CHAPTER 3

CONCEPTUAL FRAMEWORK OF THE STUDY

This chapter focuses on the eleven features which characterize the learning organizations. The different scholars in this field have identified these features for the learning organizations. Here they are combined in a comprehensive set. The nine companies selected in this study have been compared and contrasted on the basis of these 11 variables. These eleven features discussed below are 1) Vision and Spreading of Vision 2) Supportive Learning Environment 3) Concrete Learning Processes and Practices 4) Leadership that Reinforces Learning 5) Autonomy and Freedom of Employees 6) Learning from External Environment 7) Spreading Knowledge within Organization 8) Team Building within Organization 9) Rewarding Innovative Employees 10) Learning through Joint Ventures and Acquisitions 11) Research and Development Focus. Each one of them is discussed below.

1) VISION AND SPREADING OF VISION

The old bureaucratic command-and-control model even in its current decentralized form is giving way to a model based on learning and self-renewal because the old model was found inadequate to face new challenges. A search is on for a new kind of organization that accommodates radical change, indeed that builds the capacity to thrive on change. A vision which demands fresh interpretation has many functions. Senge (1990) describes the learning organization which incorporates vision where people are continually discovering how they create reality. People are learning, changing things and achieving results according to the vision of an organization. Here, learning is collective and vision is shared.
Mission and vision go together. Mission describes the fundamental reason for which the organization exists. Some organizations view mission as their long-term purpose. Mission defines both what a firm aspires to be in a long term and what it wants to avoid in the meantime. Most mission statements define the businesses within which the organization will operate – automobiles for Ford and pharmaceuticals for Cadilla and petrochemical business for IPCL. The mission statement says something unique about a company but if that mission statement does not influence behavior throughout the organization, it is unlikely to have much impact on firms’ actions. Despite this caveat, research has identified some firms whose sense of purpose and mission permeates all that they do. A vision relates to organization’s broadest and most desirable goals. Visions are important because they are designed to capture the imaginations of organizations’ employees and galvanize their efforts to achieve a higher purpose, cause or ideal. Some of the most effective visions are those in which organizations seek to excel or lead in some activity that bonds all of their people together with a common purpose while in some organizations, visions have a strong emotional appeal that engages people to commit their full energies and minds to achieving this ideal. A powerful vision, if fully embraced and executed by the organization can position the firm for industry-wide leadership. In some cases, a vision may enable the firm to change the rules of the industry in one’s favour. Company visions are often lofty and even surrounded by a high level of idealism or romanticism. They provide a consistency of purpose that gives the organization a reason to exist. However, visions do not lay out the actual strategies, steps, or methods by which the company will pursue its purpose.

Designing the mission and vision statements is not a guarantee that employees of the organizations will either understand or follow them. The mission statement may not be easy to spread in the organization as it states the very purpose of an organization in its broadest term. Vision however is difficult to spread to the employees who may consider it as unrealistic and therefore unachievable.
Several techniques have been evolved by the management of the visionary companies to spread vision to their lowest level employees.

1) The CEO of the company becomes the main spokesperson of the vision and periodically visits several departments to discuss it with top and middle level managers.

2) The vision and mission statements are printed and put on the walls of all the divisions and departments of the company to make them most visible.

3) Short training programmes are designed to spread them.

4) All training programmes of the company may carry a small module for explaining and instilling in employees the vision and mission statements of the company.

5) Employees are rewarded for work which reflects the true spirit of the vision of the company.

6) A company advertises its mission and vision statement from time to time in the leading newspapers and magazines of the country.

7) In some Japanese Companies, the vision and mission statements are enshrined in company songs to be sung every morning.

2) SUPPORTIVE LEARNING ENVIRONMENT

Learning environment in an organization requires an understanding on the part of the top management that hierarchical organization is appropriate in stable and simple environments but the ‘competitive advantage is dependent upon innovative capacity of its employees. A rapidly changing environment requires corporate restructuring consistent with learning behaviour of its employees. There is no ideal structure for a learning organization. It is developed through trial and error. Many organizations have found team based approaches to structure more conducive to learning while others have created spider-web like structures and still other have followed boundaryless organizations.
Mental Models:

Many organizations fail to adopt to changing environment largely because their top managers, bolstered by recollection of past successes, live in worlds circumscribed by the cognitive structures. They never question the validity of their ideas, perceptions and beliefs. Because top managers adamantly cling to their beliefs and perceptions, they never see other alternatives. They are not willing to change their cognitive structures. They are not prepared to view company from the perspectives of their suppliers, distributors, customers or even employees. They believe that learning that takes place on the job, formal training and reward and punishment are the only techniques for making people learn new things.

