SME RESPONSIBILITY AND LEARNING BY DEVELOPING PEDAGOGY

Suvi Sivén[1], & Taina Lintilä[2]
[1]*Business Management, Laurea University of Applied Sciences (Finland)*
[2]*Business Information Technology, Haaga-Helia University of Applied Sciences (Finland)*

Abstract

In recent years, teaching related to environmental responsibility and biodiversity loss has been implemented in Finnish comprehensive schools and upper secondary schools, for example, through various tasks related to forests, nature, and urban environments. Corporate social responsibility (CSR) has been part of higher education studies since the early 2000s. Large companies actively communicate about their level of responsibility and actions. Sustainability communication is at different levels in SMEs, and practical, responsible business implementation is not seen as vital through SME communications. The practical implementation of responsibility in SMEs is essential to meet the goals and requirements outlined in the UN 2030 Agenda and the EU Corporate Responsibility Reporting Directive. Finnish universities of applied sciences have good opportunities to promote responsibility and support practical implementation in SMEs through close regional and corporate cooperation. Laurea University of Applied Sciences' Learning by Developing Pedagogy (LbD) creates opportunities to develop the performance of responsibility and combine education and the practical work of SMEs, strengthening the competence of SME personnel and the practical implementation of responsible business as well as responding to other stakeholder demands through training. The SME cooperation between Laurea University of Applied Sciences and LAB University of Applied Sciences' Green Responsibility project revealed room for improvement in the practical implementation of responsibility competence and responsible business in the SME sector. Based on the observations made in the Green Responsibility Project 2021-2023, Laurea and LAB Universities of Applied Sciences created a follow-up project to implement responsible business and competence development. This article provides an outlook in the follow-up project: SME personnel members can strengthen their responsibility competence while participating in their studies and, at the same time, produce development and implementation plans for their operating environment, thus promoting the implementation of corporate responsibility in the company and further value chains. The goals of the studies are formed by combining theory related to the topic, small-scale research focusing on the operating environment, and various development and implementation tasks based on LbD pedagogy and company practices. Through the studies offered and implemented, it is possible to combine the promotion of responsible business in practice, the competence development of SMEs, and the theoretical and guidance support provided by educational organizations to promote global responsibility.

*Keywords:* LbD, pedagogy, responsibility, SME, sustainability.

1. Introduction

Over the past five years, the European Parliament and the Commission have developed initiatives and binding legislation to promote responsibility, sustainable development, and the green transition, such as the EU Green Deal and the EU Corporate Sustainability Reporting Directive (CSRD). (Official Journal of the European Union, 2022). Due to the economic transformation that has begun at different levels, everyone should strengthen the transparency of responsibility in their operations throughout value and supply chains.

Previous encouraging and globally concluded agreements have not been sufficient to preserve the planet's functioning. To maintain the planet's functioning, we must examine how companies and organizations can operate more responsibly in their value chains while caring for the environment. The value chain assessment and review can utilize, for example, the UN's 2030 Agenda SDG (Sustainable Development Goals), which defines development through 17 main goals. (UN, 2021).

The environmental objectives of the Taxonomy Regulation on Sustainable Finance will be based on the attributes of practical responsibility work. According to it, responsible behavior includes the following purposes: climate change mitigation, adaptation to climate change, sustainable use and protection of water and marine resources, circular economy, Prevention and reduction of pollution, safety, and restoration of biodiversity and ecosystems. (Lilja, 2023).

Figure 1. The EU Green Deal and a Responsible Future (Lilja 2023).
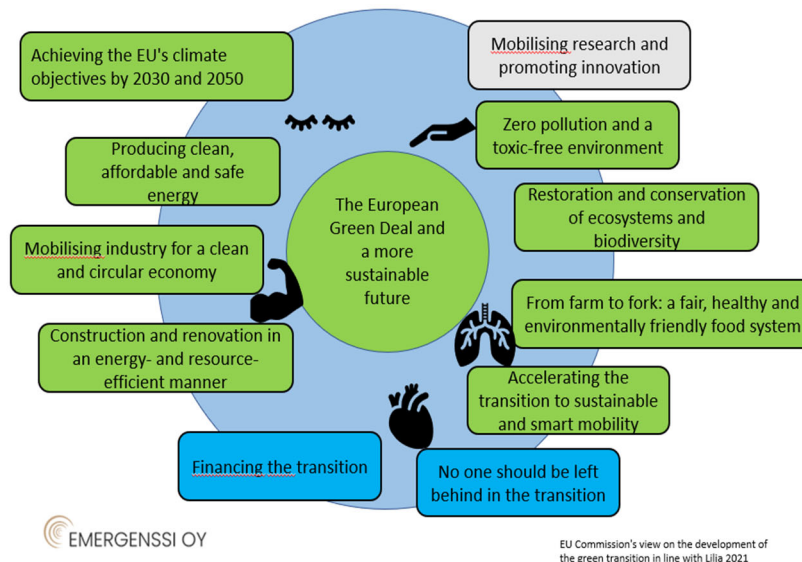
The Green Deal steers the operations of companies and organizations, strengthening the carrying capacity of the future. (Green Deal) Directives, regulations, and national legislation will further specify the country-specific green transition targets, affecting responsibility and sustainable development. However, not all SMEs, for example, have internalized the significance of their business in this context. For example, the EU's CSRD, the UN's 2030 Agenda, and the ESG Framework extend to SMEs through value chains. In addition to economic and environmental responsibilities, these highlight social and cultural responsibility, especially due diligence concerning human rights.

