Key Elements for Promoting the Effectiveness of Cross Border Learning-A Case Study Where 'Child' Business Acquires Learning from Foreign Parent Partner

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Abstract

Many firms enter alliances as a strategic necessity for sustaining competitive advantage. This is because this hybrid, inter-organisational structure is becoming essential feature in today's intensely competitive market as a means of facilitating market entry, acquiring new technology, leveraging economies of scale, and enhancing new product development capabilities. Recently, in the strategic alliance literature, alliances have been linked to the organisational learning literature where alliances create environments for learning and knowledge transfer. This phenomenon is referred to as 'alliance-based learning', and the main purposes of this paper is to define and to discuss the key facilitating learning elements in strategic alliances. The study has used an in-depth case study method. Two respondent organisations that were considered suitable for in-depth investigation were used to gather data for the purpose of the study. One case was from the manufacturing sector and the other is from the service sector. Both entered into alliances with learning from foreign parent partner as one of the key objectives. The paper will provide the summary of the findings and finally present the suggested key elements promoting learning from foreign parent partner framework.

Keywords: Cross-Border learning, Key elements promoting learning

1. Introduction

Many firms have come to rely on alliances as a strategic necessity for sustaining competitive advantage and creating customer value. Literature argue that several strategic benefits can be achieved faster, at least at less cost, or with greater flexibility, or lesser risk through alliances rather than 'going it alone' (Dyer and Singh 1998; Senthil and White, 2005, Serrat, 2009). For instance, many organizations are entering alliances to overcome the inherent risks associated with new product development, innovation processes, or because alliances quicken the speed of innovation, overcome budgetary constraints, and gain access to resources. Aside from those motives, learning has also become one of the primary motives in the recent partnership agreement. Extant literature regarding how alliances could promote and facilitate learning stated that alliances are vehicles of opportunity for creating a laboratory for learning. However, a review of literature suggests that there is no specific framework in identifying key elements facilitating learning in an alliance context especially in the case where learning took place from foreign parent partner to the local child partner in other geographical areas except a few learning frameworks for managing collaborative ventures, and yet none appears to have been tested in a real case. In this view, the paper would discuss the findings from two case studies conducted in Malaysia, and would later suggest key success factors that would help promote the cross border learning.

2. Research Paper Objectives

1.   Describe how learning process can take place via international strategic alliance (ISA)
2.   Identification of key elements that promote learning from ISA process
3.   Suggest a modified model for promoting learning via ISA

3. Research Methodology

This study covers research on International Strategic Alliances (ISAs) and the organisational learning (OL) process, which involves strategic co-operation between a local parent partner, foreign partner and 'child' alliance company. The focus of the study identified the foreign parent partners as the sources of learning, and the child as the receiver of this foreign partner knowledge. Two case studies were from a manufacturing company (refer as

Case A) and an educational institution (refer as Case B). Data and information were gathered from semi-structured interviews, which were the main primary sources, as well as from other sources such as institutional brochures, annual reports, and web-sites. Interviews were conducted with personnel in the alliance 'child' business are referred to differently (the questions designed to each of the interviewees are all different to reflect their position and responsibilities).

4. Organisational Learning (OL) In International Strategic Alliances (ISA)

In the 1980s, recognition of the importance of learning as the basis for organisational development and competitive advantage found favour among not only strategic management thinkers, but also industrialists (Leitch et al., 1996). In this view, knowledge is considered to be an important resource, which is unique, inimitable, and valuable for firms (Grant, 1997; Day and Wensley, 1998; Gulati et al, 2000). In fact, some writers have already described the importance of OL to link with competitiveness, either directly or indirectly (Hamel et al., 1989; Doz and Prahalad, 1991). As Sharma (1998) noted that it is important for the alliance partner to accumulate knowledge, resources and capabilities, because SAs can be used as an organic device to learn about new business opportunities and issues. The importance of knowledge as a source of competitive advantage has challenged many companies to implement OL as stated by Hamel and Prahalad, 1994, in order to survive in dynamic environmental change, firms are encouraged to form new networks (e.g. ISAs) to adopt new structures, cultures and strategies that encourage learning.

