment. My brother also told me that he wanted to set up the business only with me. So that's the improvement that I have to report in this week. Now I know that I can count only on one partner. We already established a weekday schedule and assigned some initial tasks to do.

In summary, some participants had difficulties dealing with their relatives' commitment towards their enterprises because they expected them to participate actively. Some participants expressed that they did not know to what extent it was appropriate to separate business from family affairs. As a result, participants provided feedback by pointing out the appropriateness of separating family and business affairs. They provided emotional support and reassurance to those who felt their relatives were not cooperating.

6.4.2 Changing previous goals, values and procedures

While some participants did not feel their relatives were co-operating with the enterprise as expected, other participants were struggling to change practices that the founder of the enterprise (usually the father) had implemented. This problem was

especially prevalent among participants who had recently finished a Bachelor or Master degree, and who wanted to implement changes in their enterprise to achieve efficiency and productivity. Two owner-managers were interested in changing previous goals and values of the founder of the enterprise.

Extract 60. Circle 1 – Session 7, text units: 161 – 165 and 180

JUAN: I have a question. You were saying that you are operating at 25% of your real capacity. Which obstacles prevent you from operating at 100%?

DIANA: Everything, everything happens! Sometimes vegetables are not mature enough, and sometimes we harvest them out of time. It's a vicious circle ... my father has an inappropriate management of activities. For example, I've lost count of how many times we have talked with my father about this problem. Sometimes we planned together with him a schedule for a week ... however when it's time to implement the plan, my father decides to change all the activities. I think that it's because he has managed the business alone for the past twenty years, and he has been relatively successful. So he wants to keep doing things in his own way. Nowadays things are different, there have been times in which we hardly achieve an equilibrium, but he says that's normal. He used to write in a little notebook the transactions of the day. Now he says that he doesn't have time even for that, so he doesn't have any type of control or records... I think he is not going to change.

DIANA: We have tried different ways. But I think he has so many issues in his head that he doesn't understand my ideas. He is always attending to urgent things. First we helped him to plan a schedule, then we went with him to implement changes directly. However if we don't go with him even for one day he changes things again.

Extract 60 indicated that the founder (who was still in control of the principal establishment) was reluctant to let the second generation of owner-managers manage the enterprise in a different way. In both cases, the founder was not convinced that changes in procedures and organisation could bring benefits in terms of costs reductions and income increases. Implementation of agreed changes hardly materialised, or were practised so inconsistently that benefits were difficult to identify. The founder tended to suppress changes and to return to the "old" way of doing things. In the view of the participants the main problem with "old" managerial practices was that they were centred on urgent rather than on important things, and that they ignored efficiency, productivity and effectiveness as the driving values of management. Participants acknowledged that changes in the driving values of the enterprise were difficult to implement because the "old" values and procedures had been present in the

enterprise for a long time, and they had brought satisfactory enough results. Changes in goals, values and procedures were perceived as risky as they could potentially result in business losses.

In summary, some participants wanted to change the goals, values and procedures that have prevailed in their enterprises for a long time. However, they encountered the opposition of the founder of the enterprise. Participants wanted advice on how to convince the founder of the enterprise to implement changes in goals and procedures in such a way that the performance of the enterprise could be enhanced. Participants needed to acquire skills such as persuasion, and relevant arguments in order to propose and implement change.

6.4.3 Motivating employees

One of the main problems that participants expressed was that they did not know how to motivate their employees. In particular, some participants were not able to define precisely the needs and interests (potential motivators) of their employees, and they did not have the verbal skills in order to motivate them. Three owner-managers raised this issue as crucial for the performance of their enterprises.

In some cases, participants expressed that the founder of the MSME managed the enterprise without considerations and allowances towards the employees. They expressed that the founder of the enterprise preferred to be perceived as an insensitive and demanding person by the employees than a flexible and comprehensive person. As a result some MSMEs were managed through a formal employer-employee (superior-inferior) relationship, avoiding personal conversations and feelings. However participants considered that this strategy was no longer effective and that employees would work better if they were motivated in some way.

Extract 61. Circle 1 – Session 7: text unit 128

JUAN: So, what do you think? I know that it is important to take into account the needs of the workers, however since my father started with the business [brief silence]... he has maintained the business through his courage, by being demanding and having an insensitive heart. He wasn't very kind with the employees; he reprimanded them in public and if they wanted to leave he didn't stop them. Now

he is changing. However I think I grew up with those values, that's why I find it difficult to understand the employees. Now I realise that I need to motivate my employees by recognising their needs, I think that's a good idea.

Participants mentioned that there were symptoms which highlighted the need to motivate employees, for example: Late arrivals to the workshop, lack of interest in the tasks performed, quarrels among employees, and a "heavy" (meaning discordant) atmosphere. Participants expressed that an obstacle that effectively impeded them to acknowledge the incentives that their employees required was their heavy workload. As a result of motivated employees, they expected to generate a harmonious atmosphere in the enterprise, higher levels of performance, and to develop loyalty in their employees so that they could stay in the enterprise especially at times when demand (and therefore income) was low.

On the one hand, participants considered that the motivational factor that employees appreciated most was increases in their salaries. In some cases owner-managers did not know if they were offering low salaries and if that was the cause of the high rate of staff turnover experienced in their MSME. On the other hand, participants argued that they did not like to motivate their employees by promising and giving increases in salaries or extra gratuities. This was because they felt that the demand for their product was so unstable that it was difficult to promise and sustain salary increases. They also argued that employees easily got used to continuous increases and gratuities in such a way that whenever they did not receive a satisfactory increase this negatively impacted on the production output. Participants also considered that the type of incentive should be different according to the needs of each employee and their effectiveness in work; however, they could not define precisely which were the needs of their employees. As a result, owner-managers wanted advice and ideas on how to motivate their employees.

6.4.4 Ineffective communication

Some participants expressed that they felt the communication between them and their employees was poor. Two participants were interested in improving their communication with their employees. One of the participants mentioned that he felt he did not have the necessary assertiveness to communicate instructions and his

employees did not understand them. In the other case, the owner-manager assumed that employees did not have anything to communicate or report; however, workshop problems suggested that more effective communication was required. Owner-managers also mentioned that employees found it especially difficult to communicate negative situations (for example discordant relationships with other employees). Employees avoided to report problems at any early stage and waited until they were serious. Communication between employees seemed to be effective but that effectiveness did not include communication with the owner-manager, as extract 69 indicates.

Extract 62. Circle 2 – Session 10: text units: 414 and 415

FILIBERTO: Everything began when I gave Mr.[A] a direct instruction – after you finish with this task go and help in that other station, the person in charge [Mr. B] already has a task for you –. The employee didn't tell me anything. Afterwards I visited the station and Mr.[B] told me that Mr [A] didn't want to work in his station. So I got very angry and went to confront Mr. [A]. I told him that he mustn't defy my orders, and that I didn't accept that kind of behaviour from any employee. Then Mr. [A] told me that Mr.[B] has been bullying him and that he didn't want to work with him. In summary, I told him that he and Mr [B] must resolve their problems in order to keep working for me ... I don't know why these type of situations happen to me. My people never tell me directly what's going on. They talk about things among themselves in the hope that I will listen. However I am the last person to know what's going on. I believe that some of them praise the way I do things and some others only complain about me. I'm sure of that! However they don't tell me things directly. Probably I am so immersed in my job and everyday problems that I fail to see that kind of details.

As a result of poor communication, participants believed that the overall performance of the enterprise was affected. Participants with this problem wanted advice on how to improve the communication with their employees.

In summary, participants expressed that they did not know how to motivate effectively their employees. They needed appropriate knowledge about motivation in organisations, and skills (such as leadership, communication and assertiveness) in order to implement that knowledge. They also needed to reflect about the type of incentives their employees preferred and organisational mechanisms in order to measure and reward according to employees' performance.

6.4.5 Ill-defined responsibilities of relatives

Some participants expressed that, as close relatives of the founder of the enterprise, they played an important role within the enterprise but did not have clear and well-defined responsibilities. Poor definition of responsibilities resulted in communication problems, little accountability, and power disputes. Three participants were concerned about this situation.

Participants mentioned that as close relatives of the founder of the enterprise (who was still in control) they had some kind of “stake” in and authority within the organisation but the limits of their authority were not defined. As relatives in charge of a subsidiary, they found it difficult to define their overall role within the enterprise. On the one hand, the principal establishment was not directly under their responsibility; on the other hand, they enjoyed the benefits of the overall business and, at some point, they expected to inherit it. Although participants felt uncomfortable with their ill-defined responsibilities, they acknowledged some advantages, for example, they had more power than employees to influence the goals and values of the enterprise, and they could appeal to their family ties in order to influence the founder of the organisation. They were not called to account or evaluated in the way the employees were, and they had the opportunity to choose the tasks they wanted to develop according to their needs and interests. They could take initiatives within the business more freely and sometimes without letting the founder of the enterprise know. However, participants felt frustrated when they were not taken into account when major decisions were taken, as extract 63 indicates.

Extract 63. Circle 2 – Session 4, text units: 266 – 304

FACILITATOR: Before your last statement, you were telling us that you had another problem in the sense that you manage all the sales as if you had another company but you don't have full responsibility for the business. And that you were only seen as the daughter of the real owner.

ANAID: Yes ... to be honest ... I started selling cheese because my father needed help.

FACILITATOR: Right, so are you a direct employee? Do you have formal responsibilities?

ANAID: No. My father and his associate make all the plans and calculations and I usually don't participate. The only time I have participated in planning meetings were those which I organised in order to improve the level of sales. I've told them – there are many things that I can do in order to improve the sales, but I need your help.

FACILITATOR: And how do you feel fulfilling this role? It seems a little complicated.

ANAID: Yes, it's complicated, but on the other hand I have plenty of things to do with my children, my husband and the house. I have already dropped my real profession in order to help in the business. Everyday I have a list of twenty five things to do. So I wonder if I really want to get involved one hundred percent in the business.

FACILITATOR: And how much would you like to get involved?

[Brief silence].

ANAID: Mmmm... Yes! I want to be fully involved. I do want to implement inventory systems, I do want to transform the business into something more formal.

FACILITATOR: So, in summary you want to participate fully in the enterprise and have formal responsibilities.

ANAID: Yes, I'm already spending a lot of my time in the business, so I want to make it something worthwhile.

In summary, some participants needed to clarify their role, activities and responsibilities within the enterprise. Ill-defined responsibilities lead to ineffective communication and affected negatively the performance of the MSMEs.

6.4.6 Trust and poor delegation of activities and responsibilities

During the entrepreneurial circles, some participants realised that they found it difficult to entrust tasks or responsibilities to their employees. As a result, participants claimed they worked long hours, and they perceived they did not have time for new activities. Poor delegation of activities blocked opportunities to achieve joint performance. Two owner-managers were especially concerned about this situation. They mentioned that

they centralised so many key activities, that their employees had to wait until they finished the key activities in order to start working. They found it difficult to entrust tasks to their employees on the grounds of the importance of some activities. They also had the feeling that they must inspect and monitor everything, although some tasks were simple and their employees were qualified.

Extract 64. Circle 2 – Session 9, text units: 193 – 195 and 201 – 208

FACILITATOR: I think that what ANAID is trying to tell you is that you should delegate more responsibilities. How easy is it for you to delegate activities to your employees?

JAVIER: I don't know. Right now it is a nightmare! I really don't have time for anything. I must pursue the payments of clients, I should check that the work gets done, I have to attend personally to each service we provide, calculate costs, answer enquiries, calculate budgets, respond calls of clients, elaborate invoices.. //

FACILITATOR: For example, of those activities that you just mentioned, which activities could you delegate?

JAVEIR: Very few of them.

ANAID: Why? Are they related to handling money?

JAVIER: No, it is because ... [brief silence]. I guess because I'm the only one that knows how to do things and probably my clients are used to dealing with me.

As indicated in Extract 64, delegation of responsibilities was a problem which participants found difficult to overcome because it involved a certain degree of decentralisation of power.

Participants provided feedback by revealing experiential, vicarious knowledge (e.g. Extract 73), and theoretical knowledge (e.g. Extract 81). They suggested ways to decentralise certain responsibilities through training their employees more intensively. They suggested writing detailed lists of all the daily activities, and analysing the activities they could delegate. Also they suggested to differentiate between important and urgent activities. Finally, participants recommended caution when decentralising activities related to key customers.

Extract 65. Circle 2 – Session 9, text units: 229 – 244

ANAID: For example, I know the case of a very close person who was full of activities all the time; very much like you are. He needed to find more time in order to expand his business to another country. So, first, he determined who was the most capable employee he had. Then, whenever he had important business meetings, that employee was with him as a personal assistant. The idea was that eventually the employee would deal with that client. During the meetings the boss started to speak less and less allowing his employee to develop abilities to deal with customers. I think that strategy helps developing future managers. I realise that he could do that because his company was large, however you could do the same with some clients ... after some time you would realise that your employee would be capable of dealing with clients and you'll have time for other activities and clients.

In summary, some participants needed to delegate effectively some activities and responsibilities. They needed to develop trust towards their employees. The problem of effective delegation of responsibilities was linked to ill-defined responsibilities, to the level of training to the employees (see next subsection), and to the level of stress owner-managers felt. Participants considered a delegation of responsibilities as a factor for better business performance.

6.4.7 Training employees

Training employees was a problem that participants mentioned as related to the level of performance of the enterprise. In particular, some participant owner-managers did not know how to train their employees. They did not know how to help their employees to acquire skills or competencies in order to perform their tasks satisfactorily. Three owner-managers were initially concerned about training their employees. Participants mentioned that training employees was a problem related to their difficulty to hire adequate personnel. On the one hand, participants expressed they tended to hire unskilled employees because their salaries were low; on the other hand, unskilled employees required more training in order to perform their tasks. A problem that the researcher recognised was that participants did not know how to determine the individual training needs of their employees. Participants wanting to train their employees mentioned that they had to work long days and that their schedule was full, therefore they found it difficult to allocate time in order to train employees, and preferred to provide collective training. However, collective training was difficult to

deliver since employees often performed different tasks in different locations and had different abilities. In summary, participants wanted advice on how to train their employees effectively without spending a lot of time.

Extract 66. Circle 1 – Session 3, text units: 140 – 155

MIRIAM: Well, to be honest, during this week I had few chances to implement the ideas we discussed for training employees. However I managed to make some progress and I fixed a schedule for next week. I already started with a couple of employees that are the less qualified for the job. This week was difficult because most of the employees had to work on the customers' premises. So I decided to wait until I could have the majority of them together... but with the two employees I started explaining the basic procedures and measuring the time they took to perform them ... I realised that they are very intelligent. Although they don't have any formal education they ask clever questions. I think that they are getting more motivated and they are asking more questions to other employees. I like that because that means they are interested in the job... I still don't know what I'm going to do with another employee. He has more working experience, but the problem is that he's alcoholic. I think that for him is difficult to understand certain technical things but I have to train him anyway.

Participants provided feedback to their colleagues by pointing out advantages and disadvantages of their previous experiences. Some participants mentioned that practising with their employees those tasks or routines which employees found difficult to fulfil was an effective but time-consuming strategy. Other participants expressed their unsuccessful experiences of letting their employees learn by themselves (cf. Extract 10). A second proposed strategy to train new employees was to rely upon more experienced employees. The problem was that for tasks perceived as critical, participants felt it was better if they provided training themselves. This second strategy was related to the problem of poor delegation of responsibilities, whereby owner-managers tended to centralise most of the critical activities of the enterprise.

In summary, the problem of training employees was related to a poor understanding (or lack) about the training process (theoretical knowledge). Poor recruitment strategies did not help participants to hire more qualified employees. The activities that participants performed effectively impeded them to allocate time to train their employees. As a result of poor training, participants felt that the overall performance of the enterprise was affected. Participants had few skills and competencies as providers of training for their employees.

6.4.8 Hiring appropriate employees

Participants in the study mentioned that they had problems hiring appropriate employees for their MSMEs. They mentioned that although they made a conscious effort to hire adequate employees, most of the times employees were unqualified and did not stay in the enterprise for a long time (either because they left voluntarily or because owner-managers made them redundant). As a result, participants experienced a high turnover rate. Two owner-managers wanted to improve the way they hired employees.

Extract 67. Circle 1 - Session 7, text units: 28 – 29

JUAN: We need one or two employees for the printing press. We need young men, with a disposition to learn, and at least with secondary education. We don't require from them an outstanding attitude towards customers because they mainly will work operating machines, however we expect from them responsibility and a disposition to learn. This is important because, for example, I hired a young man that I felt fulfilled the requirements. However he didn't appear the morning he was supposed to start working. He arrived at noon and told me that he had decided not to work with us. That was because he wanted more flexible working hours and more salary. That wasn't the original deal! It happened again with another employee. They just work one day, or even half a day, and after lunch they don't come back to work. So I am wondering what's happening in the enterprise. Why they don't stay with us? Probably because it's difficult to meet and hire good employees. Or probably because we don't know how to hire good employees. I really don't know what's happening.

As indicated in Extract 67, participants who dealt with final customers were interested in hiring employees who could display “the right” attitude towards customers, and with a disposition to learn about the technical aspects of the business. Participants wanted from employees attributes such as: responsibility, initiative, punctuality and commitment. Some participants mentioned they tended to advertise vacancies through means which brought a lot of responses, but most of them were unsuitable for the vacancy. Participants mentioned that while interviewing a candidate they found it difficult to identify the real level of skills and competences of the candidate. Participants asked their colleagues how they hired appropriate employees for their enterprises.

In summary, participants had little knowledge about the process of selecting appropriate employees for their enterprises. They expressed that hiring competent

employees was important because it had an impact in problems such as training, high turnover rate, and the overall performance of the enterprise.

6.4.9 Summary of relevant themes related to management of people

In summary, participants had problems with the commitment of their relatives towards the enterprise; they did not know how to change previous goals, values and procedures; they did not know how to recruit, train, and motivate their employees. They also needed to improve their communication skills; to decrease the turnover rate; and to define the responsibilities of the stakeholders of the enterprise. Participants needed to acquire skills, knowledge, and to develop more appropriate attitudes in order to improve these problems. Participants provided feedback mainly by recalling their previous experiences in similar situations and by suggesting courses of action based on theoretical knowledge. Figure 6.4 depicts the researcher's understanding of the relationship and complexity of the problems that participants discussed related to people and management.

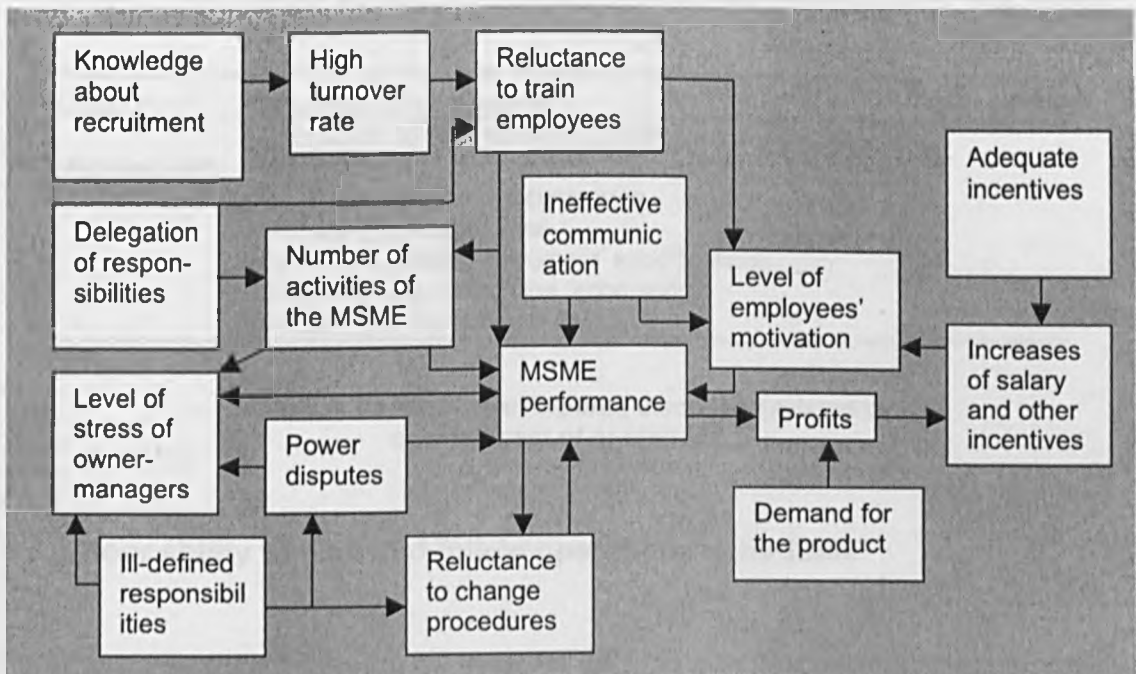


Figure 6.4: Relationships between problems related to management of people

As indicated in Figure 6.4, MSMEs performance was at the core of the problems related to people and management. This was consistent with one of the assumptions of these research project: which stated that managerial weakness lay at the heart of small firm failure (OECD, 2002b), and that it was management (or internal organisation) which put MSMEs at a systematic disadvantage when confronted with competition and environmental disturbances. The following subsection describes the last category that the researcher analysed in this research project. It explores the problems that participants expressed related to management of operations.

