

SME Learning in a Recession: In Search of Growth

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Abstract

This study aims to explore how a successful small business utilised a 'learning in the organisation' strategy to achieve business performance in the last recession of 2008-09. In the case study firm, learning activities helped to improve employee efficiency. Employee efficiency, in turn, helped to achieve business performance. To gain business performance, the firm implemented formal, semi-formal and informal learning activities. The skills and knowledge gained from learning activities were transformed and transferred to the business context. To understand the growth phenomena, this research employed pluralist and pragmatic methods. The research is supplemented by the participant action research as the main approach and mix method to collect and analyse the data. Being a case study, the outcome of this research may not be replicated directly to other businesses. However, this research provides a foundation to SME owner-managers, researchers (academics and scholars), policy-makers and support organisations to understand how a 'learning in the organisation' strategy helps to achieve business performance in a recession.

Keywords: SMEs Learning, Recession, Business Performance, Action Research

1. Introduction

Witnessing the last recession of 2008-09, it becomes clear that the recessions hit harder to the small and medium enterprises (SMEs) particularly the ones which are not prepared to cope economic turbulences. In the last recession, SMEs faced a number of issues such as decrease in sales turnover, reduction in number of customers, and difficulty in arranging finance which hindered the achievement of profitability, sustainability and cash-flow – see OECD (2009), Price et al. (2013), Sahin et al. (2011). Yet, there are some evidences to show that SMEs achieve better performances during recessions. Gulati et al. (2010) find that nine per cent SMEs come out of the recession stronger than ever. Similarly, Cowling et al. (2015) explore that 20-30 per cent SMEs increase sales turnover and 15-20 per cent SMEs increase the number of employment. Such growing SMEs play a vital role to create jobs and obtain economic growth in the national economies. Obviously, researching SMEs and investigating growth phenomena become immensely important.

SME performance is achieved from different factors and strategies such as business characters, business processes, and owner-manager characters (Storey, 2010). The case study firm implemented learning in the organisation strategy to achieve business performance throughout the business operation since he bought the first taxi firm in 2004. He continued utilising this strategy when he bought another taxi firm in 2005. Again in 2006, he established a garage to provide repairing services for their own vehicles where he used learning strategy. Since acquiring the businesses, the case study firm achieved performance continuously. Therefore, the purpose of this study is to examine the association between business performance and 'learning in the organisation' strategy.

To see the relationship between business performance and learning strategy, this papers presents literature review which illustrates existing theories that are relevant to understand and interpret the learning process in the case study firm. The requirement and use of pluralist methodology are discussed subsequently. Results are analysed and interpreted to conclude how the case study firm achieved business performance.

2. Literature review

Within the learning domain in the organisational settings, there are three major concepts – 'organisational learning', 'learning organisation' and 'learning in the organisation' – which share a learning field for the different purposes. Other than learning in organisational settings, we find a significant number of learning theories which consider individual and team learning – see Lewin (1947), Kolb (1984), Argyris (1976). In this article, we discuss business performance and impact of learning in the organisation strategy leaving other concepts aside.

Learning in the organisation starts from the individuals. Then the skills and knowledge are transferred to the organisation (Nonaka, 2007). In general, learning process has three steps – gaining/acquiring, transforming/transferring, and implementing/reflecting – see Huber (1991), Daft and Weick (1984). Gaining and/or acquiring the skills and knowledge is the first step in the learning process. In this step, people acquire skills and knowledge which can be gained in different forms such as formal or informal, and internal (contextual) or external (non-contextual). The sources and quality of the knowledge play an important role to make the business success. It is argued that out-of-the-context knowledge does not help to achieve business performance (Ho and Wang, 2015). Therefore, in the second step, skills and knowledge gained in one contexts is transformed into the business context and transferred to the members of the team. The final step is the implementation of transformed (transferred) skills and knowledge at their work. Along with the implementation of their knowledge, people reflect the outcome and make adjustments for the next cyclic step. In this way, organisations and employees learn knowingly/unknowingly or intentionally/unintentionally in the business settings (Kim, 1993).