5. Elements Facilitating Learning Process Within In ternational Strategic Alliance Venture

How to access the alliance knowledge? To acquire knowledge, Inkpen (1998) noted that, it must be accessible to the learning firm. According to him, three factors are important; 1. Knowledge connections 2. The relationship of alliance knowledge, and 3. Cultural alignment between the partner and its alliance. Meanwhile, Marquardt (1996) suggested that alliances should be structured and placed with the right strategy and systems in a way conducive to the sharing and institutionalisation of experience to achieve better learning results. In another view, it is strongly emphasised there is a quality leadership and management style that extends across the relationship (Inkpen, 1996; Morrison and Mezentseff, 1997; Inkpen, 1998; Tsang, 1999b; Trim, 2003). In this case, managers should act as agents of learning and should be urged to improve their organisation's learning systems. In short, almost all the suggested elements that could facilitate learning in the organisational theory can be used within the ISA context.   In summary, Table 1 lists the important key learning elements to be considered by managers in ISA organisations.

5.1 Morrison and Mezentseff (1997) Framework

As stated earlier, there were limited studies on learning within ISA with a concluding framework. It was found that, existing literature on ISAs and learning, has identified, discussed and suggested a few learning frameworks for managing collaborative ventures, but none appears to have been tested in a real case. Thus, as a basis of continuing study, this Morrison and Mezentseff (1997) learning framework is chosen to be tested in the real case. And, more importantly, the study attempts to study the learning process in different possibility from what is suggested by Morrison and Mezentseff, where in their case, they focused on the learning process of the parent partners, whereas in this present study it looks into the learning process between the child from its foreign partner. In this view, the study would suggest whether these key elements (as suggested by Morisson and Mezentseff), are applicable or not in the selected local child respondent organisations.

According to Morrison and Mezentseff (1997), this learning framework as shown in Figure 1, is suggested to help firms develop an alliance within a co-operative learning environment and to achieve long-term success. In defining the terms, Morrison and Mezentseff (1997) suggested that element 'systemic thinking' helps alliance companies form their mutual dream for the relationship. It is very important that the dreams of the partners are mutually agreed, so that there is a collective driving force to achieve this goal. Element 'share mental mode' suggested that people within these relationships need to test share their ideas and perceptions about the learning environment. This process facilitates decision-making, action, and learning. Further, the authors suggested a learning environment that builds 'learning relationship' between partners. This relationship can be achieved through a knowledge connection and a network that influences how well the firm can learn and build new core competencies. Additionally, they agreed that   'joint learning structures' can be sustained through; first, identifying and becoming aware of new knowledge, second, transferring/interpreting new knowledge, third, using knowledge by adjusting behaviour to achieve intended outcomes, and finally, incorporating such knowledge by reflecting on what is happening and adjusting learning behaviours.

6. Results and Summary of Findings

The two case studies used in this study, a manufacturing company and an educational institution were established not only for traditional ISA motives, but also in support of the Malaysian government's K-economy objectives. In this respect, alliances with international partners are designed to encourage and promote not only new technology and skill transfer, but also to increase learning and experience (or tacit knowledge). The key elements presented in the learning framework were tested through these two cases, and the findings were then used to modify and prepare the new version of the modified Morrison and Mezentseff learning framework.

Theoretically at least, the findings (data from the interviews) support the suggested elements within the Morrison and Mezentseff (1997) framework, specifically within the alliance context. It was shown that there is a positive relationship between all elements – 'shared mental models', 'systemic thinking', 'joint learning strategy/structure and process', 'knowledge connection, creation and management', 'communication and network', 'learning mechanism', and 'leadership commitment' – and overall organization learning outcomes and performance; be they at individual, team or organisational levels. Summary in term applicability of Morrison and Mezentseff elements within both tested organization are shown in Table 2 below.

Further, it can be concluded that the learning environment in Case A was judged to be more successful due to the fact that the child company had inculcated a strategy that helped promote a better learning process. This conclusion was derived based on the findings that the success in achieving learning in the Case A was due to:

1) Focused and planned learning objectives.

2) Trust built up in the relationship.

3) Managers have a previous alliance experience.

4) Alliance expatriate managers able to adapt to the local culture and share the alliance objectives.