6.5 Relevant themes related to management of operations

According to Knod and Schonberger (2001) operations' management "is the set of activities for creating, implementing, and improving processes that transform resource inputs into output goods and services. Operations management activities may be appropriately applied anywhere in the organizations and may target any level of effort from single step in a job sequence to the entirety of company activity" (p.9). The researcher interpreted as a problem of management of operations the following issues:

Category	Description of the problem
Management of operations	<ul style="list-style-type: none"> - Poor ability to plan and follow operations schedules - Using a fraction of the production capacity - Inability to assist more customers - Managing inventory level - Difficulties fulfilling customers' specifications - Selecting new information technology - Operating in the informal sector

Table 6.4: Problems participants discussed related to management of operations

6.5.1 Poor ability to plan and follow operations schedules

Participants expressed they did not have the ability to plan their tasks and activities in a consistent way. As a result they could not procure products or services on time. Some participants mentioned that they preferred to have in their mind a rough idea of the activities they needed to do instead of a fixed plan or schedule (e.g. Extract 68). Participants were able to express the activities they had to perform the day after the

entrepreneurial circles meeting, however they had difficulties scheduling explicitly those activities and sharing the schedule with their employees. As a result, participants expressed they work long hours (e.g. Extract 69). On some occasions they had to pay extra time to their employees in order to meet the demand while on other occasions they had idle time. Some participants did not see the point of planning their operations ahead because they had managed the production in the past relatively well.

Extract 68. Circle 2 – Session 9, text units: 183 – 185, and 189

ANAID: Do you plan your activities using a diary?

JAVIER: Yes but [he laughs] it is lack of habit. Sometimes I want to fulfil it but something always happens which impedes me following my schedule. There are plenty of reasons. Fortunately, I still trust my good memory and I do it in that way [he laughs] ... For example, today I was supposed to test some parameters for a customer. I couldn't manage my time so the tests will have to wait until tomorrow, but tomorrow I'm supposed to do other things. Therefore I don't know exactly when I'll do the tests but I will do them sometime. That is my problem: time, I am always rushing.

Extract 69. Circle 1 – Session 7, text unit: 22

JUAN: My activities involve designing new greeting cards, finding new customers, visiting customers who are asking for quotations. I feel I have to do a little bit of everything. Right now I'm trying to train two employees of the subsidiary so I can have more time for other things. Fortunately we're increasing our sales. Next week I have to prepare paperwork in order to participate in a contest for a place in a big project. Everything happens very quickly! Although I start working at 8 in the morning, and finish at 10 in the evening, I feel that my days are not enough. Many members of my family work at the same pace all day long.

In summary, some participants had poor planning skills. As a result, they were not able to coordinate their activities and the activities of their employees. The more activities they had to do, the more difficult they found it to organise them into a plan, and the more stress they perceived.

6.5.2 Using a fraction of the production capacity

A common problem that participants mentioned was that their enterprise was not taking advantage of their full production or service capacity. In most cases this problem was related to the lack of sales. On the one hand participants expressed that individual final customers did not demand substantial amounts of products or services from MSMEs, therefore there was no point of using all the capacity of the firm. On the other hand, when participants tried to commercialise their products among medium and large enterprises they found that this type of customer demanded a quantity of products that they could not supply (e.g. Extract 70). As a result, they kept commercialising their production mainly among small final customers. In some cases participants also recognised that they did not manage their operations appropriately.

Extract 70. Circle 1 – Session 7, text units : 153 and 155 – 158

DIANA: For example, we harvest ten tons per week of vegetables, but we normally sell nine tons to individual customers. We could harvest a little bit more but, to be honest, we don't manage our operations very well. Anyway, individual customers gradually start to buy less and less, so we have more and more inventory. We decided to try to sell our products with formal medium-sized enterprises. We have had some positive responses in the sense that three or four enterprises appreciated the quality of our vegetables and agreed with the price we offer. So they placed orders of ten, twelve and fifteen tons for the next month!. So, how can I attend to my individual customers and these three good potential customers at the same time if I don't have the capacity?...

LAURA: So your production capacity is not enough to attend to your old and new customers at the same time.

DIANA: That's right! I haven't been able to send products to those medium enterprises which placed an order, and I feel very frustrated. At the beginning I had a lot of stock and small customers refused to take more, now we have good potential customers but I cannot produce enough to supply them. I wonder why they ask for such large amount of product? I guess because transportation costs are high and those enterprises are located in cities away from here.

In summary, some participants did not know how to meet the demand of large enterprises and wanted advice on that matter. They did not know how to balance the demand and the production capacity, therefore, they found it difficult to make profits. This problem was related to the difficulty participants had with finding new and appropriate customers, and with the difficulty to fulfil the requirements of medium or large enterprises.

6.5.3 Inability to attend more customers

Some participants mentioned that a problem for them was that they could not serve more customers because they did not have an adequate infrastructure. As a result they felt they lost opportunities with key customers. Participants inferred that this problem was related to their difficulty to raise external funds for investment, which impeded acquiring a more adequate infrastructure.

Extract 71. Circle 1 – Session 3, text units: 193 – 194

ROMAN: So, in summary, I was afraid that an increase of publicity of my software would bring too many customers that I couldn't cope with a dramatic increase of the demand. But the reason for which I was so stressed, was that a radio station was offering me a huge publicity campaign. Now I think that those campaigns are designed for enterprises used to big marketing promotions and with adequate infrastructure to attend to the demand.

Participants wanted advice on how to serve more clients using the resources they actually had. Participants provided feedback by recalling their own experiences and by suggesting measuring the response of publicity (cf. Extract 27). In that way owner-managers could control and balance the demand and their production capacity. Participants also suggested focusing better on what type of customers they were targeting.

In summary, while some participants struggled finding new customers (see section 6.2.1) other participants had difficulties serving the customers they had. Participants wanted to serve more customers but they did not have adequate infrastructure, and were afraid of not satisfying the demand of key costumers.

6.5.4 Managing Inventory level

A common problem that participants expressed was that they did not have precise information about the level of their inventories. On the one hand, some participants wanted to know the amount of materials they needed to stock in order to cope more effectively with the demand (e.g. Extract 72). On the other hand, other participants

wanted to know the exact amount of materials they had in stock and the investment they represented.

Extract 72. Circle 2 - Session 8, text units: 106 – 107

ANAID: Demand is very variable. For example, two months ago I used to sell two units of “ricotta” cheese per month. It was pathetic! So we stopped producing “ricotta” cheese and we tried to get rid of the remaining stock as quickly as possible since it’s a perishable product. Now that people are developing a taste for “ricotta” cheese they are demanding it again. Right now I have ten placed orders for this week. But know I don’t have any in stock.

Participants wanted advice on how to forecast the demand for their product in such a way that they could stock the appropriate number of products. Participants provided feedback by pointing out the importance of using data of past years to determine an approximate level of inventory needed. While some participants suggested simple comparisons (e.g. using last January sales as a reference for next January’s stock), others suggested acquiring specialised relevant know-how, for example, techniques such as forecasting and inventory management models.

Extract 73. Circle 2 – Session 8, text units: 122 – 129

FILIBERTO: [Talking to ANAID] You already mentioned something about inventories. I think that’s something very related to forecasting and with your production capacity. It could be tricky because managing your inventories through quantitative techniques could lead you to other types of problems. For example, we had some customers that wanted small amounts of smoked wood, however producing the amount they required was not economically convenient so we decided to drop those clients and to deal with two or three bigger clients instead. However bigger clients wanted more complicated products and services. In this case you need to gather data about everything you produce, and you need to keep a record of what you consumed per month. With so many softwares available nowadays, forecasting becomes an easy problem and you can see how demand is behaving through time. You can forecast, for example, how much you would need during holidays, and how much your principal costumers would consume. The best thing is to have a little extra stock in order to take advantage of your production capacity and to respond in case unexpected customers appear.

CARLOS: That’s right, however her business is kind of new. [Talking to ANAID] I believe that, with time, you will understand how your inventories behave through the year. I’m of the idea that you should keep records of your monthly sales: January, and amount of every product sold. The same for the rest of the year. Then the next year you can use that data as a basis to decide the level of your inventories.

Although demand may change, at least you have a parameter for your production. For example during Christmas periods you can sell more a certain types of cheese, while in summer you can sell more other types of cheese. Time will let you know what you need to keep in stock. But it is necessary that you keep records of everything you sell.

In summary, participants had inaccurate information about the level of their stocks, and they did not have theoretical knowledge in order to manage their inventories more effectively. Low levels of sales, and fluctuating demand apparently caused high level of stocks, affecting the overall performance of the enterprises.

6.5.5 Difficulties fulfilling customers specifications

Participants who had among their customers medium and large enterprises mentioned that they had difficulties fulfilling the technical specifications of their customers. From the point of view of the participants, customers specifications were too strict, especially those which were committed with international commerce regulations and quality systems such as ISO 9000, as indicated in Extract 74:

Extract 74. Circle 2 – Session 10, text units : 318 – 326 and 337

FILIBERTO: It's an excellent client. It's [Company A], which consumes impressive quantities of pallets made of wood. During the last years they have had certain quality problems, and they wanted to improve them. So they designed, and implemented some quality policies in order to acquire an ISO 9000 certificate. I can assure you that the standards they designed look very beautiful on paper, but in practice they are difficult to fulfil ... the problem is that their specifications committed us [their suppliers] to a number of parameters that we must fulfil. Their requirements are very difficult to fulfil and they make no allowances. I understand that the wood pallets that we sell to them are exported along with their products, so we also must comply with the American standards ... It used to be different. For us, the most important thing was the quality of our assemblies. We achieved a very respectable accuracy on the quality of the assemblies. But now that's secondary; for our clients the quality of the material is the most important parameter. Despite the shift of their priorities, the cost for us remains the same, but we have more difficulties to achieve their standards.

Participants mentioned that apart from requiring the fulfilment of strict specifications, customers demanded quantities of product in different amounts and at different times, making it difficult for owner-managers of MSMEs to remain as suppliers of large

enterprises. Participants mentioned that large enterprises imposed on them not only strict specifications, but tough conditions such as payment allowances, credit, and price. Participants mentioned that although they had difficulties fulfilling the specifications that medium and large enterprises demanded, they preferred these type of customers since the monetary transactions involved were significant and attractive. As a result, participants mentioned that they had to adjust their prices, products, services and practices in order to satisfy the conditions of their customers.

Participants having difficulties fulfilling customers' specifications wanted from their colleagues information that could help them to improve their processes in order to make the more effective and efficient. Participants did not provide any advice on this subject. The researcher assumed that participants did not provide feedback because their enterprises operated in different sectors, they served individual customers, and had different equipment and technologies.

6.5.6 Selecting new information technology

Some participants in the study wanted to update the technology they used to store and retrieve information. In particular they wanted to buy hardware and software. They were interested in performing some routines more efficiently, for example inventory control, invoice processing, and supervision of subsidiaries through Internet communication. They also required more appropriate hardware and software in order to organise and maintain databases of customers, to store and retrieve catalogues, and to advertise through Internet. Participants mentioned that they were not necessarily interested in “cutting-edge” technology, and that they were prepared to invest in new technology but wish to avoid unnecessary specifications.

Extract 75. Circle 2 – Session 10, text units: 11, 56 and 101

CARLOS: What I want to do is to buy a computer with a printer. And also a software that could help me managing my inventories and processing invoices. I want it as user-friendly as possible ... I don't require a lot of sophistication. I consider that I perform simple routines. I don't have a lot of data, therefore I need simple software for inventory, you know, something that could help me to up date the state of stock and calculate the total amount of the investment. Right now I calculate all of those things manually, but I was wondering if somebody knows any software that could help me ... My enterprise isn't big, but I believe we require, you know, a bit of

modernisation or actualisation. I think that's a good step to grow and expand the business. As I'm starting to consider opening a subsidiary, Internet could help me to save money thanks to current cheap prices. I'm not concerned about a very fast hardware, but something that would last for a reasonable period and that could help me.

As indicated in Extract 75, participants asked for information because they did not understand technical specifications needed to buy new hardware. They wanted to acquire more appropriate technology because they believe it could support growth and expansion. Participants did not understand the technical specifications of hardware and were not able to develop their own routines through software.

6.5.7 Operating in the informal sector

This problem referred to the consequences that owner-managers experienced due to operating their businesses in the informal sector of the economy, i.e. in the conglomerate of enterprises which operated without acknowledging their legal rights and without fulfilling their legal duties (Roubaud, 1995; see Appendix 1). One participant was dealing with this situation. He was trying to fulfil several requirements and procedures to demonstrate appropriate infrastructure in order to get his enterprise formally registered.

Extract 76. Circle 2 – Session 6, text units: 283 – 300 and 333 – 343

ARAM: I feel desperate! The business was blooming. There was a time when we sold in advance the production of four weeks, and only of orange plastic tube. We could have sold more but we needed an extra machine. I was about to hire more personnel ... I already had seven employees and I was thinking to hire seven more. I wanted to open a second shift. I was doing remarkably well, like a genius, and I started from scratch!

ARAM: [Now] my biggest problem is that the Municipality closed down my factory. Operations are completely stopped. That was seven months ago. I've lost all these months trying to solve this problem with the Municipality but I was leaving my other business unattended.

CARLOS: Why did they close your factory?

ARAM: Because it was not registered. They also argued that it was located in a zone exclusively for residential purposes.

FACILITATOR: Who closed your factory? Who was supposed to have you registered?

ARAM: The Municipality. Then the Municipality gave notice to the Secretariat of Hacienda, then they gave notice to the Secretariat of Ecology, and then everybody came to close my factory.

ANAID: So they asked for your license to run the business?

ARAM. Yes, at the beginning since I didn't have a licence I stopped the municipal inspectors from closing my business by bribing them with small amounts of money. Then other Secretariats started to send more inspectors and I reckoned that it was better to stop this process and to get properly registered. Having to bribe a lot of people became very expensive. So I went to the Municipality in order to get registered. At the beginning the process was fast, however one department of the Municipality argued that my factory was located in a zone designated for residential purposes ... they also argued that I didn't have the adequate infrastructure. They were requiring a parking zone and a safe area for loading and unloading.

The participant wanted advice on how to accelerate the process of registering his enterprise and also emotional support. Participants gave him feedback by recalling the process they followed when they registered their own enterprises and acknowledged that their process was very simple. They were not aware of ways to accelerate the process of registration. They suggested other advisers such as lawyers who could provide qualified advice. Participants also suggested that a further solution was to locate the facilities in a more appropriate zone. They suggested evaluating the advantages and disadvantages of this option in terms of money and time. By suffering the consequences of operating in the informal economy, and by listening to some suggestions from the other participants, the participant was able to follow some courses of action in order to re-open his enterprise.

6.5.8 Summary of relevant themes related to operations' management

In summary, participants did not have appropriate skills and competencies in order to plan and follow operation schedules. They found it difficult to manage the level of their

inventories through quantitative techniques, and to use their installed capacity more effectively. They needed advice on how to serve more customers, and how to meet the specifications customers required.

Participants provided feedback on problems such as: How to plan production schedules, how to attend more customers, how to manage inventories' level, and information in order to acquire appropriate information technology. In contrast, participants did not provide feedback on problems such as how to fulfil technical specifications, and how to develop software applications. Figure 6.5 depicts the researcher's interpretation of the complexity of the system of problems related to management of operations in MSMEs.

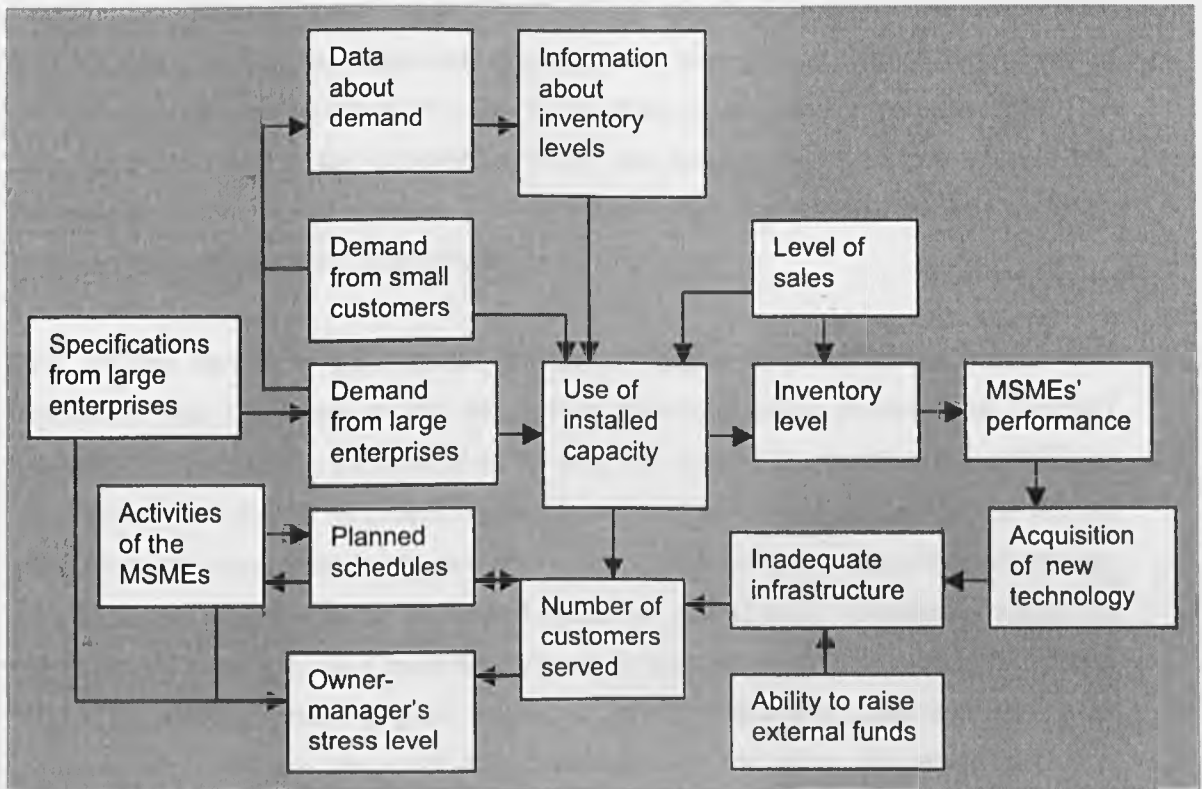


Figure 6.5: Relationships between problems related to management of operations

As indicated in Figure 6.5, participants' problems related to operations' management were related to problems with management of people, economic resources, and products' promotion and distribution. Apart from affecting the performance of the organisation, operations' management problems affected the level of stress of owner-

managers, they effectively blocked opportunities to become suppliers of medium and size enterprises, as well as opportunities to acquire more appropriate technologies.

6.6 Conclusion

In summary, the aim of this chapter was to develop a deeper understanding about management learning in the context of Mexican MSMEs by analysing the relevant themes that participants of this research project discussed. As mentioned in chapter four, in order to describe the relevant issues that owner-managers discussed, the researcher disaggregated the transcripts into four academic subjects: Management of products' promotion and distribution, management of economic resources, management of people, and management of operations. The researcher recognises that the way in which the researcher organised the themes participants mentioned as relevant, did not represent they only way to see thematically across the transcripts. The categories described in this chapter were only one useful way to explore the relevant themes that participants disclosed. The following paragraphs summarise the outcomes of the analysis presented in this chapter.

First, at the centre of participants' problems related to products promotion and distribution was the need to find appropriate clients, develop products for targeted markets, and to increase the level of sales. Second, in line with Anzola-Rojas (1997), at the heart of participants' problems related to accountancy and finance was the lack of knowledge and competencies to use and understand standard accounting procedures and financial reports. Third, a central issue of participants' problems related to management of people, was the difficulty to make people capable of joint performance. They struggled implementing goals, values and more effective procedures due to poor communication, unclear responsibilities, under-skilled and poor motivated workforce. Finally, at the heart of participants' problems related to management of operations was the lack of ability to plan and follow activities that would allow them to complete their tasks on time and to obtain more time for other activities.

Taken as a whole, a conclusion that emerged from organising the relevant themes into four management topics was that the complexity of problems that participants experienced could only be appreciated by acknowledging the interplay between each

managerial topic. Topics such as management of product promotion and distribution, management of economic resources, management of people, and management of operations, interacted with each other and created a system of problems that owner-managers needed to address. For example, problems related to economic resources were grounded in the way participants managed their operations, publicity, and distribution of their products. In a similar way, problems related to management of operations were grounded in the way participants managed their employees and their economic resources. An implication for the subject of management learning was that, in the context of MSMEs, the examination of relevant themes according to management topics only made sense when the interplay between several topics was taken into account. In other words, owner-managers did not experience isolated problems but a “system” of problems or a “system of relevant themes”.

In addition, a conclusion that emerged from analysing the relevant themes that participants discussed was that owner-managers had different learning needs (e.g. information, skills and competences, advice and theoretical knowledge), and required different degrees of training and education. Therefore, in the context of Mexican MSMEs it was useful to think that owner-managers’ “system of relevant themes” interacted with their “system of learning needs”.

A final conclusion that emerged from analysing the relevant themes that participants discussed was that, although participants attempted to provide feedback to their colleagues by recalling positive as well as negative accounts, they were not competent to provide advice on all the relevant themes and to meet all the learning needs. For example, participants did not have (and did not provide) theoretical knowledge on issues such as: improving accounting practices, determining the cost and price of a product, fulfilling technical specifications, selecting and recruiting appropriate employees. Also, participants found it more easy to provide information than to help their colleagues to change their attitudes and behaviours towards specific problems.

The following chapter discusses the findings of the previous and this chapter in the light of the literature review of the thesis, with the purposes of outlining the implications of this research project for the subjects of study of management learning and MSMEs.

Chapter 7 – Implications of the research project: Management learning and MSMEs in retrospect

7.1 Introduction

The previous two chapters presented an analysis of the entrepreneurial circles in terms of five theoretical dimensions and the themes that the participants in the study discussed. This was done with the purpose of determining an appropriate approach for facilitating management learning in the context of Mexican MSMEs. The outcomes of the analysis presented in the previous two chapters had some implications for the subjects of study of management learning and MSMEs. Therefore, the purpose of this chapter is to discuss the implications of this research project for management learning and MSMEs.