The Self Organizing teams:

The self organizing team triggers organization knowledge creation through two processes. First it facilitates the binding of mutual trust among members and accelerates creating of implicit perspective shared by members as knowledge. The key factor for the process is sharing experience among members. Second, the shared implicit perspective is conceptualized through continuous dialogue among team members. This creative dialogue is realized only when redundancy of information exists within the team. The teams have to be encouraged to articulate tacit knowledge into explicit knowledge. The top management has to appreciate that this challenging task involves repeated, time consuming dialogues among team members. This pattern of time consuming dialogues has not to be construed as a waste of time. Theories of organizational learning have not given much attention to this process. In short, the healthy functioning of “living organizations” requires the transfer both of authority and accountability to individuals and groups who accept responsibility for producing results. This distributed authority favours emergent learning and innovation. The gradual strengthening of the relationships among members of the group transforms it into a community.
**Reward Structures:**

A traditional reward structure based on seniority will not work in a learning organization so innovative compensation schemes will have to be evolved for creative teams and their members. This may go against the internal coherence of reward system followed over a long period of time. Flexibility in time of work may also be necessary for some employees who show promise of innovation. The traditional criteria for good performance may also need some change that may lead to some dissatisfaction among employees.

**Leadership Initiatives:**

The leader of the learning organization needs to work to sufficiently destabilize the organization. Some disturbances in equilibrium may prove beneficial to organization so as to allow for “creative chaos”. The leader needs to nurture the relationship in an organization, just as a gardener cultivates his garden. This involves promoting the sense of owners of participants in the success of the enterprise in a web-like structure of mutual enrichment.

3) **CONCRETE LEARNING PROCESS AND PRACTICES**

Learning organizations follow a variety of practices to attain their shared vision. In the learning organization, motivation is recognized as being inherent in an employee. It is assumed that with shared vision and commitment to that vision, people will be self motivated and individuals and teams will set their own learning agenda.
Open communication:

The first and foremost importance is given in a learning organization to open communication. The purpose of communication goes beyond speaking clearly. The purpose of communication is taken to be the creation of community. Therefore learning organization seeks to remove all barriers to open communication. The learning organization perceives itself to be a living system where every part is connected to every other part. It especially encourages cross-functional and cross-organizational communications.

Teamwork:

Team work brings knowledge together that hitherto existed separately, resulting in new combinations. It may facilitate cross-cultural and cross-functional communications and cross-fertilization of ideas. It enhances work-involvement. Through the integration of knowledge of individual members, teams may not only blend knowledge and insights beyond what individual members may achieve but in addition, development of new knowledge may also be stimulated by conversations and language-based learning terms. But teams may create some problems in an organization when the interests of the team members are not aligned. Even though teams in organization have their own problems, the learning organization considers team building as a major tool in its tool kit.

Training:

In the training organizations, training is less an event and more a process. Everyone gets involved, not just in learning but also in teaching. People learn from one another and organizations learn from their employees, suppliers, vendors and customers. Instead of homogeneous training classes, learning groups have diversity in which a training class may have managers, secretaries, salesman and clerical staff in the training session. Training is customized to meet
the needs of the specific groups. In this environment, learning is not just a one-way street. Learning takes place both ways. Learning as teaching in learning organizations is not a responsibility of their training departments. Everybody is responsible for learning and teaching. The training programs may be run by hired experts, in-house trainers or by one’s own colleagues and may have rich diversity.

**Mentoring:**

In a hierarchical organization, someone with high position and status becomes the mentor, offering helping hand through projected assistance, advice, networking and political support to the bright newcomer in the company. The mentoring relationship thus becomes a significant source of learning for the younger, less experienced person. In the learning organization, these relationships are not left to chance. Individuals are actively recruited to mentor, and others are selected carefully for being mentored. No one is left out of the process. Mentoring is used less for advancing someone’s career than for advancing the learning process. The content of mentoring goes beyond political and technical skills. Mentoring becomes a significant tool in creating the shared values of a learning culture.