However, the association between employee learning and business performance is not straightforward – employee learning helps to achieve employee efficiency, and such improved efficiency helps to achieve business performance – see Tahir et al. (2011), Lee and Lee (2015). Again, there are contradictions about which step has more impact on the business performance. A handful of literature argues that transformation of skills and knowledge is more important to achieve business performance than what the employees learn. The argument is – transformation process involves dialogues and interactions between individuals which plays a critical role in the organisation to achieve performance (Schein, 1993). Contrary to these, some scholars argue that the implementation is more important than acquiring and transforming the skills and knowledge (Ellis, 1965). Keeping such contradictions aside, we argue that the companies with growth intention need to utilise individual skills and knowledge to focus customers, create markets, improve business processes, and develop new products or services.

While investigating how a small business achieves performance, we find a number of different learning aspects such as objectives for learning, learning approaches, sources of knowledge, and learning times. Firstly, we identify the objectives for learning which can be either personal, organisational or both which also

may have primary, secondary or both reasons. Some employees learn because they see a possibility of promotion and some employees learn to improve their existing job performance. Personal reasons include the desires to move up, improve the performance, peer pressure, family pressure and social pressure. Similarly, organisational reasons are associated with job performance which can either be existing job, future job or both. For whatever the reasons employees learn, the collective new skills and knowledge obviously help to achieve business performance (Budworth, 2011).

Secondly, learning is affected by the approaches people use to learn. There are two main approaches – formal and informal. Formal learning approaches are designed in such a way so that learners gain generic and standard (theoretical) skills and knowledge in a confined duration. However, due to the limited resources, most of the SMEs do not use formal learning approaches and end up utilising informal learning approaches (Ku, 2012). Social participation, interaction and dialogues are some forms of informal learning activities which pressurise people to learn – see Lave and Wenger (1991). In the context of SMEs, informal approaches are mostly ad-hoc types and resolve the contemporary issues. Additionally, the analysis of individual and collective (organizational) learning can be viewed in a meta-paradigm framework, where formal learning approach is viewed as a knowledge acquisition and informal learning approach is viewed as a social process (Popova-Nowak and Cseh, 2015). Moreover, experiential learning plays an important role in SMEs which is usually discussed under informal learning approach. Experiential learning comes from decisions taken, mistakes made, experience gained and networks (relationships) developed – see Lewin (1947), Kolb (1984), Deakins and Freel (1998). Similarly, a dynamic and evolutionary learning approach takes place when people are getting involved in different activities. That is, cumulative learning and sense making depend on the history of experience (Costello, 1996).

Thirdly, the source of skills and knowledge plays a vital role in achieving business performance. Freel (1998) rejects the association between pre-start-up skills (knowledge) and growth of a business. Thus, business growth is achieved by the post-entry experiences and learning such as adapting, adopting and becoming efficient. This makes it clear that the skills and knowledge out-of-the-context do not help to achieve business performance, i.e. the business performance is associated with the firm specific skills and knowledge. This invites the requirement of skills/knowledge bank which is also discussed as resource based view (Penrose, 1959). An SME may use 'learners and fitters' during the recessions who may copy the skills and knowledge and adopt the situations (Geroski and Gregg, 1993). Clifton et al. (2010) back up this idea by arguing the need of appropriate level of understanding to acquire and disseminate the knowledge in the context. Hence, it can be said that any external and un-contextualised knowledge does not help to achieve business performance.

Even though the impact of trainings and SME performance has not been established well, Storey and Westhead (1996) find a positive association between effective management trainings and business performance. To achieve business performance, an organisation needs to organise shorter but more frequent training programmes which help employees to gain, transfer and implement skills and knowledge in the context (Ackoff, 1999). Reciprocal training is one such example which helps to develop an understanding of the business directly and to achieve business performance indirectly.

Finally, the time of learning is another aspect that is also important to make the business success. Here, the fundamental question is 'when do employees need to learn?' The question may be answered easily – employees in a dynamic organisations need to learn continuously. However, the answer does not fit to every SME. Because of the limited resources SMEs face, they tend to learn whenever they find it difficult to deal the situations. Such situation comes usually in two conditions – when they want to move up from one stage to another stage, and when they have to deal ad-hoc issues. Therefore, it can be said that SME learning is mostly intermittent. In an ideal situation, employee learning should be continuous – observing, assessing, designing and implementing (Zhang, 2000) – to gain operational (know-how) and conceptual (know-why) knowledge. If organisation do not provide learning opportunities, employees may start getting frustrated, angry and tensed (Argyris, 1976) which can be used as indicators to identify learning requirement.