In order to present the implications of this research project, this chapter is organised into six sections. Section 7.1 indicates the purpose of this chapter and presents its structure. The purpose of section 7.2 is to present the appraisal that the participants in the study made about the entrepreneurial circles. In section 7.3 the usefulness and the implications of the five theoretical dimensions of management learning proposed in chapter two and implemented during the fieldwork are discussed. The purpose of section 7.4 is to assess the potential contributions of management learning for the context of Mexican MSMEs in the light of the outcomes of this research project. In section 7.5 the implications of this research project for Mexican MSMEs are considered. Finally, section 7.6 provides a conclusion to this chapter.

7.2 Appraisal of the entrepreneurial circles

In order to discuss the significance of the research approach in the context of Mexican MSMEs, it was important to appraise the impact that the entrepreneurial circles had on the participants in the study.

According to OECD (2002a) the evaluation of education and training programmes for MSMEs is rare. The most common evaluations rely upon two type of parameters:

1. Satisfaction of the trainees and their firms.
2. Impact of education and training on the firms' performance

OECD (2002a) pointed that, of the two parameters presented above, the second is the most difficult to measure. Therefore, the majority of training programmes for MSMEs tend to assess their effectiveness based on the satisfaction of the trainees. In order to appraise the impact of the entrepreneurial circles in a more appropriate way, the researcher considered a different set of parameters. According to Kirkpatrick (1967), the following parameters are more appropriate to appraise the effectiveness and outcomes of education and training programmes:

1. Participants' reaction or satisfaction.
2. Participants' learning.
3. Modified attitudes of the participants.
4. Concrete results for the enterprise.

In order to appraise the impact of the entrepreneurial circles in terms of the four parameters listed above, the researcher designed a questionnaire of seventeen questions, and asked the participants in the study to answer it during the last meeting of each entrepreneurial circle. Although the researcher wanted the twelve participants to answer the questionnaire, only ten answered it. The researcher decided to analyse the responses of the participants joining the answers of the two entrepreneurial circles because the aim of the research was to explore an overall approach to management learning in Mexican MSMEs.

The analysis of the questionnaires was made available to all the participants of this research project (owner-managers, organisations involved and facilitator), through the web page of this project (Appendix four). This was done in order, first, to disseminate the impact of the entrepreneurial circles on the participants and their enterprises; and second, to allow participants in the study to verify their answers and compare them with the answers of other participants and with the interpretations of the researcher. As a result, the appraisal of the entrepreneurial circles was open to verification, criticism, feedback and modification. The following subsections present the impact of the entrepreneurial circles based on Kirkpatrick's (1967) suggestions for appraising education and training programmes.

7.2.1 Analysis of the reaction or satisfaction

According to Kirkpatrick (1967), the appraisal of education and training programmes should start by inquiring participants' feelings towards the programme, i.e. how much they enjoyed it. Therefore, in this section of the questionnaire the researcher asked participants if they enjoyed the entrepreneurial circles, which things they liked and disliked, and if they would participate again in an entrepreneurial circle.

Question 1 (multiple choice)

Do you think that the entrepreneurial circles respond to your needs and interests as an owner-manager?

No ——— 0

In some ways — 1

Yes — 9

Table 7.1: Question 1 – Analysis of reaction.

According to the answer to question one, the majority of participants considered that the entrepreneurial circles were a strategy of management learning related to their needs as owner-managers. This supports that the researcher's proposal to use the concept of action learning sets as a starting point to learn about management was appropriate and according to the needs of the participants (cf. Extract 29 on chapter five).

Question 2 (multiple choice)

Please evaluate the quality of the facilitation that you received during the entrepreneurial circles.

	Excellent	Good	Regular	Bad	Very bad
A. Did the facilitator understand your problems and feelings?	IIIIII	IIII			
B. Did members of the circle understand your problems and feelings?	IIII	IIIIII			
C. Did you experience positive regard from the facilitator?	IIIIIIII	II			
D. Did you experience positive regard from the members of the circle?	IIIIII	IIII			
E. Did the facilitator was genuine in his feelings and behaviour?	IIIIIIII	II			
F. Did the members of the circle were genuine in their feelings and behaviour?	IIII	IIIIII			
G. What global mark would you assign to the facilitator?	IIII	IIIIII			
H. What overall mark would you assign to the circle?	IIII	III	III		

Table 7.2: Question 2 – Analysis of reaction.

According to the answers, participants in general considered that the circles were facilitated well as they gave the facilitation good and excellent marks. Participants were also happy with the facilitation that their fellow owner-managers provided. Members of EC1 received a global mark of “regular”, mainly because many owner-managers failed to attend to some sessions. In contrast members of EC2 marked their colleagues with good and excellent marks.

Question 3: (multiple choice)

In a 1 to 10 scale, how much did you enjoy the entrepreneurial circles?

A lot	10	9	8	7	6	5	4	3	2	1	Not at all
Responses	IIII	III	I	I	I						

Table 7.3: Question 3 – Analysis of reaction.

Question three shows that the majority of the participants greatly enjoyed the entrepreneurial circles. Only one participant marked his/her satisfaction in the middle of the satisfaction range.

Question 4: (open ended)

What did you enjoy the most about the entrepreneurial circles?

Answers:

- To listen other's ideas and to adapt them to my situations.
 - That the circle developed a climate of trustfulness, openness and genuineness.
 - The number of proposals and solutions generated through brainstorm.
 - The dynamics of each meeting.
 - Being close to people that have the same problems that I have, and to hear alternative points of view about them.
 - To interact with people with similar problems and situations.
 - The feedback that I received from my colleagues and the facilitator.
 - The exchange of ideas and their implementation.
 - The objective way in which problems were treated and the positive feedback I received.
 - The environment characterized by co-operation and comradeship that we created.
 - The number of ideas that I obtained.
-

Table 7.4: Question 4 – Analysis of reaction.

Question four revealed that participants in the study enjoyed the most four main issues. First, the exchange of ideas. Second, the solution of problems due to the exchange of ideas. Third the environment that the circles generated. Finally the interaction with people with similar problems and situations. These answers reinforced the idea that owner-managers enjoyed interacting with colleagues (community of practice) and that they obtained benefit from those interactions. The answers also indicated that owner-managers tended to learn about management in a problem-centred basis. Finally, these answers implied that participants in the study were able to reduce their initial fear of being judged and evaluated by their colleagues, which they had expressed at the beginning of the meetings.

Question 5: (open ended)

What did you dislike about the entrepreneurial circles?

Answers:

- That some of the members did not attend to some meetings.
 - That some members were informal.
 - That they lasted only four months.
 - That some members of the circles did not have enough time to attend all the meetings
 - That in some meetings not all the participants were present.
 - That participants couldn't make it for all sessions.
 - Probably we can include lectures of experts about how to run a successful enterprise.
 - Nothing
 - Time management was not always effective.
 - That the group was heterogeneous.
-

Table 7.5: Question 5 – Analysis of reaction.

Question five revealed that, what participants disliked more was the inability of their colleagues to attend to all the meetings of the entrepreneurial circles. This implies that participants developed some degree of dependency towards their colleagues and required their presence in the meetings. This reinforces the idea that participants had a preference for a guided approach to management learning, and the idea that participants preferred to learn in a group mode. To a lesser extent, participants thought that time management could improve, and that a more careful selection of participants was desirable.

Question 6: (multiple choice)

Would you participate again in an entrepreneurial circle?

Yes ---- 10

Maybe ----- 0

Maybe ----- 0

Table 7.6: Question 6 – Analysis of reaction.

According to the answers to question six, all the participants would participate again in another entrepreneurial circle if they had the opportunity to do so. This confirmed that participants in the study had a need for management education and training; and that participants considered management learning (based on action learning sets) as an appropriate way to cover their needs.

Question 7: (multiple choice)

Would you like to become facilitator of an entrepreneurial circle?

Yes ---- 3

Maybe ---- 5

No ---- 2

Table 7.7: Question 7 – Analysis of reaction.

According to question seven, although all of the participants would participate in another entrepreneurial circle, the majority of participants were not sure if they would like to become facilitators. This question, together with the conclusions that section 7.3.2, suggests that owner-managers had an orientation to learn more based on practising effective management than based on facilitating learning about management.

In summary, the analysis of participants' reaction towards the entrepreneurial circles was more positive than negative. They expressed that they were satisfied with the

entrepreneurial circles. The majority of them expressed that the entrepreneurial circles were related to their requirements as owner-managers of an MSME. Participants had positive opinions towards the facilitation of their fellow owner-managers and the researcher. In particular, what the participants enjoyed the most was the exchange of ideas and experiences, the suggested solutions they received, to meet fellow owner-managers and the environment generated within the entrepreneurial circles. What participants disliked the most was the lack of attendance of some of their colleagues to all the meetings. Finally all the participants expressed that they would participate again in an entrepreneurial circle and some of them would consider becoming facilitators.

7.2.2 Analysis of learning

According to Kirkpatrick (1967), in order to appraise the impact of education and training programmes it is important to inquire about the concepts and techniques that participants assimilated as a result of the programme. Therefore, in this part of the appraisal, the researcher did not measure how much the participants applied what they learnt. The researcher asked the participants to write a list of concepts or techniques that they thought they acquired through the entrepreneurial circles.

Question 8: (open ended)

What did you learn as a consequence of the entrepreneurial circles?

Answers:

- I discovered that everybody has the same problems in their businesses.
 - I increased my ability to open my mind and to listen.
 - To collaborate with other owner-managers as a team.
 - That it is difficult that all members could attend due to business related reasons.
 - That all the owner-managers of the circle have issues to improve in their enterprises.
 - I learnt to express my problems and challenges with confidence and without fear.
 - I appreciated my enterprise from different points of view.
 - I learnt to disaggregate my problems into small pieces and solve each piece at a time.
 - To share my experiences with the group.
 - To plan effectively a strategy for my enterprise.
 - To manage and take into account more the needs of my employees.
 - That I could be useful for other entrepreneurs. I feel that I am a real entrepreneur.
 - I learnt a little bit more about other types of businesses.
 - I appreciate more my own enterprise and the joy of being independent.
 - I learnt to appreciate other points of view and different types of problems and solutions.
 - Different ways to approach a problematic situation.
 - I learnt to find and attract more potential clients.
 - I spot many issues of my business that need to be improved.
 - I made decisions with more confidence.
 - I learnt how to communicate more effectively with my employees.
-

-
- To plan better my schedules
 - To delegate responsibilities.
 - To trust to my employees tasks that I normally centralized.
 - New ideas to hire new employees.
 - I discovered the potential of my business.
 - I learnt how to choose new technology for my business.
 - How to approach clients more confidently.
 - How to present more attractively my products.
 - Who are my real customers and how to approach them.
 - That collaboration is the best way to work.
 - That flexibility and active listening are important to become a better entrepreneur.
 - That sharing our experience in order to help others is a good way to create a collaborative environment in a group. It creates synergy.
 - That the entrepreneurial circles are an excellent strategy for learning.
 - That all the enterprises have problems
 - To work in team format more effectively.
-

Table 7.8: Question 8 – Analysis of learning.

The answers of the owner-managers pointed out three areas of learning. The first area is about the benefits of learning in a group mode. They learnt that collaboration through exchanging experiences generated an appropriate climate for learning. They appreciated different and alternative points of view in order to solve their problems. Finally, they learnt how to listen others more effectively.

The second area of learning that participants expressed was about their membership of a community of practice. Before the entrepreneurial circles, participants seemed to feel isolated with their problems. However, through the entrepreneurial circles they discovered that they were not alone with their problems, and that owner-managers tended to have the same problems and concerns.

The third area of learning that participants expressed was about issues related to management of an MSME. For example, owner-managers expressed they learnt how to plan strategies for their enterprise, how to manage more effectively their employees, how to make decisions more effectively, how to manage their time better, how to increase the level of sales, how to choose appropriate technology, and how to present their products more attractively. Finally, some owner-managers acknowledged some “blind spots” they had about their enterprises, they confirmed entrepreneurship as a career for them and learnt about businesses of different sectors.

Question 9: (multiple choice)

On a 1 to 10 scale, how much did the entrepreneurial circles help you to accomplish objectives related to your enterprise?

A lot	10	9	8	7	6	5	4	3	2	1	Not at all
Responses	III	II	II	I	II						

Table 7.9: Question 9 – Analysis of learning.

According to question nine participants considered that, up to a certain extent, the entrepreneurial circles helped them to accomplish objectives related to their enterprises. However three owner-managers thought that the entrepreneurial circles were more or less related to the objectives of their enterprise.

In summary, the analysis of learning pointed out that participants considered that entrepreneurial circles were an adequate approach to facilitate managerial learning and accomplish their objectives. The analysis revealed that participants expressed learning about three different issues: first, learning about the benefits of working in a group mode; second, acknowledgement of belonging to a community of practice. Third, learning about specific managerial issues. Owner-managers also learnt about businesses of different sectors, and acknowledged some weaknesses of their enterprises.

7.2.3 Analysis of attitudes

According to Kirkpatrick (1967), a third useful parameter to appraise education and training programmes is the inquiry of the behaviours that participants changed as a result of participating in the programme. Therefore, in the third part of the questionnaire the researcher asked participants if they (or their employees, associates, or relatives) perceived changes in their attitudes or behaviours in relation with their enterprise.

Question 10: (multiple choice)

Do you think your way of understanding and managing your enterprise has changed during the entrepreneurial circles?

Yes — 10	No — 0
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Table 7.10: Question 10 – Analysis of attitudes.

According to question ten, all the participants considered that they understood and managed their enterprise in a different way as a result of participating in the entrepreneurial circles. Therefore, management learning proved to be effective way to facilitate managerial change.

Question 11. (multiple choice)		
Have you received any comments from your employees pointing out a change in your attitudes, opinions, skills or procedures since the entrepreneurial circles started?		
Yes ----3	No ---- 3	Does not apply ---- 4
Question 12. (multiple choice)		
Have you received any comment from your relatives pointing out a change in your attitudes, opinions, skills or procedures since the entrepreneurial circles started?		
Yes ----3	No ---- 6	Does not apply ---- 1
Question 13. (multiple choice)		
Have you received any comment from your associates pointing out a change in your attitudes, opinions, skills or procedures since the entrepreneurial circles started?		
Yes ----3	No ---- 4	Does not apply ---- 3

Table 7.11: Questions 11, 12 and 13 – Analysis of attitudes.

According to questions 11, 12 and 13, although participants learnt different issues during the entrepreneurial circles, long term changes were difficult to perceive for their employees, relatives and associates (cf. Extract 28 on chapter five). However some owner-managers expressed that those participating in their enterprises acknowledged their different attitudes and behaviours. The answers also pointed out that the process of changing values, beliefs, attitudes, and behaviours could require long term programmes of management learning.

Question 14. (open ended)

Please write which changes you acknowledge in the way you manage your enterprise.

Answers:

- I have a more realistic understanding about the needs of my employees and how to motivate them.
 - Now I monitor and document weekly the level of sales.
 - I have distinguished essential from non-essential activities in order to increase the levels of sales.
 - I am more flexible and comprehensive with my relatives as an owner-managers
 - I more often express my ideas to my employees and relatives in order to obtain feedback.
 - I established a mission and clear objectives for my business.
 - Now I am certain that my enterprise is a potential "mine of gold".
 - Now I take into account the opinion of my relatives and employees in order to plan the future expansion of the business.
 - Now I am more confident following my ideas and making decision.
 - I am focusing more in quality of the product rather than on the quantities produced.
 - I try to follow with more determination each objective that I have set for my enterprise.
 - I feel closer to my employees.
 - I try to balance the needs of my employees with the needs of the business.
 - I negotiate more confidently with my suppliers and customers.
 - I elaborated a sales plan and a way to obtain feedback from my clients.
 - I have a more realistic view about the expectations of clients and suppliers.
 - I manage the production according to accurate data of previous sales levels.
 - I discovered some sales cycles of my products.
 - I changed the way in which I programme production process according to the demand.
 - I have not analysed this question in detail.
 - I changed the approach of my enterprise in order to offer better service and better price.
 - I am training my employees.
 - I approach potential customers more effectively.
 - Potential customers now buy more often and order products in advance.
 - To a certain extent the level of sales has increased.
 - That people is the most important factor for a successful implementation of any project.
 - It is people who make possible change in the enterprise.
 - I have implemented the entrepreneurial circles among my employees and relatives in order to share opinions and to solve conflicts.
 - I try to be a leader by taking into account the qualities of each employee as well as their needs
-

Table 7.12: Question 14 – Analysis of attitudes.

Based on the answers to question fourteen, the researcher recognised that participants changed the way in which they managed their enterprises around four themes:

Management of people. Owner-managers pointed out that they have changed their understanding about their employees' needs and qualities. They reported they became closer to their employees and acknowledged their importance in the accomplishment of goals of the enterprise. In general, it seems that participants adopted a more positive attitude towards their employees.

Management of the enterprise. Participants pointed out that they became more organized in designing and implementing strategies and plans. They also started to gather relevant information and to document the progress of their goals and objectives. They became more confident in making decisions and implementing courses of action. Finally, some owner-managers pointed out that quality became an important issue for their businesses.

Management of product promotion and distribution. Participants mentioned that they implemented changes in the way they priced and promoted their products. They also focused more on the needs and wants of their clients and were interested in obtaining feedback from them. Finally, they critically analyse the way they promoted their products.

Management of operations. Participants recognised that they changed the way they programmed their operations according to the demand. They also reported they changed the way they negotiated with their customers and suppliers.

Question 15.

What suggestions would you make in order to make the entrepreneurial circles more effective?

Answers:

- To promote more the entrepreneurial circles through different media.
 - To encourage participants to attend all the meetings.
 - To invite participants of different circles in order to bring different points of view about the problems.
 - To take notes more formally.
 - To invite quiet participants to share more their experiences.
 - To have the meetings of the entrepreneurial circles in different premises.
 - To fix a fee to participate in order make sure participants will attend all the meetings.
 - To measure more strictly the time to expose problems.
 - To make a summary of our objectives every 3 or 4 sessions.
 - To organise activities and tests in order to help participants to acknowledge different aspects of their personality.
 - To organise from time to time activities between different entrepreneurial circles.
 - I would like to use more frequently Internet for communication purposes. When I could not attend I wished I could keep in contact though a web page, e-mail or chat.
 - I think that the participants of the circles should be selected more carefully in order to make them more homogeneous.
-

Table 7.13: Question 15 – Analysis of attitudes.

The answers to question fifteen indicate that it is necessary to encourage participants to attend more constantly to the meetings in order to make the entrepreneurial circles

more effective. These answers reinforced the idea that owner-managers had a strong preference to learn in group settings, to participate in a community of practice, and to develop a certain degree of dependence on someone who could take the role of teacher or adviser. To a minor extent, participants suggested promoting the circles through different media and to obtain feedback from participants of different circles. They suggested using personality tests (prepared materials), to make the circles more homogeneous (similar participants) and the use of the internet to improve communication.

In summary, the analysis of attitudes reveals that all of the participated expressed that they had applied in some way the knowledge they gained through the entrepreneurial circles, and that their behaviours have changed up to a certain degree. Application of learning was centred around four topics: management of the enterprise, management of people, management of product promotion and distribution, management of operations.

7.2.4 Analysis of results.

According to OECD (2002a) assessing the impact on organisations of education and training programmes is a difficult task. First, because performance means different things for different people (e.g. while some managers link performance to profits and sales, other link performance to survival, and more time and income for a family). Second, performance may be affected by factors other than education and training. Therefore, according to Kirkpatrick (1967), the analysis of results should focus on the benefits that the organisations gained through a training programme. Kirkpatrick (1967) advocated the use of quantitative measures such as: cost reduction, profit increase, time saved and production output. However, these parameters were difficult to appraise in the short term. Therefore, the researcher asked the participants to write a list of the problems they exposed to the group and to appraise to what extent they were able to solve them during the entrepreneurial circles.

The problematic situations listed in Table 7.14 were described in detail in chapter six. In summary, seventeen problems were perceived as urgent, four as more or less urgent, and eleven as not urgent. Therefore, it could be inferred that the

entrepreneurial circles were an effective arena to expose different degrees of problematic situations, most of them related to the performance of the MSMEs. Also, participants expressed a percentage of improvement on the issues they disclosed, therefore, it could be argued that the entrepreneurial circles motivated participants to put in practice what they discussed within the entrepreneurial circles.

Question 16. (open ended)	Was it urgent?	To what extent it was resolved?	To what extent due to the circle? 1= a lot 5= not at all
Which problems did you disclose to the group during the entrepreneurial circles?			
The characteristics of the clients that buy my products.	+/-	70%	2
How to motivate better my employees and their salary	+/-	80%	2
How to increase the level of sale of the subsidiary.	No	50%	2
How to monitor the tasks and activities of my employees.	No	60%	2
Lack of an strategic plan for the business	Yes	95%	3
Lack of commitment of some of my relatives.	Yes	90%	1
Lack of financial sources in order to update actual technology and increase efficiency.	Yes	30%	4
I did not understand the market I was targeting.	Yes	10%	4
Lack of cash flow and objectives.	Yes	60%	2
Motivation of my employees.	Yes	30%	2
Lack of adequate distributors.	+/-	30%	2
Elaboration of catalogues for sales.	Yes	40%	2
How to improve the communication with my employees.	No	60%	2
How to delegate more responsibilities to my employees.	No	100%	1
How to organise better my activities.	No	80%	1
How to present better reports to my clients.	Yes	100%	1
How to save time and money.	No	90%	1
How to recruit appropriate employees.	Yes	90%	2
Decision to open a subsidiary.	No	50%	3
Opening a different enterprise.	No	100%	1
Changing my computer.	Yes	50%	1
Acquiring software for inventory control.	No	60%	1
How to evaluate customers' satisfaction.	Yes	90%	1
I did not have selling abilities.	Yes	80%	1
I needed accountancy advice.	No	80%	2
My father had old fashioned ideas about how to manage the enterprise.	+/-	90%	1
How to balance the demand and the supply of my product.	Yes	100%	1
How to fix the price and cost of a service.	Yes	50%	1
Where to find customers for my product.	Yes	60%	1
My enterprise has stopped operations.	Yes	90%	3
I wanted to train my employees.	Yes	80%	2
I did not know how to organize my inventory.	No	70%	2

Table 7.14: Question 16, analysis of results.