5) There were top management commitment

6) There existed a close and frequent communication and interaction between the foreign and local partners' staff.

Meanwhile, in Case B, there was little evidence of the above, and thus the corresponding learning was limited to individual and group levels. The following reasons were highlighted for inhibiting learning, especially at organisational level:

1) The alliance and shared learning objective were not made clear to the staff in the 'child' business,

2) There was little top management commitment, especially from the 'child' local parent partner.

3) High bureaucracy involved (also at 'child' business).

4) Less face-to-face communication (communication gap).

7. Different Between Morisson and Mezentseff (1997) Category of Elements and Other Authors

It is important to note that Morrison and Mezentseff's learning framework refers mainly to manufacturing organizations (Case A), thus its applicability to service organisations (such as Case B) is of particular interest. Further, based on the information gathered from interviews and documentary sources in both cases, it was established that the variations in the case profiles gave rise to somewhat different emphasis on the key learning elements. The case showed more variability in the applicability of the key learning elements and more importantly, from the findings of both cases, it can be argued that Morrison and Mezentseff's learning framework have under-emphasised the following elements:

1. Communication and network

2. Knowledge connection

3. Knowledge management

4. Learning mechanisms such as teamwork, reward systems, and feedback

5. Leadership commitment

From another point of view, it was assumed that Morrison and Mezentseff (1997) have variously addressed these elements, but not to a great extent. For example, Morrison and Mezentseff have pointed out the element 'joint learning structure, strategy and processes' could be developed through mutual commitment by the partners, and included discussions regarding 'reward' and 'commitment' under this 'joint learning structure, strategy and processes' term. However, based on other literature arguments, it was judged that 'reward' is easily understood

as is 'learning mechanism'. Further differences can be seen in Table 3. The table lists the elements that are described differently by various researchers in summary.

Further, according to the literature, knowledge in SAs has to be handled by managers, or expatriate managers stationed in the local subsidiaries ('knowledge connection') where they hold responsibility as agents of learning. However, this element was not singled out by Morrison and Mezentseff, but it has been emphasised by other authors, that knowledge connection helps increase partners' learning effectiveness. For the purpose of references, the summary of findings (from both cases) that shows how these 5 particular elements are important is shown in Table 4.

Based on these findings, it was established that these elements are particularly important in developing a conducive organisational culture, and to influence and maximise OL. Therefore, it is considered that, in order to make the learning framework more practical and applicable, all the important elements (from Morrison and Mezentseff and from other research), should be equally emphasised, and incorporated. Thus, in the process of modification of Morrison and Mezentseff's learning framework, it is suggested that this framework should highlight elements of organisations' shared vision, organisational strategy, organisation structure and organisation culture, to the outside layer of the framework, (see Figure 2). This step is considered important based on the assumption that the 'child' learning would be easily facilitate when the staff understood and share the alliance vision, acknowledge the strategy used by the organisation, know how to commit to enhance continuous learning, know the structure to facilitate communication with the management, and being clearly defined with organisational culture in order to achieve shared learning.

The next step in modifying Morrison and Mezentseff's learning framework is to rename element 'knowledge creation, acquisition and transfer' into 'knowledge connection, creation and management', in order to stress the importance of knowledge connection and knowledge management in facilitating the learning process. Secondly, the key element 'systemic thinking', is suggested to have its own circle and considered as important as other elements within the framework. Thirdly, key element 'building learning relationship' is replaced by the term 'leadership commitment'. Although this term is referring to the same aspects, the latter term is more directly reflective of the management issue. This is because Case A has shown that 'leadership commitment' allows the staff to increase their contribution towards achieving an organisation's objectives; for example, by being co-operative in sharing ideas, and getting involved in regular and open communications and discussions, the managers in this manufacturing organisation were promoting a 'learning culture' in which each member of staff should share ideas with each other, and it also shows that the managers were more responsible for acting as agents of learning. Other than that, by emphasising the existence of the element 'leadership commitment', it shows that the management within the alliance organisation is given more authority and responsibility to help the organisation achieve its learning objectives. In supporting this issue, it was stated that in Case B (the education sector), from the interviews, it was frequently pointed out that, as a result of limited commitment from top management, there existed barriers to learning in this relationship.