**Tuition reimbursement:**

Many companies have a tuition reimbursement programme. According to this programme, an employee can attend certain preapproved courses that are directly related to the job. The learning organization consciously seeks to integrate the class-room experience with the job.
Creating a learning partnership:

The concept of partnership has only recently been understood outside a legal agreement. The learning organization recognizes partnership as leading to long-term success. Today, there are partnerships with customers, suppliers or sometimes even with competitors. General Electric Appliances is one company that has created learning partnership with customers.

4) LEADERSHIP THAT REINFORCES LEARNING

Our traditional view of leaders as those who set directions, make the key discussions and energize people is deeply rooted in individualistic world view. Leadership in learning organizations centers on more subtle work. Here the leaders are designers, teachers and stewards. Their main skill is in building a learning organization. They are not charismatic leaders but they create an environment conducive to autonomous learning within the organization. The opportunities for learning within the organization are plentiful. Many organizations are usually infused with people from different backgrounds and ethnicities. This very important attribute may define the role for a leader to enhance the learning opportunities for the members of an organization. One method for enhancing the learning of the members may be for the leaders of an organization to assist the learners in understanding or even designing the mission and vision for the organization and then ask the learners how this could be achieved through a learning endeavor. Again, the leaders of learning organization ensure that learning endeavors are designed and practiced throughout the entire organization. This approach can be described as bottom-up learning where employees of an organization influence the upper-managers as well as the leaders of the organization.
The factors associated with learning are: desire, initiative, resourcefulness, and persistence. These factors also play a profound role in the organizational context. When the factors associated with autonomous learning are in place within a leadership setting, they can be best described as self-directed leadership. The leaders of an organization enhance organizational learning through sparking the desire of the employees of the organization to learn so that employees take the initiative to begin a learning endeavor. Learning and actually embracing learning throughout an organization should certainly involve the people who comprise the organization. Many leaders offer training endeavors that are for the most part design by an outside trainer for specific skills while some training programmes are designed by the employees themselves and training is imparted by their senior colleagues. Both these patterns of training are seen in the learning organization.

Learning organizations do not operate in a vacuum. They have to be operated on day to day bases which requires administrative leadership. The tasks undertaken by an administrative leader ensure the continuity of an organization on a day to day basis. The leader requires feedback to enhance and ensure the organization to function. The second form of leadership is by mentoring. In this role, the leader encourages participation of the employees in their day to day activities, transitioning new members and members on the periphery into the core activities of the organization and to be a spokesperson or advocate of the organization outside its boundaries.

The role of a leader in a learning organization is implicit in the very definition of a learning organization. Pedler et.al’s (1989)’s definition as “organization which facilitates the learning of all its members and continually transfer itself” implies that leadership of a learning organization should facilitate the learning at an individual or at a team or at an organization level through various techniques such as individual or team building programmes or through mentoring. Garvin (1993) also emphasizes the creating and transferring of knowledge as central to
leadership role when he defines learning organization as “organization skilled at creating acquiring, transferring knowledge and modifying its behavior to reflect new knowledge and insights”.

5) **AUTONOMY AND FREEDOM OF EMPLOYEES**

Traditional Indian Organizations are still command and control organizations where top management considers itself as a repository of all knowledge and wisdom. Learning organizations cannot flourish under such a system because they depend upon innovations for their constant growth. Given that learning organizations are, by design, less structured than more traditional forms. We should probably expect to find a high volume of informed communication and a greater degree of employee autonomy as employees seek to resolve the uncertainty created by ambiguous situation and relative dearth of structured cues to behavior. Managers engaged in informed networks achieve influence within modern organization with less structure and more flexible systems of power and authority. Within the learning organization Pedler et al (1991) argue that all members who operate at the external boundaries act as ‘environment scanners’. They bring their interpretation of events in the outside world back into the organization as potential useful knowledge. This cannot be done in an atmosphere of authoritarian leadership in an organization.

Whether the ethos of a learning organization takes root or not will depend crucially on its adoption by those who make key decision at the design and implementation stages in the introduction and modification of technology, finance or markets. If these decisions are taken without the participation of key employees or their team or taking their inputs into account, the ethos of learning organization will be difficult to maintain. The concept of learning organization has evolved among several reasons for meeting the challenges of turbulent environment. Within the framework of explicit and tacit legitimation which the metaphor of a learning organization provides, those managements which realize
the potential of giving autonomy and right to commit mistake to the employees or their teams will be able to form the learning organization.

