

Family SMEs in Ireland as learning organizations

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Abstract Purpose – The purpose of this paper is to investigate whether small and medium-sized family businesses in Ireland have the potential to be classified as learning organizations.

Design/methodology/approach – The research methodology adopted for this study is that of multiple-case studies. In this research, personal interviews were selected as the data collection method. On the basis of Eisenhardt's premise that a study of between four and ten cases is suitable for qualitative studies, a total of six owner-managers of family small and medium-sized enterprises (SMEs) were interviewed.

Findings – The findings of the case studies support the argument that family businesses have the potential to be learning organizations. However, the extent to which these family businesses are potentially learning organizations depends on the size of the family business and the structure imposed on the business. Micro family businesses struggle to be classified as learning organizations due to the lack of a learning orientation. These businesses lack systems for the monitoring of information and lack the ability to be reactive to market changes. Small family businesses have the potential to be classified as learning organizations. This is due to the fact that small family businesses have learning at the core of their business and systems in place to deal with a learning orientation. Medium-sized family businesses also have the potential to be learning organizations, although they need to ensure that systems are in place to allow learning to occur.

Introduction

In today's modern economies the new certainty is change and businesses and their employees need to be prepared to transform. Businesses, which are successful in maintaining their competitiveness, have learned to view change not as a one-time event but an ongoing process necessary to remain on the cutting edge in meeting customer needs. In short, the ability to learn is a priority for businesses that wish to compete effectively. Many theorists and practitioners view the transition to a learning organization as crucial to enable companies to unlock the learning potential of individuals and groups to gain and sustain competitive advantage. Family businesses have the same pressures for change as professionally managed firms. They have the additional pressures of the family system impacting the business system. It is even more important that these family-owned businesses develop the ability to change. Therefore, at the core of this paper is an explanatory research

study that seeks to investigate if small and medium-sized family businesses in Ireland have the potential to be classified as learning organizations. To achieve this objective, six semi-structured, in-depth interviews were conducted with owner-managers of family businesses in Ireland. The interview schedule designed for this study was influenced by the research conducted by Watkins and Marsick (1996).

Family small and medium-sized enterprises in Ireland

With the exception of the ever fewer socialist economies, family firms are the most common form of business structure; they employ many millions of people and they generate a considerable amount of the world's wealth (Bailly *et al.* 2008). According to Cullen and Elmore (2005) family-owned businesses make up 90 per cent of the indigenous business sector in Ireland and provide around 50 per cent of employment. But what is a “family business”? There is no generally accepted definition of a family business due to a lack of conceptual clarity. Many scholars have tried over the years to define this complex phenomenon. Before discussing the definition of family SMEs it is important to understand what is meant by an SME. According to the European Commission (2003a, b) the category of micro, small and medium-sized enterprises (SMEs) is made up of the following: micro enterprises employ less than ten employees and which have an annual turnover and/or annual balance sheet total not exceeding 2 million. Small enterprises employ fewer than 50 persons and which have an annual turnover and/or annual balance sheet total not exceeding 10 million. Medium-sized enterprises employ less than 250 and which have an annual turnover less than 50 million and/or an annual balance sheet total not exceeding 43 million.

For the purpose of this study, a family business/family SME is defined as:

A proprietorship, partnership, corporation or any form of business association, which is classified as an SME (less than 250 employees) and where the majority ownership is held by the family and family members are employed in the family business and/or the family is represented on the Board of Directors (Birdthistle, 2003, p. 76).

The extant literature on family business research has largely neglected the definition of the family itself. By modifying Winter *et al.*'s (1998) definition of the family, the present study defines it as a kinship group of people related by blood or marriage or comparable relationship.

Learning strategies

In a society with continuing economic and social changes, spurred on by the globalisation process and technological developments, learning plays an increasingly important role. In fact, a society based on continuous learning is necessary to meet new challenges. Companies and especially family SMEs are increasingly dependent on the skills and commitment of each individual employee (European Commission, 2003a, b). Without sufficient people having adequate skills, the ability of family SMEs to remain competitive and grow is threatened. Having reviewed the literature, the types of learning strategies SMEs may adopt can be grouped under two headings: formal and informal.