By reviewing the literature around learning in the organisation, it becomes clear that there are sufficient individual and the organisational learning theories. There is a little empirical research on how SMEs achieve business performance from learning activities. Particularly, there is a gap in the literature that discusses the association between 'learning in the organisation' strategy and business performance during financial crises.

3. Methodology

To research the case study firm and investigate the impact of 'learning in the organisation' strategy, this empirical research implemented a pluralist methodology (Mingers, 2001) which was supplemented by action research as the main approach. The combination of participant action research (Lewin, 1946) and problem centred action research (Stringer, 2007) made this study pragmatic to diagnose problems and to find solutions. The participant action research is well-established in investigating dynamic and complex

organisations (Adelman, 1993, Chein et al., 1948). As recommended by Lewin (1946), research participants were involved during designing the project, data collection and analysis, and strategy formation. The research project was divided into three phases – understanding the business, analysing and interpreting the changes, and formulating the strategies.

Firstly, to develop an understanding of the case study firm, we collected both qualitative and quantitative data from multiple sources for 10 years (from 2004 to 2014). The data included information of the organisation, business process, organisation works and owner-manager. Business data were collected by exploring the location, size, age, number of employees, and services (products). Similarly, business process data were collected by examining the strategy formation and implementation processes, business management processes, and human resource management processes. Then, data regarding the organisation works were collected by examining the activities done inside and outside the organisation. Finally, data related to the owner-manager were collected by shadowing the entrepreneur.

A series of informal interviews were conducted with the owner-manager and employees to investigate growth intention such as mission statements, business objectives, business operation process, and strategy formation and implementation processes. Internal and external organisation works were explored by conducting informal and unstructured interviews with the owner-manager, neighbouring business owners, and employees. Data from trade organisations were also gathered by attending local and regional meetings. Likewise, data for taxi regulations were collected from the local council through correspondence and telephone interviews. Similarly, quantitative data were drawn from both financial and non-financial records such as annual turnover, annual profit and loss statement, balance sheet, a number of assets, a number of customers, and a number of employees.

To analyse the business impact, data regarding similar service providers within the catchment area were collected. Such data were drawn from the Yellow Pages, Thomson Local, Companies House, the local authority and the owner-manager. However, the data collected from multiple sources were conflicting in a number of businesses, trade names and addresses which needed to sort it out. Data regarding the start-up and closure of businesses were obtained from Companies House. Similarly, market-share data were collected from the local authority, case study firm and Companies House, and the information was verified by counting the number of taxis on the road.

Similarly, by shadowing data regarding the owner-manager characters were gathered. During this period, actions taken by the owner-manager were observed and recorded. Behavioural data were gathered by participating meetings and observing the behaviours while dealing with customers and the employees. The actions taken by the owner-manager were also discussed to relate to the context.

Secondly, we analysed and interpreted the changes in the organisation. The organisational dynamics were compared to see the relationship between 'learning in the organisation' and business performance. To analyse such relationship, we analysed both qualitative and quantitative data and interpreted the association. Business growth was analysed in different perspectives such as short-term and long-term, absolute and relative, financial and non-financial, and quantity and quality. In particular, business performance was drawn from quantitative data and verified by using qualitative data. However, to see the impact, we analysed the organisation works and their effect on the business. The data regarding learning process, approach and objectives were compared with employee development, employee efficiency and business performance. While analysing the interviews, we found that some research participants were using a particular type of language and tone. To preserve the anonymity of research participants, some of the words and tone of the language were changed wherever it was required.

Finally, future growth strategies were formulated involving the owner-manager and senior management. A strategy implementation report was prepared and handed over to the owner-manager. The report contained instructions to implement strategy to achieve business performance in similar situations in the future. We discussed about the performance measuring indicators and problem resolving techniques as suggested by Lewin (1946), Chein et al. (1948) and Susman and Evered (1978).

4. Results and Analysis

Individual learning and employee efficiency triggered the business performance in the case study firm. In the learning process, individual learning approaches and intentions played an important role in the learning process. However, approaches became secondary once the skills and knowledge were contextualised to the case study firm. In addition to the approaches, multiple factors such as internal, external, learning objectives and learning intentions affected the learning processes. This study found three common goals which were shared by the employees and by the firm – becoming (making) competent, becoming (developing) experts and understanding (familiarising) the business. The case study firm implemented learning strategy to achieve

business performance by encouraging employees to learn and providing learning opportunities based on the employees' abilities and job demanded.

