Education and Culture DG
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Concept

General report regarding innovations in SME and its meaning for the INMA profile

Work paper for the Second transnational meeting of the project

This report is part of the "Innovation and Knowledge European Managements (INMA) project.

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Format for general report on SME situation regarding innovation and its consequences for the content and profile of INMA

Introduction

This research is part of the Innovation Management Agent project commissioned by the European National Committee of Spain. The project is coordinated by Documenta. The aim of this project is to contribute to the innovation capacity of small and medium sized enterprises (SME). This contribution is arranged by means of specially trained innovation management advisors. The role of this sort of advisors has been piloted in an earlier project by Documenta in 2005. In this pilot project the profile of these advisors has been described and a training program has been developed to train them in the competences that are linked to this profile. Finally the newly acquired competences have been put to test in real advice situations to SME in Spain.

In the first stage of the current project the profile of the advisors needs to be updated with actual information of to the current SME situation of each partner country. Thereafter arrangements are made for adaptation of the profile, training content and the actual training of these new advisors before they start working on behalf of SME.

This general report is a summary of all partners research regarding current situation of SME, the relevant innovations and the translation of these findings to update the original profile. This report will be used to discuss the findings and its consequences during the next transnational meeting of al partners in July 2011.

Apart from Documenta the project is run by CEEI (France), Dimitra (Greece), WPBS (Poland) and Revalento (Netherlands).

1. General Situation

In this chapter a short summary will be presented of the situation of SME regarding innovation in each partner country. This summary is a kind of synopsis of the information that has been presented in each separate country report that has been part of the deliverables in this first period of the project. Each summary will be closed with a presentation of countries' situation in relation to the purposes of the INMA project.

a. Poland

Poland is in the midst of transition of its economy from central planning to a more demand, market and entrepreneurship driven one. This historical context still has a big impact on the current situation. Its economy is showing high growing figures. On average in Poland private enterprises are fewer in number as well as smaller in size when compared to other EU countries. The R&D expenditure is relatively low. The awareness of the importance of innovation is relative low. Also there are strong barriers that prevent the development of economic activities: the quality and complexity of legislation, taxes, bureaucratic control processes as well as time consuming proceedings. Also the current crises acts as a fundamental argument against innovation for many entrepreneurs. Policy to promote innovation is developed at all levels, but these policies could benefit from better interrelationships. The attention on innovation is dominated by focusing mainly on innovation of product, process and market. The concept of social innovation is considered important in theory but gets few attention at the moment. The report indicate that in Poland there is a lack of collaboration at the different levels (nation, region, local) as well as across sectors. Therefore the different plans still lack cohesion and effectiveness. The educational system is not yet playing a major role in being propagator of innovation and being a knowledge institute for businesses. Public administration offers little (specialized) support and is not favoring enough the climate for entrepreneurs. The key areas that have been distinguished for innovation and growth in the province of West Pomeranian are: Tourism, maritime policy and agriculture and fishery.

Conclusion: The INMA project could very well contribute to raise the awareness of the relevance of innovation, the issue of social innovation, and in the linking of policies and opportunities at different levels. This requires for the INMA agent to

have a good understanding of the Polish context and the different policy opportunities.

b. France

In France in 2010 the growth rate of its economy has reached 1,5%, but other signs of the economy are still negative: household consumption falls behind and unemployment rate tends to go up. It is reported that one of the challenges will be to change the view on the future of the French economy: from the perspective of being "made in France" toward being "designed in France". It is reported that in most instances innovation is considered in the classical, more technological way. Most of the support is also targeted along this classical definition. Attention however starts shifting allowing for more attention to other areas of innovation as well as for the creation of conditions for innovation. In the PACA Region (Provence-Alpes, Côte d'Azur) the policy focuses on actions of groups of enterprises to stimulate economic development by addressing 5 areas: innovation, the optimal use of ICT, international development, social and environmental responsibility and social economy. The countries development potential is considered to be hindered by inertia of actors as well as its syndrome of the big nation. Everybody agrees on the role of public administration and education regarding innovation, knowledge transfer and the culture of entrepreneurship. In reality there are strong administrative and cultural barriers between these worlds. Also there is a scarcity of funding and few usage of risk capital. France is a country of SME. This offers the potential of great flexibility and adaptation. But it also has the risk of financial as well as structural weakness. For SME special problems are the reluctance to use services of outside experts, the amount of structuring of companies that is insufficient for innovation, better usage of the benefits of modern HRM, the generations gap regarding ICT usage, the lack of attention for design and ergonomics. Entrepreneurs need to see joint benefits for collective (financial) support without the realm of competition in a situation in which there is often no historical context for cooperation.

Conclusion: The INMA project in France could contribute to the promotion of partnerships (funding as well as knowledge), the attention for design, the issues of PACA policy, and social innovation (the role and possibilities of modern HRM). Special attention should be given to the positioning of in INMA agent (since outside experts need to overcome additional barriers) as well as to the area of impact (being microenterprises or SME).

c. Greece

Greece economy is in bad weather conditions (negative growth, high inflation and high unemployment rate). The Greek economy is dominated by services, and within that sector tourism and ship are key elements. Trade is mostly within EU, but Greece imports more than it exports. Industrial production is for 80% directed at the home market indicating a low level of international competitiveness of businesses. In Greece the economy is dominated by Microenterprises and SME (up to 50 staff), well above the EU average. Half of these enterprises do not employ any paid staff (self employed). SME but especially the microenterprises have trouble keeping constant their number of employees. The educational level of entrepreneurs however is high (university) and many (1 out of 3 on average) use quality models. Also there is a lot of attention for new ideas and for their adoption (absorbing innovations). These promising figures however do not result in general in a strong innovation position or in creating innovations of their own. It is indicated that this position is linked to the quality of the educational system, the poor links between university and industry (with impact on knowledge production and knowledge distribution), the lack of attention for business startup requirements and the quality of the technology infrastructure (f.e. internet penetration, broadband internet), lack of interest in customers involvement and market development for innovation, lack of understanding of knowledge management, and lack of staff involvement in business development (HRM policy). There is no public funding for start ups nor for the later phases of the business development, banking loans are at a minimum level and there is few risk capital available. R&D expenditure is comparatively low (and also mostly concentrated in one region being Attica). At the national as well as regional level there are a lot of stakeholders that claim a

role in innovation. In practice there is a lot of bureaucracy, a lack of coherence and of co-makership, shattering the field of innovation instead of combining efforts. For all this the risk of brain drain is also evident.

The region of Tessaly is an agricultural region, with low investment activity and the development of tertiary sector. As a rural area the stress on need of usage of ICT is even more important. The above barriers and circumstances are in general the same.