However, in the light of the analysis of relevant themes presented in chapter six, it is worth mentioning that, although participants attempted to provide feedback to their

colleagues by recalling positive as well as negative accounts, they were not competent in providing advice for all the relevant themes and for all the learning needs. For example, participants did not have (and did not provide) theoretical knowledge on issues such as improving accounting practices, determining the cost and price of a product, fulfilling technical specifications, selecting and recruiting appropriate employees. Also, participants found it more easy to provide information than to help their colleagues in changing their attitudes and behaviours towards specific problems. An implication for the subject of management learning was that exchange of experiences was not enough to cover all the learning needs of participants.

Question 17.

Where there problematic situations you could not expose during the entrepreneurial circles?

Answers:

- I would have take advantage of more lectures about how to fix the price of my product.
 - I treated most of the things I had in mind.
 - Expert advice on how to determine the cost and price of a service.
 - A little bit of theory about business management.
 - More about how to negotiate effectively with suppliers.
 - I exposed all the problems I had.
 - How to determine the best structure for my enterprise.
 - Unfortunately I had to travel a lot and I could not attend to all the meetings, so I could not expose more problems, however I obtained a lot of feedback for the situations that I exposed.
-

Table 7.15: Question 17, analysis of results.

Participants' answers reinforced the idea that, in the context of Mexican MSMEs, owner-managers expected a degree of a guided approach to management learning (cf. section 7.3.4). Participants pointed out that they could benefit from more "lectures" or expert advice on topics in which none of the participants had previous experience. They could take advantage from more "guests lecturers" especially for topics such as: determination of costs and prices, negotiation and organisational structure.

In summary, the analysis of results revealed that owner-managers received positive feedback in topics such as management, marketing, human resources and production management. Participants expressed a considerable amount of issues that they considered urgent and more or less urgent for the effectiveness of their enterprises. Finally, the entrepreneurial circles encouraged participants to put in practice courses of actions in order to enhance several issues of their MSMEs.

In order to include issues that participants wanted to comment and that Kirkpatrick's evaluation framework did not include, the researcher encouraged participants to write extra comments at the end of the questionnaire. The following table presents the comment that participants wrote.

If you have any other comment that you would like to make about the entrepreneurial circles please feel free to write them in the following space.

Comments:

- Lets try to mix from time to time owner-managers of different entrepreneurial circles.
 - I think that towards the middle of the project, we should bring positive situations as a result of our interaction, instead of only bringing problems to the meetings.
 - We should write a book and cases of study about our experiences.
 - Thank you for allowing me to participate in the entrepreneurial circles. It was a great experience to share my concerns and to help others to solve theirs.
 - Good luck in England!
 - Thank you and to the host organisation for this experience.
 - I would like to thank ITESM for inviting me to the entrepreneurial circles. I found the experience very useful not only for solving some problems of my business. The most important thing was that I learnt the value of sharing experiences through the circles. Now I am implementing them in my enterprise and even with my family. Please let me know if I can be of any help.
 - I wish you good luck with your PhD. studies, please let us know when you come back from your studies.
-

Table 7.16: Additional comments about the appraisal.

7.2.5 Conclusion

In summary, the entrepreneurial circles were a ground-breaking approach to facilitate management learning in the context of Mexican MSMEs. This seemed to be evident from the reception that the research project received. For example, because the research project was innovative and new in the Mexican MSMEs context, it gained the support of a host organisation (ITESM Campus Toluca), of several busy owner-managers, and the researcher was allowed to discuss it on a radio programme.

An appraisal of the impact of the entrepreneurial circles revealed, in summary, the following beliefs: first, participant owner-managers enjoyed exchanging ideas and experiences with their colleagues. The entrepreneurial circles were related to their

requirements as owner-managers because they considered that the exchange of ideas and experiences benefited them and their enterprises.

Second, the entrepreneurial circles helped participant owner-managers to reflect upon their practices and to put into practice what they learnt. This allowed them to manage their enterprise in a more appropriate way. In terms of “managerial themes” participants reflected and put into practice issues related to: management, marketing, human resources and production.

Third, the entrepreneurial circles facilitated the acquisition of skills and knowledge which could be applied within and beyond the context of MSMEs. For example, participants learnt about the benefits of working in a group mode; participants acknowledged the benefits of becoming participants of a community of practice; participants became more sensitive and effective communicators. Overall, participants became more critical and reflective about the consequences of their beliefs and actions. Therefore, it could be argued that the entrepreneurial circles were an approach which not only facilitated learning about management, but also an approach which facilitated management of learning.

In summary, it may be argued that the entrepreneurial circles had a positive impact at both personal and organisational levels. They were an adequate strategy to facilitate management learning because they provided a framework which allowed the participants in the study to generate (in collaboration) meaningful and sustainable benefits. The following section discusses the implications of the outcomes of this research project in terms of the five theoretical dimensions of management learning.

7.3 The five theoretical dimensions of management learning in retrospect

As pointed out in chapter three, according to Fox (1994 a,b), the subject of study of management learning could be defined as the study of *(a) how people learn about management and (b) how people manage to learn*. Chapter three also argued that management learning has evolved influenced by several frameworks of ideas (e.g. management development, experiential learning theory, organisational learning, adult education theory and situated learning). One of the objectives of this research project

was to review the most influential frameworks of ideas present in the management learning literature, in order to make sense of management learning in a more holistic way. The “root” frameworks of ideas mentioned above inspired the development of five theoretical dimensions which could help to facilitate management learning. The following subsections discuss in what sense the five proposed theoretical dimensions of management learning (and the fieldwork), enhanced the value and significance of the “root” frameworks of ideas which informed them.

7.3.1 The organisational – personal development dimension: Implications for management development

As pointed out in chapter three the organisational development – personal development dimension did not suggest that personal and organisational development were mutually exclusive goals in management learning. The aim of this theoretical dimension was to help the researcher to reflect about how owner-managers of MSMEs improved the performance of their firm by matching organisational needs with their individual growing needs (Mumford, 1997).

7.3.1.1 Findings related to this theoretical dimension

In the light of the analysis of the entrepreneurial circles presented chapter five, this research project found that participants in the study focused more on problems and projects directed to enhance organisational development and business performance, than on discussing personal problems in order to achieve personal development. This finding does not imply that participants in the study did not obtain any personal benefit; in fact, from the appraisal of the entrepreneurial circles (cf. Tables 7.8, 7.9 and 7.11 of section 7.2) it could be inferred that participants made steps forward (up to a certain degree) in their personal development (e.g. improved self-confidence as owner-managers, more knowledge about management, empowerment and sense of fulfilment). This finding implied that owner-managers preferred to express, within the entrepreneurial circles, problems, goals training and learning needs as if they were related to their business rather than as if they were related to themselves.

7.3.1.2 Implications for the subject of study of management development

As indicated in chapter three, management development, as an approach to management learning, aims to increase the competitiveness of organisations by developing competencies of managers. It is grounded in the belief that more effective management is a factor which increases the competitiveness of organisations. Management development highlights the value of practical skills and encourages the practice of management. It assumes that individuals can overcome effectively their learning needs by planning, implementing and evaluating deliberated courses of actions. Managers could develop themselves either on their own (e.g. Mumford, 1997) or with their peers (e.g. Revans, 1998); and through deliberated educational situations (e.g. Storey, 1989) or as a by-product of other activities (e.g. Marsick and Watkins, 1997).

In the light of the analysis of the entrepreneurial circles presented in chapters five and six, it could be argued that this theoretical dimension (organisational – personal development) established the value of some of the core ideas advocated in management development in the context of Mexican MSMEs, for example:

- a) Participants in the study identified and expressed the training needs (presented as business problems) that they considered appropriate.
- b) They discussed and planned courses of action in order to overcome their training needs (or business problems).
- c) They implemented the courses of action they designed, and reported their results during subsequent meetings of the entrepreneurial circles.

The idea that management development could be achieved through an “informal” approach was also meaningful within the entrepreneurial circles. For example, chapter five and the appraisal of the entrepreneurial circles (section 7.2) revealed that activities such as problem solving, role playing, presentations, meetings, visits and observation, provided valuable opportunities in order to improve managerial skills and knowledge (Mumford, 1997). Therefore, this theoretical dimension reinforced the idea that owner-managers do not learn exclusively during specific and planned situations (Marsick and Watkins, 1997).

According to the appraisal that the participants of the study made about the entrepreneurial circles, action learning, as an approach to management development (Revans, 1981; 1983) proved to be an effective way to educate owner-managers. On the one hand, participants in the study expressed that they learnt effectively from discussing and implementing courses of action, and oriented better their subsequent courses of action through their learning (as explained by Pedler, 1997). The entrepreneurial circles resembled the idea of action learning sets because they had the two basic components: (1) real problems with the totality of their surrounding conditions and (2) a “set, or small group of managers similarly placed to work on other problems” (Revans, 1981 p.11).

On the other hand, the entrepreneurial circles did not resemble fully the concept of action learning sets (as an approach to management development) because neither the participants in the study nor the facilitator encouraged explicitly the application of the scientific method (as advocated by Revans, 1998) in order to arrive at more informed and rational decisions. Another point that participants in the study and facilitator did not acknowledge (at least in an explicit and specific way) was the link between their progress regarding learning and training needs, and the improvement of some parameters of the performance of their business, a key activity in management development (Storey, 1989).

In summary, some key ideas advocated by management development were reinforced through the organisational – personal development dimension because they were meaningful in the context of Mexican MSMEs. This dimension reinforced the idea that owner-managers of MSMEs can identify their training and learning needs, either by themselves and/or in collaboration with others (such as peers and facilitators). Second, it reinforced the idea that owner-managers were proficient at planning relevant courses of action in order to overcome their learning and training needs. Third, it reinforced the idea that owner-managers can learn effectively from activities that are not deliberately designed for learning purposes. In contrast, in the context of Mexican MSMEs, it was unrealistic to expect owner-managers to link their learning and training improvements with the performance of their business.

7.3.1.3 Recommendations for those involved in the facilitation of management learning

The considerations presented in the above section allowed the researcher to make some recommendations for those involved in the facilitation of management learning (e.g. owner-managers of MSMEs, facilitators and researchers). First, it is useful to consider that the theoretical dimension of organisational development – personal development is an aspect of management learning which involves managing the balance between personal and organisational development, a balance which is important for owner-managers of MSMEs (Gibb, 1997; Kirby, 1990).

Second, in order to facilitate management learning it is important to detect and acknowledge explicitly training or learning needs. During this research project, owner-managers detected some learning needs by themselves and with the help of their peers and facilitator. Taking into account that learning needs could involve the different social roles of individuals (Knowles, et al., 1988; Kolb, 1984), it is useful to acknowledge the different learning and training needs that participants might recognize and wish to undertake.

Third, it is worthwhile to consider that the facilitation of management learning involves taking advantage of any opportunity in order to improve their managerial practices; whether, deliberately planned educational situations, or other casual or informal activities.

Fourth, learning sets (or entrepreneurial circles) could be an effective way in order to facilitate learning about management among owner-managers of MSMEs. As pointed out in the appraisal of the entrepreneurial circles, participants in the study provided positive feedback about the learning sets and expressed that they responded to their needs and interest as owner-managers.

Finally, in order to take advantage of the framework of ideas of management development in order to facilitate management learning, it seems important to encourage participants (owner-managers and facilitators) to evaluate the outcomes of their obtained skills and competencies in terms of personal and organisational benefits.

7.3.2 The theoretical inquiry – professional practice dimension: Implications for experiential learning

Chapter three pointed out that the aim of the theoretical inquiry – professional practice dimension of management learning was to help the researcher to reflect about how owner-managers of Mexican MSMEs understood and managed the supportive interplay between learning through inquiring knowledge and learning through practicing knowledge (Burgoyne and Reynolds, 1997).

7.3.2.1 Findings related to this theoretical dimension

According to the analysis of the management learning preferences of the participants in the study (chapter five), it was more realistic to expect owner-managers of Mexican MSMEs to overcome the learning needs they acknowledged through the practice and implementation of skills and knowledge in their context, than through inquiries and accumulation of theoretical knowledge (as presented in relevant literature). This finding does not imply that participants in the study did not accumulate theoretical knowledge for its own sake; in fact, chapter five made it clear that owner-managers had abilities and interests that resembled the “academic world” more than the “entrepreneurial world” (e.g. the ability to observe and inquiry a particular phenomenon and to reflect and discuss its different interpretations and its implications). This finding implies that when owner-managers interacted with their peers (such as within entrepreneurial circles), they preferred to acquire and consolidate their skills and knowledge through practice, than through conducting theoretical inquiries about them.

7.3.2.2 Implications for the subject of study of experiential learning

As explained in chapter three (section 3.3.2), experiential learning theory represented a framework of ideas (as advocated by Kolb, 1984; and Honey and Mumford, 1992), which emphasised that learning was a process rather than an outcome, mediated by individuals' experiences, which required the resolution of conflicts, and which involved the “whole” individuals and their cultural and historical factors. Experiential learning theory advocates methods directed to transform the experience of owner-managers of

MSMEs. In the following section the argument will be advanced that this theoretical dimension (theoretical inquiry – professional practice) established the value of some of the core ideas of experiential learning in the context of Mexican MSMEs.

First, the analysis of the transcripts reinforced the belief that ideas were not fixed elements within the mind of individuals (as advocated by Lewin, 1947; and Kolb, 1984). For example, participants in the study constantly formed and reformed their thoughts and beliefs about how to manage their firms, mediated by the discussion of their problems and the implementation of some courses of action. In fact, in their appraisal of the entrepreneurial circles, all the participants in the study explicitly expressed that their understanding of their firms and their managerial practices evolved during the entrepreneurial circles (cf. Tables 7.10 and 7.11 of section 7.2).

Second, it could be inferred that the learning that participants in the study experienced during the entrepreneurial circles was based on continuously testing previous and new experiences (as advocated by Kolb, 1984). The analysis of the transcripts revealed that participants in the study attended the entrepreneurial circles with some ideas about their problems and possible courses of action in order to overcome them. However, their decisions were better informed when their peers challenged their original solutions and suggested alternative courses of action. Therefore, as suggested by Kolb (1984), in order to facilitate management learning it is useful to think that “learning” actually means “relearning”.

Finally, according to Kolb (1984), the experiential theories developed by Dewey, Lewin and Piaget suggested that learning emerges from the conflict between opposed ways of dealing with reality. Although the research project did not apply any research tool (such as “tests” or questionnaires in order to determine the learning styles of the participants in the study), the analysis presented in chapter five made it clear that participant owner-managers were more interested in learning through activities such as testing and experimenting than on activities such as observing and reflecting upon experiences. Therefore, it could be argued that the outcomes of this research project supported the idea that owner-managers, under certain circumstances, could prefer some activities regarded as “proactive” in order to learn as opposed to other activities regarded as “passive”.

7.3.2.3 Recommendations for those involved in the facilitation of management learning

The considerations presented in the above section allowed the researcher to make some recommendations for those involved in the facilitation of management learning (e.g. owner-managers of MSMEs, facilitators and researchers). First, it is useful to consider that the theoretical dimension of theoretical inquiry – professional practice is an aspect of management learning which could help practitioners to think about their preferences in order to learn (Kolb, 1984; Honey and Mumford, 1992). While some individuals might take more advantage from activities such as testing and experimenting managerial skills and knowledge, others might benefit from inquiring and reflecting upon them.

Second, in order to facilitate management learning a key idea is to think that both, previous experiences and theoretical knowledge of the facilitators and owner-managers, should be continuously challenged instead of taken for granted. Through their appraisal of the entrepreneurial circles, participants owner-managers expressed, not only that they enjoyed to listen to new ideas from their colleagues (cf. Table 7.4 of section 7.2), but also that they learnt from discussing and putting them into practice (cf. Table 7.8 of section 7.2).

Third, although some organisations and authors have acknowledged that owner-managers and entrepreneurs in Latin America have a propensity to be active and practical persons (COPARMEX, 1998; Irigoyen and Puebla 1997; Grabinsky, 1994), it is important to consider that not all owner-managers have a natural ability to put into practice effectively what they learn. For example, chapter five made it clear that participants in the study constantly needed the help of their peers in order to acquire, practise and refine new managerial skills. Therefore facilitation of management learning should focus on helping owner-managers to improve their ability to put into practice what they learn.

In the same way, the belief that owner-managers are less likely to benefit from purposeful organised inquiries, should be carefully reconsidered. Those facilitating management learning in the context of Mexican MSMEs should take advantage of knowledge that has proved to be useful in similar situations.

In summary, some key ideas advocated in the experiential learning literature were reinforced through the theoretical inquiry – professional practice dimension because they were meaningful in the context of Mexican MSMEs. The following section explores the implications of the third theoretical dimension of management learning for the framework of ideas of organisational learning.

7.3.3 The individual – group setting dimension: Implications for organisational learning

Chapter three pointed out that the framework of ideas labelled as “organisational learning” suggest that individuals are capable of learning in individual and group settings. It argued that the balance between learning in individual mode, and learning in group mode could be used in order to facilitate management learning. However, this theoretical dimension did not consider that learning individually and learning in group were mutually exclusive endeavours.

7.3.3.1 Findings related to this theoretical dimension

In the light of the analysis of the entrepreneurial circles presented chapter five, this research project found that participants in the study achieved some benefits by learning in a group mode. For example, they learnt that collaboration through exchanging experiences generated an appropriate background for learning; they learnt to value different and alternative points of view in order to solve their problems; finally they learnt to listen to others more effectively (cf. Table 7.8 of section 7.2). However, chapter five also made it clear that participants in the study worked towards individual goals rather than towards common goals. In conclusion, in the context of Mexican MSMEs owner-managers preferred to learn in group mode towards individual goals. This finding does not imply that participants in the study did not have any group goal; in fact, chapter five pointed out that participants shared common learning resources and explored in collaboration common themes or problems and possible courses of action. This finding implies that owner-managers, within the entrepreneurial circles, had an

inclination to tackle their own learning needs using the group as a resource which provided fresh ideas, feedback and support.

7.3.3.2 Implications for the subject of study of organisational learning

Although many concepts about organisational learning reviewed in chapter three seemed to be more meaningful in the context of medium and large enterprises, the following paragraphs argue that this theoretical dimension (individual – group setting) helped to establish the value of some key ideas of organisational learning in the context of Mexican MSMEs.

Several authors on organisational learning (e.g. Easterby-Smith, 1997; Argyris and Schon, 1996; Nonaka and Takeuchi, 1995; Argyris, 1992; Huber, 1991; Senge, 1990) have supported the idea that individuals' learning could have consequences at individual and organisational levels. This idea seemed to be meaningful in the context of Mexican MSMEs since participants in the study expressed that they and other stakeholders of their firms, noticed some changes in the way they managed their enterprises due to the entrepreneurial circles (cf. Table 7.10 of section 7.2). This implied that learning was an activity which affected participants in an individual way and modified the reality of their MSMEs (Senge, 1990).

The idea about different "levels" of learning, traditionally advocated in the organisational learning literature (e.g. Argyris, and Schon, 1996) also seemed to be meaningful in the context of MSMEs. For example, the analysis of results of the entrepreneurial circles presented in section 7.2, suggested that owner-managers not only detected errors which blocked the efficiency of their enterprises (e.g. how to organise inventories, and how to delegate responsibilities), but also they reflected upon the governing values of their enterprises (e.g. improving their understanding of a targeted market and changing "old-fashioned" ideas about how to manage a small firm).

The outcomes of this research project also supported the value of acquiring knowledge deliberately, distributing it and storing it appropriately. The analysis of the transcripts of the entrepreneurial circles, and their appraisal by the participants in the study, made it

clear that owner-managers found that the following activities facilitated informed decisions:

- Identifying crucial and meaningful information. E.g. daily, weekly and monthly cash flow; and the structure of the costs of their products and services.
- Storing information. E.g. maintaining accurate cash flow records, maintaining a database of their inventories.
- Sharing information. E.g. delegating responsibilities, listening to their employees, training employees, expressing doubts and concerns to the accountant of the firm.

It could be appreciated that, although MSMEs seemed to be of a different nature of large enterprises, they were capable of “organisational learning”, because their potential range of behaviours was modified through processing meaningful information (Huber, 1991). Therefore, this dimension (individual – group setting) revealed the value of some ideas about organisational learning within the context of MSMEs. This was an important issue taking into account that MSMEs were described as “typically” managed through common sense and previous experience (Anzola-Rojas, 1997).

However, this research project found that some ideas advocated in the organisational learning literature, were not appropriate in the context of MSMEs. First, the outcomes of the research project did not support the idea that organisational learning in MSMEs necessarily led to the development of “extra-human intelligence” mechanisms (as described in section 3.3.3.2). Although this idea made sense in the context of large enterprises (Jones, 1995), it did not seem meaningful in small firms because the number of employees and the scale of operations did not justify the existence of organisational structures.

Second, this research project also found it difficult to support the idea that, in the context of Mexican MSMEs, organisational knowledge could be used as the core competitive advantage in small firms. In line with Reid (1993), the analysis presented in chapter six, pointed out that for MSMEs it made more sense to maintain their competitive advantage through quality of service (e.g. courtesy and quick delivery) than through the management of knowledge. This was because MSMEs in Mexico tend to

be less technology-oriented and more human capital-oriented; more oriented towards regional final customers and less oriented towards global markets.