Learning reasons

The employees, in the case study firm, were learning for different reasons such as personal, organisational, primary, secondary, internal and external. Some employees were learning as the combination of different reasons while some were learning just for a single reason. Personal reasons were associated with a desire to improve their skills and/or interest to gain new skills and knowledge. However, personal reasons were affected by different factors such as family and friends, willing to learn and earn, life style and interest, income and expenditure, motivation and ability, and use of modern technology and communication.

Natalie's reason for doing Excel course was personal. Her learning was associated with promotion and/or taking over the job (new).

*...I asked Chris to provide training in the account field. I am doing the course now, but it has nothing to do with my existing role. I think this course is good for the accounting purpose and I will be able pay drivers which will be a great help to my boss. I will gradually pick up the things my boss does, then I can move up. – **Natalie***

Natalie was one of the early starters and has attended few formal and informal training programmes. She believed such learning activities would help her to move up in the organisation. Moving up (getting promotion) was the main reason for learning, but she was influenced to gain the skills and knowledge. The notion of saying 'great help to my boss' tells that she will be working in a higher position in the future.

Hayley has different reasons for learning. Her learning reasons were associated with pay-rise and develop employability skills.

*When I finish this basic training, I will be more employable, will be able to draw more salary. I have few things to sort out financially, do you know what I mean? – **Hayley***

Hayley made it clear that her primary reason of learning was to have more salary and secondary reason was to develop skills in the business sector. Hayley was one of the new starters and she sought opportunities in this business sector in terms of business skills and financial benefit.

However, learning for the owner-manager was associated with different purposes. The primary goal of the owner-manager was to make the business success, and he also had secondary goals.

*You need to understand how these new technologies work. If you know it, you will have an updated knowledge. Updated skills and knowledge are useful all the time, you understand better and it is beneficial to the organisation. I work for different organisations and people. Working with diverse organisations, I learn to communication effectively and to understand the business context. It is very important for the business like us. You don't meet a type of people all the time with similar level of knowledge. – **Chris***

The owner-manager had different objectives of learning – updating skills and knowledge, and communicating effectively. Updated skills and knowledge helped to deal the situation which ultimately made the business successful. Additionally, effective communication was also playing a vital role in achieving performance. According to Chris, effective communication skills were vital to gain the business performance which helped to recruit, engage and retain customers.

Secondly, employee learning was also associated with organisational reasons. Because of the changes in the case study firm, employees were forced to update their skills and knowledge. In a conversation, a senior-manager claimed that employees were punished for not learning by terminating their job. In the case study firm, learning was a process – exploring future requirement, assessing existing employee competency, and making the employees learn. The owner-manager and senior employees used to meet weekly or whenever they sought necessity to discuss employee and business performance. Then, senior employees recommended learning activities to boost up junior employees' efficiency.

*We recommend learning requirement as a part of performance evaluation. They (junior employees) are aware – what is expected. If there are many grey areas, then we set the training plan for them. This is something forward thinking. Chris invests a lot to develop the staffs. If you don't update for five years, you are a way behind. You need to learn. – **Jack***

Employee learning for efficiency was recommended and enforced in the case study firm. Employees were asked to go for learning activities either within the organisation or in external organisations. If the firm was not able to deliver employee's learning requirements within the firm, external training programmes were arranged for them. The life of skills and knowledge was short in this kind of business where the latest technologies

replace the old ones frequently. Particularly in the garage, vehicles with new technologies come quite often. Therefore, learning was compulsory to update the skills and knowledge. Employee with 'used to be expert' knowledge does not stay for a long time in this business sector.

Contrary, learning is enforced due to the external and external reasons. For example, delivering the taxi service was not much affected by the technological changes, but learning was affected by the externally affecting factors such as social contract, individual networks, language, customers' lifestyle and use of ICT.

Learning approaches

The case study firm implemented organic strategy to develop its employees. It offered learning opportunities, organised trainings and conducted meetings to support employee learning. The case study firm encouraged employees to learn by implementing two approaches – active and passive. Formal and semi-formal ways of learning were categorised as active learning. Active learning was taking place through the activities like attending formal classes, going away for training, and considering performance review feedback. Similarly, informal and experiential learning approaches were categorised as passive learning. Passive learning was delivered through the experiences working within the organisation or in other organisations.