Formal learning strategies involve training that is structured and entails a defined curriculum with specific training goals set and evaluative criteria established. Formal training includes classroom work, seminars, lectures, workshops and audio-visual presentations. Recent work carried out in Ireland found that Irish SMEs have traditionally invested proportionally less in formal learning and training for their employees than larger companies (Small Business Forum, 2006). In a study by Birdthistle (2006) it was found that training in family businesses is important, however this training is done on an informal basis more so than formal. These findings therefore infer that formal training is not important and more importance is placed on informal training.

Informal learning strategies are rather casual and incidental. Typically, there are no specified training goals as such, nor are there ways to evaluate if the training actually accomplished these goals or not. Informal learning typically occurs so naturally that many people probably are not aware that they are in a training situation at all. Probably the most prominent form of informal training is learning from experience on the job. Örténblad (2004, p. 133) advocates for informal learning rather than formal learning strategies, as he states:

Instead of learning at formal courses, the employees learn on-the-job. In fact, some call it "on-the-job learning". This aspect of the learning organization views learning and knowledge as context-dependent; formal courses should play a limited role in learning because it is difficult to apply learning from formal courses into work practices.

In the twenty-first century the Irish economy has become increasingly dependent on indigenous businesses. In the past, these businesses have tended to start small and remain small. According to the Small Business Forum (2006) a new generation of indigenous companies is beginning to emerge which have the potential to grow and in some cases grow rapidly to conquer international markets. They found that the small business sector is the incubating ground for these companies. Given that economic progress in Ireland in the years ahead will depend heavily on the performance of the small business sector and thus family SMEs, it is critical that the management of these businesses are equipped with the knowledge and skills they need to make the business perform optimally. This is echoed by Leadbeater (2000) whereby he argues that companies need to invest not just in new machinery to make production more efficient but also in the flow of know-how that will sustain their business. Businesses need to be good at knowledge generation, appropriation and exploitation. Whichever learning strategy is adopted, it is imperative that the know-how and knowledge that is being learned is not simply transmitted. It has to be both transmitted and engaged with, talked about and embedded in the organizations structures and strategies. Theorists have argued that adopting a learning organization enables this know-how and knowledge to be transmitted and "held" within the business.

Distinction between organizational learning and the learning organization

Within the literature, the terms, learning organization and organizational learning are sometimes used interchangeably (Hawkins, 1994; Mazen *et al* , 1998; Tsang, 1997), yet for clarity's sake Edmondson and Moingeon (1998)

have pointed out, the former is better used normatively, relating to design arrangements, with the latter reserved for accounts of human and organizational process. Garavan (1997) is of the opinion that organizational learning is used as a descriptive or heuristic device to explain and quantify learning. He further states that organizational learning can be subsumed under the broader concept of the learning organization, which refers to a much less tangible direction of an organization and its members. Easterby-Smith (1997) distinguishes the learning organization research stream from that of organizational learning, proposing that the former focuses on the more action-oriented processes of creating and expanding the organization's capacity to learn. The latter studies the phenomenon of learning within organizational contexts. Yeo (2005) views organizational learning as a process which answers the question of "how"; that is how learning is developed in an organization.

Therefore, most writings on the learning organization have a different purpose to those on organizational learning. They are centrally concerned with implementation, and in this sense conceptual understanding is but a means to an end. Other distinctions to writings on the learning organization are committed to the achievement of a desirable end state and are eclectic in evaluating ideas according to their adaptability. They usually derive from an action agenda, where there is a close link between generating change and studying the processes and nature of that change. The assumption within this study is that the author sees the learning organization and organizational learning as two sides of the same coin. If a firm wants to become a learning organization, it is the creation of organizational learning that is fundamental and organizational learning is the central activity of the learning organization (Gephart *et al.*, 1996; Tsang, 1997).