Conclusion: The INMA project could contribute to the promotion of innovation, and entrepreneurship. Typical Greek situation needs to be taken into account like: the current policies on innovation at the different levels, the focus on customer and market and the involvement of staff, the usage of knowledge management (including the building effective partnerships with knowledge institutes), strategy for continuous evaluation and business improvement and the related management skills. The question is: what to do first? Promote hard innovation and usage of ICT? Or promote social innovation (and good HRM policy) and create strongly motivated SME?

d. Netherlands

Currently, in 2010, 50% of all Dutch SME (10 - 99) have been innovating their products or organizational processes during the last 3 years and have increased their collaboration with other businesses and knowledge institutes. For micro SME (< 10) this is still over 30%. Although the economy has gone through a period of serious recession the efforts regarding innovation apparently have been on a (very) high level. Currently Dutch economy has achieved highest productivity rate and one of the highest innovation rates in Europe. Since 2003 at national level policy has concentrated one the development of key areas for innovation with a focus on the classical, technology driven form of it. However business as well as their representing structures have gained the awareness that social innovation is the key factor for sustainable growth, innovation and competitiveness. One of the motivating factors is the development of the national labour market (4,3% unemployed, expected shortages in near future). Success of their efforts is demonstrated by current Dutch leading position in

productivity as well as innovation. The total budget spend on social innovation has raised during the last year by 12%. (mind that this is done in a period of recession). Through the instrument of "arrangements" many businesses are connected to each other as well as to knowledge institutes of different levels. The current network of Syntens, AWVN and over 40 branche organizations arrange for advisors that inform, advise and coach SME in their development (finances, management, social innovation, sustainable growth, culture, change, design, marketing etc) as well as in the creation of networks with knowledge institutes. Regarding HRM/HRD it is recognized that HRM/ HRD play an important role in turning the Dutch economy to a knowledge economy and address future work force shortages. The current national and regional programs support the role and position of HRM HRD by addressing organizational learning, (staff) development, culture and management. Again this is also demonstrated by the fact that a lot of budget is spent on social innovation, by nature of its profession a key area of HRM and HRD. However especially in the Netherlands businesses still require to put more attention on better age related staff policy to keep all staff competent as well as sound and motivated during their (prolonged) working life.
In the Netherlands advisory working regarding innovation and social innovation is done by advisors that have a back ground in SME and in related business areas. Their recognized expertise opens doors and creates evidently impact. Therefore it is not advisable to introduce a new kind of advisor that lacks this back ground and expertise and still has to compete with professional advisors of the branche organizations.

Conclusion: There is no labour market driven need for the INMA project in the Netherlands, nor from the perspective of the new role of the agent. The INMA could contribute to the situation in the Netherlands if it focuses on development of skills for social innovation for the new professionals that get their education at schools for higher professional education. Design of such education needs to be done in close collaboration with such institutes and is depended on the conditions of the NVAO which assesses the quality of the programs of these institutes.

e. Spain

In Spain the labour market is confronted with a high unemployment rate. The activity rate of the active population is considerably lower for females then for males. Due to the economic situation the activity rate has decreased considerably the last two years affecting the area of construction the most. In 2009 the GDP has decreased with 3,4%. The Cantabria region develops in a better way compared to the averages of Spain, although labour participation is also relatively low. The core of the Spanish economy is the service sector. This sector has shrinked only marginally. In Cantabria more than 70% of the labour force is active in the service sector. In Spain the labour force is almost equally devided over the four different size categories of businesses. In Cantabria most of the businesses are SME (99,91%, among them 94% are microenterprises).

In Spain most of the innovation reports refer to innovation (R&D+I) from a technology perspective. Spanish strategy for innovation recognizes for instruments: creation of consortia of large companies, support of RDI through tax deduction, empowerment of gazelle companies, support of business groups (industrial parks and clusters). Additional national policy develops plans to stimulate increasing and enhancing human capital, labour market and social dialogue. It is noticed that gradually the term social innovation starts getting used, addressing HRM, management as well as organisational innovations. Several reports report on social innovation as innovations that have as their objective: sustainable economic development, social cohesion and democratization of culture. But current economic crises seems to be detrimental for the focus on HRM.

National innovation performance however continues to underperform compared to other EU member states: below average R&D expenditure, lack of cooperation between universities and businesses (considered being the most serious challenge to address), lack of transformation toward the market of discoveries and scientific advances, scarce entrepreneurial R&D expenditure, position and knowledge of ICT, and lack of qualified RDI human capital. Also the position of HRM in businesses requires attention since HRM and HRM innovation is often not part of a whole business strategy (lack of coherence and integration).

Especially regarding SME data are missing regarding their needs. Some research suggest that barriers for innovation are: availability of financial resources (bank as well as private), availability of research staff, costs, access to information, availability of skilled workers, uncertainty and market characteristics, intellectual property, training in the workplace, long period of maturation. Also the two-tier structure of policy (national and regional) make it difficult for SME to exploit the synergies between these two.

Conclusion:
The policy plans at national and regional level cover all areas that relate to a broad, not only technological perspective on innovation. The current economic situation could offer an opportunity for the development of alternative to society an show SME that innovation in the HRM area can be very productive. There is a good opportunity for the INMA agent to raise the awareness of SME on this area and support SME with the related knowledge. Also another key area is the contribution to the development of relationships between knowledge centres and businesses. Since there is no current job profile that is comparable with the INMA agent the Spanish situation offers good opportunities for trained INMA advisors. It is important to pay much attention to the selection of persons that will be trained, since some business background and knowledge regarding ICT are considered to be essential.

General conclusion of the five different summaries.

In most countries the definitions of innovation and R&D cover the technology area. Social innovation (although in its content perceived differently) is gradually catching more attention. In most countries HRM and HRD have had a marginal position in business strategy in many businesses.

Countries differ in the accents that need to be made regarding aspects of innovation if it comes to the INMA profile: knowledge of technological innovations, promotion of innovation, promotion of entrepreneurship, knowledge management, social innovation, funding.

All agree that the INMA agent needs to have knowledge of the national context. Countries differ as to whether the INMA agent needs to have some business back ground and to what extent.

Since in most cases innovation is discussed in terms of doing something in a radical new way, quite often the aspect of gradual development and improvement of businesses tend to be forgotten. Development of organizational learning could be a way to contribute to business improvement as a first step toward innovation. But this perception differs between countries.

In general there has not been made a substantial differentiation between innovation in SME and in microenterprises. It seems fair to expect that within these business categories the needs regarding innovation will be different as well as the options and conditions to develop and innovate. Therefore it seems advisable to specify business category in advance for the INMA agent in the different partner countries and control for the consequences this choice might have for the INMA profile.

2. New technologies used in SME

In the different schemes below the results are presented of the new technologies that are mentioned by the different partners. For each "technology" it is indicated whether it is applicable for SME (staff 10 - 50) and for microenterprises, and how its importance ***in general*** is rated in the five different partner countries. In case "technologies" that have been mentioned relate to similar notions of innovation they are presented in the table as combined. Empty cells indicate that these items are not mentioned by all partners. Remember that the term "technology" has been used in a wide sense. In the first table only those innovations are presented that have an obvious link to the more technological and the ICT side of innovation.

