

The significance of organisational learning in a global context: A stakeholder and knowledge-based approach

Abstract

Purpose – The purpose of this study is to examine organisational learning (OL) among firms involved in global trade relationships. The study adopts stakeholder theory (ST) and the knowledge-based theory (KBT) of the firm to illuminate the research and facilitate understanding of the areas under investigation. The study therefore makes contributions to the extant international business and strategy literature, both in new empirical evidence and in theoretical refinement.

Design/methodology/approach – In-depth, unstructured, face-to-face and telephone interviews were conducted with owners/co-owners of nine Western Australian firms operating internationally.

Findings – Collectively, participants perceive improvements in trade relationships through increased understanding and knowledge. Importantly, OL is significantly affected by systematic and dramatic/strategic quantum change. Alignments with ST and KBT emerged, emphasising the usefulness of these frameworks to understand owners/co-owners' best-practice stakeholder management. Furthermore, the study proposes a refinement of these frameworks to facilitate understanding of the participating firms' OL-related strategies.

Originality/value – While there is a rich body of literature on OL, various knowledge gaps have been identified in contemporary research. The study provides value by contributing to new knowledge on these areas, and by proposing a refinement of the employed theoretical frameworks in explaining OL among Western Australian global firms. In addition, despite Western Australia's geographic proximity to various overseas consumer markets, very few empirical studies have examined the above areas in the context of this state's firms. By focusing on Western Australian firms, the study also provides an element of originality.

Keywords: International trade, firm owners/co-owners, knowledge-based theory of firm, organisational change, organisational learning, stakeholder theory, Western Australia

1. Introduction

The turmoil in many business environments has given rise to a stronger focus on knowledge as a core element of competitive advantage (Jansen et al., 2005). For example, Cohen and Levinthal (1990) underline the importance for organisations to exploit external sources of knowledge and positively affect internal innovation processes. Over the decades, terms that combine the organisational environment and knowledge, particularly absorptive capacity (e.g., Lane et al., 2006) and organisational learning (OL) have drawn the attention of many scholars. Regarding absorptive capacity, Cohen and Levinthal (1990) explain that the ability of organisations to utilise and evaluate external knowledge is essentially “a function of the level of prior related knowledge” (p. 128). Basic skills or even knowledge of the latest scientific/technological developments in a particular field are part of an elementary level of prior knowledge. This form of knowledge may therefore result in the ability to identify the value, assimilate, and apply new information to business-related ends, or what Cohen and Levinthal (1990) coin as absorptive capacity.

The second term, OL, is referred to as “the process of improving actions through better knowledge and understanding” (Fiol and Lyles 1985, p. 803). Moreover, OL relates to

collective learning among members of an organisation (Yukl, 2009), and to the improvement of individuals' capability and behaviour, which then cascades down into the organisation, where management may respond to their environment more effectively (Murray and Donegan, 2003). Further, OL "is a time-honoured process" (Murray and Donegan, 2003, p. 51), involving the change of organisational and individual behaviour. OL has been characterised in terms of four attributes: breadth, elaborateness, existence, and thoroughness (Huber, 1991), and continues to be a significant issue for different types of enterprises, namely, as "an effective avenue for strategic renewal" (Lumpkin and Lichtenstein, 2005, p. 451).

Despite many academic contributions, several knowledge gaps concerning OL have been identified (e.g., Hsu and Pereira, 2008; Lichtenthaler, 2009). First, Sambrook and Roberts (2005) posit that few studies have examined the relationships between OL and corporate entrepreneurship. Second, Berson and et al. (2006) explain that little empirical work has been conducted on learning organisations, including 'systematic research' directly relating learning and leadership in organisations. Third, and similarly, there is scant research concerning the links between learning and firm performance (Pérez López et al., 2005). Fourth, little/no research regarding the potential effects of multinational enterprises' organisational learning on their performance has been conducted to date (Hsu and Pereira, 2008). Fifth, Khandekar and Sharma (2005) identify a lack of empirical work investigating organisational learning, sustainable competitive advantage, and strategic human resource management "in an Indian context" (p. 211).

In addition, to date, OL has also been researched to a very limited extent among firms operating in Western Australia, a state whose significance and economic performance for the rest of the country has been documented by different sources (e.g., Brueckner et al., 2013; Government of Western Australia, 2014; Pini et al., 2012). Some evidence of research is provided in an earlier comparative study examining OL and transformational leadership in schools in Hong Kong, Canada, Taiwan, and Western Australia (Lam, 2002). A more recent study investigated knowledge management and environmental impact assessment based on the case of the Office of the Environmental Protection Authority (Sánchez and Morrison-Saunders 2011). However, research focusing on OL in the context of Western Australian enterprises involved in international trade, or those operating in Western Australia, is practically non-existent.

In investigating OL from the perspective of owners/co-owners of nine Western Australian firms currently conducting international trade, this study addresses some of the existing knowledge gaps, particularly those identified by Berson et al. (2006), Pérez López et al. (2005), and Sambrook and Roberts (2005).

Fundamentally, the following main research question (RQ) is proposed:
What is the significance of organisational learning for Western Australian firms involved in international business?

Relating to this question, the following sub-questions (SQs) are examined:

SQ1: How do the featured firms 'learn' from their trade relationships with international stakeholders (i.e. business partners, clients)?

SQ2: How/In what specific ways do these firms' ownership learn?

SQ3: What outcomes, if any, result from such learning processes that may affect the involved stakeholders (i.e. the firm, its clients)? For example, to what extent do owners/co-owners undertake organisational change based on this cross-cultural business learning?

Given the identified knowledge gaps, addressing these questions could elicit new and valuable information concerning OL processes, and contribute to both practitioners and the academic literature. From a practical perspective, the extent and ways in which OL is generated could assist and inform current or future exporters about opportunities from communicating with and learning from overseas trading partners, as well as about the complexities of such activities. From an academic viewpoint, knowledge creation processes emerging through trade between the enterprises and their international business partners suggest the usefulness of stakeholder theory (Donaldson and Preston, 1995; Freeman, 1984). Indeed, this framework could illuminate knowledge regarding the dialogue taking place between the two stakeholder groups, and the learning outcomes from such dialogue. Thus, a further contribution of this study is the adoption of the ST framework. Finally, the emphasis on OL also justifies the consideration of the knowledge based theory (KBT) of the firm in this research.