Superiors and subordinates tend to report satisfaction and enhanced performance because of their newly delegated discussion right. A minority of people may resist it because they are not yet confident of their own abilities. The definition of authority of an individual or a team creates problems because limits of authority even though clearly defined remain ambiguous. A learning organization is not defensive about the ambiguity and emphasis the following rule to empower the subordinates and to give them more freedom on the job. The rule is: place responsibility for action as close as possible to the players who have relevant information. It is these individuals who should be given the opportunity to make informed decision and choices. It is they who should be held responsible for implementing their choices and monitoring their effectiveness. Learning organization requires a change in culture and a change in the mental maps that ensure effective use and delegation of power.

More generally, it can be argued that built into any organization is the age-old dilemma of autonomy verses control. Subordinates wish to be left alone but held accountable. Superiors agree but do want irresponsible work behavior. The subordinates look for autonomy asserting that leaving them alone is the best sign that they are trusted by top management. The subordinates see the control features as confirm mistrust. The point is not how to get rid of the dilemma. This will never occur. It is built into the concept of delegation and decentralization. The point is how to deal with it.
6) LEARNING FROM EXTERNAL ENVIRONMENT

To keep abreast of rapid environmental changes, learning organizations need to monitor their environment continually. Environmental scanning refers to gathering information about external conditions for use in formulating organizations strategy. Scanning is an important ongoing activity because it helps managers to understand and oversee potential changes in market demand, industry rivalry patterns, the rise of potential substitute products and general macro environmental factors that may have long term effects on the firm. Only if organizations are open to new, different and challenging information, can they use it for reflection and learning. Astute organizations devise innovative methods for tapping resources to stimulate organizational learning. Many organizations conduct customer surveys, do benchmarking, subscribe to patent information, do competitors’ analyses etc to gain an insight into the changes occurring in their operating environment. Scanning can occur at several levels. Broadbased scanning focuses on spotting new trends or changes in the general environment. Industry level scanning is often much more specific in intent and scope. Managers and technical personnel from rival firms frequently reset their competitors, buy their products, and then break them down to see what progress competitors have made in such areas as product quality, and new product features. This type of scanning is known as competitor intelligence gathering and includes getting information on potential products under development, new technologies that may be incorporated in existing products, new markets to enter, service quality etc. Firms can gather huge amounts of information from numerous public sources, especially from trade managers and research results published in professional journals can be a valuable source of information. While many organizations, conduct some kind of internal or external audits and surveys, effective organizations finetune their scanning mechanisms and information systems to improve the quality of valid and relevant information. An organization scanning mechanisms often show a marked insensitivity to gradual
environmental changes which extend over a long period of time. In reality, most of the significant changes in the environment do not always occur suddenly, but emerge slowly over years or decades. Most organization scan the environment for governmental policies, regulatory controls, macroeconomic indicators, stability of government and its policies, many do not keep a careful watch over subtle advances in production technology in their relevant fields. They also ignore the socio-cultural attitudes towards their industry or their products which may be changing subtly. Certain changes in environment are likely to influence some organizations more compared to others. Import restrictions, for example, would affect organizations which are dependent on imported materials or parts.

In any consideration of the factors surrounding the organization, a well-known technique called PESTEL is used for scanning an external environment. PESTEL analysis of the environment implies scanning of Political, Economic, Socio-cultural, Technological, Environmental and Legal aspects of the environment. Like all checklists, a PESTEL analysis is really only as good as the individual or group preparing it. Some critics argue that future is uncertain and cannot be predicted and PESTEL analysis interprets only past events and their interrelationships. This criticism is not justified as PESTEL can also be used to predict short term events and trends and it systemizes our thinking on which factors to focus for predictions and which factors may be ignored.

7) SPREADING KNOWLEDGE WITHIN ORGANIZATION

Before knowledge can be spread within an organization it has to be created. A distinction has to be made between tacit and explicit knowledge. Although a great deal has been written about the importance of knowledge in management, little attention has been paid how knowledge is created and how knowledge creation and its diffusion processes can be managed. Knowledge that can be expressed in words and numbers only represents the top of the iceberg of the entire body of possible knowledge. Explicit knowledge is codified and refers to
knowledge that is transmittable in formal, systematic language. On the other hand, tacit knowledge has personal quality, which makes it hard to formalize and communicate. Tacit knowledge is deeply rooted in action, commitment and involvement in a specific context. It is a continuous activity of knowing and embodies what is referred to as “analogue” quality. In this context, communication between individuals may be seen as an analogue process that aims to share tacit knowledge to build mutual understanding. This understanding involves a kind of parallel processing of complexities of current issues, as the different dimensions of a problem are processed simultaneously. By contract explicit knowledge is discrete or “digital”. It is captured in records of the past such as documents and company database and is assessed on a sequential base.