Type of new "technology":	**For SME:**	**Pl**	**Fr**	**Gr**	**ES**	**NL**
Computers					5	
Smart phones, mobile phone	+		4	4	5	
Robots and industrial manipulators	+/-	5				
Machining centers	+/-	5				
Computer controlled production	+/-	5				
Automated production lines	+/-	5				
Logistics management software	+/-			5		
Email account, internet access, broadband	+	4		5	5	
Internal LAN, intranet	+	4		5	4-5	
LAN network, extranet	+	4		5	4-5	
Server	+	5				
Internal LAN with Enterprise Resource Planning	+/-	4	2-5	5	5	3-5
E-commerce, web presence, social media, knowledge portals, public sector transactions, visitors number	+	4	3-5	4-5	5	4
CRM system,	+	4	3-5		5	3-5
Service desk	+/-		3-5			
HR and financial accounting system, E-billing	+	5	3-4	5		
POS terminal electronic cash register					4	
Software as a service, online back up systems, specific software for security, cloud computing and data storage	+	4	5		5	5
Video conferencing	+/-			3		
Advanced video monitoring system	+/-	4				
Gps technology					3	
Office management software, open office	+	4	4-5	5	5	4-5
License (permission to use foreign solutions)		5				
Innocentive, open network for innovation, watchfulness of technology and competitors	+		3-4			5
E-learning	+	4				3-5

Table 2.1: Overview of technology and ICT related innovations as mentioned in the different country reports and their score for relevance in SME

From the above table it appears that there is a large diversity of new technology that is seen as relevant in the different partner countries. Only a few are mentioned by all: ERP, Web presence, web searching and e-commerce, Software applications, data storage and data protection and Office management software. However this does not mean that it can be concluded that those that are not mentioned are also of no relevance. Also some might seem quite obvious in some partner countries while others need to be addressed with priority in others.

It needs to be discussed if and how (some) of the above innovations will be integrated in the knowledge profile of INMA.

In the second table those innovations are presented that belong to the management, HR/HRD and/or the organizational development side. Of cause in reality in many instances the successful introduction of an innovation will combine both of these types of innovations. The following items are mentioned:

New technologies in the area of management, HR/HRD, organizational development etc.	**For SME:**	**PL**	**Fr**	**Gr**	**ES**	**NL**
Organizational development		4				5
- Organizations development plans			3-4			
- Business intelligence					5	
Quality: Total quality management, customer satisfaction,		4	4-5		5	3-5
- Quality models			3-5			
Organizations processes						
- Business process Re-engineering, outsourcing		4	3-5			
- Creation of entirely new job position					4	
- Logistics management				5		
Organizational learning: Research and development activities		5				
- Knowledge management					5	
- Watchfulness of competition and technology, competitive intelligence			3-4		5	
HRM/HRD						
- Appraisal system			1			5
- Work life balance plans					5	
- Equal opportunities					5	
- Emotional intelligence					5	
- Individual development plans						5
- Personalized reward systems						3-5
- Development cheques, training vouchers						3-5
Training						
- Work place based learning					4	
Other						
- Teambuilding					5	
- Work environment					5	

Table 2.2: Overview of technology and ICT related innovations as mentioned in the different country reports and their score for relevance in SME

Again it appears that the partner countries differ in their view on new technologies in this area. There is no item that is mentioned by all. Also the score range is seldom reflected in a one figure score, meaning that its usefulness depends. But again it is too simple to conclude that the above mentioned are relevant for all or are not an issue. In chapter 3 the developments on HRM side will be highlighted. This will throw more light on the information that is presented above.

In the last table the technology and ICT innovations that are mentioned for SMR are compared to the ones that have been mentioned in the original INMA-profile. From this comparison it is possible to see whether the mentioned items are completely new or whether they are already addressed (to some extent).

Type of new technology and ICT mentioned in the country reports:	**Knowledge areas regarding New Technology as mentioned in the profile**
Computers	Introduction to ICT: concept, types of application and uses, benefits of their use
Smart phones, mobile phone	Not mentioned/covered
Robots and industrial manipulators	
Machining centers	
Computer controlled production	
Automated production lines	
Logistics management software	
Email account, internet access, broadband	Internet and its uses in the enterprise
Internal LAN, intranet	Internet and its uses in the enterprise
LAN network, extranet	Internet and its uses in the enterprise
Server	Internet and its uses in the enterprise
Internal LAN with Enterprise Resource Planning	Internet and its uses in the enterprise ICT applications for the enterprise
E-commerce, web presence, social media, knowledge portals, public sector transactions, visitors number	Internet and its uses in the enterprise\ Electronic Commerce Partly covered
CRM system,	ICT applications for the enterprise
Service desk	Not mentioned/covered
HR and financial accounting system, E-billing	Mot mentioned/covered
POS terminal electronic cash register	Not mentioned/covered
Software as a service, online back up systems, specific software for security, cloud computing and data storage	Not mentioned./coeverd
Video conferencing	Not mentioned/covered
Advanced video monitoring system	Not mentioned/covered
Gps technology	Not mentioned/covered
Office management software, open office	ICT applications for the enterprise
License (permission to use foreign solutions)	Not mentioned/covered
Innocentive, open network for innovation, watchfulness of technology and competitors	Not mentioned/covered
E-learning	Internet and its uses in the enterprise

Table 2.3: Overview of all new technologies and ICT mentioned and way they relate to New technologies area of the INMA profile (Green: covered, Red: apparently not covered)

When considering if items need to be include to update the original knowledge area of New Technologies one must keep in mind that the INMA profile intends to incorporate not all new technologies but focuses on those that relate to ICT and internet. Areas that closely relate to the intended task of the INMA agent in the pilot project. Therefore the high tech new technologies mentioned by some partners (like: robots and industrial manipulators computer controlled production etc) do not seem to match with the original profile. Other items mentioned are more internet, software and ICT related and the list reflects the rapid changes and developments that have taken place in this area during the last years. For the update of the profile its need to be decided whether the INMA agent needs to have extended knowledge of all these new items also or whether more general knowledge is enough to be able to fulfill the task of an Innovation Management Agent.

General conclusion of this chapter:

The diversity of SME's (and microenterprises) is great in terms of the businesses they are doing and the areas they are working in. Therefore the urgency of some of the "innovations" will depend greatly on its size, the sort of enterprise (f.e. high tech starter), as well as the area in which it operates.

The items that were mentioned also differ a lot: from very practical and seemingly common issues like computers, mobile telephones etc to high end technological innovations. Differences in national and regional context can explain for some of these differences (f.e the differences in wide spread access and use of internet and its applications). If so the INMA profile needs to take care of these differences.

There is a big difference in giving advice on "new technologies" to a small business with a staff of 1 to 3 or to an SME with 30 staff and having several departments with specialized tasks. The original INMA agent addressed SME. If it is decided that this now needs fine tuning of the profile it either means to choose

for a specific category (either SME or ME) and adapt the profile likewise with the knowledge of the most relevant new technologies. Or it means that each partner adapts the profile to the needs of the business category they preferably address because of its needs and relevance from the perspective of national policy. This last option means having a common understanding and agreement of the basic knowledge areas the INMA agent needs to have for all partners.

Last but not least: the knowledge areas as well the extent of knowledge the INMA agents needs to have on both types of innovations will depend on the exact task and role the INMA agent is going to play toward SME or Micro enterprises. The country reports reflect some differences in needs related to the stimulation of innovation in enterprises.

3. Innovation and Human Resources

In Chapter 2 already some information was presented regarding innovations in the area of management HR/HRD and organizational development. In the format for the different country reports special attention has been given to report on new trends and hot issues in the area of human resources and human resource development. In the next table an overview is presented of all new orientations that are mentioned in the partner reports. Sometimes the very clearly related items are combined.

