Chapter 7
Organizational Learning and Innovation: Organizational Learning

ABSTRACT
In this paper, the focus is on an organization’s ability to systematically generate value innovation initiatives. Especially in the context of fundamental new strategic moves, researchers have begun to stress the importance of deliberate mechanisms for learning. Building further on this theme, this paper focuses on the relationship between learning mechanisms that an organization establishes deliberately and its value innovation ability. Prevailing studies have demonstrated the importance of learning from an organization’s innovation outcome. Although marketing scholars have emphasized both the consequence of internal learning mechanisms and of external learning through supply chain partners research findings on how these factors affect each other are merely lacking. We used a variance-based structural equations modeling technique (SEM) for the analyses, namely PLS-Graph 3.0. Analyzing survey data of 91 industrial firms, we examine how information supplied by upstream and downstream supply chain parties simplifies the effect of internal deliberate learning mechanisms on value innovation capability. PLS analysis of survey data suggests that value innovation capacity is strengthened when managers deliberately install specific learning mechanisms on the ability to receive. The results also suggest that internal learning mechanisms and external information exchange do not always work in a symbiotic manner. Results complement existing research by indicating the importance of deliberate action when attempting to break through existing industry practices.

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INTRODUCTION

This chapter, the focus is on an organization’s capability in a systematic fashion creating value innovation ambition. Specifically, in the background of new strategic moves, researchers have begun to emphasize the consequence of deliberate mechanisms, for learning, (Zollo, 2009; Zollo & Singh, 2004). Building further on this subject, this paper focuses on the relationship between learning mechanisms that an organization carefully considered and its value innovation capability. Specifically, the authors focus on deliberate learning mechanisms that firms carefully considered to motivate the different dimensions of ability to receive (Lane, Koka, & Pathak, 2006). Besides the value of such internal mechanisms, the impact of external ties on ability to receive has been identified (Tiwana, 2008). Hereby concentration focuses on inter-firm co-operation and information transfer within supply chains. Then, both internal and external factors are believed to motivate innovation, and these factors are not necessarily mutually incompatible (Su, Tsang, & Peng, 2009). One of the explanations is that inter-firm relationships also affect innovation capability indirectly, through their impact on internal organizational information adapting (Daghfous, 2004). Therefore, study whether and how the efficiency of deliberate managerial attempt for the ability to receive is resolved by supply chain relations. The following questions illustrate author’s research focus. How related is customer/supplier information in a background of value innovation? Does this information, act as a replace for deliberately motivating internal learning? Or, do powerful relationships with suppliers and/or customers reinforce deliberate managerial attempt in this field? In other words, is there a symbiotic relationship between an inside-out access and an outside-in access? Then, authors, study how external (inter-firm) directions simplify the relationship between the internal learning mechanisms that an organization carefully considered and its value innovation capability. Author claims this research is related as it directly to several gaps in the literature. First, even though the relation between internal and external learning has been studied before in the management literature (Caloghirou, Kastelli, Tsalaniakas, 2004) and in the B2B marketing literature (Li, Huang, & Tsai, 2009), these studies have taken a technological R&D perspective. The same argument applies to studies on the interrelations between external linkages and absorptive capacity (Lane & Lubatkin, 1998; Tsai, 2009). Notwithstanding interesting results on the interplay of supply chain collaboration and absorptive capacity, the latter has traditionally been operationalized from an R&D perspective, despite fierce critiques on narrowing the concept down to an all-too-easy-to-measure R&D focus (Lane et al., 2006; Lichtenthaler, 2009). Organizational processes for information processing and knowledge management (Easterby-Smith and Prieto, 2007; Szulanski, 1996) have been studied in a substantial body of work, both in the dynamic (Eisenhardt and Martin, 2000) and knowledge-based view of the firm (Grant, 1996). Especially, researchers in the fields of innovation and strategic marketing have illuminated the competitive value of an organization’s outside-in information processing capabilities (Arbussa and Coenders, 2007; Baker and Sinkula, 2007; Day, 2002). Not surprisingly, absorptive capacity (Cohen and Levinthal, 1990) has grown into an intensively studied concept (Camison and Fores, 2010; Todorova and Durisin, 2007), linking internal organization processes to innovative outcomes. Notwithstanding its contributions, research on absorptive capacity has so far remained predominantly confined to the innovations of a technological kind (Lane, Koka, Pathak 2006; Rothaermel and Alexandre, 2009) and several research gaps remain (Rothaermel and Alexandre, 2009). Building on a literature review and field data, we re-interpret absorptive capacity through a cognition lens and argue that deliberate learning mechanisms can affect specific practices for recognition, assimilation and exploitation of
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