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## E-learning Tool for Improving Managerial Strategic Thinking Skills

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### Abstract

Research proves that Small and medium enterprises (SME) manager/owners do not manage their companies strategically which negatively impacts their long-term competitiveness. This fact should get even more attention realizing that small and medium sized firms (SMEs) are the backbone of the EU economy, representing over 90 % of all registered companies, creating more than 65 % of jobs in the private sector and over 54 % of the overall value added (see Eurostat). Therefore, it is important to find the ways in which the SME owners/managers could be trained in the skills necessary for strategic decision making. This contribution describes a solution to this issue through creating a multilingual e-learning format accessible for SMEs managers and owners. We describe the process of creation of the e-learning portal as well as the e-learning methodology and course content. The creation of the portal was supported by the LEONARDO DA VINCI TRANSFER OF INNOVATION PROJECT Under the Lifelong Learning Programme with the project title: Education in Strategic Management for SMEs managers/owners is attempting to find a solution to this issue through creating an e-learning format.

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### 1. Introduction

Small and medium sized firms (SMEs) are the backbone of the EU economy, representing over 90 % of all registered companies, creating more than 65 % of jobs in the private sector and over 54 % of the overall value added (see Eurostat). Their sustainable development, competitiveness and growth are therefore one of the EU's economic priorities (see the Small Business Act of the EC, 2008). Research (Beaver,2002, Mazzarol, 2004), however; indicates, that SMEs do have an inborn weakness, that negatively impacts their long-term competitiveness - their

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managers and/or owners do not manage their firms strategically. One of the key reasons for this is that the SMEs owners and/or managers lack the necessary knowledge to be able to do so.

A possible solution of this issue is in teaching the SMEs owners and managers the necessary skills by transferring know-how from successful entrepreneurs. The question though is: how to reach all SMEs owners and managers? This is a true challenge for their geographic and business area disparity. The best teaching methodology seems to be e-learning.

E-learning in various forms is used quite commonly at university education as well as in corporate education. Universities prefer the use of online learning for transferring the knowledge while corporations use the black box type of e-learning. The main difference between the approaches is in the presence of a living tutor. In online learning a real teacher uses Information and Communication Technology (IKT) for communication with students (explaining the material in video lectures, discussions etc.), for presenting the study materials (videos, lecture notes, online books etc.) and for providing the students feedback on their progress. In the black box approach, learners do not have a contact with a real tutor. They work with a preset video lectures, texts and power point slides. Their learning is reinforced by interactive tests where they receive automatized feedback.

Both approaches have advantage in time and geographical flexibility. The online approach is more efficient in adjusting the methodology and study materials according to student's needs. It offers more human context to the learning process. The online communication is quite demanding for the teacher and therefore it can not accomodate large numbers of students in one course. The black box approach, on the other hand, offers an alternative for reaching a mass number of learners as there is no need for a real tutor to interact with learners.

Therefore we have decided to create an e-learning platform based on the black box e-learning approach that would allow the SMEs owners/managers acquire new, practically focused, knowledge in strategic management of their firms. We were able to adopt a so-called online scoring approach (from L. da V. project "Business Transfer Project II; BTP II" of Jonchoping International Business School in Sweden). The BTP II project used an online screening tool that, apart from other, allows identification of the individual educational needs of the users and offer personalized online courses.

## **2. E-learning platform project.**

The creation of the e-learning platform has been supported by The LEONARDO DA VINCI TRANSFER OF INNOVATION PROJECT Under the Lifelong Learning Programme with the project title: Education in Strategic Management for SMEs managers/owners. The project consortium is composed of Mendel University, Brno (Czech republic), Jonchoping International Business School (Sweden), that would provide the transferred know-how, School of Management / City University of Seattle (Slovakia), the Association of SMEs and the POPAI association (the Czech republic).

The platform is available in four languages: English, Czech, Slovak and Swedish to make it available to the SMEs managers/owners in the Czech Republic, Slovakia, and Sweden and, thanks to English, also in the UK and elsewhere in the EU.