As shown in Table 1, there were three levels of employees and four types of learning approaches. Employee level was categorised as owner-manager, senior employees and junior employees. Similarly, learning approaches were categorised as formal, semi-formal, informal and experiential. The learning approaches were used to obtain specific objectives. For example, formal approach was used to gain skills and knowledge fast whereas semi-formal and informal approaches were tailored based on their urgency.

Table 1: Learning activities and levels of employees

Approaches	Owner-manager	Senior employees	Junior employees
Formal	<ul style="list-style-type: none"> • Higher Education 	<ul style="list-style-type: none"> • Attend away trainings • Attend classes • Gain NVQ qualifications 	<ul style="list-style-type: none"> • Attend in-house trainings
Semi-formal	-	<ul style="list-style-type: none"> • Performance review • Regular meetings • Co-worker feedback 	<ul style="list-style-type: none"> • Supervised training • Co-worker feedback • Review meetings
Informal	<ul style="list-style-type: none"> • Attending trade organisation meetings • Meeting like-minded people • Participation in local clubs 	<ul style="list-style-type: none"> • Work observation • Learn from experience • Field visits • Observation • Group meetings • Learning online 	<ul style="list-style-type: none"> • Work observation • Learn from experience • Copying others' work • Face to face meetings • Asking for help
Experiential	<ul style="list-style-type: none"> • Transformation of knowledge 	<ul style="list-style-type: none"> • Self-reflecting 	<ul style="list-style-type: none"> • Self-reflecting

Learning in the owner-manager level was a process of transforming skill and knowledge where skills and knowledge were transformed from theory to practice, and vice-versa. That is, the owner-manager learned from three different learning activities such as experiential, formal and informal. Similarly, senior employees learned using self-initiation i.e. they mostly learned either formal, informal or both activities. Finally, learning for junior employees was achieved mainly from informal and semi-formal learning approaches such as observing colleagues or seniors and copying others' work. We can find the gaps between learning objectives and learning activities across the different levels. For example, the objectives of learning at the senior management level were to widen the area of skills and knowledge which was future oriented and implemented in a planned way. Similarly, junior employees learned to resolve immediate (ad-hoc) issues. Junior employees' learning approach was unplanned, so they had to attend courses whenever they needed.

Formal learning – unlike other SMEs (Ku, 2012), the case study firm implements formal learning activities to the employees. In the case study firm, more than 55 per cent employees have gone through a sort of formal learning activities. Formal learning strategy is fundamentally used to gain skills and knowledge at the senior management level. Senior employees use formal activities by going away for the training courses and attending formal classes. However, junior employees involve in formal learning activities by attending in-house trainings. Formal training is recommended to improve their job-role or to bank the skills and knowledge for the future.

A conversation with Jack makes it clear that the case study firm encourages to gain skills and knowledge related to their field of work.

When I joined this company, I had only Level-2 qualification – NVQ Level-2. Where I worked previously, I'd looked to go on to ATA courses, which are run by the Institute of Motor Industry, but did not have any chance to go. Within six months, I got MoT licence, went for Diagnostics. I got from Level-2 in a paper to a Level-3 diagnostic and MoT Tester. Then going forward, also done Hybrid Course for the hybrid cars. They are very dangerous, if you don't know what you are doing. – Jack

Senior employees were playing a vital role to achieve business performance in the firm, as a result employees needed to update skills and knowledge as soon as the changes were occurred. To fulfil the gap of required knowledge (skills) and existing knowledge (skills), formal learning activities were useful. As Jack claimed, new and suplicated technologies were coming up frequently that demanded to update employee skills and knowledge. For instance, Jack was updating his skills and knowledge by involving in the formal activities which helped to achieve business performance.

Semi-formal / informal learning – semi-formal learning activities were common in the case study firm. Activities such as co-worker feedback, review meetings and feedbacks, and supervised trainings were some ways of semi-formal learning activities. Those activities were common in both formal and informal situations. These activities were easier to implement and track the progress. Similarly, any ad-hoc learning activities, which created tacit knowledge, were regarded as informal learning activities. Group interactions, observations, face-to-face meetings, and asking for help were some example of informal learning activities that were common in the case study firm.