New orientations in the area of management, HR/HRD, organizational development etc.	**Use in SME:**	**PL**	**Fr**	**Gr**	**ES**	**NL**
1. Knowledge management	2,3,3,2		5	5	5	5
Generation and enhancement of knowledge	3,2,3,2	5		5	5	5
Creating conditions for continuous quality improvement, organizational learning	2,2	5				5
Standardized records of business critical knowledge	1				5	
Benchmarking	2				5	
Crow sourcing	1				4	
Competence based management	4,1,2,2	5		5	5	3
New forms of leadership	3					5
Talent development, talent use	2					5
Life long learning	3,3,1,3	5		5	5	5
Mentoring, counseling, formal and non-formal training	3,2	5			5	
Building teams, innovation from the work floor	1,3				4	5
New forms of traineeships and intern ships	1	4				
Vocational education support	1	4				
Targeted advanced training programs for renewal of knowledge, knowledge and employability, talent development and talent use	2,2				4	5
2. Management by Value	2,2,2			3	5	5
Social innovation (for NL: all below)	3					5
Corporate social responsibility	3,2,-,2,2	5	5	2	5	5
Social capital	1				5	
Management culture, new forms of leadership	2,2				5	5
Sustainable growth	2					5
Organizational climate, culture	2,2				5	5
Social networks inside company	1				4	
Work quality improvement, innovation from the work floor	2,3	4				5
Work life balance	2				5	
Gender equality	2				5	
Age related staff policy	3					5
Managing across cultures	1				5	
Health management	1,3				5	4
Work time options, self scheduling of work, new forms of working	2,2,				5	4
Place based approach (?)						
Consistency of personnel policy	2	5				
3. Others						
Cooperation with universities, creation of clusters, exchange of experiences between companies	2,2	5			4	

Redesign of processes	3					5
Emphasis on high technology	2	5				
Design thinking	1				4	
Outplacement	2				5	
Demographic Change policies	1				5	
Networking	2				4	
Dealing with info overload	1				5	
Patents and Trade Market	2				5	

Table 3.1:Overview of all new HRM items that are relevant for SME as have been mentioned in the five country reports

The above table is a combination of information that has been presented in partner reports in the table on new technologies as well as the part 2 table: New technologies used in general in SMEs related to the profile. In this table for each entry a score is given for its current usage in SME and its potential relevance (1 meaning low and 5 meaning high). Sometimes items are placed a little bit different than the way they have been presented in the original country reports. This is only done in regard of content consistency.

There are only very few items which have been rated by all partners consistently regarding their high potential relevance: Knowledge management, generation and enhancement of knowledge and life long learning.

The way the information has been presented and scored in the five partner reports makes it quit difficult to compare the outcomes. It is not clear for certain that if items that are mentioned by one partner could also be relevant or not to other partners that did not mention this item. Also, sometimes new items are an element /are strongly related to other already mentioned items. For example social innovation within business in NL consist mainly of changes in way the organization deals with the work force and their knowledge, experiences, involvement and development. Therefore it includes a wide range of HR/HRD measures and modern management and by doing this it also contributes to the social image of a business. Therefore specific issues like gender equality, work life balance etc. are not made explicit since they are part of the concept. In Spain f.e. social innovation has a much boarder but also more specific context, linked to society (social cohesion), to sustainable economic development as well as to culture. Therefore it is either necessary to formulate a common EU definition for all major subjects. Or maybe if this is not possible and desirable, it is more preferable that the incorporation of issues needs to have a certain flexibility to be able to take into account all these national differences and definitions.

Another argument to offer some flexibility is caused by the fact that some issues are not yet relevant in one country or have passed their relevance in others: f.e. CSR is not yet in issue that is likely to be addressed in Greece, while it is so in France, Poland, Spain, Netherlands. On the other hand competence based management is not a hot issue anymore in f.e. the Netherlands (it has passed its importance as a management innovation) while in Spain f.e. it is scored as very relevant.

Since the above listing is quit extensive it is now tried to condense all this input to a less extensive listing by looking for some common headings for the issues that have been mentioned. This listing will also be used in chapter 4 to check whether the items can be linked with the original INMA training profile.

Area:	Pl	Fr	Gr	Sp	NL
1. Knowledge management:	5	Ok		5	5
Generation and enhancement of knowledge, organizational learning and improvement, crow sourcing, benchmarking, standardized records of business critical knowledge					
2. New management styles and related skills:	5	Ok		5	5
New Management skills (culture of an organization, organizational climate, new forms of leadership, management culture, social innovation, competence based management, employee participation, talent development and talent use, building teams, innovation from the work floor, outplacement, dealing with info overload)					
3. New HRM/HRD and Life long Learning:	5	Ok		5	5
New HRM / HRD (social innovation, organizational climate, demographic change policies, mentoring coaching, consistency of personel policy, new forms of internships, creating conditions for quality improvement of HR, vocational education support, targeted advanced training, age conscious staff policy, talent development and talent use)					
4. Management by Value:	5	Ok		5	5
Corporate social responsibility, social innovation, sustainable growth, health management, gender equality, managing across cultures, reconciling work and family life, working time, new forms of working, self scheduling of work					
5. Others:		Ok			
- Knowledge of organizational processes, redesign of processes, design thinking			5	5	5
- Knowledge of innovations (high tech, in general, on Information and communication technology,	5		5	3	2

- Creating Knowledge networks (cooperation with knowledge institutes, social networks, creation of clusters, exchange of experiences, networking, crowd sourcing)	5		5	5	3
- Marketing and commercial management			5		2
- Patents and trademarks	5		5	5	2

Table 3.2: A combination of the innovations in the RHM/HRD areas that have been mentioned in the five country reports and a combined score of their relevance for SME

From the above table it can be concluded that regarding the general themes (a total of 5) and the created subcategories (see theme 5, others) there is good evidence in all reports of their general importance. Differences occur as soon as the reports refer to specifics (the entries beneath each theme or subcategory). As was indicated as one of the conclusions regarding Table 3.1 it is unclear whether the fact they are not mentioned is similar to concluding that they are not relevant. Also when it comes to details countries differ in the importance as well as content they link with certain of the subjects that are mentioned.

General conclusions of this chapter:

Partner countries differ in the way innovations in the area of management and HRD/HR are perceived and in the way they are valued. Partner countries also differ in the way concepts like social innovation, corporate social responsibility etc is perceived and in the chances they see to get it on the agenda of businesses taking f.e. current economic situations into account. However general agreement appears to be at the more abstract level on the relevance of themes mentioned (consensus on importance of 5 themes).

From the country reports it can be concluded that partner countries differ in the way HR/HRD is positioned in organizations and in the way the core task of an HR/HRD professional are defined. F.e. in the Netherlands the position of HR/HRD in organizations has a long tradition. In general an HRM professional is either part of the management team of a business or is linked to the management team for his expertise. Provided that organizations are big enough (app 25>). This is not the same case in all the partner countries. Sometimes HR/HRD even needs to fight for its position and expertise. This is likely to have consequences

for what is seen as innovative in the different partner countries and for the role of the INMA agent.

It is not possible to draw any conclusion regarding the importance of the five themes for Micro enterprises since this has not been addressed specifically in all partner research and also microenterprises were not the core target group in the original pilot INMA project.

4. The skills and competences profile of INMA agent: update of the knowledge areas

The aim of this chapter is to compare items mentioned with original contents of the INMA profile and thus create an picture of areas that might be targeted for adaption. This will be done for all 5 knowledge areas of the original proifile.

In each national report the partner countries have provided information regarding the update of the content of the profile and potential new areas the profile needs to cover also. This information is based on the innovation and "new technologies", on new (hot) items in the area of HRM, as well as the indication of their usability in each partner country. Since partner reports are not consistent in the sense that they each mention different and new items, two comparisons will be made. In the first part of the chapter all items mentioned are compared to the original profile. In the second part partner scores for all items are presented (in essence it is the more detailed basis for table 3.2) to establish whether how much common ground there is between the five partner countries on a more detailed level. This additional information could only be collected after the first work on organizing and reporting of all collected information was done. Since this information was collected in the last week before the meeting it was not possible to use all this information for an extended analysis and description throughout the whole report.