The learning organization model adopted for this study

Scanning the literature on learning organizations reveals different views, opinions and models. However, by far the most significant and influential piece of writing from within the learning organization literature is Senge (1990). He proposes that the learning organization should not be considered to constitute a model of "best practice", but rather, as a set of ideal organizational characteristics to which practitioners should progressively aspire. Thus, it is important to note, Senge is pointing towards the need for all organizations to embark upon a journey of continuous improvement, which, by definition, will have no real "ending point". Garavan (1997, p. 26) echoed this sentiment by proposing that it is perhaps "more appropriate to suggest that organizations can develop in a progressive manner towards a learning organization but it is an idealized state which may never be attained". Watkins and Golembiewski (1995, p. 99 cited in Örtenblad, 2004) declare that they like that the learning organization is a "tentative map, still indistinct and abstract" and a "never-ending journey". Huntoon (2005) believes that at the heart of a learning organization is a shift of mind – from seeing ourselves as separate from the world to connected to the world, from seeing problems as caused by someone or something "out there" to seeing how our own actions create the problems we experience. Furthermore, Huntoon (2005) believes a learning

organization is a place where people are continually discovering how they create their reality, and how they can change it.

The concept of the learning organization is, however contentious and has been criticized as merely a management tool for controlling workers (Dymock and McCarthy, 2006). Bratton (2001, p. 341) for example, suggested that it might be a “subtle way of shaping workers' beliefs, values and behaviors”. Nyhan *et al.* (2004, p. 69) said that the criticism of the learning organization concept could be summed up as “a management tool maximizing benefits for the company without particular concern for the personal learning benefits for the workers”. Garvin *et al.* (2008) believe the ideal of the learning organization has not yet been realized. They base this claim on the following three factors that they believe have impeded progress. First, managers are unaware of “the sequence of steps necessary for moving forward”. Second, they believe that the concept ignores managers of small departments where critical organization work is done and finally standards and tools for assessment are lacking. The author of this paper believes that these criticisms do not outweigh the benefits of the learning organization, which are discussed below in the context of the framework adopted for this study. The Watkins and Marsick (1996) framework of the learning organization serves as the model adopted for this study. Table I describes the dimensions of the framework.

Dimensions	Definition
<i>Individual level</i>	
Create continuous learning opportunities	Learning is designed into work so that people can learn on the job: opportunities are provided for ongoing education and growth
Promote inquiry and dialogue	People gain productive reasoning skills to express their views and the capacity to listen and inquire into the views of others; the culture is changing to support questioning, feedback and experimentation
<i>Team level</i>	
Encourage collaboration and team learning	Work is designed to use groups to access different modes of thinking; groups are expected to learn together and work together; collaboration is valued by the culture and reward
<i>Organizational level</i>	
Create systems to capture and share learning	Technology systems to share learning are created and integrated with work; access is provided; systems are maintained
Empower people towards a collective vision	People are involved in setting, owning and implementing a joint vision; responsibility is distributed close to decisions making so that people are motivated to learn towards what they are held accountable to do
Connect the organization to its environment	People are helped to see the effect of their work on the entire enterprise; people scan the environment and use information to adjust work practices; the organization is linked to its communities
Provide strategic leadership for learning	Leaders model, champion and support learning; leadership uses learning strategically for business results

Table I Framework of the learning organization

This theoretical framework has several distinctive characteristics. First, it has a clear and inclusive definition of the construct of the learning organization. Second, it includes dimensions of a learning organization at all levels. Redding (1997) reviewed several assessment tools of learning organizations and suggested that the framework created by Watkins and Marsick (1996) was among the few that covered all learning level, that is: individual, team and organizational. Third, this model not only identifies dimensions of the learning

organization in the literature, but also integrates them in a theoretical framework by specifying their relationships. Finally it defines the proposed seven dimensions of a learning organization from the perspective of action imperatives and thus has practical implications, which correlates with Easter-Smith's (1997) views of the learning organization.

In a recent comprehensive review of literature on learning organizations, Örtenblad (2002) developed a typology of the idea of a learning organization. He suggested that there are four aspects of the learning organization concept. The first is the old organizational learning perspective, which focuses on the storage of knowledge in the organizational mind. Learning is viewed as applications of knowledge at different levels. The second type is the learning at work perspective, which sees a learning organization as an organization where individuals learn at the workplace. The third is the learning climate perspective, which sees the learning organization as one that facilitates the learning of its employees. The fourth is the learning structure perspective, which regards the learning organization as a flexible entity. Among the 12 perspectives of the learning organization evaluated by Örtenblad (2002), Watkins and Marsick's (1996) approach is the only theoretical framework that covers all four aspects of the idea of a learning organization in the literature. Örtenblad (2004) suggests that only those organizations that have implemented all of the aspects should be called "learning organizations" and those organizations that have implemented only one aspect should be called "partial learning organizations".