2. Objectives

The working life cooperation and competence-based nature of Laurea University of Applied Sciences' LbD pedagogy, together with flexibility and student-centered approaches, provide an opportunity to implement and develop competence in responsibility in connection with the practical activities of SMEs. Directives and regulations related to sustainable development and responsibility at the national, EU and global levels, directly and indirectly, impact the operations of SMEs through various stakeholders.

From this point of view, the development needs for responsibility competence and practical implementations of responsible business in the SME sector, which emerged in the SME cooperation of Laurea University of Applied Sciences and LAB University of Applied Sciences' Green Responsibility project, was a reasonable consideration for further development. For example, with the help of the service model and corporate responsibility survey conducted in the Green Responsibility project, companies can set concrete goals for themselves regarding responsible business and monitor the development trajectory of responsibility through sustainability reporting while increasing the responsibility competence of their personnel. Based on the observations made in the Green Responsibility project, Laurea University of Applied Sciences and LAB University of Applied Sciences planned a follow-up project for the implementation of responsible business and competence development (VALIOT).

In the VALIOT -Project, SME personnel strengthen their competence in responsible strategic business, recruitment, human resource management, sales, and commercialization. When participating in their studies, they produce responsible development and implementation plans for their business environment, promoting the implementation of corporate responsibility in the company and further in value chains. The studies combine theory related to the topics and small-scale research on the operating environment through various development and implementation tasks based on LbD pedagogy and company practices. The studies combine promoting practical, responsible business, the competence development of SMEs, and educational organizations' theoretical and guidance support to promote global responsibility.

Figure 2. Competitiveness through personnel responsibility competence (VALIOT 2024).

The value proposition of the VALIOT project is to support the participants and plan together how to create and build a sustainability strategy and a competitive advantage from responsibility and business by developing commercialization, sales, and recruitment expertise. The aim is to implement the tools used in studies as part of companies' operations, strengthen the personnel's expertise in responsibility by increasing competitiveness, improve companies' responsible growth, and increase the competence of factors affecting responsible business operations as part of profitable operations, for example, by taking impact and resource efficiency into account.

3. Method

At Laurea University of Applied Sciences (Laurea), the primary pedagogical method is Learning by Developing (LbD), which is based on genuine working life cooperation or Laurea's research, development, and innovation projects (RDI). In the LbD model, the teacher guides the students systematically and gives continuous feedback that supports the student's professional growth. According to LbD's pedagogical vision, the student learns, among other things, to combine practice and theory to solve problems and learn critical thinking and cooperation. (Laurea 2023)

In LbD, the exploratory and developing work approach is combined as part of project work and the visualization of the overall picture. To achieve the competence goals, the students must commit to active interaction and sharing their expertise to build competence successfully. To secure development and research, close cooperation with working life strategically supports the goals of the representative of working life, the higher education institution, and the student. To strengthen this, Laurea develops teaching to meet working life's and society's needs. (Laurea 2023)

In developing and renewing students' skills, they are learners, experimenters, developers, and researchers supported by their operating and learning environment. Laurea's goal is to create new work-life competencies for the future skills needs of work-life and society. The answer to this is, among other things, constant interaction with working life. (Laurea 2023)

Competence-based learning goals appear concrete both for students and other participants. The competence goals related to them are formed based on the needs of society and working life, for example, from the perspective of sustainable development, future awareness, and foresight, strengthening the student for global cooperation. The operating environments of the implementations are formed together with working life partners and RDI projects, applying researched knowledge as part of practical activities and, at the same time, developing the student's skills. (Laurea 2023)

4. Discussion

Developing responsibility competence and business operations through co-creation methods and analysis tools increases companies' competitiveness and personnel's ability to change. These include utilizing the results of the previous Green Responsibility -Project, such as the Corporate Responsibility Survey. Concrete measures include the practical planning and implementation of a responsibility strategy in the companies of the project participants.

Figure 3. Construction of implementation points competitiveness through responsibility expertise (VALIOT 2024).

For example, strategy and foresight tools, such as PESTEL and VRIO analyses, concretize the responsibility strategy. The benefits of PESTEL analysis studies include identifying changes in the company's operating environment and developing responsible business operations as part of the company's operations. The VRIO analysis aims to find the company's most valuable resources by developing and utilizing them as efficiently as possible in its strategic management and development.