4.1 Overview of all items and their relation to the original profile

In this chapter the information of chapter 3 is compared to the original profile: are the new elements taken care of in the original detailed profile or do they need to be incorporated. Therefore the collected and combined new items of chapter 3 on content of the profile are compared and combined as much as possible under similar areas of the original headings of INMA agent regarding knowledge areas. No distinction will be made regarding the individual partners indication of relevance. This will be done in the second part of this chapter.

Since the profile is quit elaborate, the combining of information will be done in several tables each covering one major heading of the original profile (mind that the original profile has different headings than the ones that are used in the partner reports). In the first table the knowledge areas of the INMA agent are presented. Based on countries report it was possible to indicate with a score which areas appear to be the most relevant ones for SME in each of the partner countries (indicating where the main accent appears to be put on).

The INMA agent has knowledge of :	Pl	Fr	Gr	NL	ES
On enterprise organization					
On generics of different new "technologies"	X		X		
On high tech innovations	X				
Change management				X	X
Tech surveillance and competitive intelligence	X				
Knowledge management		x		X	X
Information and communication technologies		x	X		X
Human capital management		x		X	X
New products development	X				
Marketing and commercial management			X		

Table 4.1: Partners evaluation of the value of the different knowledge areas of the original INMA profile

In the above table only the obvious accents are mentioned since they express the type of attention that seem to be placed in each of the five country reports. A new area that is relevant for at least Greece and Poland seems to be the area of promotion to innovate. Although this area is not explicitly mentioned in the original profile it was one of the original tasks of the innovation agent in the pilot project.

In Poland the accent is more on the high tech and technology side, in the Netherlands and Spain the accent is on human capital, organizational learning and staff involvement as part of its focus on social innovation. The French and Greek report express the importance of this area but also point out the difficulties to address them and raise interest (manpower and resources) as well as the barriers that occur due to the economic situation.

Next in 5 different tables each of the 5 knowledge areas of the INMA agent will be compared with the outcomes of all partner research. In all tables the cross reference will be made between items mentioned under the different headings as

indicated in table 3.2 and the themes mentioned in the original profile underneath each of the five knowledge areas.

Knowledge of strategic management in profile	New technologies (table 2.2)	New HRM/HRD themes (table 3.2)
The organization as a system		(1)Knowledge management: organizational learning and improvement , (5) knowledge of organizational processes
Functional areas		(5) Knowledge of organizational processes, redesign of processes, design thinking
Organizational culture	Work environment	(2) New management styles and related skills: culture of an organization, new forms of leadership, management culture; (4) Management by Value, corporate social responsibility, social innovation
Organizations that innovate (practical cases)	Organizations development plans Business intelligence Watchfulness of competition and technology, competitive intelligence	

Table 4.2: Strategic management content of the original profile versus innovations and new themes in the area of HRM/HRD

In general the knowledge areas that have been described in the original INMA profile seem to cover the new items that have been mentioned accept for the introduction to the concept of organizational learning. Attention needs to be spent on checking whether the area of knowledge regarding "organizations that innovate" give the agent enough luggage to be able to market the urgency of to innovate to SME.

The second table covers the knowledge area of people management.

Knowledge of people management in profile	New technologies table (2.2)	New HRM/HRD themes (table 3.2):

Teams management: (concept, efficient teams, factors, functioning levels) Team knowledge Development of facilitating climate, Leadership vs Management, responsibilities, basic skills, Leadership styles, efficacy of styles, Adequacy of style to different situations	Work life balance plans, equal opportunities, emotional intelligence, teambuilding	(2) New Management skills: culture of an organization, organizational climate, new forms of leadership, management culture, social innovation, competence based management, employee participation, talent development and talent use, building teams. (4) Management by Value: managing across cultures, gender equality, reconciling work and family life, working time, new forms of working, self scheduling of work; (5) Creating knowledge networks: social networks, exchange of experiences, networking.
Training policy and plans: training engineering, diagnosis and needs analysis, concept and development of needs diagnosis interview	Organizational development plans, business intelligence, appraisal system, individual development plans, development cheques, training vouchers	(1) Knowledge management: generation and enhancement of knowledge, organizational learning and improvement, benchmarking, standardized records of business critical knowledge; (3) New HRM/HRD (social innovation, organizational climate, demographic change policies, consistency of personel policy, new forms of internships, targeted advanced training, age conscious staff policy, talent development and talent use)

Table 4.3: People management content of the original profile versus innovations and new themes in the area of HRM/HRD

In general the original INMA profile regarding the knowledge area of people management seems to cover most of the new themes and innovations that are mentioned in the different country reports (although it will depend on the actual content that is offered in the curriculum of the training). However some items have been mentioned that might require some additional attention (marked in orange). These items are: work life balance plans, equal opportunities, emotional intelligence, organizational development plans, development cheques and training vouchers, social innovation, managing across culture, gender equality, work life balance, self scheduling of work, and the creation of knowledge networks. Also it needs to be checked whether the training needs analysis also cover the area of predicting targeted advanced training.

In the next table the area of knowledge management is represented. Knowledge management bein the way an organization manages collective knwldge and experiences and (new) relevant knowledge and experience to contribute to a better organizational outcome. The elements of the profile of the INMA agent is now compared to the new technologies and the new items for HRD/HRM.

Knowledge of knowledge management in profile	New technologies: (table 2.2)	New areas of HRM/HRD (table 3.2)
Information management (managing information resources, techniques for organizing info, psychology of the user, international sources for info, research methods, processing info, quality of info, policy of info, mechanisms for promotion of info)	Watchfulness of competition and technology, competitive intelligence, total quality management, customer satisfaction	(1) Knowledge management: generation and enhancement of knowledge, organizational learning and improvement, benchmarking; (5) Others: creating knowledge networks (2) New management styles: dealing with info overload
Undertake and consolidate innovation (info about business situation, business plan, legal forms, material and telematic resources to undertake on the internet, access to funding)	Business intelligence, organizational learning: research and development activities	(1) Knowledge management: organizational learning and improvement, bench marking, standardized records of business critical knowledge (2) New management styles: social innovation, employee participation, talent development and talent use, innovation from the work floor; (5) Others: Patents and trademarks
Integral control panel (definition and limits, ICP in different organizations, perspectives of ICP, indicator design, analysis of conclusions, graphics)	Business intelligence, organizational learning	(1) Knowledge management, generation and enhancement of knowledge, organizational learning and improvement; (3) New HRM: creating conditions for quality improvement of HR
Intellectual capital management (definition and limits, introduction to job analysis and job description, design of system to assess performance, characteristic and design of competences, application of competence management in HRM, related assessment methods)	Business process reengineering, outsourcing, creation of entirely new job position, logistics management, organizational learning	(5) Others: Knowledge of organizational processes, redesign of processes, design thinking. (2) New management styles: competence based management
Communications (external, internal, strategies, values and importance, barriers, strategic communications, internal communications plan)		(5) Others: creating knowledge networks; Marketing and commercial management
Learning organizations (concept, link with innovation, investors in people)	Organizational development plans, total quality management, customer satisfaction, organizational learning, knowledge management, watchfulness of competition, individual development plans	(1) Knowledge management: Generation and enhancement of knowledge, organizational learning and improvement, crow sourcing, bench marking (2) New management style and related skills: all items (3) New HRM/HRD: all items (4) Management by value: social innovation,
Emotional Intelligence (Concept and relevance, dimensions, competences, leadership style and EI, development of EI)	Emotional intelligence	(1) New management style (2) New HRM/HRD (4) Management by Value
Change management (need and challenge, where to guide change to, different roles, model for organizational change, dealing with reluctance to change, types of change, theories, stages in	Organizational development plans, Business intelligence, Quality models, Organizational learning	(1) Knowledge management (2) New Management skills (3) New HRM/HRD

change process)		
Internal marketing (quality management and marketing in enterprises, marketing, internal marketing, internal marketing and total quality	Quality models	(5) Others: Creating knowledge networks, marketing and commercial management