We set following tangible outcomes of the project:

- the business transfer screening tool adjusted for the purpose of scoring and benchmarking in the area of strategic management,
- unique benchmarking data on SMEs strategic management from four EU countries,
- e-learning (curricula and teaching materials),

The intangible outcomes of the proposed project lie in improving the availability of vocational education, tailored to the specific needs of SMEs managers and owners (lack of time, need for strongly praxes-driven education etc.) The envisaged impact is represented by improved real knowledge and capabilities of SMEs owners/managers and thus improving strategic management in their firms, and their higher motivation for further education in strategic management.

The project of platform design and launch consisted of 5 stages. The first step in the project was an expert panel which met at the end of February 2013. The aim of this expert panel, comprised of representatives from Czech, Swedish, Slovak and Finnish universities and Czech entrepreneurs, was to identify how small and medium-sized businesses should be strategically managed, so that the strategic management would strengthen competitiveness, without creating excessive bureaucratization and limiting flexibility. One of the main conclusions was that small and medium-sized businesses need to implement structural managerial approaches that will not replace but supplement traditional management techniques, in order to maintain competitiveness. Traditional techniques, based on improvisation and naturalness, are essential for searching for and creating new market opportunities. The panel responded to the preconceived myths that structural managerial approaches do not apply to small and medium-sized businesses and that an improvisational management technique of small and medium-sized businesses is a sign of unprofessionalism. The main findings of the panel stressed the necessity to establish and support strategic management of small and medium-sized businesses, as it significantly contributes to the enhancement of their competitiveness. Despite this, small and medium-sized businesses fail to use these strategies, which negatively impact their competitive edge. Strategic management is mostly based on systematic and structured managerial approaches, and is therefore associated with the functionality of large businesses. Even in small and medium-sized businesses, structural strategic management is crucial, though its specifications need to be respected. Specifically, the naturalness on which small and medium-sized businesses operate is necessary for research, selection and utilization of business opportunities. Moreover, it is essential for creating new ones, experimenting, constant improvement and learning from mistakes, as well as accepting the risks that come with experimenting, more so than in larger, systematically managed businesses. The main outcomes of the panel were the suggestions for effective strategic management of small and medium-sized businesses.

The next step of the project was a quantitative research focused on gaining quantitative data on strategic management in SMEs operating in the Czech Republic, Sweden, Slovakia and Finland. The research was conducted on 1004 SMEs in the above-listed countries. The research results indicated that focusing on the key aspects of strategic management (setting objectives, their internal communication, and performance monitoring) the level of use of principal strategic management is relatively high - about 80% of SMEs. However, this number reflects only the subjective perception of the SMEs owners/managers and not the real activity.

These research findings led us to the third step. We based the development of the e-learning portal on the research results with the aim to support the development of objective strategic thinking of SME owners and managers in Czech Republic and Slovakia and also in other European countries. The e-learning portal consists of 3 phases. The first one is testing of the level of strategy used by the learner in his/her company. The second phase enables the learner to compare his/hers results with a database of 950 comparable companies. This stage is important for showing the learner the strong and weak parts of strategic management of the company by comparing it with other. This part is thought to be a motivational factor for the third phase. This part consists of lectures based on a practical methodology showing the learner various aspects of strategic management. Each lecture consists of online textbook, interactive quizzes based on textbook material. Then the learner solves real life case studies by using interactive quizzes.

The fourth step of the project was pilot testing of the portal by SME owners/managers. During the pilot testing we adjusted some of the testing tools and minor technical issues with the portal IT management.

We are about to accomplish the final step which is launching of the portal for the public. The access to the e-learning portal is free after the registration of the learner thanks to the support of the European union grant scheme : LIFELONG LEARNING PROGRAMME - LEONARDO DA VINCI MULTILATERAL PROJECTS - TRANSFER OF INNOVATION 2012. GRANT AGREEMENT n° CZ/12/LLP-LdV/TOI/134004. PROJECT n° 2012-1-CZ1-LE005-09677

### **3. Conclusion**

This contributions described the process of designing of and e-learning portal for teaching strategic management to owners and managers of Small and Medium enterprises in Europe. We hope that this project will support the development of entrepreneurshipness trough life long learning which is one of the strategies for tackling the economic downturns.

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