Figure 4. Outputs for responsible everyday operations – competitiveness through responsibility expertise (VALIOT 2024).
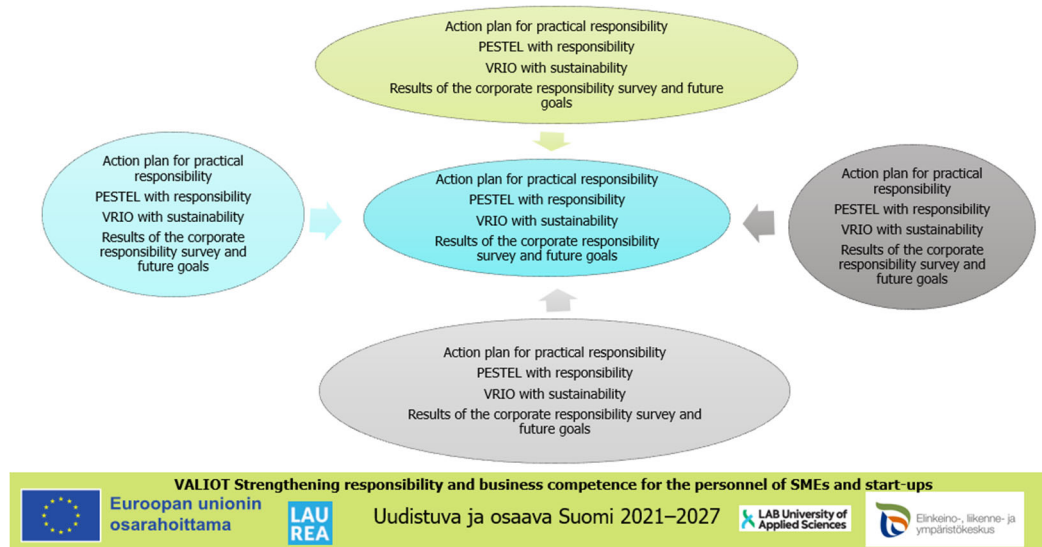
The teaching sessions are carried out using gamification, for example, through Teams, as group work, or as an intensive business simulation. In group work in Teams, strategy tasks related to responsibility are carried out in small groups, and the company simulation focuses on strategic management. The Seppo platform is used in gamification, and the support platform is, if necessary, Moodle or Canvas. A material bank will be formed on the support platforms, which the student can use and participate in guidance meetings to complete the tasks defined for the studies and broaden the understanding of areas related to responsibility, developing competence by concretizing theory in practical business.

By participating in the studies, the student will gain the skills to draw up a development and action plan for practical actions related to corporate responsibility, developing the competence needed to develop responsible business by combining responsibility goals and practical measures. By combining theory and an authentic company's operating environment, responsibility assessment skills develop, based on which the presentation of development proposals improves, and it is possible to envision the implementation of

the plan into practical measures. PESTEL and VRIO analyses and the corporate responsibility survey are used to develop analysis skills in promoting responsible business. To support the assessment of the development of one's competence, a self-assessment related to the topics is carried out at the beginning and end of the studies.

5. Conclusions

During the studies, the students acquire the skills to utilize the practical development and action plan of a responsible business based on the practical operations of the company. At the same time, they are developing the student's competence in combining responsibility goals and practical measures to create responsible business. The studies include company-specific, national, and global approaches to sustainable development and responsibility, strengthening the participant's competence in evaluating and implementing practical responsibility measures as part of business operations.

The students learn to use a corporate responsibility survey as a basis for the evaluation report of practical responsibility actions. Students' competence in assessing responsibility and sustainable development develops by determining the level of commitment in practical business now and in the future and by presenting development proposals based on the assessment. Based on this, the student concretizes the responsibility vision as part of the practical, responsible business by utilizing the development and action plans made during the studies and can use, for example, PESTEL and VRIO analyses to support and promote operations.

The online implementation of studies creates an equal opportunity for SME personnel members as students with different levels of education in companies. When studies are carried out flexibly with versatile teaching methods, the students' opportunities to study regardless of time and place are increased. At the same time, the use and implementation of digital tools, such as business simulations and various analysis tools, as part of the SME's regular work will be developed.

After completing the studies, the students will be able to act to promote realistic responsibility activities by utilizing commercialization, sales, recruitment, and strategy work as part of responsible business. For example, self-assessments and a corporate responsibility survey can assess students' competence.

References

European Parliament. (2020, July 7). *The EU defines criteria for green finance*. Retrieved February from https://www.europarl.europa.eu/topics/en/article/20200604STO80509/eu-taxonomy-green-investments-to-boost-sustainable-finance

Official Journal of the European Union. (2022, December 16). *DIRECTIVE (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting (Text with EEA relevance)*. Retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2022:322:TOC

Laurea University of Applied Sciences. (2023). *Pedagogical Programme 2023-2025*. Laurea University of Applied Sciences. Retrieved February 5th 2024 from https://www.laurea.fi/globalassets/koulutus/documents/pedagogical-programme.pdf

Lilja, S. (2023). *UN's Sustainable Development and Digitalization lecture on 23.10.2023. Course Structure of Fundamentals of sustainable digitalization – introduction to regulation, analytics, and security*. University of Vaasa, School of Accounting and Finance, Business Law.

UN. United Nations. (2021). *Sustainable Development Goals*. Retrieved from https://sdgs.un.org/goals