

# The Role of Higher Education Institutes in Advancing and Promoting SMEs for Research and Teaching Perspectives – Concept Paper

Dr. Bedour Al Bloushi  
Business and Management Department, Kuwait College of Science and Technology, Kuwait  
[b.alboloushi@kcst.edu.kw](mailto:b.alboloushi@kcst.edu.kw)

Berlanti Odeh  
Business and Management, Kuwait Technical College, Kuwait  
[b.odeh@ktech.edu.kw](mailto:b.odeh@ktech.edu.kw)

Emman Al Shatti  
Career Services, Kuwait Technical College, Kuwait  
[e.alshatti@ktech.edu.kw](mailto:e.alshatti@ktech.edu.kw)

## Abstract

Unemployment, extreme and persistent poverty, gender inequality and slow economic development are some of the challenges confronting the world today (Forum, 2016). Entrepreneurship has been identified as one of the solutions to these challenges (Musanzikwa, 2014). SMEs represent roughly 90% of all firms and are responsible for 50% of employment worldwide, as well as up to 40% of GDP in emerging markets, according to The World Bank (World Bank SME Finance: Development news, research, data | World Bank, 2021) Higher Education Institutes play crucial role in supporting and promoting SMEs. “Universities are agents of economic and technological development”, noted by Alexander and Eugeniy (2012:47) The traditional role of Higher Education Institutes is the creation and the dissemination of knowledge through Research and Education and hence they fuel the economy with a workforce that possesses knowledge and skills, hence HEIs play crucial role in supporting and promoting SMEs. In this concept paper we explore the role of HEIs in supporting SMEs from both research and teaching perspectives. We also shed the light on Internship and on its importance as one of the strategies that HEIs adopt in order to put knowledge into practical context and hence contributing to instilling the spirit of entrepreneurship in students. Furthermore, we examine the effect of internship on SMEs.

**Keywords:** higher education, SMEs, research and teaching

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## Research Perspective

Small and medium sized enterprises (SMEs) are continuously looking for advancement opportunities to improve their knowledge base in order to develop their innovation capabilities and increase their competitiveness. Unlike large enterprises, most SMEs lack R&D units needed to generate knowledge and innovation. Hence, SMEs relies heavily on external knowledge and, more specifically, knowledge derived from research centers at universities and higher education institutions (Braun, 2011). This section explores the role of scientific research conducted by universities and higher education institutions in supporting SMEs.

Universities and higher education institutions have a significant role in advancing SMEs through scientific research that leads to the creation and dissemination of new knowledge (Pereira, 2022).

Extensive research has been carried out on SMEs which provides a valuable source of information for SMEs. Universities and higher education institutions, by making research findings available to small enterprises can contribute to the growth of innovative ideas and businesses (Darwish, 2014). For most SMEs, engagement with higher education institutions has led to the exploration of new potential business opportunities, such as the creation of new markets, projects, entrepreneurial ventures, and the development of new strategic networks (Rosli, 2018).

However, most SMEs lack access to high-quality and context specific research that is often published in scientific journals. Hence, a knowledge transfer process is essential to ensure that the new knowledge and research findings reaches SMEs (Delfmann, 2015). Knowledge transfer refers, in this study, to the process of effectively exchanging research findings between higher education institutions and SMEs. There is a recognized need for investigating how the knowledge transfer happen between the two sectors.

Collaborations between academic researchers and SMEs is fundamental for knowledge transfer. For universities, collaborations with SMEs may help to enhance the academic and societal impact of research (Hansen, 2018). Recent research studies revealed that the scientific research results can be disseminated to SMEs

through different activities that enables knowledge transfer (Bomani, 2019); (Lövsund, 2020); (Piterou, 2016)). These activities include:

- Delivering workshops and short courses for small businesses.
- Participating in industry/academic conferences.
- Providing consulting services.
- Creating knowledge databases to enable SMEs to access research publications.

Researchers highlight that the main conditions to facilitate the knowledge transfer process include: a dedicated SME leadership that is willing to commit sufficient resources to the collaboration and the development of open flow of communication; as well as a strong relationship between SMEs and higher education institutions, characterized by trust and cognitive proximity (Rosli, 2018) Future research on this field may focus on revealing more in-depth explanation of the knowledge transfer process to encourage and motivate researchers within universities and higher education institutions to support SMEs. In addition, studies are needed to investigate how procedures and regulations emerge as a result of the knowledge transfer process.

## **Teaching Perspective**

### **Generational Differences**

It is said that the upcoming generation currently studying their undergraduate degrees was born into the digital information society. The differences between generations changed the way they do and experience things in the real world. For example, smartphones, tablet PCs and social media are now replacing a huge chunk of the traditional learning tools and earlier forms of educational enquiry (Vesper, 1997). Nowadays, these trends are expected to grow even more with the current and future generations, which can become challenging for educators who are expected to move towards more practical learning especially in schools of business. To stay current and provide effective educational resources which will help students improve their knowledge exchange network (KEN), alternative forms of applied practice of business-related courses is required which does not solely rely on representations as the focus of an effective education environment. However, the problem is that most of the educational sectors have surprisingly been lacking in using new techniques and updating their in-class resources to meet the requirements needed to improve KEN through entrepreneurial links. Moreover, in most cases, it is found that most academic curriculums have arguably remained the same since the 1950s (Gonzalez, 2002). As Traditional teaching and learning methods become more and more obsolete, it is important to emphasize the importance of expanding resources which may have a better impact on students.

