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A PROJECT ON KNOWLEDGE DEVELOPMENT IN ENTREPRENEURSHIP: The Network of Central Ostrobothnia, Seinajoki and Vaasa Universities of Applied Sciences

Vállalkozói ismeretek fejlesztését szolgáló projekt – három, az alkalmazott tudományok terén működő finn egyetem hálózata: Központi Ostrobothnia, Seinajoki és Vaasa Egyetemek

Abstract

This paper summarizes a six year project of three Finnish Universities of Applied Sciences. The project was initiated by the Finnish Ministry of Education. The objectives involved increasing contacts with small and medium sized enterprises (SMEs) and were set by the three universities. The project was based completely on empirical experience from earlier projects. In the article the background, the administration, the objectives, the strategies and the results are presented. The results show that by offensive initiatives from the universities, the gap between educational institutions and business organisations was considerably narrowed. The results also point out that a considerable part of students, teachers and entrepreneurs are willing to undertake cooperation in order to increase their knowledge and broaden both their personal and organisational network. The results also show that the most efficient way of obtaining and retaining contact between the operators in the network is personal contact.

Keywords: SME, University of Applied Sciences, entrepreneurship, network, knowledge transfer

Background

The project was initiated and funded by the *Finnish Ministry of Education* in the year 2000. The intended duration of the project was four years, i.e. 2000-2003, however, because the project emerged in to a large entity, funding was extended through the years 2004 and 2005. The funding was not applied for by the owners of the project, *Central Ostrobothnia, Seinajoki* and *Vaasa Universities of Applied Sciences.* The initiative for the project came from the ministry. The only prerequisite for the funding was the building of a network between the three universities of Applied Sciences. Otherwise the universities themselves were free to set the objectives of the project.

The reasons for the initiative from the ministry, is best viewed from a late 1990's perspective, the trends and changes concerning development and acquisition of knowledge. The need for all organisations

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to gain, and maintain external contacts increases continuously. In the era of information technology the network is the basic concept for getting organized, it's the core of new ways of working and a key to success. Networks are already the explanation why certain enterprises and organisations succeed. Establishing networks can be looked at as a strategy that enables fast and efficient transition of information in a society where the importance of knowledge grows rapidly (Pehkonen and Routamaa, 2001).

Administration

The project was administrated by the *Departments of Business and Economics in Central Ostrobothnia, Seinajoki and Vaasa Universities of Applied Sciences* and the organisational chart was formed as illustrated below:

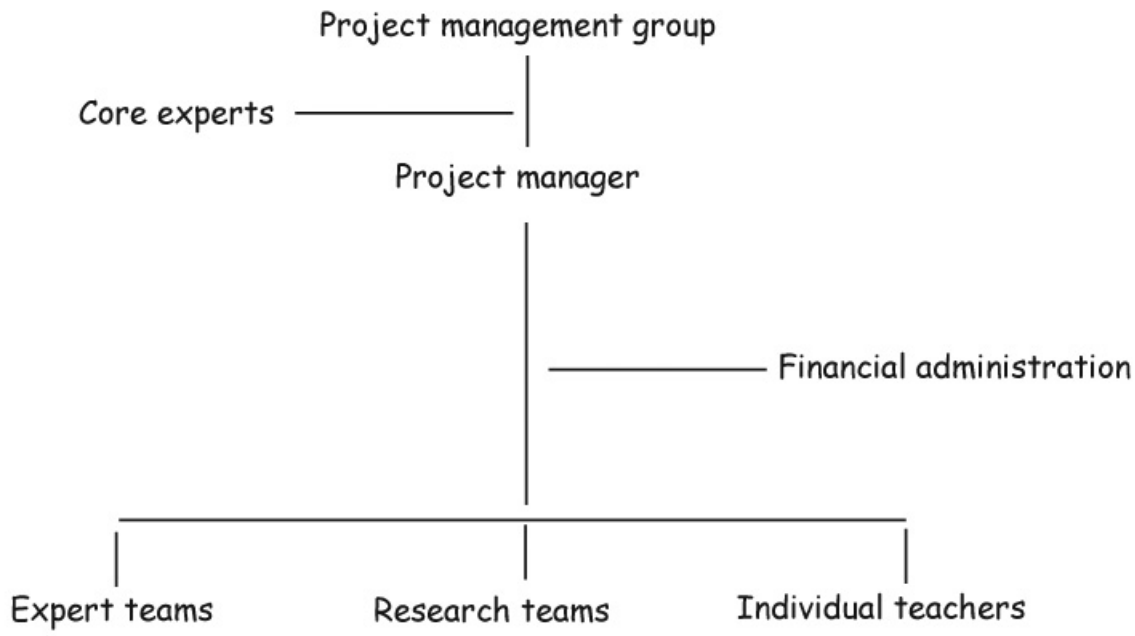

Figure 1: Organisational chart of the project

The members of the project management group where the deans of the Departments of Business and Economics in the three universities. The management group also included members of different business organisations like *Ostrobothnia Chamber of Commerce, Central Ostrobothnia Entrepreneurs' Organisation* and *Southern Ostrobothnia Entrepreneurs' Organisation,* the project manager and two project coordinators and a representative of the *Ministry of Education.* The task for this group was to be responsible for decision making, to form the strategies, to approve various activities and, occasionally, to represent the project.