Further, the new framework highlight and emphasis the key elements such as 'communication and network', and 'learning mechanism'. The element 'communication and network' is suggested because the existence of this element is important to spread learning, provide a proper channel for communication, as well as set the frequency of formal meetings between the alliance partners. 'Learning mechanism', is important for the acquisition and promotion of continuous alliance learning. For example, decisions on types of training for the staff should be planned to help learning take place in a more organised manner. The element 'learning mechanism' helps attain mutual agreement and co-ordination and allow the design of a proper learning strategy, as well as to overcome problems in the relationship. This is true because by deciding the assessment methods and feedback, the alliance organisations can evaluate learning effectiveness and take necessary actions to correct mistakes. Furthermore, by re-emphasising the importance of reward systems in the element 'learning mechanism' could motivate staff to participate in, and be committed to, promoting learning and developing new knowledge.

8. Conclusion

There are two main contributions from this study; 1) By testing the work from Morrison and Mezentseff (1997), the study has identified those key elements that are important to facilitate and promote alliance-learning between partners. The findings then have been used to modify the Morrison and Mezentseff learning framework. This framework may be applied by any type of organisation that decides to enter into alliance formation, especially with partners in different geographical locations, as a first-time experience. To suit their organisation type and uniqueness, managers in the alliance organisation will need to make strategic decisions and specify the focus and

strategies relating to its learning objectives. Such decisions should also incorporate learning capability and environments, with which to promote and enhance the learning process and achieve positive learning outcomes. 2) This study suggests that 'alliance top management involvement' can be positively related to the learning performance of the alliance business (specifically in terms of learning from parent partners to the 'child' businesses – and in this case, it is especially important where both alliance organisations were operating in developing countries, and were dependent on parent partner contribution to learning). In the researcher's opinion, the research has shown that the top management in the local business was responsible for preparing and providing a focused learning environment and strategy in order to maximise learning absorptive capacity from its parent partners. For example, in Case A, it was shown that top management commitment helped the 'child' access and share technology, skills and experience with little or no conflict with the partner. Whereas in Case B it was clearly stated that learning was inhibited due to conflict in internal management and high bureaucracy involved at the 'child' business partner institution.

In conclusion, the results showed that the application of certain key elements is more likely to lead to the achievement of learning objectives. Thus, it can be concluded that regardless of the type of organisation, in order to exploit the learning opportunities successfully, the organisation must know its strengths and weaknesses, and attach a value to alliance knowledge that it wishes to acquire. Learning must be properly planned, and therefore a successful learning environment within their structure, strategy, and culture, would help the staff as well as the organisation a whole, to access the required knowledge easily.

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Appendices

Table 1. Summary of Key Elements Facilitating Learning in ISAs

Factors or elements	Researcher (s)
Structure, strategy, and system	Osland and Yaprak (1995); Marquardt (1996); Kale et al., (2001), Parise and Handerson (2001)
Alliance mutual objectives	Inkpen (1996); Tsang (1999a: 1999b)
Leadership commitment	Nonaka and Takeuchi (1995); Morrison and Mezentseff (1997); Inkpen (1996; 1998); Tsang (1999b); Trim (2003)
Knowledge creation	Nonaka (1990), Inkpen (1998)
Knowledge connection	Hamel (1991); Lei et. al. (1997); Inkpen and Dinur (1998)
Knowledge management	Tsang (1999b), Civi (2000)
Communication, interaction and dialogue	Lei et. al. (1997); Morrison and Mezentseff, (1997); Kale et al, (2001); Parise and Handerson (2001)

Table 2. Applicability and Importance of Key Learning Elements

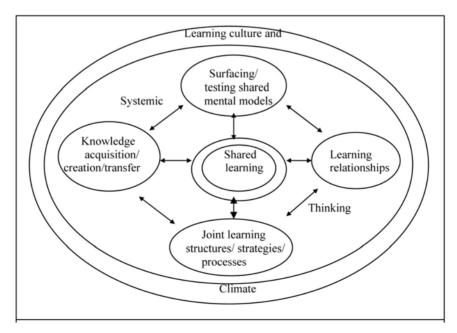| Key learning elements	Case A	Case B
Learning culture/climate	Applicable and very important	Applicable and very important
Systemic thinking	Applicable and very important	Applicable and very important
Building learning relationship	Applicable and very important	Not applicable
Shared mental models	Applicable and very important	Applicable but less important
Joint learning strategy/structure/process	Applicable and very important	Not applicable
Knowledge acquisition, creation and transfer	Applicable and very important	Applicable and very important