2. Literature review

2.1 OL and knowledge creation

The work of Nonaka (1994) illuminates key aspects related to knowledge creation, a domain strongly associated to OL. In fact, Nonaka (1994) proposes a framework illustrating different modes of knowledge conversion/creation, and explains that these are related to organisational theory, organisational culture, information processing and OL. The modes include:

Socialisation, whereby knowledge conversion enables individuals to transform tacit knowledge through interactions. Tacit knowledge encompasses beliefs, perspectives, values, and intuition that individuals form through their own experience (Saint-Onge, 1996).

Combination, which involves using social processes to amalgamate various “bodies of explicit knowledge held by individuals” (Nonaka, 1994, p. 19), for instance, combining knowledge through exchange mechanisms (e.g., telephone conversations, meetings). Explicit knowledge, on the other hand, “is articulated knowledge” (Saint-Onge, 1996, p. 10), and is illustrated when people speak, read books, write reports or compile data.

Externalisation: the conversion of tacit into explicit knowledge.

Internalisation: the conversion of explicit into tacit knowledge.

Nonaka and Takeuchi (1995) describe the new focus on knowledge as a competitive advantage, whereby knowledge is conceptualised as a precursor of continuous innovation, which in turn precedes competitive advantage. These authors also use the case of ‘Honda City’ to explain core characteristics of knowledge creation. One such characteristic, *from personal to organisational knowledge*, entails the dissemination of knowledge through interactions (Nonaka and Takeuchi, 1995). While ‘organisational knowledge creation’ is a term used, in fact, organisations cannot create knowledge on their own; it takes individual initiative and interaction within groups. Such knowledge can then crystallise or become amplified at group level through discussion, dialogue, observation, or experience sharing (Nonaka and Takeuchi, 1995).

The strong links between OL, and knowledge generation underline the importance of considering the KBT of the firm as a theoretical framework in the present research. This theory is discussed in the following section.

2.2 KBT of the firm

Knowledge is personal, dynamic and differs from information and data (Sveiby, 1996). As opposed to tangible goods, which are likely to depreciate through their use, knowledge largely depreciates when it is not used, and “grows when used” (Sveiby, 1996, p. 346). Company managers’ key knowledge-based goal is to maintain above-average profits by constantly uncovering new solutions or new knowledge that develop “from unique combinations of existing knowledge” (Nickerson and Zenger, 2004, p. 618). Thus, the association between knowledge formation and problem solving is at the core of the KBT of the firm, or, as Nickerson and Zenger (2004) state, the “theory is inherently based on a probabilistic assessment of solution discovery” (p. 618). Moreover, in the KBT, firms’ management tend to shift boundaries to respond to changes in problems they need to address (Nickerson and Zenger, 2004).

Drawing upon earlier literature (e.g., Hedlund, 1994; Jensen and Meckling, 1992; Kogut and Zander, 1992; Nonaka, 1994; Quinn, 1992), Grant and Baden-Fuller (1995) conceptualise the ‘rudiments’ of the theory, which consist of assumptions related to a firm and knowledge, analyses of knowledge integration within a firm, and a rationale for the firm’s existence. Grant and Baden-Fuller (1995) further delve into several fundamental assumptions, some of which include:

- 1) Knowledge, which involves know-how, technology, skills or information, is a critical productive resource for firms, contributing to strategic importance and adding value.
- 2) A key distinction should be made between explicit knowledge (articulated, communicated), and tacit knowledge (more complex to communicate).
- 3) Production, or creating value by transforming inputs into outputs, usually demands the applications of many forms of specialised knowledge.

According to Sveiby (1996), the formulation of a knowledge-based strategy should begin “with “the primary intangible resource”, the competence of people” (p. 355). Moreover, individuals’ competence can help generate value in two ways, namely, by converting and transferring knowledge internally, or externally from the organisation (Sveiby, 1996). External knowledge transfers involve intangible relationships, for example, with suppliers or customers; these relationships help build the image or reputation of the organisation (Sveiby, 1996). While the value of these intangible resources is fundamentally shaped by the degree to which firms solve customer problems, internal knowledge transfers are related to individual competences, organisational culture, or internal networks (Sveiby, 1996).

The characteristics of knowledge proposed by Nonaka and Takeuchi (1995), namely, personal/organisational, and its dissemination, crystallisation or amplification underscore the significance of interactions with different groups of stakeholders. The associations between knowledge transfer/creation and the involvement of different internal/external stakeholders, including suppliers and customers are also emphasised by Sveiby’s (1996) research. Given the importance of such interactions and the role that different stakeholders play, stakeholder theory is adopted as a second theoretical framework. This theory is discussed in the next section.

2.3 Stakeholder Theory (ST)

In the academic and professional management literature, the notion that companies have stakeholders has become commonplace (Donaldson and Preston, 1995). While there is debate regarding how stakeholders are, or should be, defined (Kochan and Rubinstein, 2000), stakeholders have been referred to as any individual or group who is affected by or can affect the accomplishment of organisations’ purpose (Freeman, 1984).

ST starts with the notion that values are an explicit and necessary part of conducting business; the theory “asks managers to articulate the shared sense of the value they create,

and what brings its core stakeholders together” (Freeman et al., 2004 p. 364). Importantly, the theory also prompts managers to have a clear idea of how they want to conduct business, particularly concerning the types of relationships they need- and want- with their stakeholders to convey on their objectives (Freeman et al., 2004).