Table 4.4: knowledge management *content of the original profile versus innovations and new themes in the area of HRM/HRD*

The knowledge management area is the most complex and extended one of the INMA profile. Based on the simple listing of content issues it is difficult to indicate whether the curriculum covers the items or not. It is only possible to indicate whether there is a relationship or not between the original content and the items that have been mentioned by the partners. In the above table the areas that seem to cover each other are printed in green. Orange areas indicate that they seem to relate but based on actual description of content it needs to be decided whether they relate enough already. Apparently of all knowledge areas of the profile this area has the most areas in orange (5 out of 9), meaning that for this area the link between original content and new items mentioned need to be checked more closely on the basis of actual content of the training profile.

Apart from the above indications of attention needed, it can be concluded that the whole area of design thinking (proposed by France) is not covered in the profile. In terms of management styles the focus in the profile is on competence based management, but it is not clear whether the attention for management styles is limited to the issue of competence management as the one and only alternative model. It is also not clear whether new areas and issues that relate to social innovation and new approaches of employee involvement are addressed also. It is also not clear from the profile summary whether f.e. the whole issue of appraisal and development cycles are dealt with under the heading of knowledge management and in what way. Therefore many suggestions have been made that gave this knowledge area a somewhat broader (too broad?) perspective.

The last profile of the INMA agent covers the area of corporate social responsibility.

Knowledge of Corporate Social Responsibility in profile	**New Technologies (table 2.2)**	**New areas of HRM/HRD (table 3.2)**
Social responsibility: external (EFQM, analysis and results in	CRM system Quality models	(1) Knowledge management: organizational learning and

different areas)	Social media Customer satisfaction Organizational learning	improvement, benchmarking,; (4) Management by Value: CSR, social innovation (2) New management styles: culture of organization, new forms of leadership, management culture (5) Others: knowledge of organizational processes
Social responsibility: corporate (Conceptual framework of CSR, impelling factors, the sustainable enterprise, CSR tools, sustainability report, behavior codes and SA 8000, corporate government, administrative initiatives, technological audits)	Business intelligence, Quality models Organizational development plans, Organizational learning	(4) Management by value: CSR, social responsibility, sustainable growth; (2) New management style: culture and climate of an organization, new forms of leadership, management culture;
Ethics and management systems (ISO, environmental management, security and labour health management, process management, management of R+D+I, management systems according to sectorial references, systems integration, techniques for the development of management system audits)	Quality models, Work life balance plans Equal opportunity Work environment	(4) Management by Value: CSR, social innovation, health management, gender equality, managing across cultures, work – life, working time, new forms of working, self scheduling of work (2) New management style: Culture and climate of an organization, new forms of leadership, management culture, social innovation; (3) New HRM/HRD: social innovation, organizational climate, consistency of personnel policy, creating conditions for quality improvement of HR, age conscious staff policy;

Table 4.5: Corporate social responsibility content of the original profile versus innovations and new themes in the area of HRM/HRD

In general it can be concluded that the attention areas mentioned by the partners seem to be covered by items of the original profile. Only for the last item (printed in orange) it appears to be somewhat unclear. This probably also is caused by the focus the original items have and the somewhat broad attention areas that partners mention. Also an exact evaluation of cross links is only possible if the content of the training itself is known. F.e. at the surface it seems logic that partners suggest that for CSR a link is required to management styles, new forms of leaderships, organizational climate etc. But it is not clear whether this link actually has been made in the pilot training material or not, without a deeper knowledge of the training material itself.

General conclusion regarding all new (hot) items proposed

Based on the partner reports it is only possible to indicate if there are links between items that have been mentioned by partners and the original general content of each knowledge area mentioned in the profile. In case the partner information seems to agree with the issues mentioned in the original profile they are printed in green in the tables presented in this chapter. In general most new items mentioned seem to be covered in some way in the original profile. Whether this will be considered as sufficient will however also depend on the national context and role of the INMA agent.

The area of Knowledge management, being the most complex one, needs more close attention since it has the highest amount of areas in orange. Part of the current unclearness however has to do with the way new items are mentioned and to the extent they actually need to be covered. In some cases items which partners have mentioned are put in a more general way, and thus it is possible to link it with many issues that are mentioned in the original profile. Also it is not clear how the issues of the profile are actually being addressed in the training for the INMA profile. So it is very well possible that links are made but they are impossible to see without the understanding of the actual content of the training and the way the INMA agents are trained.

Mentioned by some partners but not included in the INMA profile are only the following issues: design thinking, vocational education support, work place based learning and new forms of internship. Also these items are not considered as relevant by all partners in the same way.

From the range of contributions it can also be concluded that there is some difference between partner countries regarding the definition and scope of some core concepts that are addressed in INMA. This for example is the case for concepts like social innovation and knowledge management.

4.2 Analysis of partner perceptions on all items mentioned

In the next table there is an overview of all new orientations in HRD that have been mentioned by all partners. It is the total of all input that has been referred

to in the report template on HRM and the tables on "New orientation", "use in sme", and "importance for SME".

Since in the case an items has not mentioned by a partner it was unclear whether it had been forgotten or whether it was regarded as having no relevance and therefore was not mentioned. To clarify this issue it was necessary to check the collected input once more. To be able to decide whether HRM information needs to be added to the INMA profile it is necessary that all partners indicate for all the items in the table whether they value them as desirable and therefore to be included in the profile or not. All items that were mentioned by the partners have been put in the table below (although some might not seem appropriate to the HRM area!)