At a fundamental level, knowledge is created by individuals. The organization supports creative individuals or provides a context for such individuals to create knowledge. Organizational knowledge creating and its spread therefore, should be understood in terms of a process that “organizationally” amplifies and spreads knowledge created by individuals and crystallizes it as a part knowledge network of organization.

The ideas which are considered valuable need to be diffused throughout an organization. Many good ideas may be generated outside the organizations. In this case, (1) ability to recognize and value new external knowledge and (2) the ability to assimilate new external knowledge becomes crucial for knowledge spread. We know that ideas are formed in the minds of individuals and interactions between individuals, either formally or informally, typically play a critical role in developing new ideas. These interactions between individuals contribute to the amplification and development of new knowledge. There interaction may span departmental or even organizational boundaries. New knowledge needs to be spread within an organization and some knowledge may be spread even to customers, suppliers and distributors on a more formal basis.
There are several ways in which an organization can spread knowledge throughout its boundaries. First there is a mode of knowledge transmission that enables the people to convert tacit and explicit knowledge through interaction between individuals. One important point to note here is that an individual can acquire tacit knowledge without language. Apprentices work with their mentors and learn new skills not through language but through observation, imitation and practice. In business setting, on the job training uses the same principle. This process of creating tacit knowledge through shared experience is known as socialization. The second mode of knowledge spread involves the use of social processes to combine different bodies of explicit knowledge held by individuals. Individuals exchange and combine knowledge through such mechanisms as face to face meetings, telephone conversations and e-mails. There mechanisms not only spread knowledge within an organization but also create new knowledge by sorting, adding, reorganizing and recontextualising the explicit knowledge. In many organizations, knowledge is spread through an interaction within cross-functional teams. There teams are made of several members coming from a variety of functional departments. It is a critical matter for an organization to decide when and how to establish such teams in which individuals can meet and interact freely. The span of team activities need not be confined to the narrow boundary of the organization. Rather it is a process that makes extensive use of knowledge in external environment, especially knowledge about current technology, customers, suppliers and competitors.

8) TEAM BUILDING WITHIN ORGANIZATION

Groups develop into teams when their common purpose is understood and internalized by all the members. In effective teams each member plays an assigned role using his or her talents to the best advantage. When the members integrate there efforts and skills, team objectives are usually achieved. Many organizations do not know how to transform their groups into teams. Team members understand one another’s priorities and help or support other team
members when difficulties arise. Conflicts in many groups are considered as disturbances to be avoided, while conflicts in a team are considered normal and viewed as an opportunity to solve problems. Through open discussion, conflicts can be resolved before they become destructive. In a team, members recognize the importance of discipline at work and conform their behavior to meet team standards. Teams are recognized for their outstanding work as much as their individual members who have worked in the teams. Teams maintain a balance between team productivity and the satisfaction of team member needs. A very important feature of a successful team work is that communication among members is open. The discussion of new ideas, improved work methods, articulation of problems and concerns is encouraged. Members are not only encouraged to articulate new ideas but are encouraged to test them. A specified budget is allocated to test new ideas even though the probability of their failures may be high.

Team building techniques:

Teams cannot be built overnight. Team building requires patience and skills. The most important part of the team building exercise is the selection of team members whose skills can be synergized for innovative problem solving. The team members must be willing to join the team and must have strong motivation to achieve team goals. Identifying such persons is not an easy job. The team building exercise must involve the clarity of goals for which the team is built. This is not easy since goals unfold as teams get involved in work. New goals emerge and old goals get modified. Team builder must himself have excellent communication skills and must permit free flow of communication among members. Teams must know why they exist, what they are supposed to accomplish and which other teams are involved in the same or similar task in an organization. Team builder needs to articulate organizational needs and translate them into team goals and objectives. Team building also requires identification of resources (people, time, money, materials, facilities, etc.) and team builder must
assure that they are available when needed. Above all, building a motivating climate and maintaining it continuously is an essential leadership skill. This involves recognizing and rewarding good performance and correcting or eliminating poor performance when it occurs. Good team leaders know how to build a motivating climate. Well-trained employees make more effective team members. They have confidence in their ability to contribute to team efforts. Any team leader interested in improving team performance will ensure that training for each member is appropriate. No high performance team can avoid conflict among its members. A problem solving approach to conflict resolution should be adopted by the team leader rather than the conflict-suppression approach. Besides, nothing is more important than building trust among team members. For this, team members must perceive the team leader as well as top management of the organization as open, fair, honest and willing to listen. A key ingredient for team building is coaching: Coaching helps people to grow and adjust in the organization.