Surprisingly, if we saw the situation in a broader context, we could see the people in the business were building a network with other organisations as well as individuals. A discussion with the owner-manager revealed that the development of networks was about learning and understanding other people and developing the relationships. Networking with like-minded people helped to gain the specific skills and knowledge related to the business.

Because informal learning activities addressed immediate issues, it was effective to all the levels of employees. Senior employees provided feedback to the juniors on their work and gave time to improve the performance. A discussion with George about the semi-formal and informal learning activities revealed that junior employees did not know why the seniors were asking to accomplish but they know that they need to be efficient.

We talk about employee performance most of the time. Myself, Jack and Chris sit down once a month and go through the performance of the staffs – we do follow them up, supervise the work and make them learn fast. We want them to achieve the task. They don't know the specific targets, but they know – they should be efficient as much as they can. – George

One of the objectives of senior management was to make the junior employees efficient. To make junior employees efficient, the organisation implemented semi-formal and informal learning approaches by coordinating with their line-managers. In some cases, senior management enforced learning activities, but in some cases the employees voluntarily come forward to learn new skills. The notion of saying 'they should be efficient as much as they can' was an example of showing the importance of learning and becoming competent at work.

Experiential learning – the owner-manager used an experiential learning approach to transform the skills and knowledge from out-of-the-business context to his business. Employees used experiential knowledge to improve their job-role and gain better performance. A discussion with the owner-manager made it clear that experiential learning was valuable to the person who transformed it to the different context.

Learning is like cooking – I use learning as a cookery book – one kg of this and five kg of that – everything precise. When you use a cookery book for few times, you don't need to use the cookery book again. You use your experience, one cup of this and one cup of that. You start making sense of what you were doing, you start considering the environment which comes from the experience.

....15 years ago, I was looking at things like balance scorecards and going to the conference. I did MBA project on balance scorecard, business excellence model (that type of things) and how to implement the strategy successfully. That time was all about the researches, all about the books, all about the reading from power points... now, that is in the background, books on the shelves. I have been trying to do things practically. – Chris

Even though the owner-manager used three types of learning activities, he gained most of the knowledge from experiences. The owner-manager mentioned 'cookery book' to exemplify such experiential learning approach. Similarly, the notion of saying 'consider the environment' was to contextualise the knowledge the employees experienced from the context they were in.

The owner-manager gained academic (theoretical) knowledge from a university in the UK. He further claimed that theoretical knowledge was not sufficient enough to start a business, so he joined a bank to gain some experiential knowledge. He made sense of the theoretical knowledge in the context of the business. The theoretical knowledge gained from the books, research papers and power points did not help him to grow the business directly, he needed to contextualise in his circumstances. The owner-manager needed contextualised skills and knowledge to the business.

Having formal knowledge was important, but how the person changed the knowledge into practice was more important in the experiential learning activities. The owner-manager contextualised the theoretical knowledge into his business context.

About 10 years ago, I worked for City Bank. I implemented the business excellence model in the banking operation to improve the quality of the service. You see enablers on one side of the page and you see the results on the other side. Half of the time is spent focussing on the inputs and half of the time is spent on the outputs. This is approximately what I try to use in my businesses. – Chris

The owner-manager told how he understood the business model, and how he implemented in his business. He deconstructed the model, picked up the parts he needed and reconstructed the model to make it fit for his purpose. For example, he worked for a bank and implemented a business model, and later he used a business model in his business. If we compare these organisations (bank and his business), we don't see anything in common. What he picked up from the model were inputs and outputs. The notion of saying 'inputs' in the context was to mention employees or enablers, who play the main role in the service-oriented businesses like the case study firm. Similarly, outputs represent the customers who were also vital for small businesses as they run in a limited customer field.

Learning process

The relationship between employee learning and business performance was not straightforward, as the case study firm utilised contextual skills and knowledge to gain growth. That is to say, the knowledge has a different value in each organisation and person. Therefore, the organisations need to create the knowledge that fits in their organisation. The discussion with the owner-manager makes it obvious that they need skills and knowledge to improve the business process, develop employees, and make the customers satisfied.