Jones’s (1999), and Donaldson and Preston’s (1995) coverage of ST is significant, for instance, in presenting and discussing several central theses:

Descriptive/empirical: Essentially, explaining and describing how managers or the organisation actually behave are the main formulations of this theory (Jones, 1995). Also, and as the words imply, through a model the descriptive/empirical theory describes corporations, namely, as collections of competitive as well as cooperative interests with intrinsic value (Donaldson and Preston, 1995).

Instrumental: This theory’s objective is to describe what will occur if organisations or their managers behave in specific ways (Jones, 1995). Furthermore, the theory provides a framework which allows the examination of links between the achievement of several corporate performance purposes and implementing stakeholder management (Donaldson and Preston, 1995).

Normative: The moral appropriateness of the behaviours of organisations or their managers is one of the theory’s primary concerns (Jones, 1995). Moreover, the acceptance of various ideas is at the core of the theory, namely, a) Stakeholders can be distinguished by their interest in the corporation; in essence, stakeholders are groups or individuals who have genuine interests in aspects of a substantive or procedural nature “of corporate activity” (Donaldson and Preston, 1995, p. 67); b) Intrinsic value characterises all stakeholders’ interests (Donaldson and Preston, 1995).

A fourth thesis, *managerial*, is presented by Donaldson and Preston (1995) as broad ranging, not only describing arising situations, but also recommending structures, practices, and attitudes that together represent stakeholder management. In turn, stakeholder management demands as its core attribute the “simultaneous attention to the legitimate interests of all appropriate stakeholders” (Donaldson and Preston, 1995, p. 67).

Very limited research exists adopting ST in the context of OL. In a similar vein, Roome and Wijen (2005) identify that academic research on stakeholder engagement has not sufficiently considered the influence or power of stakeholders to affect contents or processes of organisational learning. In one of the few studies to date, Roome and Wijen (2005) examined two company cases in environmental management practices. A complex relationship emerged between the ambition of management’s goals, the influence of stakeholders on outcomes and process of learning, and the structure of learning (Roome and Wijen, 2005).

In adopting ST and the KBT of the firm, this study examines OL among nine Western Australian firms currently engaged in international trade relationships through the lens of ST and the KBT of the firm.

3. Methodology

The study adopts ST, the KBT of the firm, and the literature of OL in the context of the study. Moreover, Figure 1 provides a conceptualisation, which illustrates associations between these two theories, the concept of OL, and the firms under examination. This adoption, which is based on the associations between OL and knowledge creation, the two theoretical frameworks and the firms under study, is justified by various significant factors.

At the heart of the framework are some key constructs such as socialisation and from personal to organisational knowledge (Nonaka, 1994; Nonaka and Takeuchi, 1995), as well as others from the KBT of the firm (e.g., internal versus external knowledge, solution discovery). Together, the constructs are hypothesised to influence- or be influenced by- some

of the characteristics associated with ST's theses. In fact, firm owners/co-owners' tacit knowledge (Saint-Onge, 1996), the firm's internal versus external knowledge, the responding to changes in problems to be addressed (Nickerson and Zenger, 2004), and the objective to create value (Nonaka et al., 2008) through knowledge could be instrumental in affecting firm ownership's behaviour. In turn, firm owners/co-owners' behaviour toward stakeholders could affect various levels of knowledge, and ultimately the firm's capability to create value and solve problems through knowledge.

In the case of the descriptive/empirical thesis (ST), firm owners/co-owners' actual behaviour in terms of knowledge enrichment and overall OL is hypothesised as associated with cooperative interests and stakeholders' intrinsic value. In addition, their behaviour is critically related to the level they are prepared to socialise. In this case, there are exchanges in knowledge with suppliers or clients, with implications for both groups, particularly for the owners/co-owners, in further developing or reinforcing their tacit and explicit knowledge, and the enhanced ability to discover solutions, and overall value creation. Similar arguments are made regarding the other ST-related theses, which are hypothesised as entailing reflections on actual behaviour (instrumental), evaluation of behaviour (normative), and action or more comprehensively conducting stakeholder management (managerial) after previous initial experiences (descriptive/empirical), reflections and evaluations. The hypothesised scenarios result in implications of OL for a variety of stakeholders, with one being the firm's competitive advantage (Figure 1).

Figure 1 Here

3.1 Methods

This research investigates OL from the perspective of owners/co-owners of nine Western Australian firms involved in international trade. Essentially, the study gathers firm owners/co-owners' perceptions of OL, particularly when trading with international clients/partners, perceived outcomes for the stakeholders involved (firm, clients), and ways in which firms' ownership undertake organisational change based on learning outcomes. The literature of OL, ST, knowledge creation and KBT of the firm was consulted in the development of the research questions.

The study focuses on interviews conducted by the authors with selected enterprises operating in Western Australia who have an explicit focus on the international markets. The identification of these firms was facilitated by an initial round of interviews conducted in mid-2015 among managers and directors of government and industry institutions. This preliminary round of interviews with these experts allowed for the recommendation of the names of nine model Western Australian firms. Subsequently, these businesses were approached by email communication, which summarised the purpose and end objectives of the project, and formally invited managers/owners of these firms to participate in the research.

The characteristics of the research, studying selected firms, justified using a case study (e.g., Eisenhardt, 1989; Hays, 2004; Yin, 1981) and a qualitative methodology (Baxter and Jack, 2008). Case study is a research strategy, which seeks to illuminate existing dynamics in single settings (Eisenhardt, 1989), and "attempts to examine: a) a contemporary phenomenon in its real-life context, especially when b) the boundaries between phenomenon and context are not clearly evident" (Yin, 1981, p. 59). These characteristics apply in the case of the surveyed firms; for example, the boundaries between knowledge, OL, the firms' management/ownership, and impacts on stakeholders were not evident.

Qualitative case study methodology allows "researchers to study complex phenomena within their contexts" (Baxter and Jack, 2008 p. 544). In turn, qualitative research refers to

analysing data from open-ended, in-depth interviews, field work observations, or from written documents (Patton, 2002). Choosing qualitative over quantitative methods is warranted for a variety of reasons, including exploring areas not exhaustively researched, taking a comprehensive and holistic approach to study phenomena, and “inner experiences of participants” (Corbin and Strauss, 2015 p. 5).