9) REWARDING INNOVATIVE EMPLOYEES

A learning organization like an operating organization needs an incentive system to motivate innovative behavior. Because the task of innovating is different from that of operating, the learning organization if it is to be at the same time an innovative organization needs a different reward system. The innovating task is riskier, more difficult and takes place over a longer time frame. These factors call for some adjustment of the operating organization’s reward system, the type of adjustment depends on how innovative the learning organization is and how attractive outside alternatives are for its innovative employees.

The functions of the reward system are threefold: First, the rewards must attract ideal people to the organization and must retain them. Second, the rewards provide motivation for the extra efforts needed to innovate. And, finally successful
performance deserves reward. These rewards are primarily for idea generating individuals and teams.

Reward systems in a learning organization has several types of internal motivators, such as the opportunity to pursue one’s ideas, promotions, recognition system and special compensation. First, people can be attracted and motivated intrinsically by simply giving them the opportunity and autonomy to pursue their own ideas. This is a reward in itself, albeit a minimal reward. If that minimal level attracts and motivates idea people or new idea teams, the innovative organization may go no further in creating a separate system. However, motivational leverage can be obtained by recognition and promotion of individual contributor or of the team members. This dual ladder has always existed in R & D, but it can be extended to other departments also. When greater innovation is needed and organization wants to signal the importance of innovation either by an individual or a team, the team leader and team members can be given an increased salary. Some organizations reward successful idea generating team with one-time, cash awards. Programs that give a ‘percentage of the lake’ to the idea generator and his team members provide even stronger motivation. Some companies create pools from percentages that range from 2 to 20 percent of cost savings created by process innovation made by team members. Another scheme is to give the idea generator and his some phantom stock, which gets evaluated at sale time in the same way that any acquisition would be evaluated.

There are several problems in designing proper reward system for individuals and teams in a learning organization. First, who should be rewarded –teams or individuals? Second, who should evaluate contributions of team members – other team members, a specialized evaluator or an external manager? What measures of performance should be used and when? Some team members may free-ride on other team members’ contribution and knowledge creation and may still make a claim of equal share in rewards. This is because measurement of individual
input becomes difficult and therefore the problem of individual reward to a team member may become intractable. Team size problems are aggravated if incentives are exclusively allocated to team as a whole rather than also considering incentives for individual members. When capable and willing team members are forced to support shirkers and laggards in the team, they often withdraw efforts or leave the team. On the other hand, relying exclusively on individual incentives can inhibit cooperation in teams — especially when task performance crucially depends on exchange of information and mutual adaptation. As an alternative, management may provide incentives to the group as a whole and let the group members distribute team rewards themselves.

