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Knowledge Society Asks for New Practices for Entrepreneurial and Managerial Training

An investment in knowledge always pays the best interest (B. Franklin).

ABSTRACT

Objective: The paper aims at showing how the Knowledge Economy asks new and inter-active methodologies for training entrepreneurs and managers. In fact, the most important skills of modern entrepreneurs and managers are based on relational feeling and flexibility.

Methodology: The described methodologies and their limits and advantages are coming by the direct experience of the Authors.

Findings: The source is specific to the case studied in a participative way by the authors

Value Added: The value of the paper can be seen from the illustration and comment on the main didactic methodologies adopted by commercial schools and faculties of Economics for

training students in entrepreneurship and management. Any methodology is synthetically described in order to evidence the constrains.

Recommendations: The described new methodologies clearly evidence their effectiveness. Nevertheless, are necessary additional tests and adaptations in order to adopt them in schools and universities in definitive way.

Key words: Knowledge Economy, Managerial skills; New teaching methodologies

JEL codes: A20, A29, I20

Introduction

Knowledge Society has a great impact on style of life and work of individuals and organizations.

Peter Drucker (1993) first introduced the concepts of Knowledge Society and Knowledge Economy.

Immaterial economy generates and increases new “hybrid” products and services, so that enterprises in any sector of the economic system must change their style of managing and production in order to adequate products and services to the new needs of individuals and communities.¹

Nowadays, successful enterprise is a *knowledge-based organization*; it is characterized by the fundamental role of knowledge generated by internal ideas and experiences as well as by learning from “others” (Nonaka & Takeuchi, 1997); enterprise becomes a *learning organization* where external people – clients, suppliers, banks and so on – are not only “partners in business” but also “bearers of knowledge.” Accumulation and organization of knowledge become the intellectual capital (Sveiby, 2001) used by enterprise for pursuing its own competitive advantage.

1. Actually, it happens vice versa also: individuals and communities must change their habits for adapting their behaviours to the changing world of *Knowledge Era*.

1. Changing entrepreneurial models

In knowledge-based enterprises the role of intellectual capital is prevalent (Stewart, 1999) and its highest manifestation is the *Human Capital*, because it can develop either *Organizing (or Structural) Capital* (i.e.: procedures, proceeds, expertise) as *Relational Capital* (all relationships generated by business life).

Entrepreneurs and managers have to change in this context: what is required is no more an authoritative and hierarchic approach, but the stimulation of individual/common capacities in order to increase enterprise knowledge and to achieve useful conditions for innovation. This is the first condition for assuring structural and functional conditions for enterprise solidity and development.

Business systems and processes must change in order to satisfy three kinds of exigencies (Ricketts, 2002):

- a) facing continuous changes in external and internal context;
- b) governing transactions connected to opportunistic behaviors;
- c) generating new knowledge.

In order to pursue these targets technicalities must reduce their role in managerial skill and look towards new skills emphasizing relational attitudes and practices.

Especially entrepreneurs and top managers are asked to have “transversal” competences and to express particular character and behavior skills:

- ability in identifying risks and running them in order to take all opportunities;
- receptiveness in taking decisions in conditions of uncertainty;
- attitude to change either interpretative models as organizing and relational structures;
- disposition to delegate actions, still assuming responsibility in results.

These skills refer to their ability of interpreting internal and external context, in order to pick out menaces and run opportunities.

In addition, modern “captains of firms” have to integrate their business activity into a “cobweb” of reciprocal relationships, mutually advantageous,

taking in account social dimension (ethic, ecology, and so on). It is not easy to make compatible private business interest with social conditions. That is why nowadays entrepreneur is asked to be conscious of his social role and be self-confident.

2. The need for new targets and methods in entrepreneurial/managerial training

Despite new models in running enterprises in knowledge society and economy, official courses in commercial schools and universities in economics, with the key role of training future entrepreneurs and managers, are still based on specialist subjects and traditional methods of teaching.

On the contrary, present and future needs of Knowledge Society and Economy impose to scholar institutions to revise that didactic content and teaching:

- about *didactic subjects*, it is necessary to enlarge inter-disciplinary vision, in order to train pupils in transversal approach to problems;
- about *processes of teaching*, it's necessary to use methodologies which can develop relational and inter-personal skills.

This paper is based on the hypothesis that both traditional frontline and online methods adopted by commercial schools and universities are not enough for stimulating and training entrepreneurial/managerial abilities in students. Consequently, new interactive methods must be experimented and adopted.

The guidelines of the analysis concern² different aspects:

- *diffusion;*
- *contents;*
- *methods.*

2. Following questions was diffusely analysed in: Pagliacci, 2011.

2.1 Diffusion

The school system must be a principal factor in drawing young people's enthusiasm towards entrepreneurship, thus economic culture has to affect all students, from primary school to university. On the contrary, in European Countries economic and managerial culture is taught only in commercial school classes and economic university faculties. Moreover, courses are focused on specialist disciplines (i.e.: accounting, finance, marketing and so on) rather than in entrepreneurial skills, in order to stimulate characteristics of risk management, relationship, creativity and innovation pulsing.