Note: The term 'applicable and very important' means that the organisation put a high emphasis on and was seen to apply the particular element within its alliance organisation. The term 'applicable but less important' means that the element was acknowledged, but not given much emphasis in terms of planning or structure. The term 'not applicable' means that the importance of such an element is not recognised nor given any consideration in terms of its application.

Table 3. Different Approaches in Discussing Key Learning Elements

Learning elements	Morrison & Mezentseff (1997)	Other literature
Communication and network	Discuss under key element of 'learning culture and climate'	Network (Beeby and Booth, 2000); day-to day interaction (Tsang, 1999a: 1999b; Kale et. al., 2001), openness to communication and share information (Hamel& Prahalad 1994; Inkpen, 2002)
Knowledge connection	Discuss under key element of 'learning culture and climate'	Managerial rotation/expatriate manager (Lei et al., 1997); knowledge connection (Inkpen, 1998); expatriate manager (Tsang, 1999b)
Knowledge management	State that organisations need to capitalise learning under key element of 'learning culture and climate'	Knowledge management (Beeby and Booth, 2000; Civi, 2000; Kakabadse et al., 2001)
Learning mechanism	• Reward and commitment discussed under element 'developing joint learning structure and strategy' • Feedback discussed under 'systemic thinking' • Training, teamwork and empowerment not discussed	Multiple learning channel and multiple feedback (Thompson, 1995);teamwork, empowerment, training and reward (Marquardt, 1996:Appelbaum and Gallagher, 2000)
Leadership commitment	Discussed under key element 'building learning relationship' noted as the role of leader	Senior management commitment (Inkpen, 1996: 1998); manager acts as agent of learning (Tsang, 1999b)

Table 4. Summary of Findings Showing How Those 5 Elements Were Particularly Important in Both Cases

Elements	Case A	Case B	Benefits
Communication and network	• Regular meetings • Regular communication and discussion • E-mail	• Annual meetings • Informal communication via informal meeting and e-mail	• Reduce communication and culture gaps
Knowledge connection	• Loaned managers • 'Shadow posts'	• Flying UK teachers/lecturers	• Promote learning and new experience
Knowledge management	Developed a system that can be accessed by all staff	A formal and published report not accessible to every individual via electronic device.	• Reports for future references
Learning mechanism	• Formal technical training • Regular discussions. • Gain feedback • Evaluation and assessment.	• Regular informal discussion • Feedback and annual evaluation/assessment.	With proper learning mechanisms, learning would be highly promoted
Leadership commitment	Focus learning objective Allocate budget for training and development Communication and discussion Close supervision	HOD regularly communicated and has informal discussion with subordinates HOD worked closely with staff	Top management commitment, less bureaucracy, promote learning effectiveness

Source: Morrison and Mezentseff (1997: 354)

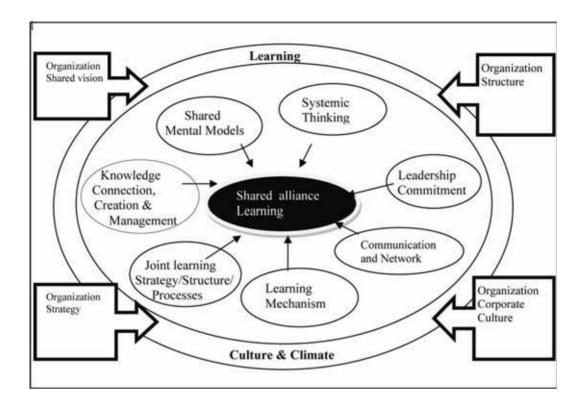Figure 1. Learning Framework for Successful Co-operative Strategic Partnerships

Figure 2. New Suggested Learning Framework (Modified Morrison and Mezentseff (1997) Learning
Framework)