The core expert team was formed by individuals from the three universities who were extremely motivated to participate, who had experience from other projects and had ideas how to support the project organisation. This team was formed in order to support the management group's decision making and support less experienced personnel participating in the project. The task of the project manager was budgeting, practical arrangements of meetings, seminars and other happenings. He was also the contact person between all parties in the network, responsible for the marketing of the project and represented the project in public. The financial administration took no part in decision making, but had a core role in the organisation as legal advisors of how the project was allowed to spend the funding. The main responsibility for financial administration was concentrated at the *Vaasa University of Applied Sciences,* from here the resources were distributed to the network.

In order to involve as many teachers as possible different expert teams were formed. These teams consisted of experts in different sciences like marketing, accounting, entrepreneurship, communication, finance, financial law. The task of these teams was to turn their accumulated knowledge in to products that could be communicated and passed on to the rest of the network, especially to the SME's. Another

duty of the expert teams was to provide assistance to the SME's in problems concerning their field of expertise.

Already in the beginning of the project there was a clear indication that the entrepreneurs needed for new knowledge in several different sectors such as entrepreneurship, foreign trade and financing. The needs were in some cases of such extent that regular researches had to be conducted. By forming a research team consisting of representatives different sciences, the network was able to provide the knowledge that the SMEs asked for. The members of the research team were all experienced researchers.

All individual teachers were also welcome, and in some cases had the duty to attend seminars arranged by the project, to come up with their own ideas how to achieve the objectives of the project and also to visit companies and organisations in order to present the project. Another task for the individual teachers was to implement projects, case studies, surveys etc. initiated by the SMEs, in their teaching. In his way they integrated the students into the project.

Objectives

The objectives for the project were set in a meeting of representatives of the three universities:

- To establish a network between the three universities.
- Knowledge transfer to small and medium sized enterprises.
- The transfer practical knowledge from SMEs to day to day education.
- Building bridges between education, research and business life.

The four objectives were all set to correspond with the fact that Finnish law obliges higher level educational institutions to maintain activities that contribute to the development in the region where they are situated (Law of Universities of Applied Sciences 9.5.2003/351 Chap.1, 3§).

The first objective, establish a network between the three universities, was, as already mentioned, set by the Ministry of Education. The reasons for this objective, are described in the background part of this article.

The second objective, the knowledge transfer to SMEs, enabled the experts of different fields to contact entrepreneurs, scan their need for knowledge and expertise assistance and also to provide education and other services like surveys, research and planning.

The third objective, the transfer ofpractical knowledge from SMEs to day to day education comes as a natural extension to the first objective. The more the personnel are in touch with the business life, the more they learn about how theories and models work in practice. This also gives e.g. teachers better qualifications to transmit the realities of modern business to the students. The network that is formed also increases the possibilities for the universities to obtain guest lecturers from business life, and also an opportunity for entrepreneurs to introduce themselves and their activities to the students.

The fourth objective, building bridges between education, research and business life, increases the knowledge about the education among SMEs and thus enhances the chances for the students to be employed. It also works the other way around, students get familiar with SMEs in the region and the possibility of the students staying in the region and contributing to the regions wealth after graduation increases.

Strategies

The educational level *"Universities of Applied Sciences"* is a fairly new concept in Finland, it has been officially established only ten years ago, the strategies of the project had to take this into account. Because of this the orientation of the strategies, the operators of the project don't only wait for being contacted by e.g. SMEs, but take an active part in making the contacts with operators outside the network. The main strategies chosen are as listed below:

- Staff and student visits to SMEs,
- Expert teams (marketing, accounting, entrepreneurship, communication, finance, financial law),
- Research projects initiated by SMEs needs,
- Cooperation with entrepreneurs' organisations,
- Internet portal (for communication, knowledge transfer and project administration).

The first of the strategies to be implemented was cooperation with the entrepreneurs' organisations. This was done in order to find out the specific needs of SMEs. In this way, the network could base its future strategies on clearly stated needs instead of only relying on presumptions. The representatives of these organisations not only gave advice from their perspective, but also took an active part in the project, both in project management and in generating new ideas of how to manage the project.

One of the ideas generated by the contacts with the entrepreneurs' organisations was the expert teams. The teams consisted of experts in different sciences like marketing, accounting, entrepreneurship, communication, finance, financial law. The task of these teams was to turn their accumulated knowledge in to products that could be communicated and passed on to the rest of the network, especially the SMEs. Another responsibility of the expert teams was to provide assistance to the SMEs in problems concerning their field of expertise.