Knowledge creation – employees had access to the business information, employees were free to contact the owner-manager and discuss their learning ideas. Even though learning process was dominant on the owner-manager, individuals were gaining skills and creating knowledge. Junior employees mostly created knowledge and gain skills from informal learning activities. However, senior managers created skills and knowledge from both formal and informal learning activities. Contrary to these, the owner-manager created most of the knowledge from experiential learning. As a combination of these all, most of the knowledge required for the business were supplied from within the organisation.

Knowledge acquisition – even though knowledge acquisition was common in the case study firm, obtaining skills and from outside organisation used as the last resort. If the skills and knowledge were not supplied internally, the owner-manager bought it from external experts. The owner-manager used expert advice from experts in the field such as he bought people management advice from human resource advisor; financial advice from the accountants and bank managers; and insurance related advice from insurance advisors.

The owner-manager did not implement advice from external experts directly as they were bought in, but he checked the validity and context of the advice. According to the owner-manager, either the experts had specific knowledge in the field but they were not aware of the context of the business; or the advisors were aware of the context, but have working experience. This makes him difficult to choose the advisor and advice. It is explored that finding very specific knowledge to fit for the purpose was difficult for the small businesses. Thus, every advice needed to be transformed into the business context.

Knowledge transformation – transforming the knowledge was important in the case study firm, especially when the existing knowledge did not fulfil the required knowledge. It is explored that many businesses fail to grow not because they don't have skills and knowledge, but because they could not contextualise their knowledge in the business. A conversation with the owner-manager made such a situation.

The problem is, in all businesses - very often, people who hold businesses are either finance people or mechanic. One type of people run the business for a very short period for very specialised services usually commodity type like tyres. Other types of people are the mechanics who have no business experience and start the business and fail. You need to be good at finance, people skills, and technical skills. – Chris

According to the owner-manager, people fail to run a business either they had technical skills but didn't have people and financial skills, or they had financial or technical skill but didn't have people skills. Therefore, the people who want to start a business should have all these skills to understand the business and its contexts. If the people were not in the business for a long time, they could not understand the environment, but they try to use their original knowledge directly and fail to grow.

In the case study firm, skills and knowledge were transformed through different learning activities such as feedbacks, meetings, discussions and observations. The owner-manager used a chain of command to transfer the skills and knowledge. For example, the owner-manager shared his knowledge and discussed with senior employees in the meetings. Then senior employees discussed the output of the meeting with the junior employees. The chain of command was fitting better when the junior employees understand the technical language or the language specific to the work context. However, senior employees used 'action learning' tool to transfer the skills and knowledge, resolve technical problems and customer related issues.

In another conversation, the owner-manager made it clear that he transferred the information and contextualised it with his business.

*...the main thing I learnt from City Bank was – you need to treat your customers how you would like to be treated. I modified business excellence model to care customers. In this model, there are three sides - enablers, process and results. Approximately, what I am trying to use in my businesses is this shape - 'focusing on people'. – **Chris***

Chris picked up two sides of the business model and contextualised the context of his business. For a service firm, 'people' aspect played a vital role to make it successful. The notion of saying 'focusing on people' says something about his concept where to focus – people or process. He assumed that people (employees and customers) made the business successful who stand in two ends – inputs and outputs. In this model, 'people' referred both employees as enablers (inputs) and the customers as results (outputs). To become successful, a business should focus on employees and customers – where employees provide standard and quality services to fulfil the customers' demand. In the modified model, customers were put at the centre of the business.

Learning and performance

This research has found a positive association between employee learning and business performance as pointed by Mamaqi (2015). There was also a positive relation between horizontal growth and vertical performance of the employees. The employees were learning and developing the skills and knowledge which was known as 'horizontal growth'. Similarly, new skills and knowledge were used to improve employee performance which was known as 'vertical performance.' In a conversation, George expressed such positive association in the case study firm.

*Chris is good at teaching new skills. He doesn't know everything of course, but tells how I can do things better. When you are new, you don't know much. But when you learn to deal the issues and problems, you improve your performance. You become more competent. – **George***

George gained new skills and knowledge that helped him to gain efficiency and performance. Then he used improved efficiency and performance to achieve business performance. Learning new skills and knowledge for George was, therefore, gained from dealing problems and resolving issues having contextual knowledge. Furthermore, Jack found an association between horizontal growth and vertical performance. In a conversation, Jack expressed such association.