7.3.3.3 Recommendations for those involved in the facilitation of management learning

The implications presented in the above section allowed the researcher to make some recommendations for those involved in the facilitation of management learning. First, it is useful to consider that the theoretical dimension of learning individually – learning in group is an aspect of management learning which involves managing the balance between learning towards individual objectives and learning towards group objectives (Huber, 1991). Although a great deal of owner-managers' learning occurs in isolation (Gibb, 1997), this theoretical dimension of management learning highlighted that learning about management could take place through the interaction with others (Gherardi et al., 1998).

Second, although learning in groups could be an appropriate pedagogical settings for owner-managers of different MSMEs it is not realistic to expect them to learn as if they were an “organisation” of owner-managers because they pursue individual goals. Therefore, in order to facilitate management learning it is important to foster exchange of ideas, experiences and feedback but respecting the individual objectives and goals of each participant.

Third, because individuals' learning could have consequences at individual and organisational levels, it is important to help owner-managers to become aware of their accountability for the current state of their enterprises. This implies discouraging the idea that environmental conditions are the responsible for the state of an enterprise. As a consequence, owner-managers and facilitators should critically reflect how their mental models (e.g. habits, values and believes) affect the day to day practices that take place in the MSMEs.

Finally, in order to facilitate management learning it is important for owner-managers and facilitators to identify crucial and meaningful information, to record and store such information and to share it within the stakeholders of their firms, and other owner-

managers. This is because meaningful information could change the potential range of behaviours of owner-managers, and could allow them to react in a more informed way.

In summary, the individual – group setting theoretical dimension established the value of some ideas advocated in the organisational learning literature because they were meaningful in the context of Mexican MSMEs. First, this dimension reinforced the idea that owner-managers' learning had consequences at individual and organisational levels. Second, it reinforced the idea that owner-managers were capable of detecting errors which blocked the efficiency of their firm, as well as reflecting upon the governing values of their enterprises. Third, it reinforced the idea that owner-managers could benefit from detecting and acquiring meaningful information, as well as distributing it and storing it appropriately. The following section discusses and justifies the implications of the guided – self-directed dimension for the framework of ideas of adult education.

7.3.4 The guided – self-directed dimension: Implications of the theory for adult education

According to Burgoyne and Reynolds (1997) the contributions of adult learning to management learning are widely acknowledged by several researchers and practitioners of management learning. Chapter three pointed out that a central issue in adult education theory was the balance of the relationship between teachers and learners. While some authors argued that learners should enjoy total independence (if they wish) from the teachers (e.g. Knowles et al., 1998; Rogers, 1970, 1951), others advocated an encounter in which at least two individuals engage in a continual process of modelling each others' mind through their ideas about the world (e.g. Freire, 1993; Brookfield, 1986). The guided – self-directed dimension of management learning helped the researcher to reflect about how owner-managers of MSMEs balance their need for guidance of direction, and their need for self-direction in order to learn about management. In turn, the dimension helped to reveal the value of some ideas about adult education in the context of Mexican MSMEs.

7.3.4.1 Findings related to this theoretical dimension

In the light of the analysis of the entrepreneurial circles presented chapter five, this research project found that participants in the study consistently required the guidance and knowledge of somebody acting as a teacher or adviser. Sometimes the facilitator provided this guidance, but most of the time participants in the entrepreneurial circles were the ones who provided guidance, acted as “models”, and provided feedback to their colleagues. To a minor extent, but by no means in an insignificant way, participants in the study preferred a self-directed approach to learning when they organised their activities according to a their resources, goals and preferences. This finding implies that, within the entrepreneurial circles, owner-managers preferred to learn about management as if they needed the guidance of others rather than as if they were naturally oriented to organise their own learning activities.

7.3.4.2 Implications for the subject of study of adult education

As indicated in chapter three, adult education theory, as an approach to management learning, aimed to balance the relationship between those who are instructed and those who arrange the conditions for instruction (Joyce and Weil,1980). It is grounded in the belief that learning about management (or any other topic) is a desirable goal in itself, and could lead to less internal conflict and a more appropriate range of potential behaviours regarded as mature (Rogers, 1957).

The following paragraphs, supported by the analysis presented in chapters five and six, argue that this theoretical dimension (guided – self-directed approach) helped to establish the value of some core ideas of adult education theory in the context of Mexican MSMEs.

First, the regular participation of the owner-managers in the entrepreneurial circles and the amount of problematic situations voluntarily exposed reinforced the idea that adult learning should be more focused on the learner, and less focused on the teacher or on practicing a method of teaching. That is, the analysis showed evidence that owner-managers could choose a self-directed approach for learning. Chapters five and six made it clear that within the entrepreneurial circles, owner-managers were proficient at

choosing and negotiating the content and the pedagogical strategies based on their needs and their experience. As a result, it could be argued that process of learning occurred more around the learners than around the facilitator. However, as indicated by Brookfield (1986), the assumption that adults have a natural tendency towards self-direction and self-development should not be treated as a reliable generalisation. For example, during the entrepreneurial circles, some owner-managers found it difficult to choose the content and their learning activities. Also, participants' appraisal of the entrepreneurial circles made it clear that owner-managers developed a certain degree of dependency towards their colleagues in such a way that they required their presence in the meetings (cf. Table 7.5 of section 7.2).

Second, as pointed out in section 7.3.2, participants owner-managers relied upon their previous experiences as a major resource to learn. However, in some occasions participants previous experiences generated suppositions which impeded them to accept new ideas and alternative ways of thinking. Also, participants' experiences were not enough in order to provide adequate feedback on some themes. Therefore, this research project supported the idea that experience could represent a twofold resource since it proved to be a resource to learn and a factor which blocked or retarded learning (Brookfield, 1986).

Third, this research project argues that the idea which stated that the social roles or situations that adult experience influence significantly their learning needs (Knowles et al., 1998), is realistic in the context of Mexican MSMEs. This is because, according to chapter six, participants in the study not only raised issues relevant to their role as "owner-managers" of a small firm; but consistently expressed that other social roles (e.g. parent, employees, friend, spouse, community member) affected the management of the firm and their learning process. As a result, it made sense to think that management learning should be organised taking into account the different social roles (and their consequent needs) that owner-managers perceive they perform.

Fourth, taking into account that participants in the study consistently presented in the entrepreneurial circles real life situations, this research project supports the idea that adults seem to give more attention to issues that reflect the situations they are living, and less attention to subjects of study that might be useful in the future (Knowles et al., 1991).

Finally, this research project supports the idea which stated that advisers, teachers, mentors, or consultants, cannot transmit knowledge directly; at best, they only can provide appropriate conditions for learning (Knowles et al., 1998; Mezirow, 1990; Brookfield, 1986; Rogers 1951). For example, according to the appraisal of the entrepreneurial circles (cf. Table 7.2 of section 7.2), owner-managers considered that behaviours such as empathy, genuineness and unconditional positive regard (provided by themselves and the facilitator) helped them to become less defensive and more open to challenge and new ideas. Other factors that participants in the study expressed as positive factors for learning were: “an environment characterized by co-operation and comradeship”; “the objective way in which problems were treated”, and “the positive feedback received” (cf. Table 7.4 of section 7.2).

7.3.4.3 Recommendations for those involved in the facilitation of management learning

The considerations presented in the above section allowed the researcher to make some recommendations for those involved in the facilitation of management learning (e.g. owner-managers of MSMEs, facilitators and researchers). First, it is useful to consider that the theoretical dimension which embodies a guided – self-directed approach to learning is an aspect of management learning which could help to manage the balance between the needs and wants of those who want to learn, and the needs and wants of those who arrange the conditions for learning. This has been pointed out as a critical factor in education and training for MSMEs (Tight, 2000; Gorman et al., 1997; Westhead and Storey, 1996; Gibb, 1994,1993).

Second, the outcomes of this research project suggest that management learning should be driven (at least in part) by owner-managers, since the process of learning occurs around the learners. This is an important point since, according to Gibb (1997), owner-managers often complain that training is provided by teachers who do not understand “the reality” of business life. So, in order to facilitate management learning among owner-managers it is important to allow owner-managers to choose those learning needs and themes they consider relevant, and to select the pedagogical strategies in order to overcome their learning needs (e.g. exchange of experience,

discussions, lectures). However, taking into account that a significant proportion of owner-managers do not have formal qualifications in management (OECD, 2002b; NAFIN, 1999; Gibb, 1997; Kirby, 1990), it is unrealistic to expect that all individuals have a natural ability to organise their self-directed activities in order to learn. Therefore it seems appropriate to expect many owner-managers could prefer a guided approach to learning about management because they may have few skills for self-directed learning. As a result, it is important help all the participants (owner-managers and facilitators) to become aware of those areas in which they require the guidance of somebody who could act as teacher or adviser (e.g. peers, teachers, competitors and facilitators).

Third, because experience could represent a twofold resource in order to learn (Brookfield, 1986), it is important to help owner-managers and facilitators to become aware of their mental habits, biases and presuppositions which impede them from accepting new ideas and alternative ways of thinking.

Fourth, because social roles influence significantly individuals' learning needs (Knowles et al., 1998), it is useful to allow owner-managers to consider and discuss themes and situations which presuppose different social roles. In the same way, it seems that in the context of Mexican MSMEs it is useful to facilitate management learning to encourage owner-managers to express their learning needs, concerns and issues as is they were problems to be solved.

Finally, the outcomes of this research project suggest that management learning in the context of Mexican MSMEs could be facilitated by encouraging and providing a supportive environment in which owner-managers could become less defensive and more proactive in assimilating new or different ideas. Therefore, in the context of Mexican MSMEs, the concept of "facilitation" is more useful than the concept of "teaching" or "advising".

In conclusion, the guided – self-directed dimension established the value of some ideas advocated in the adult education theory literature, because they were meaningful in the context of MSMEs. In the context of Mexican MSMEs it was misleading to think that the guided and self-directed approaches were mutually exclusive approaches to learning about management. While in some circumstances owner-managers required the

guidance and knowledge of a teacher or adviser, in other circumstances participants organised their activities according to their resources, goals and preferences. The following section discusses the implications of this research project for the framework of ideas called situated learning.

7.3.5 The contextual – cognitive activities dimension: Implications for situated learning

As pointed out in chapter three, the aim of the contextual activities – cognitive activities dimension was to help the researcher to reflect on the balance between the social activities and the cognitive activities that individuals undertook in order to learn (Wenger, et al., 2002). This dimension did not suggest that social and personal activities were mutually exclusive in management learning, but that they represented two different (and probably complementary) assumptions about the nature of the learning process.

7.3.5.1 Findings related to this theoretical dimension

Taking into consideration the analysis of the entrepreneurial circles presented in chapter five, this research project found that participants expressed that they learnt as the result of participating in a “community of practice” (as understood by Lave and Wenger, 1991), i.e. the community of owner-managers of MSMEs. Through the entrepreneurial circles they recognised common values, common themes, and common problems; they learnt from the attitudes and behaviours of their colleagues; they were understood by their colleagues and obtained relevant feedback. In contrast, participants did not express that their learning was the result of cognitive activities such as planning, experimenting, reviewing, and concluding. Although participants performed these activities, they were disarticulated actions rather than systematic and integrated activities in order to learn. Therefore, this research project concluded that in order to facilitate management learning in the context of Mexican MSMEs, it was more useful to think that owner-managers were more likely to learn about management as a result of participating in a community of practice, than the result of systematic and integrated cognitive activities.

7.3.5.2 Implications for the subject of study of situated learning

This section argues that the contextual – cognitive dimension established the value of some core ideas advocated in the literature about situated learning, because they were meaningful in the context of MSMEs.

First, in the context of Mexican MSMEs it was appropriate to think that learning did not occur exclusively in formal and structured situations such as seminars, workshops and lectures (Marsick and Watkins, 1997). According to chapter five, participants in the study frequently expressed that meetings, observations, casual reading, and casual conversations helped them to learn and apply successfully new ideas into their enterprises.

Second, Lave and Wenger's (1991) idea that learning is not only a matter of storing and delivering knowledge but also a matter of becoming proficient in applying knowledge according to certain historical and cultural factors, seemed to be appropriate in the context of Mexican MSMEs. According to the analysis of transcripts provided in chapter five, participants in the study were interested in knowledge that they could put into practice. Participants were also interested in listening to those ideas that their peers had implemented successfully. Finally, participants in the study expressed that they participated in the entrepreneurial circles because they wanted to become more efficient and effective in managing their firms. Therefore, it could be argued that owner-managers of MSMEs were more interested in "talking within" than "talking about" the profession of management. These arguments also reinforced the idea, advocated by Dewey, that learners should be in "direct encounter with the phenomenon being studied rather than merely thinking about the encounter or only considering the possibility of doing something with it" (Kolb, 1984; p.5)

Third, the outcomes of this research project supported the idea that learning was evident when individuals became a different person mediated by the context in which they interacted (Lave and Wenger, 1991). For example, in the appraisal that the participants made of the entrepreneurial circles, they expressed that most of the learning that took place was possible because they realised that many of their peers

had the same problems and concerns, and because they interacted with people who had the same understanding about the reality of managing a small firm. Owner-managers also expressed that they experienced changes in their way of being, for example, some expressed that they became more sensitive to the needs of their employees; others acknowledged that they became more flexible and comprehensive with the stakeholders of their firm; others acknowledged that they became more proficient at communicating ideas and receiving feedback from employees and relatives. Finally some participants in the study became more confident in making decisions and implementing new ideas (cf. Table 7.12 of section 7.2).

Fourth, although participants in the study owned enterprises performing different activities and attending different markets in different locations, the term “community of practice” was meaningful because it helped the researcher to conceptualise the entrepreneurial circles as a group of individuals “who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis” (Wenger et al., 2002: p.4). The researcher considered potential participants as “legitimate” if they fulfilled the criteria defined in table 2.1. In contrast, it could be inferred that participants in the study considered other participants as “legitimate” if they felt the pressure of managing an enterprise in order to survive or make profits. The term “peripheral” was meaningful in order to explain why some owner-managers attended the entrepreneurial circles meeting more than others. According to Wenger, et al. (2002), it is natural to observe within communities of practice some individuals who seem to be more proactive in organising and participating in the activities of the group, and others who seem participate intermittently and marginally in some activities. For example, in the appraisal of the entrepreneurial circles, while some owner-managers expressed they expected more participation of some members of the group, others expressed that the entrepreneurial circles were flexible enough to allow them to attend other commitments (cf. Tables 7.4, 7.5 and 7.13 of section 7.2).

7.3.5.3 Recommendations for those involved in the facilitation of learning

The contextual – cognitive dimension and its implications presented above, allowed the researcher to make some recommendations for those involved in the facilitation of

management learning. First, this theoretical dimension points out that the nature of the learning process is worthy of consideration in order to facilitate management learning. While some participants might benefit from following a set of cognitive activities (e.g. planning, experimenting, reflecting and concluding), other participants may benefit from becoming competent in relating to others.

Second, in the context of Mexican MSMEs it is useful to think that learning about management is not confined to isolated activities such as lectures, conferences and reading. As pointed out by Mumford (1997), individuals could become more effective managers by observing, imitating and mastering those skills and knowledge that characterise effective and efficient managers. However, in the context of MSMEs it is useful to think that learning is more likely to emerge if it is conceived as a product of social and political interactions between owner-managers (Gherardi, et al., 1998).

Third, in the context of Mexican MSMEs, it seems important to help owner-managers to acknowledge that they belong to a community of owner-managers. Participants in the study expressed that it was important for them to know that “they were not alone” and that “everybody has the same problems in their businesses”. The feeling of belonging to a “community of owner-managers” of small firms helped them to disclose some problems, provide feedback and explore in collaboration common relevant themes.

Fourth, in the context of Mexican MSMEs, it was important for participants to acknowledge that becoming a successful owner-manager was about becoming a different person. The discussion that participants held and the courses of action they implemented during the entrepreneurial circles allowed them to become more sensitive, open minded and reflective not only about their enterprises, but also in their families (cf. Table 16). Therefore, the facilitation of management learning could be considered not only as helping others to learn about management, but also as helping others to acquire skills and knowledge which could be applied in other situations (family and personal situations).

Finally, in the context of Mexican MSMEs, it is unrealistic to expect owner-managers to systematically plan and test experiences by themselves in order to learn about management (Kolb, 1984). Although participants in the study performed these activities

at different stages, they performed them more as a set of disarticulated activities than as a systematic cycle in order to learn.

7.3.6 Conclusion

In this section, the value of a “holistic” approach in order to facilitate management and learning was critically discussed. While the “root” frameworks of ideas (management development, experiential learning, organisational learning, adult education theory, and situated learning) emerged as separate academic endeavours, the five theoretical dimensions amalgamated some of their core ideas in order to advance a “holistic” approach to facilitate processes such as learning and management. In turn, this research project contributed to the “root” frameworks of ideas mentioned above, by bringing to attention and establishing the value and meaningfulness of some of their core ideas in the context of Mexican MSMEs.

A second contribution that was discussed in this section, was that the five theoretical dimensions proved to be useful for the participants in the study, and allowed them to generate some recommendations for those interested in the facilitation of management learning. In this sense, the research project suggested that management learning could be facilitated through some activities which could be grouped and summarised in four main clusters, as the following figure indicates:



Figure 7.1: Clusters of activities for the facilitation of management learning

Identification of needs and resources

- Helping owner-managers to identify and their training and learning needs and to express them as individual problems to be solved.
- Helping owner-managers to identify deliberated and casual activities which could help them to overcome their learning needs.
- Helping owner-managers to identify, record, store and share meaningful information, which could help them to overcome their learning needs.
- Helping owner-managers to choose appropriate advisors, teachers and facilitators in order to overcome their learning needs.
- Helping owner-managers to choose evaluation frameworks in order obtain feedback about their management and learning processes.

Encouraging a community of practice

- Helping owner-managers to recognise that they belong to a wider community of practice (the community of owner-managers) by identifying common problems, values and relevant themes.
- Providing a supportive environment in which owner-managers could become less defensive and more proactive in assimilating new or different ideas
- Helping owner-managers to develop a dialogue about their experiences as owner-managers.
- Encouraging the formation of groups (such as learning sets) which could foster dialogue, critique and support.

Implementation

- Helping owner-managers to improve their abilities to implement courses of action.
- Helping owner-managers to identify and implement their skills and knowledge in the context of their enterprises and in other personal situations.

Development of critical awareness

- Helping owner-managers challenge their previous experiences and beliefs about management and learning, by means of a dialogue between owner-managers.
- Helping owner-managers to become aware of their accountability for the current state of their enterprises
- Helping owner-managers to become aware of their mental habits, biases and presuppositions which impede them to accept new ideas and alternative ways of thinking.

It may be appreciated that the activities listed above did not emerge from a single framework of ideas (management development, experiential learning, organisational learning, adult education theory, and situated learning), but from amalgamating their core ideas into a more holistic view of management learning.

In summary, this section discussed the implications of the five theoretical dimensions proposed in this research project, for the frameworks of ideas which have influenced the subject of study of management learning. The value of the five theoretical dimensions is that they encourage those interested in facilitating management learning to think creatively about:

- a. How people learning about management
- b. How people manage to learn.

The following section discusses the implications that the subject of study of management learning has for MSMEs in the light of the outcomes of this research project.

7.4 Implications of the subject of study of management learning for MSMEs

The purpose of this section is to point out the implications that management learning, as a field of study, has for MSMEs, and the context in which they operate. To

accomplish this purpose, the section is divided into two subsections. While subsection 7.4.1 argues that management learning is relevant for the performance of MSMEs, section 7.4.2 argues that management learning affects in a positive way the society in which MSMEs operate.

7.4.1 The impact of management learning on business performance of MSMEs

In order to appreciate why management learning is a subject of study relevant for MSMEs, one assumption pointed out in chapter two is considered in this section. Chapter two pointed out that although there was no universal meaning for the term “performance” among owner-managers of MSMEs, there was a positive correlation between management training and education and the performance of small firms (e.g. OECD, 2002b; Young and Sexton, 1997; Westhead and Storey, 1996; Marshall et al., 1995; Gibb, 1994; Stanworth and Gray, 1992). This research project found evidence which supported the appropriateness of this assumption in the context of Mexican MSMEs.

First, although participants in the study hardly ever pronounced the word “performance” during the fieldwork (or its equivalent in Spanish: desempeño, rendimiento), the analysis of the transcripts showed that MSMEs performance (or the extent to which their firms were able to accomplish owner-managers’ goals) improved although it had different meanings for the participants in the study. For example, while some participants were able to achieve more satisfactory economic results (effectiveness), others were able to manage their resources more efficiently. Finally, others were able to manage more satisfactorily the network of relationships their firm embodied (keeping everybody happy). Therefore, although the term “performance” meant different things for different participants, the facilitation of management learning helped them to accomplish their personal and business goals.

Second, another evidence which supported the assumption that there was a positive correlation between management education and training and business performance emerged from the appraisal that participants made of the entrepreneurial circles

(section 7.2). According to the participant owner-managers, management learning (in the form of entrepreneurial circles) helped them:

- To implement courses of action in order to improve real-life problems related to the strategic and the day to day operations of their firms, which in turn allowed them to improve the stability of the business and future plans.
- To acquire and share knowledge, skills and competences which allowed them to achieve their business objectives as well as to improve their self-esteem, confidence and sense of satisfaction.
- To appreciate and evaluate different managerial practices, and to acknowledge the value of working with their peers.
- To change their understanding about managing an MSME and to improve their awareness about how to become better owner-managers.
- Overall, to appreciate the long-term benefits (in personal and business terms) of learning about management.

Therefore, this research project argues that the changes that owner-managers experienced prepared them to achieve their goals more efficiently and effectively. As a result, this research project considers that learning about management is crucial in order to facilitate organisational performance.

In summary, aligned with the work of Zadek (2001) and Westall et al. (2000), this research project concluded that acquiring meaningful managerial knowledge and practicing relevant managerial skills is crucial for owner-managers in order to fulfil their personal aspirations and to improve the performance of their enterprises.