Participants’ multiple work commitments required flexibility and adjustment to their schedule; therefore, meetings and telephone interviews took place from the second half of 2015 through mid-February of 2016. In eight cases, in-depth, face-to-face interviews were conducted on participants’ firm premises, which allowed on-site observations, while in one case, the considerable geographic distance required a telephone interview. All interviews were unstructured, allowing for participants’ comments and reflections, and lasted on average 60 minutes, apart from one case, where the owner was interviewed twice, and her company was visited over a three-hour period. The interviews were digitally recorded with participants’ consent, transcribed, and cross-checked by the authors. Qualitative content analysis, a method to interpret text data by way of identifying patterns and themes “through the systematic classification process of coding” (Hsieh and Shannon, 2005 p. 1278) was used to group different comments into categories. To aid manage this process, the data management software NVivo, version 9.0 was used.

Choosing only nine firms is a recognised limitation of the study; hence, despite the value illustrated through participants’ insightful perceptions and comments in the next sections, the overall findings should be treated with caution regarding their generalizability potential.

3.2 Demographic characteristics of participants

Collectively, decades of diverse experience and firm full/co-ownership were salient features of the participants’ profile (Table 1). For example, a long family tradition of at least two generations was identified in four cases, while in in four others, participants had worked for at least 20 years in various other enterprises, including experience in the supply chain networks crucial to Western Australia’s export capabilities. Finally, one participant had been trading goods from Vietnam since 2009. A balance is noticed regarding the size of the businesses, with the main group representing large enterprises. According to the Australian Bureau of Statistics (ABS, 2001), micro businesses are those employing less than five people, small between five and 20, medium between 20 and 199, and large 200 or more.

Participants’ positions as owners/co-owners and experience suggest various associations between their positions and the theoretical frameworks (ST, KBT of the firm). Regarding ST, and based on the managerial thesis, participants’ accumulated knowledge, insights, and experience assist them to identify stakeholders’ current and future requirements for long-term sustainable enterprise success. Concerning the KBT of the firm, and aligning with the above analysis, participants’ knowledge-based insights enable them to formulate practical and applicable knowledge that delivers solutions to their clients’ (stakeholders) operational needs.

Table 1 Here

4. Findings

4.1 – SQ1 and SQ2: Extent of and ways of OL

Fundamentally, a combination of individual learning processes took place among participants. However, given participants’ leadership positions as firm owners/co-owners, their individual learning clearly permeated into the entire organisation, translating individual learning into a more holistic process, with implications for firms’ OL and resources. The processes were based on long years of experience, trial and error, innovative practices,

exposure to outside learning influences, and internationalisation, and included the development of tacit knowledge, as well as systematic changes, and dramatic/*strategic quantum change*.

Systematic change is identified as more focused, and as a trigger of reform, helping instil order, or developing more orderly (Huy and Mintzberg, 2003). Dramatic change, on the other hand, often originates during crises, and “incites revolution, which provides impetus” (Huy and Mintzberg, 2003, p. 80), including in terms of restructuring organisations or rationalising costs. Quantum change has been conceptualised as enduring, dramatic, and sudden transformations affecting behaviour, cognition or emotion (Miller, 2004). Moreover, the learning process took most participants out of their comfort zone, challenging their preconceived personal and business assumptions. These challenges, which affected six of the nine participants, resulted in redefining their existing behaviour and expectations, with clear implications for their firms and the overall learning process of the organisation.

P1, for example, reflected on numerous experiences in which his assumptions proved misplaced, resulting in enduring and dramatic adjustments to personal and business practices to ensure future improvements. The participant struggled to understand the meaning of ‘yes’ in other Asia-Pacific cultures, more often than not means ‘no’ due to power distance. Specifically, in importing products from Vietnam, P1 noticed the contradictions in interpretations: “...*although they [business partners] say: “yes, yes, yes” they either do it completely wrong or [do] nothing, but they will not say that they do not understand because that is sort of ‘losing face’ and ‘I cannot say that, that I cannot do it’ ... I would much rather somebody said ‘I do not know, cannot do it’ than say ‘yes, yes, yes’ ...*”

Being a micro-firm with limited financial and human resources, the participant sought the assistance of his wife, a Vietnamese national, as well as her family relatives in Vietnam to support the firm’s trade activities. The learning process in this case entailed three modes described by Nonaka and Takeuchi (1995). Two of them, socialisation and combination, helped developed tacit knowledge, especially that knowledge associated with the complexities of cross-border trade relationships. The third mode, internalisation was also a trigger of tacit knowledge development. Indeed, previous disappointments were part of a learning curve, whereby explicit knowledge concerning those complexities was converted into tacit knowledge (Nonaka and Takeuchi, 1995).

Another instance of strategic quantum change was identified by P2, who foresaw significant changes to his industry occurring over the coming decades: “... *basically, it [a committee report] ... written in the late eighties... said [sic] within twenty years all construction will be done on a global basis and the consultants that work on those projects will need to operate a similar scheme... I could see the writing on the wall. So I started to look around and had a discussion with a number of people about perhaps joining them to create a larger national practice and sort of spent a few years doing that.*” P2’s capabilities and behaviour and their transferral to the organisational level, highly reflect the definitions of OL (Fiol and Lyles, 1985; Murray and Donegan, 2003; Yukl, 2009). Moreover, the individual’s initiative, tacit knowledge, and his interactions with key stakeholders align with various modes prescribed by Nonaka and Takeuchi (1995). Indeed, socialisation, combination, and externalisation modes fit within the context of this firm. Pioneered by P2’s leadership, the firm undertook a radical change of its business philosophy, one that required all staff to make a strategic decision: undertake a learning process that reorientated their professional perspective from a domestic cultural paradigm to an international one, or leave the firm. This change in philosophy resulting in a dramatic alteration in organisational learning focus contributed to the firm projecting itself globally, and enhance its competitiveness. This case also illustrates that an initial individual learning process became embedded in the organisation’s learning.