*The business is doing better – more customers and more turnover from the same number of staffs. That is to say – staffs improved their performance through learning and the individual performance helped to achieve business performance. – **Jack***

Jack finds a strong relationship between individual learning and employee performance which is connected with business performance. Learning is associated with employee efficiency which ultimately helped to get an efficiency of the case study firm. As a consequence, fewer people provided the same amount of service. This process helped to cut down the expenses. The reduced expenses helped to gain more profit or achieve better business performance.

However, Bill posed an argument claiming the number of customers was dependent on the business process and service delivery system rather than the employees who worked behind the curtain. Bill seemed valid when the argument was looked at straightforward, but a closer look at his claim become invalid since those business and service delivery processes were the result of improved employee efficiency. From this, we draw a conclusion that the employees in the case study firm were gaining contextual skills and knowledge, and their learning was helping to achieve individual performance which ultimately helped to gain business performance.

Learning – in search of growth

Learning in the case study firm was associated with business performance. The owner-manager developed infrastructure and created a learning culture, encouraged employees to learn and provided learning opportunities in the organisation. For instance, there were computers in the office so the employees had an opportunity to learn new courses; the owner-manager implemented performance evaluation and supervised learning programmes, employees were asked to meet frequently and discuss the business and employee performance, and the firm supported employees to utilise action learning tool. All these efforts were helping to achieve business performance.

Despite creating a learning culture in the organisation, some employees did not want to learn. As discussed earlier, the case study firm was highly affected from the innovation of new technologies that demanded regular update in the skills. It was claimed that any skills more than five years was not fit for the purpose, particularly in the garage. That was one of the main reasons why the case study firm implemented a harsh learning strategy. The firm was not harsh to the slow learners but did not tolerate with unwilling to learn. Learning in the case study firm was embedded with business objectives. On the question of 'if the employees don't want to learn?' – Jack answered 'we don't have any room for them'.

It is investigated that the case study firm has achieved business performance and such performance was associated with employees and their performance. If we looked at the business performance and employee development pattern, it was obvious that the employee learning and their development had a positive impact in the business.

In the time frame, I am in, we doubled our turnover. We also had to extend the workshop because we need more capacity that is purely down to the volume of work coming in. It was not down to the people, needing more space. We have only two more technicians than when we started, but if we look at the number of customers – we used to have 1k a year and we serve 4k now. We are more efficient – if people are not efficient, we try every possible way to improve their performance. – Jack

From the above conversation, it was confirmed that the employee efficiency was increased as a result of learning and such learning activities were taking place in the case study firm. The impact of learning was interesting – the turnover was doubled and the number of customers was increased more than four hundred per cent, but that increase was served by only by 33 per cent additional employees.

Of course, the annual turnover was dependent on the volume of customers, sales price, and a number of transactions. Therefore, the concern was not how the improved employee efficiency helped to get additional customers and the association between the number of customers and number of employees. Nevertheless, the concern there was how those three thousand extra customers were serviced. The answer we found was – improved employee efficiency.

5. Conclusion

By investigating the case study firm and its growth phenomena in the recession of 2008-09, I argue that SMEs achieve business performance from the implementation of contextual 'learning in the organisation' strategy. Therefore, this study contributes to the literature of business growth in a recession from the learning strategy. It was explored that the employees were learning for different reasons such as personal, organisational, primary and/or secondary. Learning activities helped to achieve employee efficiency and business performance. To achieve business performance regularly, an SME needs to align learning strategy with business objectives, provide learning opportunities and encourage employees to improve their efficiency. The fundamental question – 'learning for what?' – helps to shape learning processes and approaches. Growth, therefore, is linked with the purpose of learning.

This research has multiple implications – owner-managers, policy implication and supporting organisations (including business advisors). The study presents specific learning approaches in the context. SME owner-managers may use research findings to find out contextual learning approaches and implementing a process that fit in their own businesses. It is identified that the individual SMEs operate in their own environment which needs contextual learning strategy to grow. By using this empirical information, the policy-makers form growth-friendly policies to make the business success. Similarly, SME advisors use the findings of this empirical research to find out contextual learning approaches in the organisation, as generic and standard approaches do not help to make the business success.

Being a single case study, findings may not be directly replicated to other businesses. However, the findings give sufficient information on how an SME may implement 'learning in the organisation' strategy to achieve performance in a recession. Limited replicability invites the requirement of further research to investigate the impact of learning strategy in other types of the organisations and in other situations.

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