7.4.2 The impact of management learning on cultural and social factors of a community

While the last section argued that the facilitation of management learning brought positive change for the participants in the study and their organisations, this section points out that management learning was an endeavour which also affected positively the society in which they operate.

In the light of the literature review of this research project, facilitation of management learning was justified by the fact that a more educated and skilled workforce made a country more competitive and attractive to foreign investors (OECD, 2000b).

In the light of the outcomes of this research project, it could be argued that management learning contributed to change (at least in a modest way) the historical and social forces that affected the participant MSMEs. Chapter two pointed out that, on the one hand, external factors affected the performance of MSMEs (Curran and Blackburn, 2000; Gibb, 1997; Storey, 1994); on the other hand, economic and social conditions found their roots within the internal organisations of the enterprises of a community (Santos de-Morais, 2000; Storey, 1989). In other words, MSMEs (and other organisations) were subject to historical and cultural factors which they also co-produce (Gherardi et al., 1998). Figure 7.2 depicts this idea:

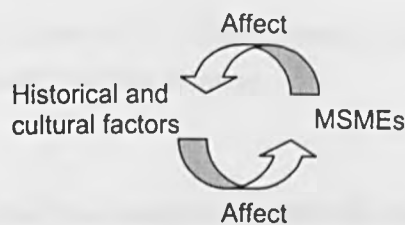


Figure 7.2: Relationship between MSMEs and the historical and cultural factors that affect them.

As pointed out in chapter two, the historical and cultural factors present in the context shaped some characteristics of Mexican MSMEs, for example:

- **Scope of activities:** More directed to operating in local markets and less directed to operating in external markets.
- **Type of customers:** Mexican MSMEs' relationships are more oriented towards final customers than towards other enterprises.
- **Interactions with the informal sector of the economy:** Mexican MSMEs are more likely to develop more relationships (than their counterparts in developed economies) within the informal sector of the economy.
- **Education of the workforce:** Mexican MSMEs rely upon a poorly educated workforce and upon owner-managers with little or no formal education in management.

Through the analysis of the courses of action that participants in the study discussed and implemented during the entrepreneurial circles, it could be argued that the entrepreneurial circles affected in a positive way the cultural and historical factors that affected the participant MSMEs. Participants in the study influenced positively their firms and their community in the following ways:

Scope of activities: From local markets towards external markets

- Courses of action directed to serving more customers through improving the efficiency of the operations, planning and delegation of responsibilities.
- Courses of action directed to developing appropriate channels of distribution and new subsidiaries.
- Courses of action directed to defining specific market niches, the behaviour of customers and their potential location.

Type of customers: From final customers towards intermediate customers

- Courses of action directed to improving the quality of products and services.
- Courses of action directed to satisfying the requirements and specifications of current and potential intermediate customers.

Interaction with the Informal sector of the economy

- Courses of action directed to shifting from the informal to the formal sector of the economy.
- Courses of action directed to identifying and deliberately storing meaningful information.

Education of the workforce: Towards more adequate education and training

- Courses of action directed to defining job requirements and to hiring more suitable employees.
- Courses of action directed to providing training to employees according to their learning needs and the needs of the enterprise.
- Courses of action directed to motivating employees with appropriate incentives.
- Courses of action directed to instilling among their employees and relatives values such as effective communication, shared responsibility, confidence, efficiency and innovation.

The courses of action listed above helped to understand Drucker's (2001) idea that

“In less than 150 years, management has transformed the social and economic fabric of the world's developed countries. It has created a global economy and set new rules for countries that would participate in that economy as equals” (Drucker, 2001; p.3).

Therefore, if management has resulted in activities that have transformed societies during the last centuries, then the managerial practices that owner-managers implemented as a consequence of the research project had a positive impact at a personal and social level. The importance of facilitating more appropriate practices through management learning could be appreciated taking into account that MSMEs in Mexico represent 99% of the total of enterprises and employ 64% of the working population. Therefore, it could be argued that management learning could play an important role in shaping behaviours and relationships of the Mexican society.

7.4.3 Conclusion

This section pointed out that the facilitation of management learning has important implications for MSMES and for the contexts in which they operate.

The facilitation of management learning is important for MSMEs because more appropriate management practices have proved to help owner-managers to achieve

their personal aspirations and the goals of their enterprises. Therefore, management learning could be meaningful, at least for those undertaking it and their organisations.

At a societal level, management learning could be considered as a crucial endeavour because it has proved to affect the mutually reinforcing relationship between organisations and those cultural and historical factors that shape them. Therefore, this research project supports the idea that management is an key activity in actual societies (Drucker, 2001; Zadek, 2001; Storey, 1989); and that management learning is an endeavour that could affect positively owner-managers aspirations and the social world in which MSMEs operate.

The following section discusses the implications of the outcomes of this research for the existing knowledge about MSMEs.

7.5 Theory of MSMEs in retrospect

As pointed out in the introduction of this chapter, the purpose of this section is to discuss the implications of the outcomes of this research project for the current knowledge about Mexican MSMEs. This section accomplishes this purpose by pointing out those ideas found in the literature review (chapter two) which proved to be meaningful (and less meaningful) in the context in which this research project took place.

7.5.1 Reviewing MSMEs from the “outside”

First, the variety of background of participant owner-managers and MSMEs in this research project reinforced the idea that no single definition can summarise the fundamental characteristics of MSMEs (Curran and Blackburn, 2001). Although participant MSMEs and the majority of small firms in Mexico may have similar numbers of employees, they are not an homogeneous sector, either in the activities they perform or in their purposes they pursue. This is an important issue for those involved in the facilitation of management learning, since different MSMEs may have different learning needs. For example, the different participant owner-managers of this research project (a small sample of Mexican MSMEs) exposed different learning needs. While some

wanted to change their attitudes and values, others required to acquire and practise skills, competences and theoretical knowledge. In this sense, the participative and qualitative approach followed in this research project helped the researcher to comprehend that, in order to understand the MSMEs sector (for the purposes of facilitating management learning) it is more useful to explore with owner-managers the internal organisation of their enterprises (which embraced particular learning needs) and the cultural and historical factors that affect them, than to focus on a single definition based on a few quantitative or qualitative parameters.

Second, the profile of the participants in the study presented in Appendix 2 reinforced the idea that individuals who own or manage small firms often have little educational experience in business and management (OECD, 2002b; Anzola-Rojas, 1997). Although some of the participants in the study had formal qualifications in management, little of this educational experience was reflected in an explicit mission statement, planned and shared objectives, or knowledge of key information such as the value and debts of the firm. Therefore, the initial assumption in which this research project relied (managerial weakness lies at the heart of small firm failure) was corroborated.

Third, in line with the “macro” perspective about MSMEs offered by some researchers and organisations reviewed in chapter two (INEGI, 2000; NAFIN, 1999; Roubaud, 1995), this research showed that participant MSMEs had little interest to integrate their firms (as suppliers) to other sectors of the economy. They focused more in finding new customers and distributors in local markets; they preferred to deal with final customers and a large part of their activities attempted to assess their satisfaction and to fulfil their specifications. Initially, little effort was put into enhancing operations in order to reach national or external markets, or to integrate the firm to more dynamic sectors of the economy. For the subject of study of management learning, this implies that learning needs and learning objectives of owner-managers are more likely to focus more the relationship between their MSMEs and their local communities, than on the relationship between their MSMEs and the “external” environment.

Although chapter two presented the idea that, from a “macro” perspective, MSMEs seemed to be underdeveloped and weak, the outcomes of this research project pointed out that MSMEs are underestimated if they are regarded and understood only as

“economic entities” (Westall et al., 2000; Roubaud, 1995). In other words, the qualitative approach of this research project helped to reinforce the idea that economic motivators are not the only incentives behind the rationale of MSMEs (Rae, 1999). In this sense, the outcomes of the research project and the literature review presented in chapter two, called attention to the fact that little research has been done about the purposes and values of Mexican MSMEs and their implications for management learning. In order to contribute towards this end, this research found that learning needs of owner-managers were diverse and evolved over time because their firm fulfilled several purposes, for example: as an opportunity to cater for their needs, to fulfil their aspirations, and as an opportunity to accumulate capital (Zadek, 2001).

7.5.2 Reviewing MSMEs from the “inside”

From a “micro” or “inside” perspective, and supporting previous findings of some authors and organisations researching on MSMEs (e.g. OECD, 2002b; Dalley and Hamilton, 2000; Rueda, 2000; NAFIN, 1999; Anzola-Rojas, 1997; Gibb, 1997; Gorman et al, 1997; Marshal et al., 1995; Stanworth and Gray, 1992) this research project found that owner-managers commonly fail to understand and apply basic concepts of management. Although owner-managers behaved in ways which resembled attitudes considered “entrepreneurial” (e.g. risk taking propensity, opportunity seeking, optimism, and creativeness), their behaviour was hardly ever translated into professional business practices (Roubaud, 1995). For example, activities such as recruitment, training, evaluation and compensation were subject to the experience and common sense of owner-managers. More often than not, micro and small firms struggled to manage their operations and production rate; therefore, they were likely to see their profits reduced. Owner-managers tended to have a narrow knowledge about their competitors and their commercial expansion was limited. Employees tended to be unskilled and unqualified, and owner-managers were reluctant to provide them with training and education opportunities; therefore, they experienced a high level of turnover.

Second, in line with Kirby's (1990) work, this research project supported the idea that many owner-managers were simply unaware of their managerial deficiencies and learning needs. The outcomes of the participative and qualitative approach of this

research project supported the idea that, more often than not, owner-managers needed to improve their skills and knowledge in managerial process, finance and accounting, marketing and commerce, human resource management, innovation, and operations management (Secretaría de Economía, 2000a; Rueda and Simón, 1999; Anzola-Rojas, 1997).

Third, the managerial weaknesses described in the paragraphs above seemed to have a direct impact on the productivity of the small firms. However, the qualitative approach of this research showed that business productivity was not always a priority for owner-managers (Zadek, 2001). For example, participants in the study were concerned with the welfare of their relatives and their employees; they engaged in learning activities which fulfilled their personal interests more than the performance of their firm; they were interested in creating an “harmonic” (meaning enjoyable) working environment. Therefore, for those involved in the facilitation of management learning in the context of MSMEs, it is worth considering that owner-managers’ learning objectives could be directed either to achieve a certain level of performance (e.g. more sales, a more appropriate management of inventory, efficiency through information technology), or to achieve a certain level of “harmony” in their lives (e.g. more time for the family, less job-related stress, committed and motivated employees).

Fourth, from the “inside” perspective of MSMEs, this research also reinforced the idea that, although there were many purposes behind MSMEs, entrepreneurial activities helped individuals to increase their confidence, empowerment and sense of fulfilment (Westall et al., 2000), as expressed by the participants in the study. Also, that some managerial values present in MSMEs contributed to release the Government from providing economic management, social and welfare services (Ram, 1994; Chell, et al., 1991; Scase and Goffee 1980, 1982). In summary, a major problem that this research project identified about research on MSMEs in Mexico was that it has failed to recognize that economic activities are embedded in social, cultural and political relations.

Finally, in contrast with the implications mentioned above, this research project cannot support the idea that micro enterprises with two or fewer employees were not real enterprises (in the belief that their aim was not to accumulate capital, but to survive)

(Rueda, 2001). For example, the following participant enterprises had two or fewer employees; however, they explicitly wanted to increase the value of the enterprise:

- The owner-manager of Firm 4 was searching for a major investor that could inject around \$1,000,000 [£600 00] into the firm.
- The owner-manager of Firm 7 wanted to “professionalise” or formalise some production systems of the firm.
- The owner-manager of Firm 8 wanted to increase the variety of the products she offered to her customers and to manage more appropriately the investment she had in the form of stock.
- The owner-manager of Firms 9 and 12 wanted to build facilities more appropriate for the activities of their enterprises.

Although these enterprises had two or fewer employees, the goals that their owner-managers expressed reflected their aspiration to increase the value of the firm and their capital. Therefore, for the purposes of facilitating management learning, it is important neither that micro and small firms aim to grow and become medium or large firms (Churchill and Lewis, 1983) nor to assume that micro enterprises’ only aim is to survive.

7.6 Conclusion

In conclusion, this chapter pointed out that the outcomes of this research project had several implications for:

- 1) The participants in the study
- 2) Their enterprises
- 3) The society in which they operate
- 4) The knowledge about learning and management

At a personal level, participant owner-managers created an appropriate environment in which they identified learning needs, exchanged ideas, reflected and provided feedback. Participant owner-managers acquired skills and knowledge (by discussing and implementing them) about several “managerial themes” and their relevance within

and beyond the context of MSMEs. In other words, the research project facilitated learning about management. In a similar way, owner-managers became more critical and reflective about their skills and knowledge. Therefore, the research project facilitated management of learning. In summary, the research project made a significant contribution at a personal level because it showed that the entrepreneurial circles were an innovative and effective approach to facilitate management learning.

At an organisational level, this research project pointed out the value of identifying and improving appropriate management practices, since they allowed owner-managers to achieve their personal aspirations and the goals of their enterprises. Therefore, management learning emerged as a crucial task and an outstanding framework in the context of MSMEs.

Also at an organisational level, this research project pointed out that while “outside” perspectives of MSMEs presented them as weak and in constant disadvantage, an “inside” perspective showed that MSMEs are vibrant social entities in which their stakeholders fulfil a variety of personal, organisational and social purposes.

At a societal level, this research project showed that, when owner-managers become active in achieving their personal and business purposes, then MSMEs become organisations capable of modifying those cultural and historical factors that shape them. Therefore, this research project argues that management learning is a crucial endeavour for the societies in which MSMEs operate.

At the level of knowledge, this research project uncovered the value of a “holistic” approach in order to facilitate management and learning. While some frameworks of ideas (management development, experiential learning, organisational learning, adult education theory, and situated learning) emerged as separated academic endeavours, the five theoretical dimensions proposed in this research amalgamated some of their core ideas in order to facilitate processes such as learning and management. In turn, this research project contributed to the “root” frameworks of ideas mentioned above, by bringing into attention and establishing the value and meaningfulness of some of their core ideas in the context of MSMEs.

Another contribution to knowledge in this research was provided by a set of recommendations for those interested in the facilitation of management learning. In this sense, the research project suggested that management learning could be facilitated through clusters of activities such as identification of needs and resources, cultivation of a community of practice, emphasis on implementation, and development of critical awareness.

The following (and final) chapter of this thesis reviews the whole research project by considering the research questions and the objectives that guided this thesis.

Chapter 8 – Conclusion: Achievements, limitations, and further research

8.1 Introduction

While the last chapter discussed the implications of this research project for the subjects of study of management learning and MSMEs, this chapter provides a critical review of the whole research project by pointing out the achievements of this study, its limitations, and its original contributions. It also suggests further research, given the time and opportunities.

In order to provide a critical review of this research project, this final chapter is divided into five sections. Section 8.2 describes the achievements of this research project by considering the research questions and the objectives that guided this thesis. Section 8.3 points out the limitations and omissions of this research project and its outcomes. Section 8.4 points out the original contributions of this research project in the light of its achievements and limitations. Finally, light of this research project, section 8.5 suggests some potential opportunities for researchers interested in facilitating management learning in the context of MSMEs.

8.2 Achievements of this research project

The main achievements of this research project should be measured in terms of the accomplishment of its objectives and research questions. Therefore, the main achievement of this research project could be described as follows: This research project identified an appropriate management learning approach for the context of Mexican MSMEs (research question 2), by exploring the management learning preferences of the participants in the study (research questions 3 and 4), in order to overcome the managerial weakness which lies at the heart of MSMEs' failure (research question 1).

8.2.1 Objective 1. Reviewing the main problems that affected Mexican micro, small and medium-sized enterprises (MSMEs).

The researcher achieved this objective by performing a comprehensive literature review about MSMEs around the world and, especially, about Mexican MSMEs (chapter two). Although the literature review was wide and comprehensive, not every book and journal reviewed was included in chapter two. Because MSMEs around the world tend to share many characteristics which makes them different from large firms (Reid, 1993), chapter two focused on the literature which pointed out particular characteristics of Mexican MSMEs.

The review of relevant literature about Mexican MSMEs helped the researcher to identify some differences between Mexican MSMEs and their counterparts around the world, in terms of four factors: their demography, their economic situation, the type of relationships they tend to develop, and their purpose and internal organisation. These four factors represented an original way to see thematically the different problems that affected Mexican MSMEs. From the many problems reviewed in chapter two, it emerged that “managerial weakness” was the core problem which lay at the heart of MSMEs failure (OECD, 2002b). While chapter two pointed out that the term “managerial weakness” referred to the lack of managerial education and training, which often led to low levels of efficiency and productivity, chapters five and six pointed out that the term “managerial weakness” could also refer to the different learning needs that owner-managers expressed (e.g. information, skills and competences, advice and theoretical knowledge).

The accomplishment of objective 1 led the researcher to formulate the first research question of this study:

Research question 1: If managerial weakness is at the heart of Mexican MSMEs failure, then which framework of ideas is appropriate to facilitate learning about management in the context of Mexican MSMEs?

While reviewing the problems that affected Mexican MSMEs and possible ways to overcome them, the researcher considered the subject of study of management

learning, and decided to review this subject of study in order to explore to what extent it could help to diminish managerial weakness of Mexican MSMEs.

8.2.2 Objective 2. Reviewing management learning as a subject of study and its major influences.

This objective was achieved by performing a detailed literature review about management learning (chapter three). Throughout the literature review process, it was recognized that management learning was a “holistic” subject of study because it evolved influenced by several frameworks of ideas, for example: Management development, management education, experiential learning, organisational learning, adult learning theory, and situated learning. The influences of these frameworks of ideas on management learning were described in chapter three. It was recognised that, although the frameworks listed above were present more consistently in the literature about management learning (Burgoyne and Reynolds, 1997), they did not represent an exhaustive list of frameworks that have influenced the subject of study of management learning.

Overall, the most important outcome of the literature review about management learning was that it helped the researcher to think creatively and in a “holistic” way how to facilitate a management learning in the context of Mexican MSMEs. This led to the next objective of this project.

8.2.3 Objective 3. Formulating a framework in order to understand how management learning could be facilitated in the context of Mexican MSMEs

The researcher accomplished this objective by proposing that, a way to conceptualise the subject of study of management learning is through five theoretical dimensions, which embrace different beliefs about how individuals learn about management and manage to learn. The theoretical dimensions developed in this research are listed as follows:

- 1. Assumptions about the role of the learners: Learning could be a guided or a self-directed endeavour.** Management learning was seen as a subject of study in which practitioners could embrace two different assumptions about learners. While approaches such as management development, experiential and organisational learning assume that learners need the expertise and guidance of a teacher/advisor, other approaches such as adult education assume that learners have a natural and self-sufficient ability to organise their learning experiences.
- 2. Assumptions about the nature of the learning process: Learning could be the result of a cognitive or social activities.** Management learning was seen as a subject of study in which learning could be considered the result of two different processes. While approaches such as organisational learning and situated learning use the metaphor of “community” in order to understand learning as the result of individuals' interactions in a social context. Other approaches such a management development and experiential learning use the metaphor of “learning cycle” in order to explain how individuals overcome their learning needs through systematic activities such as planning, having an experience, reviewing and concluding.
- 3. Pedagogical settings: Learning in individual mode or group mode.** Management learning was seen as a subject of study in which learning could occur through different settings: learning in a group mode or learning in an individual mode. While approaches such as organisational learning, adult learning theory and situated learning emphasise that groups are ideal settings in order to learn, approaches such as management development and experiential learning emphasise that learning is better accomplished when individuals focus individually their learning needs.
- 4. Development orientation: Personal or organisational development.** Management learning was seen as a subject of study in which learners could emphasise the personal or organisational development. While approaches such as organisational learning and management development tend to favour goals that would result in organisational development,

approaches such as adult learning theory tend to favour goals that would result in the personal development and integration of the learners.

- 5. Learning mode: Theoretical inquiry or professional practice.** Management learning was seen as a subject of study in which learners could have an orientation towards acquiring theoretical knowledge or towards practicing or implementing that knowledge. While approaches such as management development suggest that theoretical inquiry is a necessary activity in order to learn, other approaches such as experiential learning, the theory of adult learning and situated learning emphasise that direct encounter with reality is crucial in order to learn.

To the best of the researcher's knowledge, management learning has not been represented through these theoretical dimensions before. Therefore, an achievement of this research project was to represent in a unique and original way, management learning through the theoretical dimensions mentioned above. In the next stage of the research process, the researcher wanted to investigate the learning preferences of a group of owner-managers of Mexican MSMEs based on the five theoretical dimensions mentioned above. This led to a second research question:

Research question 2: Which management learning approach is appropriate to facilitate knowledge and skills about management in the context of Mexican MSMEs?

8.2.4 Objective 4. Appraising the management learning preferences of the participants in the study with the purpose of providing an answer to research question 2.

The researcher accomplished this objective by exploring the management learning preferences of a group owner-managers in the light of the theoretical dimensions listed above. The accomplishment of this objective involved two tasks: First, setting up and performing a fieldwork. Second, analysing the material generated during the fieldwork.

A practical achievement of this research was to involve a group of twelve owner-managers with the aims and purposes of this research project. The way the researcher

considered appropriate to involve owner-managers in the inquiry was through a methodology which promoted change, i.e. action learning. Action learning was in the form of “learning sets” or “entrepreneurial circles”, weekly meetings in which participants in the study discussed learning needs and problems related to their enterprises, and ways to overcome them. For the participants in the study, setting up the learning sets or entrepreneurial circles was something new and innovative; participants responded to a personal invitation and participated actively in the research project despite their busy agendas. In return, participant owner-managers were able to improve some of the problematic situations exposed, and the researcher was able to explore with the participants their management learning preferences.