Research methodology

The classification of this research is explanatory research as it seeks to identify relationships between aspects of phenomenon – the size of the family business and the learning organization characteristics at the individual; team and organizational. According to Neuman (1997) the desire to know why things are the way they are is the purpose of explanatory research and Neuman (1997, pp. 20-21) further explains that explanatory research "... builds on exploratory and descriptive research and to identify the reason why something occurs".

Bless and Higson-Smith (2000, p. 37) state:

When the research question demands that the researcher explains the relationship between variables and demonstrates that change in one variable causes change in another variable, the research is called explanatory research.

As stated above, this research is explanatory research, which aims to explain the relationship between the size of the family business and the characteristics of the learning organization at the individual, team and organizational level. The epistemology adopted for this study is that of interpretivism. Based on the discussion above, the focus of the research is explanatory research and the next task is to explain the qualitative research methodology adopted for this study.

Qualitative research is used when one wants to understand a circumstance in terms of how and why it occurs (Cassell and Symon, 2004). The aim of a

qualitative methodology is to describe and analyse the culture and behaviour of humans and their groups from the point of view of those being studied and to collect and analyse data, which is “uncountable” (Cassell and Symon, 2004). Qualitative techniques can be used as a means of obtaining this kind of information because rather than testing concepts in terms of fixed empirical referents, it affords an “experiential understanding” while still allowing for comparison (Yin, 1994). Case studies can be used to achieve a deeper, individualized understanding of process within context. Data collection for case studies may come in a variety of sources, e.g. documents, archival records, interviews, direct observation, participant-observation and physical artefacts (Yin, 1994). In this study, a qualitative approach was adopted and personal interviews, one of the most important sources of case study information, was selected as the data collection method.

One of the primary strengths of case study research is its facilitation of triangulation through interviews, direct observation, documentation, archival records, participation, observation and physical artefacts all of which combine to enable converging lines of inquiry on historical, attitudinal or behavioural issues (Yin, 1994). According to Yin (1994, p. 13):

A case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used.

Although case study research can focus on the use of single or multiple cases, evidence from multiple cases is often more compelling as it is aided by replication while also enabling more intensive data collection at one or several points (Yin, 1994). Multiple-case studies were therefore utilized in this study due to their distinct advantage over single-case studies. Eisenhardt (1989) and Yin (1994) are of the belief that multiple-case designs are often considered more compelling and the overall study is therefore regarded as being more robust. Furthermore, they argue that great theoretical insights are achieved through methodological rigor and multi-case comparative logic thus specifying the argument for multiple cases. When using a multiple-case design, a further question is the number of cases deemed necessary or sufficient for the study.

Yin (1994) argues that the decision on the number of cases is a reflection of the number of case replications – both literal and theoretical. For the number of literal replications, an appropriate analogy from statistical studies is the selection of the criterion for establishing levels of significance. A minimum of two or three literal replications is needed. On the other hand, for the number of theoretical replications, the important consideration is related to the researchers' sense of the complexity of the realm of external validity. Eisenhardt (1989) states that in a multiple-case approach there are no ideal number of cases, but suggests that a study of between four and ten cases usually works well. With fewer than four cases, theory is difficult to generate and with more than ten cases, the volume of data is difficult to cope with. On the basis of Eisenhardt's (1989) premise that a study of between four and ten

cases is suitable for qualitative research, six family SMEs were interviewed for this study.

Six semi-structured, in-depth interviews were conducted with owner-managers of family businesses. In a previous study conducted by the author, 16 owner-managers indicated their interest in participating in further studies. Therefore using this sample, the author randomly selected two family businesses from each of the three size categories: micro, small and medium sized to participate in the study. The case study selection did not experience non-response as the randomly selected case study respondents were contacted and all respondents agreed to partake in the study from the offset.

