



 ADULT  
LEARNING  
SYMPOSIUM

# Readiness for Global SMEs

## Redefining Academic and Vocational Education

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# FHM at a glance

**Fachhochschule des Mittelstands (FHM)** is a private, state recognised University of Applied Sciences  
University of Applied Sciences Is non profit - HEI Higher Education Institution

**Started with** 50 students  
**Current 2018:** **5.000 students** (Bachelor, Master, MBA)  
**Internship** **about 4.000 companies and institutions**

**International** 500 Students (PSP) + 100 B.A. / M.A. / MBA  
**Cooperations** 75 agreements with foreign universities

**Further Education** 600 students annually

**Doctoral programmes** 100 students

**Alumni** 4.500 students  
Careers in SME and family-owned corporations,  
founder and/ or entrepreneurial successors

**R & D** Research & Development, “Mittelstandsforschung” national, international

**Prof. Dr. Anne Dreier / Prof. Dr. habil. Richard Merk / Prof. Dr. Volker Wittberg**



# Campus in Germany

FHM Bielefeld



FHM Köln



FHM Rostock



FHM Tec Rheinland



FHM Hannover



FHM Bamberg



FHM Schwerin



FHM Berlin



FHM München



# International Study Programs

- **Pre-Studies Program**
  - PSP Classic
  - PSP Professional
  - PSP Integra
  
- **Bachelor Program**
  - 2+2 Double Degree International Business Administration (DD-IBA)
  - 2+2 Double Degree International Hotel & Tourism Management (DD-IHT)
  - Digital Business Management (DBM) (bilingual German-English)
  - Industrial Engineering (WING) (bilingual German-English)
  - FHM-Bachelor + B.Sc. Equine Studies (Royal Agricultural University, UK)
  
- **Master Program**
  - GCBS 3+2 or 4+2 Master of Business Administration (MBA)
  - GCBS 3+2 or 4+2 International Management (IM)
  - International Technology Transfer Management (ITTM)
  - Double Degree International Management (FHM University) + Business Management (Royal Agricultural University, UK)
  
- **Doctoral Program**
  - Doctor of Philosophy (PhD)
  - Doctor of Business Administration (DBA)

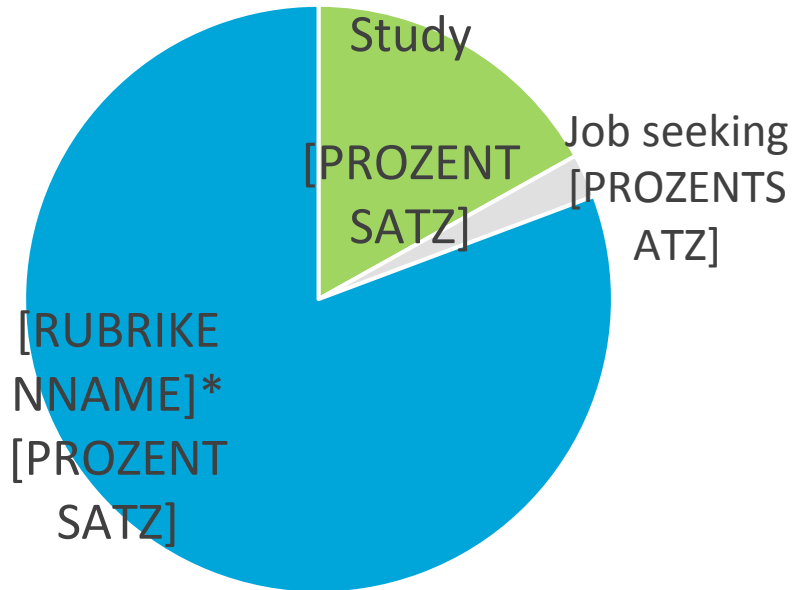
CAMPUS.



INTERNATIONAL



# Employment rate two months after studies



97,6 %

of the Alumni are  
employed or in  
a Master-Program



# Agenda

- (1) SMEs – Definition and Challenges**
  - a. SMEs – Definitions and Characteristic Attributes
  - b. SMEs in Germany, the EU and the World
  - c. Secrets of German Mittelstand
    - c.1. Internal Secrets
    - c.2. External Secrets
  - d. Challenges
  
- (2) Redefining Academic and Vocational Education**
  - a. Challenges and Opportunities for New Academic and Vocational Education
  - b. Toolbox: Practical Academic Education
    - b.1. Preparation
    - b.2. Institutional Infrastructure
    - b.3. Teaching Approaches



# (1) SMEs – Definition and Challenges

# a. SMEs – Definitions and Characteristic Attributes

## Quantitative criteria

- 10-499 employees, between 10 and 50 million € annual turnover (Institut für Mittelstandsforschung 2016)
- Max. 250 employees, max. 50 million € annual revenue (European Commission 2005)

## Qualitative criteria

- Local, owner-led company
- Often family-owned business
- unity of ownership, management, liability and risk
- Important attributes: entrepreneurial mindset, know-how, customized high-quality product/service, high customer satisfaction, personal and close relationship to customer
- Thinking globally, acting regionally