A theoretical achievement of this research project was to analyse in a systematic way the data generated during the learning sets. The data generated consisted in the transcripts of tape recordings which contained the discussions participants in the study held during the four months of the fieldwork. In order to analyse the transcripts, the researcher formulated the following research questions:

Research question 3: What are the learning preferences of the participants in the study based on the five theoretical dimensions of management learning proposed in this research?

Research question 4: What themes do participants in the study consider relevant in order to learn about management in the context of Mexican MSMEs?

By disaggregating each transcript into several meaningful categories (chapters five and six) the researcher was able to answer of the research questions mentioned above:

1. **Assumptions about the learners.** This research project found that participants in the study consistently required the guidance and knowledge of somebody acting as a teacher or adviser in order to learn about management. Whereas on some occasions, facilitators provided this guidance, on other occasions other owner-managers provided the guidance and feedback that their colleagues required. This finding implied that in order to facilitate management learning in the context of Mexican MSMEs, it was important to consider that owner-managers preferred to learn about management as if they require guidance

from fellow owner-managers and facilitators, than as if they were naturally able to organise their own learning activities.

2. **Assumptions about the learning process.** This research project found that participants in the study learnt about management more as the result of their involvement in a community of practice (the community of owner-managers of MSMEs), than as the result of deliberated and systematic cognitive activities such as planning, experimenting, reviewing, and concluding. Therefore, this research project concluded that in order to facilitate management learning in the context of Mexican MSMEs, it was more useful to think that owner-managers were more likely to learn about management as a result of interacting with fellow owner-managers, than as the result of systematic and integrated cognitive activities.
3. **Pedagogical settings.** This research project found that participants in the study acknowledged and appreciated the benefits of learning in group mode, i.e. in collaboration with fellow owner-managers. However, participants in the study worked towards individual goals rather than towards common goals. Therefore, this research project concluded that in order to facilitate management learning in the context of Mexican MSMEs, it was useful to consider that owner-managers had an inclination to tackle their own learning needs and problems, using a group of fellow owner-managers as a resource which provided information, skills and competences, emotional support, and theoretical knowledge.
4. **Development orientation.** This research project found that participants in the study preferred to express, problems, goals training and learning needs as if they were related to their business rather than as if they were related to themselves. Therefore, this research project concluded that in order to facilitate management learning in the context of Mexican MSMEs, it was important to consider that owner-managers preferred to learn about management taking into account the problems they actually faced in their enterprises.
5. **Learning mode.** This research project found that, when participants in the study interacted with their colleagues (such as within learning sets), they

preferred to acquire and consolidate managerial skills and knowledge through practicing them during their day to day professional activities, rather than conducting theoretical inquiries about them. Therefore, this research project concluded that in order to facilitate management learning in the context of Mexican MSMEs, it is important to encourage owner-managers to implement and practise continuously the skills and knowledge they acquire.

In summary, this research project suggested that, in order to facilitate management learning in the context of MSMEs, facilitators should encourage four clusters of activities: activities directed to identify needs and resources; activities directed to encourage the formation of a community of practice; activities directed to implement managerial and learning practices; activities directed to encourage critical awareness (Figure 7.1).

With regard of the relevant themes that the participants in the study discussed, this project found that:

6. **Relevant themes.** In the context of Mexican MSMEs, owner-managers were likely to benefit from discussing issues such as: management of the promotion and distribution of products and services, management of economic resources, management of people, and management of operations.
7. **The “system of relevant themes”.** This research project found that participants in the study did not experience problems or learning needs related to their enterprises in an isolated way, but as a “system of relevant themes”. Therefore, this research project concluded that in order to facilitate management learning in the context of Mexican MSMEs, it was useful to examine the relevant themes and their interplay that owner-managers proposed.
8. **The “system of learning needs”.** This research project found that it was important to differentiate the different learning needs owner-managers had (e.g. information, skills and competences, advice and theoretical knowledge). This was because different learning needs required different

degrees of training and education and different strategies to learn. An implication for the subject of management education and training was that, in the context of MSMEs, learning needs were not only a dichotomy which involved theoretical knowledge and professional practice (as Burgoyne and Reynolds (1994) suggested). Rather, it was more useful to think that management learning involved a “system of learning needs”

9. **Interplay between the “system of relevant topics” and the “system of learning needs”.** This research project found that the complexity of management learning that owner-managers required could be represented by the interaction between relevant themes and learning needs. Therefore, in order to facilitate management learning in the context of Mexican MSMEs, it was useful to think that owner-managers’ “system of relevant themes” interacted with their “system of learning needs”.

8.2.5 Overcoming managerial weakness

In summary, this research is significant for those interested in facilitating management learning (whether or not they work in the context of MSMEs), because it shows that the facilitation of management learning could lead to fruitful results, such as overcoming managerial weaknesses at personal, organisational and societal levels.

At a personal level, the facilitation of management learning helped participant owner-managers to create an appropriate environment in which they identified learning needs, exchanged ideas, reflected and provided feedback. Management learning (in the form of learning sets or entrepreneurial circles) helped owner-managers to become reflective about their managerial beliefs and practices. Therefore management learning was an effective approach through which owner-managers overcame their specific managerial weaknesses.

At an organisational level, the facilitation of management learning helped owner-managers to put into practice new ideas in their MSMEs, in order to achieve their personal aspirations and the goals of their enterprises. Management learning often involved goals related to the efficiency and productivity of the enterprises.

At a societal level, if we consider that economic and social conditions are likely to find their roots within the internal organisation of the production processes (Zadek, 2001, Santos-de-Morais, 2000), then the facilitation of management learning helped MSMEs to modify (up to a certain degree) those cultural and historical factors that affect and shape them. Therefore, management learning helped MSMEs to fulfil in a more satisfactory way the economic and social roles they were expected to play in their communities.

The following section describes the achievements of this research project in terms of the “trustworthiness” criteria described in chapter four.

8.3 Retrospective limitations of the research project and outcomes

Although the outcomes of this research project were significant for the subjects of study of management learning and MSMEs, as is generally the case, they enclosed some limitations that should be acknowledged. The aim of this section is to reflect retrospectively on the limitations of this research project and their impact on the outcomes of the study. These retrospective limitations are organised around the following “trustworthiness” criteria: credibility, transferability, consistency and neutrality.

8.3.1 Issues affecting the credibility of the research outcomes

Although the researcher took actions in order to guarantee confidence in the truth of the outcomes, he acknowledged that absolute confidence was an ideal but impossible goal in social research (Lincoln and Guba, 1985). Therefore, it was appropriate to reflect on and acknowledge those issues which affected the credibility of this research project.

First, although the researcher checked explicitly with the participants at the beginning of every meeting of the entrepreneurial circles (learning sets) the accuracy of his interpretations about the learning preferences and relevant themes expressed in

previous meetings, it was difficult to guarantee that the researcher's interpretations represented faithfully the views of the participants. There were several reasons which constrained the researcher's ability to check the accuracy of his interpretations. The most important was that not all the participants in the study attended all the meetings due to their workload. Another constraint was the researcher's limited ability to review and interpret several relevant themes simultaneously; therefore, when he attempted to review his interpretations, many participants in the study had moved forward their discussions and courses of action, i.e., the process was "too dynamic". Finally, another constraint which was out of the control of the researcher was the participants' willingness to challenge openly the interpretations of the researcher.

Second, although the researcher mentioned explicitly to the participants that they had full access and control over the material generated during the research project, only on a few occasions was the researcher requested to show the content of the material generated for further inspection. However, in order to make the outcomes of this research "more credible" the researcher designed a web page to disseminate the outcomes of this research project and to obtain relevant feedback from the participants in the study. This effort resulted in few comments from the participants, leading the researcher to assume (but not guarantee) that the views of the participants were accurately reported.

Third, although the researcher intentionally made an effort to transform the process of the analysis of the transcripts into a dialogue, this process was more driven by the researcher than by the participants in the study (however, participants decided in full what to put forward in each discussion). The participation of owner-managers in the analysis of data was limited because they were more interested in overcoming their learning needs and solving problems of their enterprises, than in exploring their management learning preferences. In contrast, although the researcher had a genuine aspiration to help the participants in the study to achieve their goals through the research process, he was more interested in exploring management learning in the context of Mexican MSMEs.

In summary, the researcher is aware of some issues which affected the credibility of the outcomes of this research project. In his view, involving participants in the study more actively in the process of developing and reviewing the analytical categories

which led to the research outcomes could have overcome the majority of the issues mentioned above. Therefore, a significant issue that the researcher will emphasise in future research projects, is facilitating those conditions that would allow the process of analysis to become a more dynamic dialogue.

8.3.2 Issues affecting the transferability of the research outcomes

Although the researcher attempted to elaborate a widely meaningful explanatory scheme about management learning in the context of Mexican MSMEs, it is not realistic to guarantee that the outcomes of this research project are directly transferable or richly meaningful for other individuals in different circumstances (Checkland and Holwell, 1998). The reason for this constraint, is that the context in which the participants live and the situations that they experienced may be unique. Subsequently, in order to make “more transferable” the outcomes of this research, this thesis provided “thick descriptions” (Lincoln and Guba, 1985) in order to help those interested to facilitate management learning to decide how meaningful the outcomes of this research are for the situations they face. These descriptions are listed as follows:

- 1) The context and characteristics of Mexican MSMEs (chapter two).
- 2) The subject of study of management learning (chapter three)
- 3) The actions and interactions of the participants in the study (chapters four, five and six).

Also, the transferability of this research should be understood in terms of the participants in the study who were representative of those owner-managers who are interested in learning about management (transferability to those with similar background and aspirations).

However, the researcher acknowledges that it was not possible to summarise all the characteristics of Mexican MSMEs, or all the frameworks of ideas that have influenced management learning in limited amount of words. In the same way, it was not possible to describe to a maximum detail the evolving beliefs, actions and interactions of the participants in the study in a couple of chapters. Therefore, an issue that affects the transferability of the outcomes of this research is that the “thick descriptions” provided

in this thesis are by no means complete descriptions of the subjects of study of management learning and MSMEs, and they are subject to enrichment, modification and reinterpretation.

A second issue that affects the ideal of transferability of the outcomes was related to the transcripts of the entrepreneurial circles (or learning sets) and the way in which the data was recorded. For example, tape recordings did not account for unexpressed language (such as moods and gesticulations) of the participants in the study. Also, they were not clear enough in some parts to allow the researcher a precise transcription. In addition, the original transcriptions of this project were in Spanish, and the researcher did not have the abilities of a professional translator. Therefore, despite meticulous reviews, the danger of distorting the original meanings was always present. Finally, the researcher added punctuation to all the transcripts, with the danger of potentially changing the meanings that participants intended to express.

A further issue that affected the ideal of transferability of the outcomes of this research project was that the categories used to answer research questions three and four (chapter five and six) were only a limited way to see thematically across the transcripts. Therefore, categories should be treated as “unfinished resources” which were subject to challenge, modification and further enrichment (Mason, 1996). They did not represent the totality of the management learning preferences of the participants in the study, but only one interpretation of them. Categories could be enriched, for example, by taking into account different frameworks of ideas that have influenced management learning, or by including the learning preferences of other stakeholders of MSMEs, for example: employees, customers, suppliers, and relatives.

In summary, the researcher is aware of some issues that affected the ideal of transferability of the outcomes of this research project. In order to come closer to this ideal, the researcher identified some activities that could be performed in future research projects, for example: to continue with the review of literature about management learning and MSMEs in order to understand how meaningful the outcomes are in different contexts and with different participants; to ask participants to contribute more actively in the documentation process; and finally, to record the entrepreneurial circles (or learning sets) in a different way (e.g. through video) could help to improve the accuracy of the transcripts and their subsequent interpretations.

These points constituted a second way in which the researcher could have conducted the research process differently.

8.3.3 Issues affecting the consistency of the research outcomes

An attractive goal for many researchers is to consider that the outcomes of their research projects could be “replicated” within a similar context and with similar participants (Romm, 2001). For example, in this research project, the views of participant owner-managers of EC1 and EC2 converged into similar problems, themes, learning needs and ways to overcome them. Therefore, it could be argued that the “triangulation” between the information provided by EC1 and y EC2 converged in such a way that the outcomes of this research were consistent. However, despite the triangulations enhanced the consistency of the outcomes of this research, there is no guarantee that they could be replicated in different settings due to the following issues:

The first issue referred to the “sample” of participants in the study. As pointed out in Appendix two, participant owner-managers came from a middle class economic background, they had higher education and university degrees, a tendency to accumulate capital, and previous working experience in large firms or private organisations. As a result, it could be argued that their management learning preferences could be different from the learning preferences of a different sample of Mexican owner-managers.

A second issue that affected the ideal of consistency of the result was the consideration that participants' accounts were neither totally “true” or “untrue”, entirely “complete” nor “incomplete” (Rae, 1999). As is generally the case, participants in the study were likely to relate the same events to different people in different ways, and they tended to behave according to the ways they wanted to be perceived. Therefore, this research project cannot guarantee that the research outcomes, based on what participants expressed, would be totally consistent with the outcomes of other research projects.

In summary, although the views of the participants in the study converged into similar problems, themes, learning needs and ways to overcome them, it is not claimed that

the research outcomes of this research project are fully representative of total population of owner-managers of Mexican MSMEs, but only representative of those owner-managers interested in management learning. In the view of the researcher, a way to overcome these issues in future research projects is to involve owner-managers from different backgrounds than the participants of this study, in entrepreneurial circles (or learning sets) in order to explore their management learning preferences.

8.3.4 Issues affecting the neutrality of the research outcomes

Finally, according to Romm (2001) an attractive ideal for many researchers is that “the advance of science requires that scientific inquiries are not tarnished by the values or beliefs of those involved in the inquiry process” (p. 17). However, in line with Romm (2001), this research project agreed that this is an desirable but impossible ideal in social research. Therefore, this research project acknowledged some issues that affected the neutrality of the research outcomes.

First, it could be argued that the place in which the discussions took place (an executive-style room within a university), could have influenced the participants in the study to behave in a certain way and to express certain opinions as opposed to others. Opinions and behaviours could have been different in other settings.

Second, although the aim of the researcher (who facilitated the entrepreneurial circles) was not to express his opinions and to be perceived as an advisor, teacher or any sort of expert, his presence and comments were a source of bias for the participants in the study. For example the presence of the researcher who had a (apparently strong) background in management and industrial engineering could have influenced the opinions and relevant themes that the participants chose to discuss.

Third, the researcher's academic background and professional working experience was centred around management and MSMEs. Therefore, although the outcomes of this research were grounded in the discussions owner-managers had, they unavoidably emphasise (to some extent) issues that were consistent with the researcher's academic and professional background. In other words, the outcomes of this research

project represented one way (not the way) to understand management learning and MSMEs.

In brief, this research project acknowledged that the way in which the researcher answered the research questions was not value-free nor “objective”, and up to a certain extent, they reflected his values and the ones of the participants in the study. In the view of the researcher, a more continuous reflection of the participants of the study and the researcher about how their beliefs and values affected the research process could have overcome the majority of the issues described above. Therefore, fostering more persistently critical reflection is another issue that the researcher could have done differently.

In summary, the research outcomes of this research project had some boundaries in relation to the ideal standards of qualitative research. This was because the research project was done in a particular context, during a particular time, with limited resources and under particular circumstances. Although the researcher consciously attempted to reduce the limitations of the research project, it cannot be guaranteed that its outcomes were totally credible, transferable, consistent and neutral.

8.4 Original contributions of this research project

The aim of this section, is to point out the original contributions of this research project. Although there is no universal agreement about what constitutes an original contribution to knowledge, Phillips and Pugh (2000) suggested fifteen ways of being original at doctoral level. This section points out four original contributions of this research project in the light of the achievements and limitations presented in the last two sections.

8.4.1 Developing a different way to understand and facilitate management learning.

The five theoretical dimensions developed throughout this research project constituted an original and meaningful way to make sense and to facilitate management learning. The research project combined different frameworks of ideas (chapter two) with the

purpose of facilitating management learning in a “holistic” way. As a result, the research project resulted in guidelines for those interested in facilitating learning about management, for example, in the context of MSMEs, this research project pointed out that:

1. Learning about management could be better facilitated if facilitators help owner-managers to identify appropriate guides, teachers or advisors, who could help them to acquire knowledge about a particular subject.
2. Learning about management is more likely to emerge if facilitators and owner-managers regard learning as a social accomplishment rather than as an individual, mentalistic activity.
3. Therefore, management learning is more likely to emerge in co-operation with other owner-managers, i.e. in group format.
4. Learning about management could be better facilitated if owner-managers express their problems and concerns as if they were related to organisational development rather than as if they were related to personal development.
5. Finally, learning about management is more likely to emerge and become meaningful if owner-managers and facilitators put into practice the skills they consider relevant for their MSMEs.

In this way, this research project made an incremental step in the existing knowledge about how to facilitate learning about management and how to manage learning in the context of MSMEs.

8.4.2 Implementing an old strategy in a new context

This research project was also original because it implemented an old strategy (learning sets) in a new context (Mexican MSMEs). Traditional implementation of learning sets targeted mainly large enterprises. In contrast, this research project implemented some learning sets with owner-managers of micro, small and medium-sized enterprises. This prove to be an innovative aspect of this research project since, to the best knowledge of the researcher, action learning sets have not been implemented before among Mexican MSMEs. The implementation of learning sets helped owner-managers to review their actions in the world in order to make more

informed decisions. As a result, this research project has contributed to the existing knowledge about action learning, pointing out that learning sets were useful in the context of Mexican MSMEs.

8.4.3 Carrying out research through a strategy that has not been widely used in MSMEs research

As indicated in chapter four, research on MSMEs has been dominated by the positivist paradigm (Curran and Blackburn, 2001; Rae, 1999; Gibb, 1987). Educational and training needs have been studied, at least in Mexico, through national and regional surveys (e.g. NAFIN, 1999; INEGI, 2000). In contrast this research project studied educational and training needs of owner-managers from “the inside” rather than from the “outside”. It explored their learning needs and relevant problems in collaboration with them. Therefore, this research project was significant in the sense that it confirmed previous research outcomes, and expanded their scope, by identifying a variety of management education and training needs of owner-managers of Mexican MSMEs.

8.4.4 Combination of the topics

Finally, an original contribution of this research project was that it combined frameworks of ideas (management learning), methodological approaches (action learning and qualitative analysis), and a specific context (Mexican small firms) in a unique way. The research project removed artificial academic barriers and adopted a more holistic approach in order to understand how owner-managers of MSMEs learn about management and manage to learn. As a result, the research project demonstrated the value of a multi-framework approach in order to address complex situations such as overcoming managerial weaknesses for the benefit of individuals, organisations and the society.

8.5 Further research

As is generally the case, research on any topic could lead to more questions than to satisfactory answers. This research project did not escape from this paradox. Therefore

the aim of this final section is to point out those new questions that this research uncovered.

As pointed out in the section 8.3, in order to develop a deeper understanding about the subject of management learning, further literature review is required. Future research could explore more theoretical dimensions based on frameworks of ideas that have influenced that management learning (e.g. informal learning, the learning organisation). Therefore, a question for further research is, what other dimensions of management learning should be included?

The appraisal of the participants in the study illustrated how beneficial it was for them and their enterprises to identify learning needs, discuss them with colleague owner-managers and implement informed courses of action. It could be argued that the achievements of the participants in the study were partially grounded on the interaction with their colleagues. So a major issue for those interested in facilitating management learning among MSMEs is how to identify relevant partners in order to facilitate more effectively learning about management.

From the researcher's point of view, an ideal situation would be to disseminate and ultimately "replicate" the achievements of the participants in the study to other MSMEs. These could lead other owner-managers to fulfil the personal and social purposes of their enterprises in a more appropriate way. The question is, what would be the best approach in order to multiply the outcomes of this research at local, regional and national levels? Who should act as catalysts of management learning: The public sector? Universities and Colleges? Chambers and professional associations? The community of practice of owner-managers? Perhaps a partnership?

In addition, further research could explore the benefits of management learning for different type of enterprises, for example, small enterprises operating in the informal sector of the economy, or in different sectors of the Mexican economy (e.g. MSMEs in sectors such as agro-industry, textiles, manufacturing, tourism, commerce, financial services, etc.). In brief, further research could also explore the benefits of management learning for specific sectors of the economy, according to the "developmental stage" of the MSMEs, and separating micro, from small from medium-sized enterprises.

Finally, a personal research endeavour that the researcher intends to accomplish is to disseminate information based on the outcomes of this project to at least two audiences: first, among the community of facilitators of management learning via journal publications and conferences; second, to the community of owner-managers through the implementation of more entrepreneurial circles or learning sets.

Although the questions that these research project uncovered cannot be answer in a definitive way, developing a deeper understanding how to facilitate management learning among MSMEs could help them to fulfil their purposes for the benefit of their stakeholders and the societies in which they operate.

Roberto Ernesto Villaseñor Roldán.

March, 2004.

Appendix 1- MSMEs in the formal and informal sector of the economy

The parameter that Roubaud (1995) chose to identify those firms which operate in the informal economy is the lack of registration. In Mexico, firms are required to get registered with about six different public organisations, including:

- The Secretariat of Hacienda and Public Credit (inland revenue agency).
- The Mexican Institute of Social Security (or other social security agency).
- The local Municipality (City or County Council).
- A Chamber of Commerce or Industry.
- Other governmental agencies that regulates affairs such as work safety, hygiene, environment and transport.

Depending on the size and sector, firms are required to get registered in some or all of the above agencies. However the only one which is compulsory for all firms is the Secretariat of Hacienda and Public Credit (SHCP). Firms operating without SHCP's registration are mainly small businesses dedicated to legal activities but which do not pay taxes.