The study relied on a single key informant per family business for obtaining self-reported data. One reason for this is that the interviewee needed to have a good understanding of both family related and business-related issues (Kumar *et al.*, 1993). Usually, very few persons in a company have insight into both areas. In most cases, the respondent was a family member who held the position of managing director or in some cases was a member of the board of directors. Another reason for using self-reported data is the shortage of objective sources of data on family businesses. In keeping with the case study method, multiple sources of data collection such as documents, web site and archival records were also used to overcome the limitations of any individual source if possible.

Personal and business background of interviewees

Six case studies were conducted, four interviewees were the owner-managers and one was a joint owner with her husband. The remaining interviewee was the founder of the family business but now holds the position of non-executive chairman.

As identified in Table II, two of the businesses can be categorized as “micro” family businesses since they employ less than ten employees –Doyle Smoked Fish Ltd and Telcor Ltd. Wm Walsh Ltd and O'Connell Construction Ltd can be considered as small businesses since they meet the criteria of having less than 50 employees but more than ten employees. The remaining two family businesses – Carousel Ltd and Kelly Engineering Ltd – can be considered medium-sized family businesses as they employ more than 50 employees. The majority of businesses were established in the 1960s.

Research indicates that in order to identify the factors contributing to the learning organization one must analyse an organization based on three levels: the individual level, the team level and the organizational level (Argyris and Schön, 1978; Dixon, 1992; Hedberg, 1981; Kim, 1993; Klimecki *et al.*, 1991; Marquardt, 1996). These levels were used as the basis for the presentation of the research findings.

Company name	Date established	Business sector	Number of employees	Family members employed	Generation	Family involvement	Interviewees names ^a
<i>Micro family business</i>							
Doyle Smoked Fish Ltd	1985	Food industry	4	2	1st	Involved	Mr Doyle
Telcor Ltd	1993	Food industry	2	2	1st	Totally involved	Mr Conway
<i>Small family business</i>							
Wm Walsh Ltd	1960	Food industry	16	2	2nd	Very involved	Mrs Walsh
O'Connell Construction Ltd	1966	Construction	10	2	1st	Involved	Mr O'Connell
<i>Medium family business</i>							
Carousel Ltd	1960	Food industry	52	12	2nd & 3rd	Totally involved	Mr Tell
Kelly Engineering Ltd	1964	Engineering	220	2	2nd	Involved	Mr Kelly

Note: ^a So as to ensure confidentiality of the interviewees, the names of the companies and the individuals have been disguised.

Table II Family business description

Research findings at the individual level

Watkins and Marsick's (1996) theory proposed that in order to examine an organization at the individual level one examines the "creation of continuous learning opportunities" and second the "promotion of inquiry and dialogue". The interviewees from the micro family businesses stated that they would like to create learning opportunities for their employees but financial constraints prevent this from occurring. Furthermore, they stated that they do not have a yearly budget allocated to the training needs of their employees. Both interviewees further concurred that training is carried out on an *ad hoc* basis rather than on a formal basis.

Mrs Walsh, an interviewee from one of the small family firms, states that training is given to all employees on a continuous basis. This training is both formal and informal. However the formal training is costly due to the fact that it is only available abroad. Furthermore, there is a yearly budget solely dedicated to training and employees are aware of this budget. Mr Kelly, one of the medium-sized family businesses, states that they have a yearly budget devised dedicated to learning and training and employees also know this. Furthermore, learning is done on both a formal and informal basis.

The second dimension at the individual level is the "promotion of inquiry and dialogue" which refers to an organization's effort in creating a culture of questioning, feedback and experimentation (Watkins and Marsick, 1996). All interviewees were posed with the question "do employees give open and honest feedback to each other". It seems from analysing the responses, small firm's lag behind micro and medium-sized firms in terms of enabling their employees to give open and honest feedback to each other. A possible reason why medium sized family firms enabled this more than small firms could be due to the formalized structure medium-sized family SMEs have in

relation to communication. Furthermore, due to the “smallness” of micro firms they are not inhibiting communication due to the fact that employees have fewer layers to deal with in terms of communication. Another element of the “promotion of inquiry and dialogue” dimension is feedback mechanisms. All interviewees identified that feedback is given to employees once they have conducted some form of training.