10) LEARNING THROUGH JOINT VENTURES AND ACQUISITIONS

Many acquisitions, alliances and collaborations are made with knowledge acquisitions and synergistic learning in mind. Learning through joint ventures depends upon the absorptive capacity of the parties concerned, the trust between them, size and structure of the alliance and cultural fit between the partners. Learning through acquisition depends upon the technological achievements and skills of the acquired company. If the joint venture partners seek to learn from each other, they create a win-win situation. In the case of acquisition, if the acquiring company is willing to learn novelty and some unique aspects of the acquired company and is not averse to absorb new knowledge, it also creates a win-win situation. Both parties required the ability to identify, assimilate and utilize knowledge. To study knowledge transfer, it is helpful to distinguish between knowledge-seekers ad knowledge-providers or between learning and teaching partner. Both partners can learn from and each other. Learning and knowledge acquisition occur at individual, group and organizational levels for both the partners. To what extent knowledge transfers and skill transfers take place depend upon the willingness of both partners to impart and acquire new knowledge and skills from one another. Simonin (2002) argues that collaborative know-how can be considered a unique type of competence, one
that may explain why some alliances succeed brilliantly while others fail dramatically, and why some organizations are able to leverage their networks of collaborative agreements more effectively than others. Thus identifying, mapping and measuring a firm’s level of collaborative know-how constitute a critical first step in understanding organizational learning processes and performance. In alliances while collaborative experience is a construct of great theoretical importance in its own right, it nevertheless represents a concept distinct from collaborative know-how. In general, experience is considered a key antecedent of know-how. Simonin (1997) has shown that collaborative know-how fully mediates the effect of collaborative experience on performance. At the same time, many organizations multiply alliances without extracting proper lessons and without fully developing distinct collaborative competences. One of the crucial components of collaborative competence is the ability to carry out knowledge and skill transfers along with other components such as partner search and selection, negotiation, managing and monitoring. In fact many organizations enter into collaborative alliances or make acquisitions for knowledge acquisition and learning rather than for short-term profit. Many others, though, rush into alliances or acquisition for increasing market share or acquiring patented technology rather than for any clear learning objective. Some critics have argued that many alliances and acquisitions are made not for acquiring knowledge but getting an easy access to knowledge. This is akin to a difference between exploitation and exploration of knowledge. The acquisition of a local organization is another way to acquire organizationally embedded knowledge. There are several potential advantages of acquisitions over alliances. First, the firm can obtain new knowledge relatively quickly and generally faster than via in term development. However acquisitions have many potential disadvantages. First, an acquisition may result in an ownership of unnecessary asset. Second, integration between the two may be difficult. However, both equity and non-equity strategic alliances and acquisitions provide a platform for new learning and skills. Through mutual interdependence and problem solving and execution of alliance activities and their outcomes, both parties tend to learn.
11) RESEARCH AND DEVELOPMENT FOCUS

R & D in an organization has a dual role. It not only generates innovation and new knowledge but also enhances learning. Innovation and learning are two faces of R & D. However, the quest for identifying and assimilating knowledge critical to innovations poses a real challenge to a learning organization. Knowledge now recognized as a key competitive asset that forms the bases of operational and technical knowledge in conjunction with external knowledge. This suggests that instituting a research and development department alone does not make an organization a learning organization. The entire organization has to be made innovative through its capabilities of scanning, sourcing and transferring knowledge about people within it. The organization itself is often the source of much knowledge used in innovation. The altering technology forces many organizations to maintain wide range of technological knowledge and skills.

However very few organizations can develop and master the wide ranges of knowledge and skills needed to compete in ever-changing innovative environment. Consequently, most organizations will develop a deficit within their boundaries as regards the critical knowledge needed to prosper and grow. Thus although an organization’s own research efforts play an important role in innovation, it must turn to external sources of knowledge to maintain its innovative processes. Allen ad Cohen (1969) found that vendors, unpaid outside consultants and informal contacts with government agencies and universities are important sources of R & D knowledge.

Though organization’s own R & D department is a vital source of innovation, its usefulness to management requires freedom for its researchers. Freedom to work is crucial to innovative products and processes. But frequently new ideas are generated through scanning the environment in search of new knowledge or new approaches. Some ideas may also be internally generated. Once knowledge is identified, the next challenge is to access and transfer knowledge from the
external to internal environment of an organization. After this knowledge crosses its boundaries and enters the organization, it must be integrated with its existing stock of knowledge to create value. At this stage of knowledge management process, an organization is concerned with recombination of knowledge and organization boundaries that results in innovation.

An another aspect of R & D focus by an organization is related to its absorptive capacity. Organizations have to invest in absorptive capacity in the form of in-house research to be able to learn from basic research. This capacity becomes crucial when an organization’s ability to learn from another collaborator is not developed and the collaboration fails. Many organizations enter into collaborative R & D efforts to reap the benefits from one another’s research abilities but here the main problem is that of trust between the parties so far as disclosure of information is concerned. Many global organizations have successfully adopted and implemented the joint R &D strategy and have even expanded the area of collaborative effort.

Two things stand out in the hiring policies of learning organizations. The first is a focus on finding and hiring creative people. They hire people from a variety of backgrounds. Hiring people is an inexact science. Finding most creative people among those who apply is a challenge for the personnel department of the learning organizations. They look for evidence of creativity in a person with past experience. Such people are more likely to do and follow through an idea rather than just thinking about it. Second thing that stands out in the development of people is to increase their creative output. Some companies move people to a new job after three to four years on a post with the hope that they will develop new ideas on a new post. Organizations by so doing expect out of box thinking from job rotation. All companies face a crucial problem in this area. The problem is how to retain the talented and creative employees so that they do not leave the organization.