

The importance of common activity in SMEs for economic development and health

Kenneth DAUN, Mikael BLOMÉ, Christofer RYDENFÄLT and Per ODENRICK

Department of Design Sciences, Lund University, Lund, Sweden

Abstract. This paper explores the importance of common activity in SMEs for economic development and health through a case description of a company that was followed for thirteen years. After a number of years of stagnation and economic decline, a company development program changed the employees from being “loyal doers” to becoming co-workers who were able to take responsibility. The importance of learning through common activities to improve the individual co-worker’s skills to cooperate and to increase self-imposed actions improved the economic results of the company. This was the consequence of the well-being of the employees and of satisfied, faithful customers who increased over time.

Keywords. Development, employees, learning, SME

1. Introduction

Most companies want dedicated co-workers who are able to take responsibility for the business, its customers, and improve the economic results. This requires that the employees have business competence. An individual perspective on business competence puts the individual working situation at the center in a company context. It is a matter of understanding how individual actions can contribute and affect the business. Such competence is vital in order to detect and adopt new business trends. According to Antonovsky (1987), it is also vital to contribute to a sense of the meaningfulness and coherence of individual actions in coping with stressful situations and to remain healthy. Wilson and Haines (1997) define participatory ergonomics or empowerment as: “The involvement of people in planning and controlling a significant amount of their own work activities, with sufficient knowledge and power to influence both processes and outcomes in order to achieve desirable goals.” Such an approach enables employees to work proactively, to foresee and handle risks, and to seize opportunities for development as they emerge at any level in the company. This corresponds somewhat to the reasoning of Argyris, Putnam, and McLain Smith (1985) on participation in the design and implementation of action to increase the likelihood of double-loop learning. It is interesting, however, to explore how the possibilities to act offered by an organization – its affordances – should be communicated to motivate co-workers to improve themselves and the business on the whole.

The aim of this paper is to explore the importance of communicating affordance concerning the meaning and content of the business. The research questions are: 1) How is affordance concerning the meaning and content of the business process communicated and developed in practice; 2) How does this influence the work of individuals and the competitiveness of the company?

2. Materials and methods

The research questions were explored using a case methodology (Yin, 2009). The case was a Swedish SME company. A framework of how business competence should be communicated to motivate actions that are beneficial to the individual was used to analyze the case. In the following section we describe the case and then introduce the framework.

2.1 The case – the SME

The Swedish SME company, a grocery store with approximately 50 employees, suffered from stagnation and economic decline when a new owner and manager took over the business. The new manager's vision was to develop and change the foundation of the company by transforming the employees from "loyal doers" to co-workers who were able to take responsibility. This approach and the related activities were documented and summarized over thirteen years through recorded interviews.

2.2 The framework – business competence

An individual has to have sufficient knowledge of the business and how different circumstances are related to be able to improve the business by taking individual responsibility and action. The business idea can be understood in a context of four aspects: direction, organization, assets and actions to fulfill the business idea (Figure 1.).



Figure 1. The business idea relates to four aspects of the company context.

By business competence we mean a person's understanding of the work situation put in a larger context, that is, how the person's actions can affect the context or the whole, and how the whole in turn can affect the person's actions. This includes the discovery of new trends or changes in the surrounding context that can affect the company in the future, which has a prospective dimension to it.

Business competence is put to use, developed and improved through action. But action is in turn dependent on what affordances, or offers to act, the business idea provides. The available assets, the direction of the company, the authority and responsibilities provided and communicated by the organization, as well as feedback on prior actions, all shape the affordances that direct activity in the company. In this sense the affordance connects to the motivation aspect of the activity (Engeström, 1987).

In order to develop the affordance to act, the way it is mediated or communicated is crucial.

As mentioned, prior actions, the direction of the company, its authority and responsibilities all play a role in shaping affordances for future actions by directing the activity. Together, these factors can be said to be part of how the affordance is communicated.