All other participants' experiences related to systematic changes in their learning processes. P3's change occurred upon taking over the reins of the business in 2006, less than a year before the global financial crisis unleashed uncertainty across his and other industries. Rather than taking a conservative position, P3 made the conscious pioneering decision to become the first truly global Australian firm in their industry by consolidating key entrepreneurial strengths within the firm towards seeking new international opportunities: *"Architectural practices typically do whatever they can get. We decided to just zero in on the three or four things we could claim to be very good at, capture the knowledge and specialisation around that, package it and basically sell it. Simple notion of just selling something you believe you had a point of difference in the market. That was, in really simple terms, the core of it."* This consolidating process exemplifies the awareness of key capabilities the firm possessed, and underlines both the externalisation and internalisation modes of knowledge creation and conversion (Nonaka and Takeuchi, 1995). As with most participants, initially P3 proceeded individually; however, his actions had clear direct ramifications for the entire firm's OL, particularly in future demands in terms of the firm's capabilities and resources to maintain or improve existing internal strengths.

While conducting international operations, P4 initiated a systematic change in his learning after several trips abroad. The participant came to a personal conclusion that the external advice he had been offered, including advice from government sources regarding business etiquette, and followed during the preceding trips, was failing to deliver sustainable outcomes for his enterprise. P4 made it clear that the external advice provided may be appropriate in another context; however, a one-size-fits-all approach simply would not work for his firm's specific context: *"... I was listening to the etiquette... I was listening to the people representing the state overseas... and I realised they [foreign buyers] are not interested in that at all... the buyer is actually interested in me, and I am a serious businessman. I just decided... I am not going to necessarily demonstrate the etiquette that is required... I am just going to be myself, and as soon as I became myself, everything changed... respect and good manners is [sic] universal; respect, good manners and humour is [sic] a wonderful thing."* Thus, the participant developed his own tacit knowledge, whereby his individual experiences influenced both his, and in turn the firm's way of conducting business. Moreover, as a family firm of several generations, P4's individual learning process had clear implications for the firm's image and its relationships with international business partners.

4.2 – SQ3: Perceived outcomes from OL

Based on the changes participants undertook in response to the different external forces affecting themselves as individuals, owners/co-owners, and their firms, a number of profound learning outcomes transpired, again, not only at an individual level, but also for the entire organisation. For example, P5 firm's OL experience centred on multiple and sustainable engagements with key clients, including acting as external broker for different stakeholders (government, large companies): *"I invested a lot of time to get [Western-trained Chinese people] ... to understand the Western side as well as the Chinese side of doing business. From that, we are called upon by large companies to help them with a various number of things based on the experience, including cross-cultural training... I have trained some of the wealthiest and notable people in Western Australia on specific things we had to do in China. For example, a company chairman who needed to meet a group in China; he tried to do it himself and hit a stone wall, so we used our contacts in China to get around that and get to the chairman of that group, and take them there."* P5's comments illustrate how his accumulated knowledge, including tacit knowledge, further reflected and had an impact on the entire firm. Moreover, his knowledge generated through his individual initiative,

significant working experience, and interactions with different groups, was communicated to his employees in Australia and overseas, thus, affecting his firm's OL.

Having revived a bankrupt enterprise through systematic changes, P6 has developed exacting processes and methodologies for identifying and executing market positioning. One of the key findings of P6's internal processes has been the identification of China, generally perceived as one of Australia's key export markets, as a highly selective market place: *"Asia has become harder; everyone talks about China, but it is going to have to happen in niches.... China is making it harder for everyone.... They can do it so much cheaper than everyone...."* The systematic changes undertaken by P6 led to the recognition or identification of other emerging markets beyond the Asia-Pacific region: *"Mexico and the US can do it much cheaper than us... Middle East is becoming more affluent.... More demanding on quality... a question of what happens in Europe... they are no longer ignoring the Middle East... used to be focused on Russia.... Now focusing on Middle East...."* As the member of a family business, tacit knowledge developed through generations, and the traumatic experience of business failure had made P6 very aware about the complexities of his industry. This awareness was not merely an individual perception, but instead formed part of the firm's business philosophy, and was demonstrated by the continuous scanning of the business environment to identify opportunities in various markets.

A similar learning outcome emerged from P7's experience. Having evolved from a small regional fruit producer to a sophisticated packer and exporter, OL had had significant impacts on the participant's strategic positioning: *"...I was going to Singapore and... South Africa or Kenya came in with some really cheap fruit that was a third of my price. I didn't lose a sale, not one, didn't even have to cut back on price. That's because I'm there week in and week out. If they have a problem I sort it out..."* P7's comment underlines a gradual and consistent development of individual and organisational behaviour and capabilities as a product of OL. Correspondingly, the quality improvements delivered through OL had enabled the firm to react to its competitive environment. Overall, in line with earlier research (Pérez López et al. 2005), this finding links the positive impacts of OL and firms' competitiveness.

P8's industry relies exclusively on the effective execution of multiple trades centred on low margins to deliver sustainable profitability. As a result, the firm's current and future position is entirely dependent on P8's ability to identify marginal changes in the marketplace. This finding again illustrates systematic change through learning. Moreover, P8's skills require a high level of cultural intelligence and adjustment as a result of decades of observational learning: *"...on Friday we made an offer to a customer in the Philippines for about 35 containers of [product]. On Friday the rate was about .72; this morning it is getting about .735, which means we will lose about 2% if we actually took that order today compared to when we offered that on Friday. So we spend quite a bit of time, and I have a good system for covering our foreign exchange exposure."* Clearly, the very dynamic nature of the business environment demands from P8 to communicate his tacit knowledge and experiential learning further to other members of his staff. OL therefore takes place through the staff's active observation and participation in the continuous trading operations of the firm as carried out by, or under the direction of, P8.