### **The Role of Business Schools Teaching**

The role of business schools is crucial as these are the ones that equip students with knowledge and skills that are essential for business careers. University-based business schools have real value-adding contributions to the business community and to society at large, they can prepare students for the challenges and demands of a dynamic and fast-changing world. Business schools will have to revise their curriculum from a conventional emphasis on teaching functional business disciplines and fields of study in order to emphasize a deeper awareness of underlying global trends, patterns of relationships and social forces shaping business priorities and perceptions. (Chia, 2009)

### **HEI's for the Future**

The crucial role that Higher Education Institutions (HEIs) play in promoting the development of entrepreneurial qualities in the future workforce has long been debated (Bomani, 2019). Furthermore, because HEIs also provide skilled manpower for SMEs, Entrepreneurship courses in the curriculum are considered important to create an entrepreneurial spirit among students. Therefore, it is essential for HEI's to develop strategies of promoting the development of such skills within their classrooms in order to make sure that they align with the needs of society. Data collected worldwide continuously shows that HEIs are currently promoting the development of SMEs through technology transfer, workshops on SMEs, short courses for small businesses and providing consultancy services. However, there is much work to be done throughout HEI curriculums in order to support the constant changes and demands of the real world.

In a recent study, (Bomani, 2019) recommend that sector-specific training programs must be provided for manufacturing, retail and services sectors. Moreover, they claim that curriculums need to be reviewed such that Entrepreneurship becomes a core module in all degree programs to further promote an entrepreneurship culture among students and produce graduates that have an entrepreneurial mindset. Moreover, another recent study conducted in the Gulf region revealed that Saudi Universities play a significant role towards developing the entrepreneurial leadership, which ultimately leads toward the sustainable economic growth of the country (Almahdi, 2019). This is further confirmation that HEI's in the Gulf states are just as influential as in other countries in contributing to the KEN philosophy. The study also reveals that Saudi sustainable economic development is highly based upon entrepreneurship practices and high employment rate due to entrepreneurship-oriented job opportunities. Another element to be considered when it comes to HEI's contribution to promoting KEN are incubation centers as this will also reduce the risk of failure among SMEs.

### **Collaborating between Private/Public Sector and Education**

Internship is defined as an experiential learning form that incorporates classroom knowledge and theory with skills development and practical application in professional settings (Kiser 2015). Internships help students obtain valuable applied skills and creates connections in professional settings that open the door to career paths. In other words, student interns make connections between the workplace and classroom learning. In addition, it gives them the opportunity to explore professional fields that interests them. As also highlighted by the human services education, incorporating theory and practice is fundamental to the internship experience. It reflects an experience where students engage in a constant observation process, practice, and reflection. This helps students gain new skills and knowledge, apply academic knowledge to practical context, improve previous acquired skills and gain a better understanding of self and profession. Moreover, the university of Maryland, Baltimore country emphasizes that internship is a professional learning experience that provides practical work related to a student's academic field or career interest (UMBC n.d.). Internship is also described as an engaging experience that enhances learning through hands on experience (Scholz, Steiner, and Hansmann 2004) .

### **Traditional VS Practical Education**

Traditional education is always perceived as theory education while practical focuses more on skill education that highlights the ability of 'how' to do something. Practical education is closely connected to unique context and is extremely task-based that reflects an authentic working experience. Practical knowledge refers to comprehensive abilities of sensing, rethinking, and criticizing. As highlighted in literature by Christensen, theoretical and practical knowledge are considered to be a knowledge fulfillment result. Therefore, it is essential to form a sharing mechanism. Moreover, some scholars split given courses into theoretical and practical elements to suit the course objective by meeting students' expectations in different knowledge structure.

Shifting from a student's life stage to professional stage is not always easy (Tang 2012). When entering into a professional stage, students usually face many challenges. They need to adapt themselves according to the professional environment through applying their theoretical knowledge into the new working world. Through the integration process of conceptual knowledge and training that is implemented by academic internship programs, students are encouraged to implement their concepts at the workplace in a better way. As highlighted by Gault, academic internship is a connection that links theory and practice through supervised and scheduled work. Internship programs do not only enhance interns' personal skills, they also promote professional experience that provide students with opportunities that help them enter the job market during and after under- graduation course. They are a great source practical experience. As emphasized by Oehlert, there should be more focus on internship programs to satisfy the needs of a growing competitive job market.