In Mexico, all firms, regardless their size and main economic activity, are required to provide the following benefits and protection to their employees:

- a) Annual bond (*aguinaldo*): It is an annual bond for all employees of an organisation, payable once a year, equivalent to at least 15 days salary.
- b) A proportion of annual profits: Employees will receive part of the profits generated by the organisation. The amount of profits that organisations shares with their employees is determined by a national bureau.
- c) Holidays with full salary and extra commission (*prima*). Employees with more than one year in an organisation will be granted at least 6 days of holidays

enjoying full salary. They will also receive an extra commission of at least 25% of the salary that they will earn in the holiday period.

- d) Credit for house. Every organisation must deposit, in the National Fund for Housing, the equivalent of 5% of the employee's salary which they can use to acquire a house.
- e) Social security. All organisations must affiliate their employees to one social security institution, mainly the Mexican Institute for Social Security (IMSS) which will assist employees whenever they need attention in situations such as: accidents at work, illness, maternity, disability, child care, elderly care and death.

It is worth to noting that some SMEs might be exempted from providing some benefits due to their size and set up period.

Appendix 2 - Profile of participant owner-managers, enterprises and facilitators

After the information sessions, each entrepreneurial circle was composed of six owner-managers, a facilitator, and a co-facilitator. Participants of EC1 decided to have their weekly meetings every Friday while participants of EC2 decided to have their meetings every Tuesday. During the first meeting, the researcher asked participant owner-managers to answer a questionnaire in order to obtain some information about the enterprises. The profile of each MSME is provided in the following sub-sections.

Participant owner-managers of entrepreneurial circle 1 (EC1)

Miss Miriam G. Her family operated a business in the service branch of the construction industry since 2001. They provided technical advice and performed security tests on construction concrete. Their facilities consisted of a laboratory in which they performed special tests on different types of a materials. Her father was the founder of the enterprise and the success of the enterprise, in terms of number of clients, demanded the formalisation of the administrative function. While Miss Miriam was responsible for the administration of the enterprise, her father performed the operative tasks. Four members of her family were in various ways involved in the enterprise, plus thirteen permanent employees. According to the criteria defined in Table 2.1 this enterprise was classified as micro. Prior to joining her father in his enterprise, Miss Miriam worked as a quality engineer in a large international enterprise located in Toluca city. At the time of the fieldwork, Miss Miriam was single and held a Bachelor's degree in industrial and systems engineering and a Master of Science degree in quality and productivity.

Mrs. Diana H. Her family owned an enterprise which operated in the agro-industrial sector. Her father, the founder of the enterprise, grew nopal⁹ and distributed it in Toluca city and regional markets. In year 2001, Mrs. Diana started her own enterprise buying the nopal production from her father with the aim of commercialising it in national markets. At the time of the fieldwork, her father was thinking of retirement. She and her elder brother were preparing the fusion and re-organisation of both enterprises. Six of her relatives and seven permanent employees participated in the activities of both enterprises. According with Table 2.1 both enterprises were considered micro enterprises. Before creating her enterprise, Mrs. Diana worked as a manager assistant in a training-provider office which was part of a local university. At the time of the fieldwork she was married with no children and held a Bachelor's degree in business administration and a Master degree in business administration.

Mr. Román R. Before starting his own business, Mr. Román worked as a computer programmer in large software company. In 1990 he decided to create his own enterprise within the computer-service industry. Under his leadership, he and his employees created an administrative software which they commercialised. Apart from commercialising administrative software, Mr. Roman's enterprise performed maintenance on different types of computer equipment. His enterprise operated in an office in Toluca city, and his clients were mainly other small and medium-sized enterprises from this city. None of his relatives were involved in the activities of the enterprise, and he had seven employees. According to Table 2.1 his enterprise was classified as a small enterprise. At the time of the fieldwork Mr. Roman was married and he held a Bachelor's degree in computer science.

Mr. Jorge N. Before becoming an owner-manager, Mr. Jorge was an employee in a computer-related firm. In year 2002 he and four of his working partners, decided to become independent entrepreneurs. The main activity of their enterprise was development of administrative software and internet applications for small and medium-sized enterprises. Apart from administrative software, Mr. Jorge's enterprise had created a computer game which they were trying to commercialise in Toluca city. No relatives of the four associates were involved in the operations of the enterprise. The enterprise had no formal employees and he and his four associates performed all the

⁹ Nopal is a Mexican cactus with fleshy pads which are used as a major component of Mexican cuisine.

job as equal partners. According to Table 2.1 Mr. Jorge's enterprise was considered as micro. At the time of the fieldwork, Mr. Jorge was married and had one small son. He held a Bachelor's degree in computer science.

Mr. Juan F. His family owned a printing press which has been operating in the commercial sector since 1982. Their enterprise had different types of clients, from individuals wanting printed invitations for special occasions, to a multi-national enterprise which commissioned labels for its products. Mr. Juan has been involved in the enterprise since he was a teenager. The founder of the enterprise (the father of Mr. Juan) decided to open a subsidiary of the enterprise, and entrusted it to Mr. Juan. Both establishments operated within Toluca city. According to Table 2.1 the enterprise of Mr. Juan was classified as small because he employed ten employees plus four of his relatives, making a total of fourteen. At the time of the research Mr. Juan was single. He held a Bachelor's degree in electronic engineering.

Mr. Sem F. He finished his Bachelor degree in industrial engineering in year 2002. As soon as he finished his degree he decided to become an independent distributor of a multi-national enterprise. He commercialised water filters among different types of clients mainly: family houses, restaurants, and hospitals. Because he was in the "start up period" of his enterprise, he did not have an establishment and he had no employees. All the paperwork was done by him in his house, and he spent most of his time visiting possible clients. At the time of the fieldwork Mr. Sem was single.

The following table summarises some of the characteristics of the MSMEs participating in entrepreneurial circle one.

	Firm 1	Firm 2	Firm 3	Firm 4	Firm 5	Firm 6
Main business	Testing construction materials	Selling nopal	Selling and installing software	Designing and selling software	Printing press	Selling water filters
Generation of manager	Second	Second	Founder	Founder	Second	Founder
Stage of the enterprise	Consolidating first growth	Planning first growth	Planning second growth	Start up	Planning second growth	Stat up
Permanent employees	13	7	7	None	10	None
Relatives in the firm	4	6	None	None	4	None
Number of associates	None	None	None	4	None	None
Location of the market	Toluca and Mexico city	Toluca city	In all the country	Toluca city	Toluca and Mexico city	Toluca city
Number of permanent clients	10-30	10-30	2-10	2-10	More than 30	None
Number of competitors	1-5	More than 10	More than 10	More than 10	More than 10	1-5
Main activity of the owner-manager	Supervising	Supervising	Finding new clients	Creating the product	Supervising	Finding new clients
Type of quality control	Statistical control	Final inspection	Final inspection	Final inspection	Final inspection	None
Mission statement	Yes	No	No	Yes	No	No
Explicit planning objectives	Yes	No	No	No	No	No
Sales tendency in during the last year	Increased	The same	Increased	Increased	The same	Does not apply
Expenses tendency during the last year	Increased	Increased	Increased	The same	Increased	Does not apply
Main asset	Equipment	Land	Human capital	Equipment	Equipment	Publicity
Value of the firm	Unknown	Unknown	Unknown	£ 60 000	Unknown	£ 300
Debts of the firm	None	£ 4700	£ 5800	Not provided	£ 7600	None

Table A.1 Characteristics of participants of EC1

Participant owner-managers of entrepreneurial circle 2 (EC2)

Mrs. Anaid E. Her family owned an enterprise which operated in the production sector. Her father, the founder of the enterprise, started the production and commercialisation of different types of cheese in 1999. Since then, the enterprise gained another associate investor (a close friend of Mrs. Anaid's father) and two employees. Their clients (mostly delicatessen stores, restaurants and housewives) were located in Toluca and Mexico City. At the time of the fieldwork, Mrs. Anaid was running the commercial operations of the enterprise; she treated her activities as an independent part of the main establishment; although she was actively involved in many other activities of the enterprise. According to the criteria of Table 2.1, the enterprise was considered as a micro-sized. Prior joining the family enterprise, Mrs. Anaid was a pollution inspector of the Secretariat of the Ecology. At the time of the fieldwork Mrs. Anaid was married and had two children. She held a Bachelor's degree in chemical engineering.

Mrs. Lupita T. She and her cousin in law started founded their enterprise in 2001. They commercialised silver jewellery in a small store in Toluca city. They bought and brought their products from another city (Taxco) and distributed them in Toluca city; however, they also designed and manufactured some products they sold. Their enterprise had no employees, and Mrs. Lupita and her cousin in law handled personally all the operations of the business. Before becoming an owner-manager, Mrs. Lupita was lecturer and senior researcher in the Department of Biology at the National University of Mexico. At the time of the fieldwork Mrs. Lupita was married and had one small son. She held bachelor and postgraduate degrees in biology.

Mr. Carlos P. He started operating his enterprise in 1986. He had previous working experience as an engineer in the agriculture sector. His enterprise was dedicated to commercialise spare parts for tractors; and he also provided maintenance to agriculture-related equipment. The premises of his enterprise were located in Toluca city, but the majority of his clients worked in farms surrounding Toluca city. He had won some contracts with the State's Government to provide maintenance to agro-industrial equipment. None of his relatives were involved in the activities of the enterprise and he offered employment to one permanent employee. According to Table 2.1 his enterprise was classified as a micro sized enterprise of the commercial sector. At the time of the

fieldwork Mr. Carlos was married and had two sons. He held a Bachelor's degree in agricultural engineering.

Mr. Filiberto A. Mr. His family owned an enterprise which operated in the forest industry. They used wood as their main raw material in order to manufacture and commercialise products for the construction industry (floors and window frames), and for the automotive industry (racks and pallets). The enterprise started operating in Toluca city in 1989 and has been growing since then. To cope with the demand, the father of Mr. Filiberto opened a subsidiary in the outskirts of Toluca city, and Mr. Filiberto was the responsible for the new subsidiary. He was in charge of 56 employees and four of his relatives collaborate with him performing administrative duties. According to Table 2.1 the subsidiary was considered as a medium-sized enterprise of the production sector. His major clients were located in Toluca city, however Mr. Filiberto also extended his operations to several small cities and towns of the region. At the time of the fieldwork Mr. Filiberto was married and had two daughters. He held Bachelor degree in industrial and systems engineering.

Mr. Aram Z. His father started to commercialise material and spare parts for electric appliances. When Mr. Aram was a teenager he learned how to run this type of business and in 1998 he decided to open his own enterprise as a subsidiary of the enterprise of his father. Eventually he became an independent owner-manager. His clients were mainly situated in two cities: Toluca and Tenancingo, but he also delivered electric material to several small villages at the outskirts of Toluca city. Due to his success as an independent owner-manager, Mr. Aram decided to expand his activities and opened a factory making the plastic tubing which is used to encapsulate electric wire. He adapted a house (which was the property of his mother) as a factory, and was also located in Toluca city. He offered employment for three permanent employees. According to Table 2.1 his enterprise was considered as a micro-sized enterprise. At the time of the fieldwork he was single. He started an undergraduate degree in business administration but he did not completed it .

Mr. Javier P. Before becoming and independent owner-manager, Mr. Javier worked as electrical engineer in a medium-sized enterprise in Mexico city. He established his enterprise in year 2000. His enterprise provided maintenance to electric generators and energy-related equipment. The majority of his clients were medium and large

enterprises which required uninterrupted supply of energy and electricity (for example hospitals and factories). His premises were located in Toluca city and his clients were located in this city but also in Mexico city. His wife participated in the enterprise performing administrative duties. He also offered three permanent employments, and up to five part-time employments. Taking into account only the permanent employees, his enterprise was classified as micro-sized enterprise. At the time of the fieldwork Mr. Javier was married and had one son. He held a Bachelor degree in electrical engineering. The following table summarises some of the characteristics of the MSMEs participating in entrepreneurial circle one.

	Firm 7	Firm 8	Firm 9	Firm 10	Firm 11	Firm 12
Main business	Production of cheese	Selling jewellery	Selling spare parts	Producing wood products	Producing electric materials	Electrical equipment maintenanc.
Generation of manager	Second	Founder	Founder	Second	Second	Founder
Stage of the enterprise	Planning first growth	Start up	Planning second growth	Planning second growth	Consolidating first growth	Planning first growth
Permanent employees	2	None	1	56	3	3
Relatives in the firm	1	None	None	4	1	1
Number of associates	1	1	None	None	None	None
Location of the market	Toluca and Mexico city	Toluca city	State of Mexico	State of Mexico	State of Mexico	Toluca and Mexico city
Number of permanent clients	More than 30	11-30	More than 30	More than 30	More than 30	2-10
Number of competitors	1-5	Unknown	1-5	6-10	6-10	Unknown
Main activity of the owner-manager	Finding new clients	Selling	Selling	Organising	Finding new clients	Finding new clients
Type of quality control	Statistical control	None	Final inspection	Statistical control	Final inspection	Informal
Mission statement	No	No	No	Yes	No	No
Explicit planning objectives	No	No	No	Yes	No	No
Sales tendency in during the last year	Increased	Irregular	The same	Irregular	Decreased	The same
Expenses tendency during the last year	Irregular	Increased	The same	The same	Decreased	Increased
Main asset	Unknown	Inventory	Inventory	Raw material	Equipment	Equipment

Value of the firm	Unknown	Unknown	£ 50 000	Unknown	Unknown	Unknown
Debts of the firm	Unknown	Not provided	£ 1500	Not provided	None	£ 600

Table A.2 Characteristics of participants of EC2

The following paragraphs summarise the profile of the participant owner-managers of both entrepreneurial circles.

Personal characteristics. According to the appreciation of the researcher, participant owner-managers came from a middle class economic background, and they had intentions to accumulate capital and increase the value of their enterprise. All, except one, had completed a university degree, and three had postgraduate degrees. Of the twelve participants, four were female and eight were male; eight had dependants.

Degree of entrepreneurship. Half of the participants inherited or ran a subsidiary of the principal establishment that a founder started, while the other half were entrepreneurs that started their own firm. All of them, except one, declared that they had the relevant registrations in order to run their businesses in the formal economy. All of the participants were owner-managers because they were convinced of the benefits of running their own enterprise. They were not owner-managers because they did not have other employment options.

Activities of the enterprises. Three of the enterprises belonged to the services sector, providing services in the construction, electrical and software sectors. Three enterprises belonged to the production sector, producing commodities such as cheese, wood floors and frames, and plastic tubing. Finally six enterprises participated in the commercial sector, selling products such as software, printed materials, water filters, vegetables, jewellery, and spare parts. According to Table 2.1, nine of them were considered micro-sized enterprises, two small-sized enterprises and one medium-sized enterprise. Three enterprises were in the start up phase, while three had passed their initial phase and were planning their first growth. Two enterprises were consolidating their first growth, and three were planning their second growth. Finally, one enterprise was consolidating its second growth. According to Gibb (1994) these stages were important because management and learning needs could be related to the stage of the enterprise. For example, while starting owner-managers could have learning needs

such as networking, finding new customers, dealing with clients and suppliers, and managing costs; owner-managers consolidating their first growth could need to learn strategies for cost reduction, time organisation and improving efficiency.

Market. All of the enterprises operated in Toluca city and outskirts while eight extended their operations to Mexico and other cities. Eleven of the enterprises delivered their products or services directly to the final customer while only one delivered its products through a distributor.

Expertise. The majority of the participants had working experience in large private or public organisations. Six of them had technical studies related with the product or process they sell and manage, in contrast they had few managerial experience. Only four of them had previous training and education in areas related to management. The technical sophistication of the production and service enterprises was medium and high.

Organisational structure. The majority of the participants had no need to change the organisational structure of the firm (only to accommodate relatives). In fact they had ambiguous organisational structure in the sense that the responsibilities of member were not defined explicitly. Of the twelve enterprises, seven received support from their relatives in the operations of the enterprise. Three enterprises had an explicit mission statement and only two of them had explicit objectives (five years planning horizon). None of the enterprises were growing enough to increase their permanent employees or working time.

Assets. Seven of twelve enterprises owned their premises, while four of them rented their premises. Only one of them operated without fixed premises. Equipment and inventories were the most important assets that the participants owned. Five firms recognised and knew the amount of their debts, while three of them did not have debts. Seven owner-managers could not specify the total value of their firm (the amount of money they would receive if they sold their business), while three of them had clear the value of their enterprise.

In summary, the participant owner-managers reflected the variety that characterises MSMEs in Mexico. Despite their differences, the most common characteristic that

united all of the owner-managers was their previous experience in higher and university education. That could have an impact on the type of management learning approach they could prefer. The following section summarises the profile of the facilitator and co-facilitator.

Profile of the facilitator and co-facilitator

Mrs. Laura L. (co-facilitator). At the time of the fieldwork Mrs. Laura was the director of the Centre for Sustainable Development (CAD) of ITESM Toluca Campus. Her professional experience was centred around managing services for micro, small and medium-sized enterprises. Those services included education and training courses as well as consultancy for small firms. Her family had an enterprise in the city of Tenancingo but she did not participate in the operations of that enterprise. At the time of the fieldwork she was married and had one son. Her husband was an independent consultant in the service sector. She held a Bachelor's degree in communication sciences and she was studying a postgraduate course leading to a Master degree in business administration.

Mr. Roberto V. (facilitator). Mr Roberto (who is the researcher and author of this thesis) had his first professional experience as a laboratory assistant in a large-sized enterprise dedicated to produce electrical devices. His responsibilities included performing safety tests on batches of electric devices before they reach final customers. Afterwards he shifted his professional career to academia. After completing a Master degree in management systems at the University of Hull he joined ITESM Toluca Campus as an assistant professor at the School of Engineering. He provided consultancies (mainly about management and operations management) to small and medium-sized enterprises in Mexico city and Quito (Ecuador). He also had experience as facilitator for the elaboration of strategic plans of medium-sized enterprises, mainly in San Salvador City (El Salvador). None of his relatives was an owner-manager. At the time of the fieldwork Mr. Roberto was married. He held a Bachelor degree in industrial and systems engineering, a Diploma in marketing, a Master degree in management systems and a Master degree in industrial engineering.

In summary, the facilitator and co-facilitator had little or no experience as owner-managers. Their professional experience was centred around consultancy (especially for MSMEs) and academic activities. It could be inferred that their experience was centred around providing advice rather than on facilitating learning.

Appendix 3 - Schedule of activities during the fieldwork (January – June, 2002)

Activities	January	February	March	April	May	June
Setting up the field-work:						
1 Meetings with the directors of CAD and DGMPE	■					
2 Inviting owner-managers to participate in the entrepreneurial circles	■	■				
3 Information meetings: Clarifying roles negotiating rules, signing contract		■	■			
Fieldwork:						
4 Meetings with Entrepreneurial Circle One (EC1)		■	■	■	■	■
5 Two (EC2)		■	■	■	■	■
6			■	■	■	■
7 Evaluation of the entrepreneurial Circles						■

Appendix 4 - Web page of the research project

This appendix contains the web page of this research project. The purpose of the web page was to disseminate the findings of this project to the participants in the study (owner-managers). Therefore the web page was developed in Spanish with an English version of the main index. The web page could be found at the following address:

<http://www.hull.ac.uk/php/mgm0rev>

The following paragraphs explain the main features of the web page.

Page A – Welcome

It welcomes the reader and explains the purposes of the web page: first, to disseminate the findings of the research project (*Avances*); second, to provide relevant feedback to researcher (*Cuestionario*); and third to acknowledge the collaboration of those involved in the research project (*Agradecimientos*).

Page B – Questionnaire

This page contains six questions that the researcher asked to the participants in the study after one year the entrepreneurial circles took place. The questions are:

1. Would you participate again in the entrepreneurial circles?
2. What did you learn as a consequence of participating in the entrepreneurial circles?
3. On a scale of 1 to 10, how much did the entrepreneurial circles help you to fulfil your business objectives?
4. In what sense has your way of managing and understanding your enterprise changed?
5. What changes in the way you manage your enterprise have you implemented?

6. What suggestions would you make in order to improve the effectiveness of the entrepreneurial circles?

Page C – Achievements

This page is divided into three sections. The first section describes the nature of the research project.

Page C1 - Justification. It briefly justifies this research project

Page C2 - Proposal. It explains the five theoretical dimensions which helped to analyse the management learning preferences of the participants in the study.

Page C3 - Methodology. It describes the methodological approach (action learning) and its main assumptions. It also describes the way in which the researcher analysed the transcripts of the entrepreneurial circles.

The second section of Page C presents a list of documents which are available for the participants in the study.

Page C4 - Documents. The documents that available for the participants of the study were: The contract signed at the beginning of the fieldwork (Page C4.1), the complete transcripts in Spanish (Page C4.2), the evaluation analysis of the entrepreneurial circles (made by the participants) (Page C4.3), the analysis of the categories (by the researcher), and finally, the first complete draft of the thesis.

The third section of Page C presents the findings of the research project.

Page C5 - Process. This page presents the analysis of the entrepreneurial circles according to the five theoretical dimensions described in Page C2.

Page C6 - Content. This page presents the analysis of the entrepreneurial circles according to the relevant themes participants in the study decided to discuss.

Page D – Acknowledgements

This page presents a list of those all the participants (owner-managers, directors, supervisors and researchers) as well as the institutions who supported this research project (CONACYT, The University of Hull, and ITESM Campus Toluca).

Appendix 5 - Explanation of the symbols used in the transcripts of this research project

Transcripts were organised in fourteen documents, which are available if requested to the researcher. Transcripts are verbatim records of the interaction during the entrepreneurial circles. They include few references of non-verbal behaviour.

- Short pauses in speech are indicated with three dots (...)
- Comments added by the researcher are indicated by brackets [comment]
- Interruptions are indicated by three dots and two slashes (...//)
- Punctuation has been added in order to make the extracts more readily to the reader.

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