



Chapter 18

Organizational Learning by ‘Segmented Networks’: Breeding Variations and Similarities Together - What is Optimum?

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Researchers have long argued that a “right” degree of closeness among team members is necessary for innovation. At unhealthy extremes, while closeness leads to cloning and copycat attitude, increased distance can result in incompatibility and dissonance. Hence, actually building teams that possess “creative-tension” is easier said than done. This chapter develops specific factors that conceptualize an “optimum” distance (vis-à-vis closeness) in teams and later extends the factors to argue for a novel organizational form, the “segmented network.”

INTRODUCTION

Organizations have increasingly realized the need to build knowledge base through available and *potential* resources. The importance of maintaining a *right balance* between exploiting the existing and exploring new knowledge base for innovation has been well realized (Cox, 1993; Jackson et al., 1995). However, in practice, achieving right “variation” in teams is not so easy.

We begin by sharing our broad research concern: Which types of organizational forms would support greater innovation in future? Here, we have two specific objectives: One, to conceptualize the notion of “balanced variation” in man-

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agement teams. Two, to identify the important factors that define the *degree* of balance. Our objectives have been well captured through a humorous quote in sociology: “If two people always *agree*, then one is useless and if they always *disagree*, then both are useless!” Finally, in this chapter we shall focus on the potential sources for enhancing innovation and suggest new organizational forms.

REFLECTIONS FROM PAST RESEARCH

Concomitant to the globalization of industry over the past decade, there has been a proliferation of strategic linkages. Almost all empirical analyses of inter-organizational networks focus on inter-organizational groupings (Pfeffer & Salancik, 1974; Van De Ven & Walker, 1984). Here, we accept the definition due to Andersen et al. (1994), who define a business network as a set of two or more connected business relationships. The authors claim that the parties in networks (traditionally) come from the same industry. Another reason for and dimension of network is synergy (Ansoff, 1965), which is based on the economies of scale (especially true for the large MNCs). Please note that our concern here is to investigate the conditions in teams that enhance innovation (in learning). This essentially takes a view beyond scale-based synergies.

Research on networks has been primarily concerned with knowledge creation at organizational levels. For example, Kogut and Zander (1992) examine the transformation of personal knowledge into organizational knowledge and Nonaka et al. (1994) have studied the knowledge creation in firms. Organizational learning gained currency when collecting and interpreting market information ahead of competitors was found to be a potential source of competitive advantage (DeGeus, 1988; Dickson, 1992). The importance of market forces (and hence an “external” orientation) is stressed by several researchers (Shapiro, 1988; Deshpande & Webster, 1989; Day, 1990, 1992). Argyris (1977) stresses the need to practice “double loop learning,” while Senge (1990) recommends “generative learning.” Both these pioneers have attempted to enhance innovation in management teams. Since managers mostly work in teams, there is a need to transfer the individual knowledge at a company level (Hedlund, 1994). Most theorists also agree that organizations ultimately learn through individuals (Senge, 1990; Kim, 1993; Dodgson, 1993).

COMMENTS ON PAST RESEARCH

In spite of pioneering attempts to conceptualize organizational learning, several researchers have expressed concerns lately. Ritcher (1998) remarks that the current literature does not adequately explore the micro dynamics of learning process. Although DeGues (1988), Stata (1989), Senge (1990a), Nonaka (1991),

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