Whilst the economic system needs entrepreneurs and managers ready for the new economy and knowledge society, the school system is still training – in the best hypothesis – good professionals. This gap between the two systems is creating delusion among students and a significant loss in economic and social context.

2.2 Contents

A specific discipline and technical subjects-based training is perfect for middle managers and professionals, but it does not suit entrepreneurs and top managers, who need a distinctive competence focalized on relations: outside the firm, in order to keep the opportunities of growth by adequate policies of alliance; inside the firm to exercise leadership towards human resources, founded on the lever of motivation rather than on control.

On the other hand, courses on economy are frequently based on the principle of rational utility of *homo oeconomicus*; as an inevitable consequence, the knowledge of technicalities and its regulating mechanisms is assumed as necessary and sufficient.

European courses in Economics are characterized by strong presence of macro/microeconomic and specialist business disciplines, organized according to a multi-disciplinary logic, where the integration among dif-

ferent teachings/teachers (typical of inter-disciplinary logic) is very low. In substance, courses are usually structured with the purpose to “produce” middle managers and professionals to be employed by big firms, not for training new entrepreneurs and “whole-managers”, so necessary for implementing and reinforcing small and medium firms³.

Entrepreneurs and whole managers need to be trained for analyzing complex situations and taking decisions in uncertainty and risky conditions; they need to be quick in making decisions and ready to diagnose mistakes and to decide to take corrective actions. These abilities can be developed if students are trained to analyze problems from different points of view, even if they are diverging. A high horizontal integration among disciplines is therefore necessary, as well as it happens in real running of enterprises.

University learning has big merits in enlargement and transmission of culture, but it suffers big limits in accompanying students towards autonomous and creative thinking, free of pre-existing schemes and models, of standardized formula and solutions. These are essential characteristics for successful entrepreneurship in knowledge-era.

2.3 Methods

Teaching methods in universities are characterized by low level of communication among disciplines, strong tendency to assertion, absence of critical spirit. It is necessary to admit that these limits concern teaching style of lecturers. In fact, several “(...) teachers have a strong inclination in presenting their own doctrine as the unique valid thinking line; they induce students towards any forms of intellectual obedience”⁴. This is not the right way for training new generation of operators (not only entrepreneurs and managers) suitable in knowledge economy and society.

3. This approach is extremely incoherent comparing to European business structure, where SMEs are more than 95%.

4. See Pagliacci 2004, pp. 93–94.

Traditional model of teaching has to be replaced by a new model where lecturer is like a conductor, able in valorizing abilities of solos and the whole orchestra. In this way, university can recuperate its fundamental role in educational process: instilling self-confidence and self-thinking in students, with the purpose to enable them expressing their abilities freely.

3. E-learning and simulation models

E-learning methodologies progressively increased the field of application, as far as substituting – rather than integrating – some traditional teaching areas is concerned (Barrett, 2011).

The best application of e-learning concerns people unable to go to traditional classes⁵, owing to various reasons:

- psycho-physical problems preventing them to be present in institutional educational places (i.e.: physically or mentally handicapped, elderly people and any other people not able to attend personally);
- occupational or legal impediments that are incompatible with the time and/or places of traditional classes (i.e.: sailors, workers operating in oil rig or platforms, prisoners and any other people not able to attend personally);
- motivational or opportunistic choices (i.e.: entrepreneurs and top managers do not like to confront *de visu* with others on professional topics).

Apart from special situations, e-learning applications are very useful when used as complimentary with traditional teaching, for instance, in teaching foreign languages in Faculty of Economics and others. The importance for economic operators (entrepreneurs and managers) to have a very good command of several foreign languages (English plays the dominant role) is widely recognized; nevertheless, didactic plans of the faculty are unable to

5. It is a big opportunity that “technology has increased the possibility of more adult learners to participate in taking online courses (...) [but] changes still need to be done. While online learning has helped to reduce the number of barriers experienced by adult learners, there are still barriers that must be addressed and handled by educator” (Barret, 2011).

offer the necessary training. Time and effort that can be devoted to practicing writing, speaking and listening foreign languages are insufficient. In fact, teachers of foreign languages are in difficulty for balancing the knowledge-area and communication area. Time and tools do not give the possibility to practice communication area, taking in account the different knowledge levels and personal skills of students. In this exemplary situation, e-learning methods can integrate teacher's activity, supporting students – working independently or in small groups – to complete and increase their training (Maduekwe & Adeosun, 2011).

An important group of learning methods concerns *virtual reality*; informatics and digital technologies get increasing applications, according to three typologies:

- non-immersive approach: it allows to control virtual environment, without participating;
- immersive approach: it enables to participate in virtual dynamics;
- augmented reality: it is possible to enrich reality with virtual elements.

Multiple software products are well known for simulation, and they are diffusely used at schools and universities: *what if applications* and *business games* can engage students in refined problems of business management and economic choices, on giving the feed-back and the evaluation of the adopted solutions.

In conclusion: e-learning applications offer students important tools for virtual interaction but often deprive them of relational added value and associated emotions.