### **Benefits of Internship**

Internship experience can be very beneficial to intern's future path (The MUSE n.d.). Internship creates a connection between interns and the industry that may lead to full-time job opportunities as some companies use internships as talent pipelines (channels) to fulfill full-time vacancies. Because internships have become more common, employers expect them to be seen on resumes. Therefore, it opens the door to job opportunities. Moreover, according to Rowland, internship is found to be a deciding factor for most entry-level jobs (Beard and Morton 1998).

Graduates should be able to combine theoretical knowledge with practice in order to satisfy the markets (Tang 2012). This refers to knowledge accumulation and the combination of different knowledge. In other words, graduates should fulfill two requirements. The first refers to the knowledge structure that every graduate should have while the other one refers to combining knowledge with context. Some universities are highly influenced by classical education ideology where focus is only on theory without practice. Other universities are unable to provide platforms that accommodate students to experience authentic environment. Therefore, the internship experience would help students gain an authentic environment where they can relate knowledge to context.

### **Successful Internship**

In order for an internship to be successful, it needs to emphasize engaging and experiential learning. Being engaged is an essential component of internship which empowers learners by helping their experience turn into learning through being active. Internship needs to encourage students to seek and discover new knowledge through exploring problems. Experiential learning is also a fundamental part of the internship process through reflection. According to Dwight Giles, reflection integrates and connects field work/service to the learning (Kiser 2015). Theories that are studied can be highlighted in classrooms but not necessarily connected with practical experience. At other situations, practical experience is emphasized separately without integrating it with previously learnt knowledge. Therefore, reflection is a powerful key that helps students develop towards successful internship.

In terms of integrating knowledge with practical experience, the Eastern Michigan University has developed a program that defines this integration (Wan et al. 2013). Learning beyond the classroom is a program that provides several ways to connect student's learning with practical activities beyond the classroom through

internship and other activities. This type of learning is considered beneficial as students will have the opportunity to gain a hands-on experience, obtain future profession skills and bridge classroom knowledge with outside experience.

### **Successful Experience (Predictors)**

Extensive research was conducted in a variety of professional disciplines suggest that internship success can be evaluated using five constructs (Beard and Morton 1998). Students need to gain certain skills and outcomes in order to have a successful internship experience:

#### Technical Skills Acquisition

Intern gaining real-life experience is crucial as it makes their experience competitive.

#### Career Benefits

Career benefits refer to the process of preparing students to the job market through activities like professional development seminars, organization skills, mock interviews and improving skills to obtain a job.

#### Career Focus

Internship greatly focuses on career path as it includes practical abilities that employers look for.

#### Interpersonal Skills Acquisition

Researchers have highlighted the importance of developing students' interpersonal and communication skills that are required for the professional workforce.

#### Practical Outcomes

As gaining real-life job experience is an important internship outcome, the outcome of tangible evidence is also important. Practical outcomes may include job interviews, portfolios, personal references and the ability to use common workplace technologies. (Obtaining the outcome of tangible evidence from the internship experience is equally important to gaining real world experience.

### **The Effect of SME Internship on Student Interns**

According to literature, SME internship has a positive effect on students' learning and experience (Degraevl n.d.). This positive effect is associated with the below outcomes relevant to their field which helps them link academic knowledge to the corporate world.

Non-Technical Learning: This type of learning involves skills such as communication, leadership, job acquisition, time management, problem solving, self-discipline and human relations.

Critical Thinking: Internship gives student interns the opportunity to think critically beyond classroom knowledge.

Career Benefits: Interns have the opportunity to reflect their competencies to host organizations through internship experience. The vast majority of student interns are offered a job after their internship period. They also have a greater chance to benefit from superior entry-level salaries than those who do not have an internship experience.

### **The Effect of Internship on SME's**

Several studies have indicated that academic internships have many positive outcomes (Degraevl, Hertz, and Koutroumanis n.d.). Academic internships do not only benefit student interns, it also benefits business entities. Academic internships are considered to be a critical strategic asset for small businesses. Small businesses will have the opportunity to develop stronger connections with universities, build guest speaker opportunities, strengthen and advertise entity's presence on campus and reflect its involvement in the community. Research has demonstrated that internships can retroactive learning opportunities where supervisory skills can be tested by junior employees on interns, executives can be involved in the classroom to improve their teaching skills. Moreover, successful interns have a positive effect on host organizations that seek certain qualities through its future employees. In terms of financial benefits, it is recognized widely by literature and employees that the internship experience can be financially beneficial since interns are frequently unpaid or approximately cost half of the hiring cost. In addition to that, as stated by literature, the most commonly indicated positive impact lies in the significant recruiting tool of internships. In other words, organizations can use internships as a trial to evaluate interns' quality and examine how fit they are with the organization. Once interns are hired, firms can benefit from loyal interns who are more likely to be committed for a long time and would cost less to be trained. Successful interns also convey novelty and freshness into host organizations through behavior and ideas. They are highly knowledgeable in the relevant disciplines which adds value to the organization. Moreover, interns have a positive impact on organization's reputation through developing its corporate image. They develop tangible and real positive outcomes that provide problem solving, assistance and project

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