2.3 The importance of listening

A company's attitude to the personnel's competence has a great impact on communication. When the management has low expectations and little confidence in the employees' abilities, viewpoints from employees are likely to be ignored following the classic principles of theory X by McGregor (1960). The reverse approach according to theory Y consequently offers great possibilities for employees to motivate themselves and contribute to the success of the company. A respectful listening attitude in the communication process is vital for a dialogue of sharing ideas to develop the business. Scharmer (2009) has identified four fundamental approaches to how individuals listen to each other.

2. *Downloading*: Listening by recognizing, habitual patterns of the past.
3. *Debate*: Listening with a factual connection, stating differences.
4. *Dialogue*: Listening with a personal connection, sharing and listening to each other.
5. *Collective presence*: Listening by connecting to the source, authentic sharing and listening to each other, attending to deeper space in the dialogue, collective flow.

The first two levels of listening, downloading and debate, can be applied in a business context based on theory X. This participation, though, is false, because there is no actual interest in the viewpoints of the employees. In a business context based on theory Y and with a focus on common activity, all four levels of listening can take place to inform, educate, and inspire to a dialogue for common activity.

3. Results

The process began when a new owner took over the company after some years of stagnation and economic decline. The former owner had managed the company with strict authoritarian leadership and the employees did not venture to make decisions on their own. The employees asked the new owner about everything, but he could not give any good answers. The new owner formed a "core group" among the employees and started by totally reconstructing the interior of the grocery store. Everyone participated in lively discussions about the layout and arrangement of different areas. The owner considered it highly important to build trust and confidence by providing education and training along with increased responsibility. The education costs increased dramatically. As he put it: "When other companies send two employees to a course, we send 22! All education is an important investment. Even when the courses do not meet the expectations, the personnel are motivated to feel significant and can interact with personnel from other companies."

In the beginning, the owner worked at the company seven days a week but later on only three days a week and focused on a continuous dialogue with the personnel: "I talk with my personnel every day and discuss developments and how things can be done better. After all these years, they know that I am positive to suggested changes. If I would impose a change they didn't believe in, they would do anything to make it fail. But if the changes come from the personnel, they will almost always go well. I can initiate a dialogue about an idea and then it evolves into something I feel confident with." The company has dimensioned the staff to be able to cope with sudden changes without hiring new personnel; the only turnover of personnel has been due to retirement. The debt of 15 million SEK that the company had at the start is gone and the turnover per employee has increased by 71%.

4. Discussion and Conclusion

The new owner realized that the company could only develop and improve by means of involving the personnel. He met the criteria of a participative approach and empowerment of the personnel according to Wilson and Haines (1997) by investments in education and distributed responsibility. The motivation for this process was not salary, but business competence based on and developed from co-workers' actions and suggestions for change. This approach created a motivation for change at work and increased the employees' responsibility for the agreed-upon actions. The dialogues in the company have led to an understanding and respect for the intentions of one another, and of what effects the actions will have on the company and its targets. It is clear that the owner and his personnel have applied Scharmer (2009) listening approach of dialogue and over the years have reached the level of a collective presence. Through the owner's approach, the employees have been transformed from being "loyal doers" into co-workers who are able to take responsibility for the business by building trustful and sustainable relations. This development process has strengthened the sense of meaning and coherence and the well-being of the personnel. It has also improved the economic results of the company.

The case study sheds light on the importance of common activity where learning can result in changing the capacity to act as well as improving cooperation to reach the objectives. This results in developing the skill to act as a complement to professional competence. In this case, it also strengthened the positive feeling for the company's business. The business competence was practiced and improved through actions and common activity by the following action points:

- Assure a basic level of business competence by communicating the business idea in the context of organization, assets, direction and actions.
- Take visible actions with a participative approach on important environments for the business and the personnel (e.g. redesigning the store interior).
- Generously offer educational opportunities for all the personnel.
- Communicate with an emphasis on listening and dialogue for sharing ideas to develop the business and strive for a collective presence to improve the individual's skills to cooperate and increase self-imposed actions.

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