The internet portal (www.loknet.fi) was initially established to enhance the communication in the network, especially the communication between the universities and the SMEs. The portal was built up on four levels:

- The public level that was open for anyone surfing on the internet.
- The student level, where the students e.g. could look for information on thesis projects, work training and jobs.
- The enterprise level; here entrepreneurs, teachers and students, could communicate with each other.
- The teacher's level; this level allowed the users to obtain all information on the portal.

Staff and students' visits to SMEs became an issue, when it was clear that the network couldn't establish enough contacts to the SMEs only through the contacts with the entrepreneurs' organisations and the portal. This was organised so that all teachers were obliged to spend a certain amount of their annual working hours on external contacts, thus creating understanding and knowledge about the universities. The staff and students task was to get in contact with the SMEs, inform them about the education in general and about what kind of expertise was available. They also received different kinds of projects and assignments. These were performed either as student projects integrated in the normal education or as projects conducted solely by the network expertise.

In the contacts with the SMEs it was put to mark that many of the entrepreneurs had need for deep insight in various subjects. This led to the forming of the research team, a team that conducted scientific research on topics initiated by the SMEs. This was also the starting point for actual scientific research in the three universities. As mentioned earlier in this article, the concept of Universities of Applied Sciences is fairly new in Finland, which means that all resources this far had been spent on developing the education. The members of the research team were all experienced researchers.

Results

The dominant result of the project was that the operators were able to establish a strong network of experts in various sciences. Over 100 staff members and over 200 students participated in one way or another in the project. The success of a network can be measured at six different levels:

1. Cooperation and the sharing of responsibilities,
2. Management,
3. Trust,
4. Network structure,
5. Communication,
6. Control and feedback.
   (Pehkonen and Routamaa, 2001)

On these six levels, the network succeeded well in cooperation and the sharing of the responsibilities, trust and the network structure. In the beginning of the project the management changed a couple of times. For a time too much responsibility was put at one person, the project manager. This problem was however eliminated later, when the system with two project coordinators and one project manager was established. Communication was a problem throughout the project, initially the internet portal was intended to be the main channel for communication within the network. The actors in the network

weren't active enough on the portal. Many decisions and protocols were not put there. Instead, they were distributed by email. Communication that happens via email nowadays unfortunately perishes in the email clutter. Control and feedback criteria weren't fulfilled according to the standards set by the project. The portal also had a built-in system for this, and for the same reasons it failed to work. This problem was repaired by an extra two day feedback seminar held in May 2005. The seminar was open for all active staff from all three universities. In this seminar feedback and results were gathered using both qualitative and quantitative methods.

A positive outcome of the project is the development of the research teams, the actual starting point of scientific research in all three universities. Even more positive is the fact that the project has brought competent scientists together, enabling thus high standard research. Research conducted by scientific standards on a regional level is, as mentioned before, a new phenomenon that answers to a demand among SMEs in the region. The problem so far has been that SMEs, although the need exists, haven't had enough knowledge to conduct their own research. Neither do the SMEs have financial resources enough to cover researches initiated by them. There has also been a problem that the SMEs either don't know about the possibility to contact their local University of Applied Sciences or the barrier between education and enterprises has simply been too broad. To these problems the strategy of visiting SMEs was a good solution.

The project also produced a new way of working in close cooperation with SMEs. This way of working is now permanent; all three universities have developed their own organisations for business contacts. The outcome of this way of close cooperation is perhaps best demonstrated by the good development in the contacts between students and SMEs. An indicator of this is that the employment rate among graduates from Vaasa University of Applied Sciences has increased to 93% from 80% a few years ago. This development, is to great extent, due to the increasing contacts between the university and the enterprises.

Among the negative aspects we find the internet portal, which merely remained as a place to store records from meetings and publications of the project and as a tool for storing information about business contacts. The portal was to some degree used by the staff, but the students and the SMEs showed very little interest in it. Telephone interviews with the entrepreneurs (Sabel, 2005) indicate that, although internet is widely spread in Finland, according to statistics in Finland (2006) over 80% of enterprises have broadband access, the managers are not willing to spend time on discussion and information on portals. This is because the answers to questions and solutions to problems are needed immediately, but the information, although delivered within a few days, obtained on the portal may be old and not needed anymore when received. Furthermore the entrepreneurs felt that questions and problems are easier to formulate in a personal or telephone discussion than on the computer. No studies about the reasons for students not showing any interest in using the portal have been conducted yet.

The cooperation with the SMEs remained on a local level, SME cooperation in the Vaasa area was handled by the Vaasa University of Applied Sciences, the one in the Seinajoki area by Seinajoki University of Applied Sciences etc. This means that the universities didn't use the full potential of the network, the optimal expertise teams were never formed in concrete cooperation with SMEs. In this aspect the network didn't fully fulfil the objective of contributing to regional development.

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