# a. SMEs – Definitions and Characteristic Attributes

## Global SMEs

- 1) <500 employees, max. 50 million € annual revenue per year
- 2) Independent and owner-led business entity
- 3) Transnational business entity based on
  - external growth (through international expansion and Mergers and Acquisitions)
  - internal growth (through exports, cooperation management, start-ups in international target markets)



## b. SMEs in Germany, the EU and the World

### SMEs in Germany – statistics from 2016

- 3,46 million enterprises in Germany are SMEs
- 2,27 billion Euro revenue (=35,3 % of the overall German turnover)
- 17,18 million employees subject to social insurance contributions (=58,3% of all employees subject to social security)
- 82 % of all vocational trainees are working in SMEs.
- 208,2 billion Euro export turnover (=17% of total German export turnover)
- SMEs summed up a total of 53,5% of the net value added
- 9,4 billion Euro (=11,9%) of R&D expenditure of private business sector

Source: Institut für Mittelstandsforschung (2016)

<https://www.ifm-bonn.org/statistiken/mittelstand-im-ueberblick/#accordion=0&tab=0>



## b. SMEs in Germany, the EU and the World

### SMEs in the European Union – statistics from 2015

*SMEs are the backbone of Europe's economy, providing the majority of all new jobs!*

- SMEs (<250 employees) represent **99,8 % of all enterprises** in the non-financial business economy in Europe (EU, Norway, Switzerland)
- **66,3 % of EU employees** are employed at SMEs
- SMEs contribute **55,8 % of the total turnover** in the EU

Source: Eurostat (2018):

[http://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics\\_on\\_small\\_and\\_medium-sized\\_enterprises](http://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics_on_small_and_medium-sized_enterprises)

## b. SMEs in Germany, the EU and the World

### Worldwide – statistics from OECD (2017)

- 99% of all firms in the OECD area are SMEs
- SMEs account for about 70% of jobs
- SMEs generate between 50-60% of value add
- SMEs tend to be under-represented in international trade, but can represent more than half of total exports in value added terms when considering SMEs' indirect contribution to exports

Source: OECD (2017): <https://www.oecd.org/mcm/documents/C-MIN-2017-8-EN.pdf>



## c. Secrets of German Mittelstand

### d.1. Internal Secrets

- Innovative spirit – innovation-driven enterprises
- Flexibility
- SMEs think in generations, not quarters
- Loyal, well trained staff
- Conservative financial conduct
- Hidden champions
- Regionally embedded but internationally oriented

# c. Secrets of German Mittelstand

## d.2. External Secrets

- Excellent regional education
- Adequate, regional financing/funding
- Well-developed infrastructure and high quality of life in rural areas
- Effective and competent local administrations

## d. Challenges

- SMEs are caught between **regional** responsibilities, **national** and **international** markets
  - **Digitalization** → Changing business models, technology, work environments, developments of skills and recruitment of talents
  - SMEs are lagging behind in digital transition
  - “**Skill shortages**, **poor management practices** and **workforce training** limit SME productivity and innovation” (OECD 2017: 16)
  - **Protectionism**
  - **Global SMEs**
- Need for a new approach on academic and vocational education





## (2) Education and Training for SMEs

# a. Challenges and Opportunities for New Academic and Vocational Education

- Global SMEs need new academic and vocational education
- Studies, continuing education and research & development
- different scales: regional, national and international



## b. Toolbox: Practical Academic Education

### b.1. PREPARATION

- FHM – Competency Model
- KODE – Test
- Continuing Education
- Coaching

Personal  
competency

Competence of  
action and  
decision-making

Social and  
communicative  
competency

Professional and  
methodological  
competency

- Digital – Readiness – Test: Competency Index 4.0
- Study Programme Development: What kind of knowledge will our students need in 5 years?

# b. Toolbox: Practical Academic Education

## b.2. INSTITUTIONAL INFRASTRUCTURE

- Career Service Center (contact point for students)
- Institute for Business Foundation (IUG)
- Center for Sustainable Governance (CSG)
- Institute for Further Education and Competency Development (IWK)

## b. Toolbox: Practical Academic Education

### b.3. MANDATORY TEACHING APPROACHES

- Studies In Practice (SIP) → internship with academic mentoring
- Mandatory Business Plan in all study programmes
- Practitioner Colloquia / Company Visits / Guest Lectures
- Living Projects (embedded in lectures), e.g. exhibitions
- Foundation Chairs (Chairs funded by Foundations or Companies)

## b. Toolbox: Practical Academic Education

### b.3. TEACHING APPROACHES + ADD ONS

- Vocational Trainings (SAP, Excel, How to dress for business... etc.)
- Start-Up/Spin-Off Support
- Alumni Network
  
- Expert Circle
- Student involvement in Corporate Research Projects
- Bachelor/Master Thesis embedded in Business Company
- Career Day – university fair
- Job Portal



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