Research findings at the team level

To examine the learning organization at the team level, Watkins and Marsick (1996) proposed the examination of “collaboration and team learning”. The interviewees were asked “Do teams work in the family business and if so are rewards given to the team for their learning?” Three family businesses identified that teams do not operate in their business. Mrs. Walsh explained that the business was too small to have teams and the job functions were not technical enough to warrant teams in the business. Mr Doyle and Mr Conway's response concurred with Mrs Walsh in that the business was too small to have teams.

Mr Kelly explained that a team would be formed in order to get a contract completed. The team would be composed of different experts giving their expertise to the different elements of the task in hand. The reward the team receives is based on incentives. Mr O'Connell was of a similar sentiment to Mr Kelly in that the team is composed of different experts and all are informed of the deadline and what has to be done. Mr O'Connell differed from Mr Kelly concerning the rewards given. Mr O'Connell does not give teams any extra incentives besides the pay packet normally received. Mr Tell identified that teams work in the business in relation to the operation of the equipment. When the business is moving from one town to the next, teams are allocated certain roles and responsibilities. However, no extra reward is given to the team for its performance.

The learning organization at the organizational level

Watkins and Marsick (1996) proposed four dimensions to examine the learning organization at the organizational level: first, “embedded systems are devised to capture and share learning”; next, people are “empowered toward a collective vision”; the “organization is connected to its environment” and finally, the development of “leader modeling and supporting learning”. An “embedded system to capture and share learning” means that technology systems are created and integrated with work; access is provided and maintained (Watkins and Marsick, 1996).

Both micro family firms agreed that they have two-way communication systems in place however it is on an informal basis. Both micro family firms stated that they do not have IT systems within their business thus this makes it difficult for information to be accessed quickly and easily within the business. Since no IT system is operational within the firm, both micro firms agreed that an up-to-date database of employee skills is not kept. Information flows down the business within both micro family firms however little information flows up the business.

Mrs Walsh states that communication with employees occurs on a day-to-day basis. Furthermore, she states that the business uses a bulletin board, which is where formal communication is displayed. She also states that a database of skills is kept, so that skills can be monitored and she knows what level employees are at and if a position comes up she knows immediately who is qualified. Furthermore, IT is a vital tool for the operations of the business internally and information flows upwards and downwards.

Mr O'Connell agreed that two-way communication is carried out in his construction business, as employees would need to know certain requirements so as to carry out their job. Furthermore, all employees' qualifications are kept on file, which is their form of a database, even though it's not computerized. IT is now used within the company and information is kept by management and shared when necessary with employees. Mr. Kelly also agreed that two-way communication is used in the business and is conducted face-to-face, with suggestion systems and bulletin boards also in operation. A database of skills of employees is kept within the family firm as well. Employees can get needed information at any time quickly and easily since IT systems are used and employees have access to this IT system. Furthermore, information is shared up and down and across the company.

To “empower people toward a collective vision” is the second dimension at the organizational level. According to Senge (1990) a shared vision is one that people aspire to because they want to, not because they are told to. Interviewees were asked if the vision of the company was clear and simple, if everyone shared it and who was involved in devising the vision. Mr Doyle gave the following response:

Yes I do have a vision. The vision of the company was devised by me and communicated to staff – they have no involvement in devising the vision.

Mrs Walsh is of the opinion that the vision, devised by management, is clear and simple and that everyone shares the same vision. Mr O'Connell considers that everyone knows that his vision is that the business is a vehicle for his retirement. Mr Tell states that the vision is clear and simple, has been communicated to everyone in the business and is evident in the organizational strategy. Mr Kelly states that everyone shares the vision and if employees wanted to move up the corporate ladder they would have to be aware of the vision.

Mr Conway is the only interviewee who is of the opinion that the vision is a bit hazy every now and again. He states:

Is the vision simple? I wish it were simple – we are trying to keep it as simple as possible unfortunately there are forces beyond my control, which complicate things.

