



Investor decision tree model

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LLL investor decision tree

In the LLL investor decision tree the output of WP6 and insights from WP4 (Enterprise LLL) are used and integrated. An important conclusion that was drawn from the study of 194 European enterprises in WP4 was that lifelong learning in enterprises - as requirement for high-performing work systems - needs to be addressed through three interrelated areas, namely through 1) skills development, 2) learning systems and incentives, and 3) work design and the organisation of work (Brandi and Iannone, 2015). Interestingly, these three areas also – to some extent - overlap with the conclusion drawn from the research in WP6 (see thematic report), which was “*Altogether, stimulating employee-driven entrepreneurship and innovation performance can follow at least two routes, directly via task-related measures (e.g. problem demand) or indirectly via stimulating specific activities (i.e. innovative work behaviour), via competence development programs focussing on human and social capital development*” (Baggen et al. 2015, p. 2).

Concretely it means for LLL investors can follow different decision-making routes if they aim to stimulate employee-driven entrepreneurship and innovation. To put these decision-routes into the broader LLL investor perspective we connect to the work that has been carried out in WP4. Following the results from WP4, the LLL decision maker who is interested in strengthening employee-driven innovation and entrepreneurship can invest in three LLL-areas.

Investment in skills development

As WP6 indicated, differences between high and low engagement in innovative behaviour by employees in the sampled companies, can partly be explained by specific (soft) skills: opportunity competence, believe in the own creative capability, and the importance attached to social networks (Baggen et al. 2015). Recent, meta-analyses in this field show overall small but positive effects of entrepreneurship education programs on entrepreneurial intentions (Bae, Qian, Miao, & Fiet, 2014; Martin et al., 2013). These results clearly indicate that it is worthwhile to invest in (more) organized learning activities in relation to entrepreneurship development. In general there seems to be agreement among entrepreneurship education scholars that entrepreneurs are for the greater part made rather than born. As Brandi and Iannone (2015) indicate, investment in soft-skills is highly valued by employees as well, but should mainly come from the individual employee as there is in most companies limited budget for developing such skills through formal training programs. Companies themselves invest primarily in skills that explicitly and directly contribute to new business formation and financial performance. As such, skill development, as those that stimulate employee-driven innovation and entrepreneurship, is in reality very much depended on more informal learning mechanism such as ‘working alongside others’, ‘team work’, ‘role models’ and so on. Therefore, as opportunity identification competence is very much depended on prior knowledge – we suggest LLL-decision makers to invest in clever combinations of more business-related training programs with the simultaneous development of more ‘softer’ entrepreneurial skills like opportunity identification competence. Similarly, more ‘hard-skills’ related training programs can also contribute to the development of networking skills when they are designed in such a way that they foster interdisciplinary approaches or team work.

Learning systems and incentives

Secondly, concerning systems and incentives, the WP4 results indicate that most companies try to balance between a more structured investment in learning versus ad-hoc learning arrangements. The WP4 results also highlight the importance of the characteristics of the work environment in terms of flexibility, challenging work, team work and providing a positive atmosphere to work in. Nonetheless, more transactional and traditional elements of work compensation (e.g. pay) are still dominant in many enterprises. This represents a similar challenges for the LLL-investor who aims to invest in employee-driven innovation and entrepreneurship. As WP6 suggests, those who successfully introduce ideas to their superiors experience more variety and newness in their tasks. Similarly, the WP6 company data underline the importance of teamwork in opportunity evaluation, as teams in organizations outperform individuals here. Thus, investing in incentives like flexibility and team work does not only yield more effective learning systems, but can also simultaneously stimulate the (necessary) flow of new business ideas from employees to the management.

Work design and organization

Finally, in terms of work design, organization of work, decision power and team work are being mentioned as stimulating in lifelong learning in WP4. However, at the same time, especially in larger organizations, hierarchy and power seem to play a more negative role in response to workplace learning needs. In WP6, most of the variance in innovation performance of individual employees was explained by innovative work behaviour. Thus, being engaged in such activities also most likely increases the likelihood that this will yield in new flows of business ideas to the management. Nonetheless, this also seems to require that employees face complex problems regularly in their daily work and that employees receive not too detailed instruction regarding the process according to which daily tasks should be performed. So, too much hierarchy and power distance can create a negative environment, not only for learning, but also for stimulating employee-driven innovation and entrepreneurship.

Figure 1 Provides an overview of specific interventions LLL decision makers can make.

Figure 1: Decision tree