4. Learning by doing methodologies

Learning by doing methodologies in entrepreneurial/managerial training can give a real experience in starting-up and running business activities.

The most interesting programs give the students – organized in small groups – the chance to develop an entrepreneurial process: starting from

the entrepreneurial idea, to enterprise start-up, ending with engineering of products or services and their marketing. The entire process develops as well as a real enterprise; nevertheless, the young enterprise runs in "protected condition" and it cannot fail. In fact, the central network is engaged in supporting start-up with small money and in protecting young enterprise by possible risks, first of all financial insolvency. On the other hand, the role of school institutions is like an "incubator" in supplying real services: place, tools, and tutoring of specialized teachers.

This methodology is really effective for immersing students in entrepreneurial atmosphere, by this means motivating and encouraging them to put into practice the knowledge they received during lectures.

As usual, the opposite side of the coin exists: it is very difficult to make these projects compatible with budget, procedures and time of institutional teaching. In addition, it is necessary to consider the barriers posed by traditional and conservative people, influencing educational and didactic guidelines both in the internal (lecturers and administrative employees) as well as external (parents, local and central stakeholders) aspects.

For removing barriers and improving good practices it is necessary to develop new paradigms and innovatively thinking researches in order to experiment original guidelines for assessing relational and creative abilities of students.

In synthesis: learning by doing methodologies is the optimal final target in entrepreneurial and managerial training; but it has to be adopted gradually, by studying progressive intermediate solutions.

5. Dramatization: a way of learning by playing

Learning by playing is one constituent of methodologies of dramatization, where business experiences are lived in reality, even if in virtual way. They need active participation of persons in training. They – independently or in small groups – have to perform a role in competitive business games or in discussing

a controversial business question. They are asked to keep the most convenient decision, taking in account the constraints of the context and the human dynamics of other players, having different roles and emotional behaviors.

Dramatization in business training makes it possible to simulate the continuous sequence of decisions–actions–reactions characterizing the dynamics of enterprise, where the results are not strictly connected to the objective value of the single decision–action, rather to the subjective evaluation and reaction of people are involved in. It is a kind of training based on *relationality*, because players (as students as professionals) utilize theoretical knowledge in order to develop and optimize the inter-active process.

Useful experiences of dramatization can include the dynamics of negotiation in commercial and financial, domestic and international context; i.e.: assessment of enterprises and risk of credit rating, import-export contracts, factoring agreements, claims management, constitution of joint ventures. This kind of approach is useful in order to give a practical idea of the connection between *knowledge-to know doing-to know negotiating* and the relational feedback of negotiation. In addition, dramatization performances are welcomed as much by students as well as both young entrepreneurs and by managers.

Unfortunately, dramatization methods may cause perplexity in traditionalist lecturers. In fact, they are afraid to lose their centrality in the educational process. This is not true; on the contrary, teacher passes from the condition of soloist in his monologue to the role of stage-manager in dramatization; he has the responsibility to:

- analyze real business cases in order to extract problems and situations that are didactically useful, in coherence with the level of learning and the maturity of students;
- arrange the didactic context and the business plot, without prefiguring dynamics and results of “drama”, because of the scenario is freely created according to the different roles of players;
- give fluidity to the “scenic action” in case of stops or useless deviations;

- finalize the didactic activity of dramatization by proposing to students the evaluation of results in the light of disciplines and researches.

It is understandable that dramatization reaches its best effects when more teachers are involved; in fact, this is the right way for pursuing the target of inter-disciplinary logic in entrepreneurial and managerial training.

Conclusions

In the era of knowledge, digital technologies play a fundamental role. They represent an important and profitable field for R&D activities and an advanced set of tools for progressing in any sector of economic and social life.

Many schools and universities are adopting digital technologies for optimizing administrative jobs or for supporting didactic activity. Nevertheless, for didactic activities – especially for training future entrepreneurs and managers – digital and interactive technologies are not sufficient: in fact, enlargement of e-learning methodologies helps teaching modernization and receptiveness of lecturers, but these methods are not really useful for developing fundamental entrepreneurial and managerial skills; their competence can be synthesized as “rationality in decisions associated to *relationality* in actions”.

In addition, traditional courses are based on multi-disciplinary logic, rather than on inter-disciplinary logic not coherent with reality of running a business.

The analysis proved that the best practices include the perfect mixture of experimentation in school and university, that is methodologies of learning by doing and by playing: the only methods that are able to train a new generation of knowledge-based entrepreneurs and managers. Nevertheless, the majority of didactic methods in schools and universities are not coherent either with budget or organization; another factor might also include the hostility of teachers with a more traditionalist approach.

Future research and experimentation needs to be undertaken in order to increase the effectiveness of the new methodologies, to improve the efficiency of the connected technicalities and to optimize costs.

New research, applications and experiments are necessary; nevertheless, this seems to be the right way for reducing imbalance between budget and organization needs in schools and universities and the effective expectations of knowledge-based society.

At the same time, it is necessary to start an “educational program” for teachers – university lecturers in particular – to let them understand their fundamental role in utilizing real and virtual simulation methodologies, especially in entrepreneurial and managerial training.

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