Finally, P9 heavily relied on the knowledge accumulated through the family's long tradition of four generations in the cattle business, over time developing into a fully organic farm, thereby developing and exploiting a niche, marketing to Southeast Asian affluent consumer markets, including Singapore. P9's following statement underlines the process through which his family enterprise learned the importance of linking their history to contemporary consumer needs through effective and explicit knowledge-based branding: *"the guys we are working with up there... they were attracted to us because we were organic,*

but... more so because of our brand and our story and what that represents... and how they can market that to their customers, and almost getting the customers buy into our story.”

Despite the apparent significance and magnitude of P9's business, the respondent indicated that his firm is composed of only a handful of people. The micro-size of the business, the fact that one of the business partners is a family member, and the overall common interests of the firm in developing a niche suggest that OL is a natural extension of P9's tacit knowledge and expertise. In addition, this case clearly reveals the significance of linking both the knowledge-based producer and the knowledge-based consumer. In fact, this case (P9) highlights the need for organisations at the forefront of contemporary consumer behaviour to externalise their organisational learning beyond internal members, and to incorporate the client/customer into the OL process.

5. Discussion

The different learning processes participants experienced related to various conceptual frameworks presented in the literature, including strategic quantum change (Miller, 2004), dramatic and systematic change (Huy and Mintzberg, 2003), are also aligned with the various definitions of OL (e.g., Murray and Donegan, 2003; Yukl, 2009), and with the modes proposed by Nonaka and Takeuchi (1995). In addition, the adoption of ST and the KBT of the firm, together with the literature on OL and knowledge creation help guide the understanding of participants' learning processes, their impacts and outcomes on various stakeholders, including the firm, participants' themselves, and their business partners.

In this study, ST is a medium illuminating the various associations of OL with participants' perceptions. Based on the findings, the descriptive/empirical thesis highlights owners/co-owners' behaviour (Jones, 1995), in creating intrinsic value (Donaldson and Preston, 1995). In particular, gaining insights into the mechanics of international trade with overseas and/or potential partners is perceived as a means to future sustainability. The thesis also informs how participants' behaviour may lead to cooperative or competitive interests. P2's illustration of 'seeing the writing on the wall' concerning the future of his industry, with implications for his firm's stakeholders, is particularly symptomatic. As a result of these initial learning insights, the participant consciously moved the organisation to a new strategic paradigm.

Second, the instrumental thesis identifies participants' reflections on behavioural aspects concerning OL and trading, particularly the firm's achievements through OL, and how such learning cascades down into the organisation, and also spills over into their relationships with other stakeholders (clients). For example, decades of accumulated learning and experiences enriched the knowledge base of various participants (e.g., P5, P9), and represented a launching pad to subsequent overseas markets achievements, with benefits for the involved stakeholders.

Third, the normative behaviour is significant as it defines the 'aftermath' of cumulative learning, the moral or ethical underpinnings of owners' evaluations, and the notion of owners' behaviour contributing to stakeholders' intrinsic value. P1's learning curve and disappointments with the different cultural values and ways of conducting business, and P4's decision to subscribe to genuine, personalised behavioural ways seem to fit in the context of this thesis.

Fourth, the three theses eventuate in the participants' emerging with a much higher understanding of balancing cross-stakeholders' perspectives and interests. Hence, stakeholder management (Donaldson and Preston, 1995) is refined in the context of this study to specifically evaluate the ever-changing interests and values of the stakeholders. P6's comment regarding the changing nature of his clients demonstrates the constant learning

process required to adapt to changes in stakeholder management (human resources domestic/international), often as a direct result of altering market conditions.

Importantly, the KBT of the firm (e.g., Nickerson and Zenger, 2004), as well as the broader OL literature (Nonaka, 1994; Nonaka et al., 2008) reinforce ST's theses through interconnectivity. Essentially, all the elements illustrated in Figure 1 (socialisation, tacit versus explicit, internal versus external knowledge, solution discovery, value creation) are crucial to participants' long-term learning and understanding processes. For example, operating in a highly complex and sensitive environment, and dealing simultaneously with two opposing cultural worlds, P5 was required to find decisive solutions to challenging problems. After 20 years of operating in a major multinational organisation (mining industry) he came to the realisation that the extensive learning opportunities he had seized during this time made him a unique professional possessing rare yet crucial capabilities. However, P5's case is not an isolated one; the findings reveal that the participants' key characteristic was their willingness and ability to translate their learning outcomes into practical application, resulting directly in value creation for themselves and their stakeholders.

6. Conclusions

While there is an exponential growth in the OL literature (Bapuji and Crossan, 2004), various authors (e.g., Berson et al., 2006; Pérez López et al., 2005; Sambrook and Roberts, 2005) identify several knowledge gaps. This study contributes to addressing some of these gaps, examining the case of nine firms based in Western Australia from the perspective of their owners/co-owners' capability and ability to identify and execute various forms of OL, and have these cascade down through the organisation.

The findings clearly illustrate that the interaction between Western Australian-based enterprises engaging with other markets does lead to their leadership conducting significant organisation reviews and adaptation based on new learning insights and understandings. Participants' comments also identify the emergence of systematic and dramatic/strategic quantum change. The organisational learnings and adaptations to stakeholders' external context takes place irrespective of the functionality of the organisation as well as of their size, in efforts to achieve stakeholder objectives. However, the significance of genuine, less formal learning approaches, in one case even determining that formal business etiquette was detrimental to establishing sustainable business relations, are identified as the basis for successfully building long-term successful business transactions.

The findings also demonstrate that adaptability to the new environment of operating in partnership with international enterprises serving clients' needs from Western Australia- or vice versa- requires a keen understanding of firm leadership's cultural positioning, both of themselves (owner/co-owner) and their organisation.

Associations between the findings, the OL literature, and the two theoretical frameworks, namely, ST and KBT, were identified. The KBT of the firm's pillars (e.g., tacit versus explicit knowledge) and ST's theses guided the research in understanding participants' learning and knowledge-creation journey. For example, conceptualising through the different theses enables understanding of the different stages of OL through the participants' incremental and developmental understanding of the intricacies, and the moral and ethical positions, of values and stakeholder management.

