

# Learning Networks

**Albert A. Angehrn**

*Center for Advanced Learning Technologies, INSEAD, France*

**Michael Gibbert**

*Bocconi University, Italy*

## INTRODUCTION

Herb Simon once said that “all learning takes place inside individual human heads[;] an organization learns in only two ways: (a) by the learning of its members, or (b) by ingesting new members who have knowledge the organization didn’t previously have” (as cited in Grant, 1996, p. 111). What Simon seems to be implying is that while organizational learning can be seen as linked to the learning of individuals, these individuals need to be employed by the organization intending to appropriate the value of learning.

We partially agree. Take one of the most fundamental processes—learning—and combine it with one of the most powerful processes to create and distribute value—networks. What emerges is the concept of learning networks (LNs). LNs come in many forms. Two generic forms of LNs stand out. First, LNs that focus on learning and knowledge-sharing processes *within* one organization. This perspective is endorsed by Herb Simon and is also at the heart of knowledge management in that it understands learning as the sharing of knowledge among employees of the same company (e.g., Davenport & Prusak, 1998; von Krogh & Roos, 1995). The internal perspective on learning has its roots in theories of organizational learning in that it sees learning as a process that helps the organization maintain a competitive advantage by careful management of employee’s knowledge (Senge, 1990).

But a second form of LNs, which focuses on knowledge sharing *between* organizations, comes to mind. This perspective has its roots in the area of interorganizational collaboration. Interfirm collaborations broadly refer to a variety of interorganizational relationships such as joint development agreements, equity joint ventures, licensing agreements, cross-licensing and technology sharing, customer-supplier partnerships, and R&D (research and development)

contracts (e.g., Dyer & Singh, 1998). Researchers have two streams of thought. One focuses on vertical collaboration, that is, customer-supplier relationships that are characterized by legally binding contracts (e.g., Dyer & Nobeoka, 2000). While most literature focuses on those interorganizational relationships that are specified in formal agreements, the knowledge exchange may take place in social networks that are governed by shared norms of the exchange instead of legally binding contracts (Liebeskind, Oliver, Zucker, & Brewer, 1996; Powell, 1998; Powell, Koput, & Smith-Doerr, 1996).

It is on this second stream of thought where we put the emphasis in this article. Four objectives are pursued. First, we intend to define the concept of LNs by way of comparing it with related constructs on both the intra-organizational and interorganizational levels. Second, we trace important developments in the competitive environment that seem to lead to an increasing importance of LNs as we interpret them. Third, and most importantly, we outline what we call the three key challenges (cf. Gibbert, Angehrn, & Durand, in press) that seem to characterize LNs. Finally, we outline important future trends that seem to shift the emphasis among the three key challenges. Here, we briefly preview these three key challenges:

- **“Real” vs. virtual forms of interaction:** Individual members of LNs may interact directly (i.e., person to person) and virtually (i.e., through technology-mediated channels). It is unclear, however, which form of collaboration is most efficient in the learning process.
- **Collaboration vs. competition for learning outcomes:** This arises since LNs involve horizontal collaboration, that is, collaboration among competitors, and because there are typically no formal, legally binding contracts to govern the collaboration.

- **Value creation vs. value appropriation:** A related issue is the extent to which organizations in an LN may be subject to free-riding behavior.

## **BACKGROUND**

The emergence of LNs should be seen against the background of a number of shifts in the institutional, business, and broader societal environments (e.g., Grant, 1996; Spender, 1996a, 1996b; Stewart, 1998). Leibold, Probst, and Gibbert (2002) list a number of major forces causing significant shifts in strategic management thinking and implementation. The main shifts involved in the emergence of LNs are from

- bureaucracies to networks,
- training and development to learning, and
- competitive to collaborative thinking.

### **Shift from Bureaucracies to Networks**

The traditional hierarchical designs that served the industrial era are not flexible enough to harness the full intellectual capability of an organization. Much more unconstrained, fluid, networked organizational forms are needed for effective, modern decision making. The strategic business units (SBUs) of the Alfred P. Sloan era have given way to the creation and effective utilization of strategic business networks (SBNs) by a given enterprise. Progressive organizations establish strategic business systems (SBSs) with multiple networks, interdependent units, and dual communications. The reality is that effective organizations are neither hierarchical nor networked, but a blend of both. Based on a company's traditions and values, different priorities would be placed on the management spectrum. The important thing is that there is flexibility built into the managerial system to capitalize on opportunities while simultaneously ensuring proper responsibility and accountability. This notion of constrained freedom is more complex than it appears, but holds significant creativity and innovation benefits for the enterprise.

## **Shift from Training and Development to Learning**

The role of education has become paramount in all organizations—public and private. However, the change has been from a passive orientation with a focus on the trainer and the curriculum to an active perspective that places the learner at the heart of the activity. In fact, learning must occur in real time in both structured and informal ways. Detailed curriculums have given way to action research by teams as the best way to advance the knowledge base. The new lens requires one to realize the real-time value of learning—in the classroom, on the job, and in all customer and professional interactions. Learning is the integral process for progress. It is an investment rather than a perceived expense to the organization. The knowledge that one creates and applies is more important than the knowledge one accumulates. New techniques, such as collaborative teams and action research, can be easily incorporated into the culture.

### **Shift from Competitive to Collaborative Thinking**

We live in an era dominated by competitive-strategy thinking, one that produces only win-lose scenarios. Even in a cooperative environment, parties divide up the wealth to create a win-win situation. The pie, however, often remains the same. With a collaborative approach, symbiosis creates a larger pie to share or more pies to divide. Alliances of every dimension are the natural order of the day in the realization that go-it-alone strategies are almost always suboptimal. The last decade has been bursting with institutionalized examples of competitive strategy. It is time to remove the barriers to progress and to establish mechanisms of communication, collaboration, and partnership that transcend current practice. The emerging collaborative practices among traditional competitors, for example, supply-chain collaboration between GM, Ford, and Daimler Chrysler in the automotive industry, illustrate this shift to collaborative learning and strategy.

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