It is evident from the results that a vision does exist within the businesses however; as Senge proposes the vision must be something that people aspire to rather than being dictatorial. From the results it would appear that all family

businesses interviewed “tell” employees what the vision is rather than getting the employees involved.

The “organization is connected to its environment” is the third dimension at the organizational level. This means that people scan the environment and use the information they get to adjust their work practices and the organization is linked to the community (Watkins and Marsick, 1996). Micro family businesses tend to adopt an informal environmental scanning method mainly because they do not have an IT system. Mr Conway states that his mentor keeps him up to- date with new initiatives and changes in laws and regulations. The remaining family businesses agreed that they are constantly “scanning the environment” for changes that might have an impact on their business. Mr O'Connell states that if he is not aware of the changes happening “out there” his business could close. All respondents appear to have a close [informal] link established with the outside community. Mr Doyle states that when he “comes up with a new product” he asks a group of customers to come in for a tasting session and this gives him an idea of the potential success of the product. All small and medium-sized family business respondents stated that they are members of at least one professional organization that was associated with their industry. Unfortunately, both micro family firms were not members of professional organizations.

The final dimension at the organizational level is that of “provide strategic leadership for learning”. Interviewees were asked, “How is learning done and who leads it?” Mr Conway explained that in his business “everything is learnt on the job, sometimes through trial and error” thus there isn't a leader in a sense formalizing training plans, etc. He identified that cost constraints and time limitations were the main reasons why he has not been able to offer his employees any formal training. Mr Doyle echoed the opinions of Mr Conway by saying “most learning is done on the job”. Mr Doyle explained that employees learn by watching and doing. Mr Doyle adopts a similar strategy to Mr Conway by adopting a “trial and error” approach to learning. Mr Doyle states “training doesn't formally occur rather it is informally conducted by employees learning on the job”.

Mr O'Connell explained he is very much the “learning leader” as he encourages training to be done by his employees. In the case of Wm Walsh Ltd, Mrs Walsh states that training is happening at an integral level within the family business. When asked who decides what training is done, Mrs Walsh identified that it was the managing director who decided. Mr Kelly concurred with Mrs Walsh by stating that managers are constantly doing courses and all employees have done or are doing courses for their trade:

We continuously invest in learning because things are constantly changing, so if you want to keep up with it you have to do these courses.

Concerning who decides what learning is to be done within the family business Mr Kelly states:

... if employees requested that they wanted to do something, we would consider it favourable because anyone that has the initiative to learn we

would want to foster that. But generally we would take the initiative about learning and give people the opportunity.

The learning strategy employed within Carousel Ltd is that of a “hands-on” approach. Employees would learn from each other and would learn from those who have the experience of working in the business. Mr Tell further identified that no formal training occurs within the business and at family meetings the family would decide what training is to be done.

Discussion and conclusion

The findings of the case studies support the argument that family businesses have the potential to be learning organizations. However, the extent to which these family businesses are learning organizations depends on the size of the family business and the structure imposed on the business. The micro family businesses demonstrate little-to-no learning orientation, whereby the small and medium sized family businesses do. Furthermore the findings indicate that a family business that has a structure whereby learning is part of the business strategy and systems are in place, have a higher probability of being a learning organization. In terms of the two micro family businesses they did not display any of the characteristics of a learning organization. At the individual level, training is done on an informal basis and only based on “if the need arises it will be done”. Neither had teams operating within the family business, thus could not be considered for the team dimension of the learning organization framework. At the organizational level, micro family businesses displayed the lack of systems implemented for the monitoring of information and the ability to be reactive to market changes. Thus micro family SMEs could not even be classified as “partial learning organizations”.

The analysis of the small family SME's indicates that these two family businesses can be classified as “partial learning organizations”. The reason for this is because the two businesses have training at the core of their business strategy and fulfils a number of the aspects of a learning organization. At the individual level, they enable management and staff to avail of learning opportunities. They have an annual budget set aside for learning and training. Twoway communication is formalized within the family business, which is a facet of a learning orientation within a business. Thus they fulfil the two dimensions at the individual level. At the team level, Kelly Engineering Ltd has teams operating in the family business. They encourage teams to work together and ensure that resources are also available to them. Learning in teams is rewarded through having incentives. Mrs Walsh identified that teams are not operational within the family business; however, based on the interview it was evident that teams do operate on an informal basis. At the organizational level, both family businesses have processes in place that ensures the business deals with information and information is communicated to staff and management. Both small family SMEs, however, struggled to achieve all four dimensions at the organizational level, thus leading to the conclusion that they can only be classified as “partial learning organizations”.