New orientation as mentioned:	PL	Fr	Gr	NL	ES
Knowledge management	3	3	3	3	3
Organizational learning, generation and enhancement of knowledge	3	3	3	3	3
Competence based management	3	2	2	1	3
Life long learning, social innovation (NL)	3	3	3	3	3
Talent development and talent use		2	2	3	3
Knowledge and employability		2	1	3	3
Age conscious staff policy		3	1	3	3
Building teams		2	3	3	3
Innovation from the work floor, social innovation		2	2	3	3
Standardised records of business critical knowledge		2	3	3	3
Targeted advanced training programme for renewal of knowledge		3	3	3	3
New forms of traineeship and internships for young people	3	1	2	2	2
Vocational education support	3	2	3	1	3
Management by value, social innovation (NL)		2	2	3	3
Corporate social responsibility, social innovation	3	1	3	3	3
Sustainable growth		2	3	3	3
Labour participation, employee participation, social innovation		2	2	3	3
Reconciling work and family life, work time options, flex work, self scheduling of work, social innovation		1	3	3	3
Place based approach (?)	3	?	?	?	?
Gender equality in employment, social innovation		3	3	3	3
Others:					
Design thinking		1	2	2	3
Outplacement, strategic outsourcing		2	2	2	3
Creation of clusters		3	2	3	3
Management cultures, new forms of leadership, social innovation		2	2	3	3
Organizational climate, social innovation		2	2	3	3
Consistency of personnel policy	3	2	2	3	3
Mentoring and coaching, formal and non formal learning, social	3	2	3	3	3

innovation					
Managing across cultures, social innovation		1	2	3	3
Social capital: bonding and bridging, social innovation		2	3	3	3
Demographic change policies		2	2	3	3
Health management, work quality improvement	3	2	3	3	3
Social networks inside the company		2	3	3	3
Redesign of processes (looking for more efficiency)		3	2	3	3
Dealing with information overload		2	2	2	3
Networking, exchange of experiences between businesses	3	3	2	2	3
Cooperation with universities	3	1	2	2	3
Crowsoursing		2	2	2	3
Benchmarking		3	3	2	3
Emphasis on high technology	3	2	2	1	1
Creating conditions for continuous quality improvement of Hr	3	2	2	3	1
Patents and Trade market		3	2	1	3

Table 4.6: Overview of all HRM items mentioned and partners indication of relevance for INMA agent (1 not relevant, 3 to be added)

In the above table the items that are scored "3" by all partners are printed in green. From this table it can be concluded that there are only a few items in common: Knowledge management (being the core of profile), organizational learning , life long learning, targeted advance training, and gender equality.

Differences reflect to a large amount the focus and current needs that have been sketched in the summary draft of partners situation in chapter 1. For example the focus on technology in Poland, the focus on Social innovation and related HR/RD in the Netherlands, the close link between original profile and task of INMA agent in Spain with the additional items they have mentioned.

If also level 2 scores are accepted then it can be concluded that almost every item is acceptable for all partners.

Table 4.6 is a very detailed representation of all partner input on the HRM side with items mentioned that are related (f.e. demographic change policies and age conscious staff policy; LLL and knowledge and employability etc). A more condensed version of this table is presented in chapter 3. This table 3.2 brings back the whole new content mentioned to only 5 specific areas.

5. Appendices

In this section of the report some general statistics of the different partner reports will be presented. They are presented as background information for the short country summaries in Chapter 1 of this report and the context of the INMA project. A more detailed description of each partner countries context is laid down in each country report.

In the second part of the appendices a short presentation is given on learning organizations and the ideas behind the learning organizations tool developed by Revalento. Purpose and usage are compared to the aims and objectives of INMA and the profile.

I. Summary of partners research: labour market situation

a. Unemployment

In all partner countries the global economic crisis has casted its shadows on the current national economic situation. Generally spoken investment, export and growth began to stagnate, and unemployment levels increased rapidly. For the Eurozone the general unemployment figure is 10% (Statline, CBS, 2011) of the work force. These rates differ rather staggering between the different partner countries. In the Netherlands the labour market situation is still very positive. In the EU it currently has the lowest unemployment figure of only 4,2 %. In Spain and Poland the rates are well above the European average with respectively 18% and 17% as it is in Greece (13,9%). In France the unemployment level is approximately the same as the European average of 9,5%. This difference in labour market situation in the Netherlands has some influence on the possibilities of addressing the target group of the INMA project.

b. Labour participation

Based on CBS Eurostat statistics of 2009 the labour participation in the 5 partner countries are rather different. The average rate of labour participation in 2008 in the EU 27 countries was 66%.

2008 Labour participation:	**Poland**	**France**	**Greece**	**Spain**	**Netherlands**
% of potential workforce having paid work for more than 1 hour	59%	66%	62%	65%	77%

Table 5.1: Labour participation in 2009 in the EU, Eurostat 2011

The Netherlands has the second highest level of labour participation (directly after Denmark with 78%, that has leading position in this area for many years). In NL the labour participation of men is even the highest in Europe. In Greece and Poland the participation level is below the EU average.

c. Labour market situation: womens participation

The INMA project targets unemployed women. In the next table the labour participation of women in the different partner countries is presented. In the EU27 an average of 59% of women have a paid job.

2008 Labour participation:	**Poland**	**France**	**Greece**	**Spain**	**Netherlands**
% women workforce having paid work for more than 1 hour	X	X	X	52%	71%

Table: Labour participation of women. Source: ….. CBS, Eurostat 2009

Women's participation rate in NL is higher than the EU average. Info missing!

d. GPD development

GPD development:	**Poland**	**France**	**Greece**	**Spain**	**Netherlands**
	3,8	1,5	-4,5	-0,1	1,8

Table: GPD growth rates in 2010. Source: Eurostat 2011, Wikipedia

As part of the general recession in 2009 in most of the countries the GPD growth rate has been negative. The 2010 figures show a strong recovery in Poland and some light growth ratios in France and the Netherlands. Especially were unemployment rates are low and participation levels are high this might lead to stress on the regional labour markets in the mid and long term. This requires for additional labour market policies.

e. Educational level

Proportion 30 - 35 population with tert. Educ.	**Poland**	**France**	**Greece**	**Spain**	**NL**
Male	28%	39%	26%	35%	38%
Female	36%	47%	30%	45%	42%

Source: 2009, Proportion of population in age range 30-35 that have tertiary education, Eurostat 2011.

The EU averages for attainment of Tertiary Education in the age range of 30 – 35 is for males 29% and for female 35%. Attainment levels in France, Spain and the Netherlands are well above the EU averages. Differences between male and female attainment are lowest in Netherlands and Greece.

II. Summary of partner research: the perspective of R&D

R&D Expenditure:	Poland	France	Greece	Spain	Netherlands
% of GDP	0.6% (2008)	2,21 (2009)	0,6	1,35 (2008)	1,84 (2009)

Investment in R&D are lowest in Poland and Greece. Only in France the level of investment is higher than the EU-27 average of 1,84% of GPD. In some countries the current economic situation is an explanation for the relatively low level of R&D investment and interest of business to innovate (Poland, Greece). R&D investment itself is not the only indicator for describing the current countries activities on innovation and business development. Countries differ in the way they are able to attract risk capital as well as business investment. Poland, Greece, France and Spain indicate that is difficult especially for start ups and SME. Also the impact of investment in terms of sectors is rather different. The country reports of Poland, Spain f.e. indicate that most R&D is carried out in the public domain and in higher education and far less in private domain. And also countries differ in the way rules and regulations are of help for attracting funding for research and innovation. Poland, France, Greece, and Spain indicate the existence of a lot of bureaucracy.

Please consider carefully if these type of extra's really are necessary!!!

III. Summary of partner research: national policies and institutes, hindrances

IV. Summary of SME situation

V. Summary of SME innovation and changes

VI. Summary of innovation: actors and relationships

Section 2 Learning organizations

Learning and development can be characterized as a process of interaction in which the construction and reconstruction of knowledge are based on former experiences. People in organisations and as such organisations themselves, derive meaning for their actions based on interaction with others and on context. For this type of learning to take place feedback mechanisms are needed.

