

# Foreword

*by Giancarlo Michellone*

*President of the Area Science Park of Trieste (Italy)*

*Former President of the FIAT Research Center*

During the 1980s the prevalent approach to strategic thinking was based on the consideration that the competitive advantage was mainly based on the characteristics of the industry. Consequently, the aim of strategists was to devote considerable resources to the analysis of competitors, markets, and customers. In the 1990s, the environmental conditions changed dramatically, as the globalization of markets and technologies, together with a new wave of technological innovations, raised the ambiguity and the uncertainty of the external environment.

The result has been that firms started to consider human resources internal competencies and learning capabilities as a stable and reliable source of value and competitive advantage. The new strategic approach is based on the learning organization loop, a circle of competence building and leveraging, which creates and exercises strategic options and opportunities of value creation. Nevertheless, after about two decades of debate on the new role of learning within organizations, many methodological and practical issues have been left unresolved, mainly because of the difficulty of the companies in abandoning the mechanical way they organize their own resources and capabilities.

This cultural resistance represents the first obstacle for the effective management of a learning organization. The second obstacle, obviously related to the first, is the lack of new management systems suited to the characteristics of the learning organization.

While at the cultural level the dominant rhetoric view, which assumes intangible assets, knowledge, human resources, and continuous learning as the key competitive resources, is widely recognized and accepted, in everyday practice, managers

still behave as if nothing has happened. Management is still considered something that has to do with power and control. But creativity, problem solving, motivation, and all the other ingredients for individual learning cannot be analysed, controlled, measured, evaluated, at least in the traditional sense, by the old managerial apparatus that is still influenced by a mechanistic view of organizations.

This book provides readers with original and effective ideas both at the cultural and systems level. The authors investigate thoroughly what a learning organization is, and provide an original theory for organizational learning and competencies building. Then they go forth and build methodological tools that are not only coherent with a new way to look at the organization but that can be applied in practice, as they did on several occasions within different research projects about knowledge, learning and competencies management in collaboration with the FIAT Research Centre and other international industrial partners in the last 10 years (Cannavacciuolo et al., 1996; Cannavacciuolo et al., 1999; Zollo & Michellone, 2000).

I share with the authors some fundamental assumptions that actually shape our common view of the organization and that are described in detail in this book.

First, knowledge creation cannot be controlled by the organization, neither internally nor externally. The capability of an organization to access knowledge from external sources is always limited. What is clear and accessible to anybody has of course little strategic value, while valuable knowledge is often hidden in details and weak signals. Thus, the problem is not to have access to something that is “out there” but to have the capability to interpret creatively what is often close at hand, to observe the world from different perspectives, to exploit internal variety and solicit individual initiative.

Second, in order to cope with an ambiguous and increasingly uncertain environment, organizations must learn to look within them for the answers that traditionally they search for outside. In the last 15 to 20 years, organizations have turned themselves inside out looking for resources and capabilities able to generate value. All major managerial revolutions that have happened in the last 20 years such as business process reengineering, total quality management, cost management and more recently knowledge management can be considered as attempts in this direction. Through these attempts, in many cases organizations have ended up with discovering that value is the result of the projection of their competencies on the external world and that strategy is not about managing a battle against external enemies but is rather like making a painting of the world real.

These managerial revolutions were accompanied and partly inspired at the end of the 1980s by a theoretical revolution in the strategic management literature, that is the birth of the resource-based theory. The resource-based theory (RBT) questioned that the sources of competitive advantage lied in the structure of industrial sectors and posited that strategic management was mainly about acquiring and internally developing rare, inimitable, and value creating resources (Amit & Shoemaker, 1993; Prahalad & Hamel, 1990).



All the difficulties in the implementation of this cycle lie in the developments of new methods to construct new competencies and to identify the available options. If I were to sum up in one sentence what this book tries to do is: *to provide a theory and a method* to construct new competencies and identify available options. The authors provide methods to investigate learning from the discourses through which organizational members construct everyday knowledge and experience. Through an original blend of qualitative and linguistic methods and advanced computational techniques such as fuzzy logic, the tacit knowledge contained in those discourses can be mapped and elaborated into verbal models that can help organizations to analyse, store and reuse their knowledge.

Managers that want to go down to the everyday battlefield from the celestial Em-pyrean heaven of Figure 1 have to accept some radical changes in their work:

1. Learning and competencies can not be identified, controlled and developed with a top down approach, since they are generated from the bottom by individuals who actively interpret events, construct new theories, develop new resources. Top managers have rather the task of acknowledging the new emerging competencies, integrating them into an organic vision, reinforcing the capability of the organization to generate new options, *whatever they will be*.
2. It is not possible to encapsulate competencies and learning within strict and unambiguous definitions, procedures and practices, nor to understand a-priori which is the level of detail in the description and development of learning processes. *Learning stops when the learner decides so, competencies are such when someone recognizes me as competent*. Learning and competencies building are collective processes based on mutual agreement and reciprocal adaptation. No manager can fully establish their start and their end, the “how,” the “when,” and the “what” of learning.
3. *Any description is provisional*. Competencies and learning are generated and modified continuously on the base of new experience and stimuli. The tomorrow competency speaks often with a weak and low voice today, a voice that managers must be able to listen to in the middle of a roaring storm.

These changes can be possible if managers have the courage to renounce a mechanistic view of the organization and are able to tolerate ambiguity, redundancy, uncertainty, to manage delegation, to uncover talents, to build trust, to solicit participation and involvement of their collaborators. They are required to construct open environment where, while pursuing collective objectives, individuals are free to grow, to express their diversity, subjectivity and initiative.

Competence building and competence leveraging help to transform routine workers into what Iandoli and Zollo call *cognitive workers, that is a new worker endowed with three fundamental capabilities: the capability to evaluate and make decisions, the capability to learn, the capability to persuade*.

To manage learning, organizations must be able to promote the development of these three capabilities both within the traditional know-how domain of the organization and in the exploration of new territories.

## References

---

- Amit, R., & Schoemaker, P.J.K. (1993). Strategic assets and organizational rent. *Strategic Management Journal*, 14(1), 33-46.
- Cannavacciuolo, A., Capaldo, G., Michellone, G.C., & Zollo, G. (1996, November 10-13). *Understanding and managing organizational paradox with fuzzy logic*. III Congreso SIGEF, Buenos Aires.
- Cannavacciuolo, A., Iandoli, L., & Zollo, G. (1999). The performance requirements analysis with fuzzy logic. *Fuzzy Economic Review*, 4(1), 35-69.
- Prahalad, C.K., & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review*, 68(3), 79-93.
- Sanchez, R., Heene, A., & Thomas, H. (Eds.). (1996). *Dynamics of competence-based competition. Theory and practice in the new strategic management*. London: Elsevier.
- Zollo, G., & Michellone, G.C. (2000). Competencies management in knowledge-based firms. *International Journal of Technology Management*, 20, 134-158.