6.1 Implications

One of the most obvious practical implications is the absence of a specific descriptive methodology for organisations' learning paths, in particular, as the majority are involved in different industries. In the absence of a useful broad learning methodology, with experiential learning at the core of their sustainability (e.g., P4, P7, P8), what makes these firms unique is

the owners/co-owners' self-realisation that their own incremental experiences have at the same time driven specific individual interpretations of the value of constant learning. The interviewees universally expressed the view that constant learning lies, not at the peripheral, but in fact at the very centre of sustained operational success, and the delivery of stakeholder value. In each case, the reasoning for coming to this conclusion varied; for some, it was emerging opportunities in external markets (P6, P9), while for others it was a survival situation (P2, P3). Collectively, participants came to a self-understanding that, framing their learning within a context specific to the challenges of their firm enables them to future plan more effectively.

The adopted theoretical frameworks provide a range of useful interpretations. For example, the various theses (ST) provide guidance of the different learning stages participants transition through. The genesis, arguably represented by the descriptive/empirical thesis, highlights the persistent building of knowledge skills, which subsequently provide direction to owners/co-owners for subsequent stages. One of these, the instrumental thesis, underlines the evolving behaviour of participants, and it is illustrated through the accumulation of those knowledge building processes, which in turn identify potential strategic avenues and options for the firm and its stakeholders.

Furthermore, the normative thesis invites reflection upon the collective knowledge ensuing from prior organisational learning, and identifies tangible outcomes. Finally, the managerial thesis comprehensively encapsulates prior and current knowledge processes, which will enable firms to make informed decisions about future stakeholder interests. This notion is the theoretical heart of the study of stakeholder management. Key elements of the KBT of the firm, such as socialisation processes, tacit knowledge accumulated over extensive experiential learning, with direct implications for solution discovery and value creation are clearly associated and in unison with ST. The validated applicability of this second theoretical framework confirms its usefulness to examine OL-orientated enterprises.

6.2 Limitations and Future Research

As previously suggested, choosing nine model Western Australian firms represents a limitation. This weakness is compounded by the lack of a longitudinal method, investigating firms on various occasions, and also the absence of other regions/countries for comparative analyses. Clearly, these limitations prevent sweeping evaluations of all Western Australian firms. However, this investigation constitutes breaking ground, as it addresses a variety of research gaps, in particular, the absence of studies of this kind in Western Australia, a state of importance for domestic and international trade.

Several avenues of future exploration are also identified; hence, with greater time and resources, some of the limitations of this research could be negated. For instance, future research could be conducted over a number of years, and in various regional geographies, both in Western Australia, and in other Australian regions/states. Similarly, future studies could be conducted encompassing a larger variety of firms across industries or regional-based firms in other nations. Together, these efforts could enhance international comparative research of regional enterprises. Finally, consideration of both ST and the KBT of the firm could be useful in illuminating future research efforts, which could provide opportunities to refine and further develop these theoretical frameworks.

References

- ABS (2001), "Small business in Australia, 2001", available at:
<http://www.abs.gov.au/ausstats/abs@.nsf/mf/1321.0> (accessed April 2016).
 Bapuji, H. and Crossan, M. (2004), "From questions to answers: Reviewing organizational

- learning research”, *Management Learning*, Vol. 35 No. 4, pp. 397-417.
- Baxter, P. and Jack, S. (2008), “Qualitative case study methodology: Study design and implementation for novice researchers”, *The Qualitative Report*, Vol. 13 No. 4, pp. 544-559.
- Berson, Y., Nemanich, L.A., Waldman, D.A., Galvin, B.M. and Keller, R.T. (2006), “Leadership and organizational learning: A multiple levels perspective”, *The Leadership Quarterly*, Vol. 17 No. 6, pp. 577-594.
- Brueckner, M., Durey, A., Mayes, R. and Pforr, C. (2013), “The mining boom and Western Australia’s changing landscape: Towards sustainability or business as usual?” *Rural Society*, Vol. 22 No. 2, pp. 111-124.
- Cohen, W.M. and Levinthal, D. A. (1990), “Absorptive capacity: A new perspective on learning and innovation”, *Administrative Science Quarterly*, Vol. 35 No. 1, pp. 128-152.
- Corbin, J. and Strauss, A. (2015), *Basics of qualitative research (4th ed.)*, Sage Publications Inc., Thousand Oaks, CA.
- Donaldson, T. and Preston, L.E. (1995), “The stakeholder of the corporation: Concepts, evidence, and implications”, *The Academy of Management Review*, Vol. 20 No. 1, pp. 65-91.
- Eisenhardt, K.M. (1989), “Building theories from case study research – Techniques and procedures for developing grounded theory”, *Academy of Management Review*, Vol. 14 No. 4, pp. 532-550.
- Fiol, C.M. and Lyles, M.A. (1985), “Organizational learning”, *The Academy of Management Review*, Vol. 10 No. 4, pp. 803-813.
- Freeman, R. E. (1984), *Strategic Management: A stakeholder approach*, Pitman, Boston, MA.
- Freeman, R.E., Wicks, A.C. and Parmar, B. (2004), “Stakeholder theory and “The corporate objective revisited”, *Organization Science*, Vol. 15 No. 3, pp. 364-369.
- Government of Western Australia (2014), “The structure of the Western Australian economy”, available at: http://www.treasury.wa.gov.au/uploadedFiles/Treasury/Publications/2014_Structure_of_the_Economy.pdf (accessed March 2016).
- Grant, R.M. and Baden-Fuller, C. (1995), “A knowledge-based theory of inter-firm collaboration”, *Academy of Management Journal, Best Paper Proceedings*, 17-21.
- Hays, P.A. (2004), Case study research, In K. deMarrais and S.D. Lapan (Eds.), *Foundations for research: Methods of inquiry in education and the social sciences* (pp. 217–234), Lawrence Erlbaum Associates, Mahwah, New Jersey.
- Hedlund, G. (1994), “A model of knowledge management and the N-form corporation”, *Strategic Management Journal*, Vol. 15 No. S2, pp. 73-90.
- Hsu, C-C. and Pereira, A. (2008). Internationalization and performance: The moderating effects of organizational learning. *Omega*, 36(2), 188-205.
- Hsieh, H-F. and Shannon, S.E. (2005), Three approaches to qualitative content analysis, *Qualitative Health Research*, Vol. 15 No. 9, pp. 1277-1288.
- Huber, G.P. (1991), Organizational learning: The contributing processes and the literatures, *Organization Science*, Vol. 2 No. 1, pp. 88-115.
- Huy, Q. and Mintzberg, H. (2003), “The rhythm of change”, *MIT Sloan Management Review*, Vol. 44 No. 4, pp. 79-84.
- Jansen, J.J.P., Van den Bosch, F.A.J. and Volberda, H.W. (2005), “Managing potential and realized absorptive capacity: How do organizational antecedents matter”, *Academy of Management*, Vol. 48 No. 6, pp. 999-1015.
- Jensen, M.C. and Meckling, W.H. (1992), Specific and general knowledge and