The two remaining businesses, O'Connell Construction Ltd and Carousel Ltd achieved a number of the dimensions of the learning organization thus can

also be classified as “partial learning organizations”. In the case of O’Connell Construction Ltd, at the individual level the employees are encouraged to learn, however, when that learning does occur there are no systems within the business to ensure that the learning is implemented. Teams were operational within the business however these teams operated on an *ad hoc* basis and were not rewarded for their learning. The business did not have any IT system within nor systems and processes to deal with the organizational aspect of learning. Carousel Ltd appears to be a very close knit family business with information being held primarily by the family and disseminated when they deemed necessary. The business did not have training built into the overall business strategy. However, training does occur within the business on an informal mentoring basis but formalized training is kept for family members only. Teams operate within the business, however, learning opportunities are not made available to them nor are they rewarded as a team for tasks completed. Thus medium-sized family SMEs faced challenges at all three levels, however, they still can be classified as “partial learning organizations”.

Recommendations for family SMEs

The findings of this study indicate that the smaller the family business the higher the probability it is not a learning organization. As the business grows in size and systems are in place the findings indicate that the businesses adopt some of the characteristics of a learning organization. In order for a family business to adopt the characteristics of a learning organization the author proposes the following recommendations. First, family SME need to consider the formation of a structure that is adaptive to change and it is recommended that the structure should include the following: a management board with outside advisors; the empowerment of non-family members; the development of teams and the implementation of a learning culture. It is recommended that the business develops a system where the gaps between actual and desired results are identified, thus everyone in the business should be skilled at recognizing problems and creatively solving them. Furthermore, it is recommended that a budgeting system be developed for the provision of learning and training.

It is recommended that the family devise plans for the future of the business. These plans should identify the training goals of family and non-family employees. Within the planning phase the allocation of a rewards scheme should be devised. The family business needs to plan for the integration of learning within the working environment and this is done through analysing the skills set of the individuals and the goals of the business.

It is recommended that the family business should ensure that there is constant communication between management and staff and there is a continuous feedback loop between the two. Communication and feedback can be achieved on a formal or informal basis and the cost is typically insignificant. The business can use e-mails, weekly/monthly meetings, billboards and/ or on a one-to-one basis. It is recommended that family businesses should identify and plan for the necessary skills of their staff. By implementing a skills-set database through an IT system, the business will be aware of the skills and the lack of skills of their employees. Furthermore, the

family business can use the identification of employees' skills for appraisal purposes and to be adaptive to the needs of their employees.

Next the business must ensure there is communication and feedback between teams and the management of the business. This can be done through regular meetings with management and/or enabling team members to have "upward" communication with management. Furthermore the team must be rewarded for its actions and this could take the form of implementing the recommendations of the team or it could be an intrinsic reward – financial, promotion, etc. Management in the family business should ensure that the organization maintains a simple structure and a clear strategy is devised, with the help of employees for the creation of a unified vision. It is the authors' belief that should family SMEs adopt these recommendations; they will be on the right path to becoming a learning organization.

Direction for further research

The absence of research on family businesses in Ireland is noticeable even though research on this form of enterprise has shown considerable international expansion over the past number of years. Other research on SMEs and new business start-ups has expanded rapidly in Ireland in parallel with the increasing recognition of the importance of SMEs and small business start-ups in modern economies. However, research on family businesses in Ireland has shown no comparable expansion over this period. Current knowledge of the functional areas of family firms is limited, thus the following are areas for further research. These topics are posed as possible questions for further research:

- What are the implications of recruiting and retaining talented non-family workers?
- Do family firms learn and put what they have learned into practice?
- Do non-family employees remain longer in a family business that provides training than one that does not?
- Do family firms who offer learning and training perform better than those that do not?
- What learning practices can be learned from abroad for family firms in Ireland?

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Further Reading

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