A learning organisation stimulates and organizes continuously information exchange between its members, organises the sharing and use of different perspectives and experiences (knowledge management) and the way joint actions are decided upon, and arranges feedback regarding results (c.f. social constructivism and learning theory: Kolb, '84, Dixon, 2002, Boonstra, 2000). These principles also facilitate organisational change and form the basis for all sorts of innovation. At this moment experts from the field of business as well as knowledge institutes point out that the current national innovation strategy in the Netherlands lacks attention for the fundamentals needed for innovation: learning and related organisational changes in businesses as well as education (Boonstra, Volberda, and C.K. Prahalad of the Michigan University and A. Brugmans of Unilever, at the Innovation Lecture 2004).

Under the heading of Learning organizations Revalento has developed a questionnaire to generate feedback on business processes that form the heart of a learning organisation according to the above theory. Part of this information has been presented in the pilot project.

2. Tasks of an Organisation

To reach its targets effectively an organisation organises its market knowledge and decides upon a course of action accordingly. It organises its production and service delivery based on market knowledge and the actual and potential competences of its staff and other resources. It refocuses its former knowledge and position regularly, based on actual experiences, acquired knowledge and outcome. This feedback is used to readdress targets, market, resources,

organisational processes, staff and production or delivery issues. Thus change and innovation are stimulated and facilitated.

According to Learning Theory and Social Constructivism learning takes place by passing through each one of the next stages:

1. Information is collected throughout the organisation based on a common question or problem;
2. Information is brought together and then shared by all of its members;
3. Together in a dialogue this information is interpretated and stored;
4. Jointly a course of action is decided, action plans are designed and responsibility is taken;
5. Feedback is organised at several relevant levels;
6. Conclusions are draw on the basis of this feedback.

After this last stage the whole cycle will start again.

3. Related organisational processes

To strengthen the fundamentals for learning and innovation 6 universal organisational processes can be distinguished according to Boonstra and Wierdsma:

Process:	Type of question it focuses upon:
Strategy and direction:	Were are we now, is this the position we want to have, how do we want to get there?
Planning:	How can we achieve this, and what needs to be done therefore at all levels in the organisation?
Communications:	Does all staff at all levels understand what is expected, and why and how they can contribute each in their own way?
Effective management:	How are things organized to reach our targets, and how does management know that their plans and actions are effective?

Training and development: In what areas is staff development (including management) necessary and how is individual and team learning translated into results?

Learning as an organisation: how does the organisation ensure that plans have been effective, that developments have had a positive contribution, and all these experiences contribute to a better achievement of goals?

According to the theory if these 6 processes are rooted in an organisation (and therefore management shows competence in this role) this organisation will be capable of adapting continuously to its ever changing environment and think of solutions that are suited best for the potentials of the organisation and its people. All the processes cover the most valuable asset of an organisation: its people.

In the Netherlands these 6 processes have been used to make students in the area of HRM more aware of their role and position, to help them to look at organizations in a different and integral way. A simple questionnaire helps them to assess the current situation in an organisation regarding these 6 processes. The questionnaire will generate feedback on the current state of these processes and thus provide information and direction for advice and change (innovation) to raise the quality of each one of these processes, and accordingly the learning and innovation power of the organisation.

4. The related six processes in more detail

In the following each of the 6 processes are described in more detail.

1. Strategy and direction
Based on a clear understanding of all the input that is required the organisation has made an analysis of its current position, has made choices and priorities for its development and has described a way to improve in reaching its goals and objectives. To monitor and adapt its strategy periodically the organisation uses effective indicators.

1. The organisation analysis its market position and future opportunities in an adequate and effective way;
2. The top management and management are committed to use internal and external knowledge resources related to strategy effectively and periodically;
3. Top management and management can demonstrate why indicators for strategy have been selected;
4. Top management and management communicate strategy and direction of the organisation in an effective way.

2. Planning

Based on vision, mission and strategic targets an organisation has a plan that is translated into a training and development plan. This plan is managed top down after an inventory of relevant skills and competences, and development needs are established on individual as well as team level. The management facilitates this training and development plan with the necessary resources. This means that:

1. Organisational targets are clearly set and defined (SMART);
2. Training and development needs a re identified, priorities are set and measures are described to meet these needs;
3. Training and development needs are identified at organisational, team and individual level;
4. Training and development needs are monitored related to goals set for the organisation, team and individual;
5. The means to meet training and development needs are clearly described and understood.

3. Communications

This process addresses the way in which vision, mission and the commitment of the organisation and the ways to achieve these are communicated to all its staff. This means:

1. The commitment to necessary staff development is communicated effectively. Staff can confirm that management is putting word into action. Staff is convinced that the organisation really is committed to develop its people to achieve its goals.

2. All staff can describe at their own level the mission and goals of the organisation. People can explain the goals of the organisation in a way that is relevant to their role and position. Thus people can explain how they contribute to the goals of the organisation.
3. Staff representatives are involved in setting organisation's goals and direction and the contribution of people.

4. Effective management:

Strategy and systems to train and develop people are only effective if all management fully understand their role and responsibility in this, and actively contribute. This means

1. Management has the knowledge and skills to develop people in line with the goals of the organisation, and also, managers use their knowledge for this. People can acknowledge that this is happening by giving examples.
2. Managers can describe the strategy of the organisation to train and develop staff and are able to address the training and developments needs of their teams and staff.
3. Management is able to motivate staff to enhance their performance and the performance of others and management knows what is necessary to achieve this.
4. Management has defined development targets for the organisation, team and individual.
5. The organisation addresses the training and development needs of their managers effectively.
6. The managers effectively address their responsibility in this area: they are aware of costs and benefits at all relevant levels.

5. Training and development

Most of the times training is a collective activity , time bound, and is rooted in a budget. The training issues are directed at acquiring knowledge and competences, and are often addressed by an external agency.

Development is more personal and individual and can take place in many forms. It is

aimed at influencing someone's attitude.

The organisation is distinct in how individual performances contribute to organization's goals and objectives. Management support individuals and teams in meeting these goals and objectives by:

1. Prioritising goals and objectives and related development areas;
2. Analysing development needs of individuals and teams based on their current and expected role and responsibility;
3. Defining development goals and objectives prior to the actual training or development activity;
4. Indicating how and when a target is met;
5. Monitor results in relation to goals and objectives;
6. Adapt training and developments needs and plans whenever the experiences requires this, after consulting management and individual.
7. New staff is introduced effectively in the organisation or in its new function.

6. Learning as an organisation

When training and development is evaluated for the organisation as a whole, top management will understand the costs and benefits for training and development in relation to the goals and objectives of the organisation.

1. Management know the costs and benefits for training and development;
2. Management demonstrates their commitment to training and development to staff
3. Management ensures that training and development is continuously linked with goals and objectives of the organisation. Management ensures that acquired attitude, skills and competences are used. Whenever possible management stimulates knowledge transfer;
4. Training and development activities are monitored on their effectiveness and adapted and prioritised likewise. This happens at all levels in the organisation: top management, management, teams and individuals.

Relationship to INMA

Areas of the learning organization approach link with knowledge management, life long learning, the core themes of HRM, management and leadership, and to the area of social innovation (as a HRM definition). The approach is not relevant for micro enterprises but for SME with a scale large enough to allow for (some) differentiation in work processes in departments or similar.

In the INMA profile however the attention for learning organizations is rather small (just one item and in combination with Investors in People) and a part of the area of Knowledge management. The areas the learning organization notion links to are already dealt with in a different way. For this reason it does not seem appropriate to add more to the INMA profile.