- organizational structure, In L. Werin and H. Wijkander (eds.), *Contract economics* (pp. 251-274), Basil Blackwell, Oxford, UK.
- Jones, T.M. (1995), "Instrumental stakeholder theory: A synthesis of ethics and economics", *The Academy of Management Review*, Vol. 20 No. 2, pp. 404-437.
- Khandekar, A. and Sharma, A. (2005), "Organizational learning in Indian organizations: a strategic HRM perspective", *Journal of Small Business and Enterprise Development*, Vol. 12 No. 2, pp. 211-226.
- Kogut, B. and Zander, U. (1992). Knowledge of the firm, combinative capabilities, and the replication of technology. *Organizational Science*, 3(3), 383-397.
- Kochan, T.A. and Rubinstein, S.A. (2000), "Toward a stakeholder theory of the firm: The Saturn Partnership", *Organization Science*, Vol. 14 No. 4, pp. 367-386.
- Lam, Y.L.J. (2002), "Defining the effects of transformational leadership on organisational learning: A cross-cultural comparison", *School Leadership and Management*, Vol. 22 No. 4, pp. 439-452.
- Lane, P.J., Koka, B., and Pathak, S. (2006), "The reification of absorptive capacity: A critical review and rejuvenation of the construct", *Academy of Management Review*, Vol. 31 No. 4, pp. 833-863.
- Lichtenthaler, U. (2009), "Absorptive capacity, environmental turbulence, and the complementarity of organizational learning processes", *Academy of Management Journal*, Vol. 52 No. 4, pp. 822-846.
- Lumpkin, G.T. and Lichtenstein, B.B. (2005), "The role of organizational learning in the opportunity-recognition process", *Entrepreneurship Theory and Practice*, Vol. 29 No. 4, pp. 451-472.
- Miller, W.R. (2004), "The phenomenon of quantum change", *Journal of Clinical Psychology*, Vol. 60 No. 5, pp. 453-460.
- Murray, P. and Donegan, K. (2003), "Empirical linkages between firm competencies and organisational learning", *The Learning Organization*, Vol. 10 No. 1, pp. 51-62.
- Nickerson, J.A. and Zenger, T.R. (2004), "A knowledge-based theory of the firm: The problem-solving perspective", *Organization Science*, Vol. 15 No. 6, pp. 617-632.
- Nonaka, I. (1994), "A dynamic theory of organizational knowledge creation", *Organization Science*, Vol. 5 No. 1, pp. 14-37.
- Nonaka, I. and Takeuchi, H. (1995), *The knowledge-creating company – How Japanese companies create the dynamics of innovation*, Oxford University Press, New York.
- Nonaka, I., Toyama, R. and Hirata, T. (2008), *Managing flow: A process theory of the knowledge based firm*, Palgrave MacMillan, London, UK.
- Patton, M.Q. (2002), *Qualitative research and evaluation methods*, Sage, Thousand Oaks, CA.
- Pérez López, S., Montes Peón, J.M. and Vazquez Ordás, C.J. (2005), Organizational learning as a determining factor in business performance, *The Learning Organization*, Vol. 12 No. 3, pp. 227-245.
- Pini, B., McDonald, P. and Mayes, R. (2012), "Class contestations and Australia's resource boom: The emergence of the cashed-up bogan", *Sociology*, Vol. 46 No. 1, pp. 142-158.
- Quinn, J.B. (1992), *Intelligent enterprise*, Free Press, New York.
- Roome, N. and Wijen, F. (2006), "Stakeholder power and organizational learning in corporate environmental management", *Organization Studies*, Vol. 27 No. 2, pp. 235-263.
- Saint-Onge, H. (1996), "Tacit knowledge – The key to the strategic alignment of intellectual capital", *Planning Review*, Vol. 24 No. 2, pp. 10-16.
- Sambrook, S., and Roberts, C. (2005), "Corporate entrepreneurship and organizational

- learning: a review of the literature and the development of a conceptual framework”, *Strategic Change*, Vol. 14 No. 3, pp. 141-155.
- Sánchez, L.E., and Morrison-Saunders, A. (2011), “Learning about knowledge management for improving environmental impact assessment in a government agency: The Western Australian experience”, *Journal of Environmental Management*, Vol. 92 No. 9, pp. 2260-2271.
- Sveiby, K-E. (2001), “A knowledge-based theory of the firm to guide in strategy formulation”, *Journal of Intellectual Capital*, Vol. 2 No. 4, pp. 344-358.
- Yin, R.K. (1981), “The case study crisis: Some answers”, *Administrative Science Quarterly*, Vol. 26 No. 1, pp. 58-65.
- Yukl, G. (2009), “Leading organizational learning: Reflections on theory and research”, *The Leadership Quarterly*, Vol. 20 No. 1, pp. 49-53.