

A conceptualization of an organizational learning culture in international joint ventures

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Abstract

This paper focuses on organizational learning and innovation in international joint ventures (IJVs). Organizational learning addresses how organizations adapt to their environments, develop new knowledge, and then achieve competitive advantage. The authors present a conceptual framework that depicts the relationship between the parent organization(s)' climate, IJVs' organizational learning culture, innovativeness culture, innovation capacity, and IJV performance. Broadly, the IJV achieves superior performance by higher levels of innovativeness (openness to new ideas) and innovation capacity (capacity to implement innovations), which are associated with its organizational learning culture.

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In an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge (Nonaka, 1991).

1. Introduction

The impact of organizational learning on a firm's performance has received considerable attention in the marketing literature (e.g., Sinkula, 1994; Slater & Narver, 1995). Specifically, within the strategic marketing literature, this stream of research initially focused on marketing capabilities (Day 1993, 1994) and market information processing (Moorman, 1995; Sinkula, 1994). Then, learning research broadened its focus to examine the effect of a market orientation

combined with a learning orientation to achieve a competitive advantage (Baker & Sinkula, 1999a; Slater & Narver, 1995). Later, Hurley and Hult (1998) incorporated the role of innovation constructs into this line of research.

Another stream of research on market-based learning, largely distinct from the strategic marketing literature, has emphasized the role of international joint ventures (IJVs) as an instrument of organizational learning. The main thrust of this research suggests that IJVs provide a platform for parent organization(s) to access each other's resources and capabilities (Anand & Khanna, 2000; Grant, 1996; Hamel, 1991; Kogut 1988). The differences in partner skills and knowledge provide the catalyst for learning (Inkpen, 2000). Interestingly, those major elements of learning in IJVs overlap the marketing capabilities (Day, 1993, 1994) and market-based learning (Slater & Narver, 1995) perspectives in strategic marketing.

At the definitional level, IJVs involve two legally distinct organizations (the "parents"), each of which shares the decision-making activities of a jointly owned entity, with at least one parent organization headquartered outside the

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IJVs' country (Geringer & Hebert, 1989). Because cultural distance is an important obstacle to an IJV (cf., Buckley & Casson, 1996), the IJV in which the parent organization(s) emerge from different home countries to create a new distinct organizational entity (the "child") seems appropriate for describing and explaining the relationship between the market-focused climate elements of parent organization(s) and the IJV's organizational learning culture. Furthermore, it is useful to focus upon one particular type of an IJV, since the manifestations of cooperative behavior can take many forms.

In this paper, the IJV, which is newly established, is conceptualized as a marriage of equals in terms of ownership type, types of resources shared by parent organization(s) (e.g., market knowledge, technical knowledge, or both), and the location of the IJV (Buckley & Casson, 1996; Lyles & Salk, 1996; Killing, 1983). Specifically, the primary interest is on 50:50 equity-based IJVs that are aimed at joint innovative efforts and motivated by the development of new technologies through R and D joint ventures, in which both parent organization(s) share technical knowledge (Buckley & Casson, 1996; Geringer & Hebert, 1989; Kogut & Singh, 1988). Additionally, the IJV is considered to be remotely located from either parent organization, because the location of an IJV in the home country of one of the parent organization(s) may foster a dominance of that parent's influence over the venture (Killing, 1983; Salk, 1997). The 50:50 equity-based IJVs are considered for two reasons: (1) active participation is commonly associated with having parents with equal participation in management, which is important in the formation of an organizational learning culture in newly established IJVs (Salk, 1997), and (2) effective learning and knowledge transfer is often realized in R and D joint ventures in which both parents have equal levels of equity (Killing, 1980).

While such IJVs are becoming increasingly popular, scant research has been conducted to conceptualize the main market-focused climate elements driving superior IJV performance. The focus will be on the early stages of IJVs, which represent a significant period for the formation of IJV's organizational learning culture determined by the important precedents and interactions between culturally diverse management teams. Based on the above premises, the objective of the paper is to delineate the antecedents to organizational learning culture that affect innovation-based performance (including innovativeness culture and innovative capacity) of an IJV. First, the theoretical foundation for organizational learning in combination with culture is introduced. Then, a conceptual model and accompanying propositions are developed, with a specific focus on the relationship between the parent organization(s)' climate, the IJV's organizational learning culture, innovativeness culture, innovation capacity, and IJV performance. Finally, conclusions and avenues for future research are presented.

2. Theoretical foundation

All firms consist of a knowledge base, which cannot be easily diffused across the boundaries of a firm (Kogut, 1988). Thus, from a knowledge standpoint, a theoretical objective of the IJV is to transfer organizationally embedded knowledge or "tacit knowledge" between the parent organization(s) (cf., Nelson & Winter, 1982; Nonaka, 1994; Polanyi, 1967). Tacit knowledge can be viewed as know-how that cannot be easily blueprinted or packaged through licensing (Hennart, 1988; Kogut, 1988). For example, Cantwell (1991, p. 36) argues that technology "is specific to the context in which it has been created or adapted (the firm and the location), and is dependent on the learning and skill of those who have developed and operated it." If the technology to be transferred is newly developed and consists of a substantial tacit element, it is very firm-specific. The substantial tacit element of technology requires human contact. Therefore, R and D joint ventures are more effective for learning and knowledge acquisition than licensing, when characteristics of technology are highly firm specific (Kogut, 1988).

Other than short-term objectives of generating rents and efficient use of resources, firms may form R and D joint ventures in which both partners have clear learning objectives to achieve long-term competitiveness. This notion is supported by Ohmae (1989, p. 145), who states "today's products rely on so many different critical technologies that most companies can no longer maintain cutting-edge sophistication in all of them". In a joint venture, information flow increases the boundary permeability to the partners' resources through high interaction and communication between parent organization(s) (Kogut, 1988). Hence, the information flow offers an opportunity for organizational learning.

2.1. Organizational learning culture

Organizational theorists have proposed a variety of definitions of organizational learning (Argyris & Schön, 1978; Cyert & March, 1963; Huber, 1991; Jelinek, 1979; Levitt & March, 1988). Organizational learning has been viewed as a process by which organizations as collectives learn through interaction with their environments (Cyert & March, 1963). Friedlander (1983) proposes that learning might result in new and significant insights and awareness, although no behavioral change exists. More specifically, Argyris and Schön (1996) state that, "the generic schema of organizational learning includes some information content, a learning product (information, know-how, or understanding), a learning process which consists in acquiring, processing, and storing information, and a learner to whom the learning process is attributed". From a more behavioral perspective, Garvin (1993, p. 80) states that, "a learning organization is an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and

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