

Chapter 4

Establishing Learning Places and Knowledge Flows to Stimulate Innovation

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ABSTRACT

Knowledge is seen as a source of competitive advantage, but how can it be mobilized to realize this advantage? Organization norms and routines both reflect what an organization “knows” and may stimulate or inhibit knowledge flows. Tools may help store and share explicit knowledge, but it is only through personal interaction that the wealth of continuously expanding tacit knowledge potentially available to an enterprise can be accessed. This chapter suggests that physical and virtual places for interaction combined with HRM practices can facilitate building and sharing stocks of knowledge to support the business of the enterprise. A case study example of interconnected learning spaces and strategically deployed people specifically established to support innovation is presented.

INTRODUCTION

It is argued that operating in a dynamically changing environment is the norm for most organizations today. External factors like the globalization of trade and the explosion in accessible knowledge continue to stimulate innovation on a number of fronts. Enterprises and nations invest in stocks of new knowledge through research to seek a competitive advantage, but this is only realized when such knowledge is used in concert with some elements of established knowledge. In this chapter,

the focus is on stimulating knowledge flows and understanding the need for foundation knowledge.

One document published by an Australian think-tank group established to explore potential strategic and policy responses to a dynamic business environment was titled “Inside the innovation matrix: exploring the human dimensions” (ABF, 2008). The matrix part referred to the fact that an organization may be concurrently innovative in a number of ways: developing new technology, adapting existing technology, combining established technologies in novel ways, organizing itself differently or engaging with clients in

DOI: 10.4018/978-1-4666-4884-5.ch004

novel ways. The human dimension part referred to the fact that innovating is essentially a social process. People come up with novel ideas and work together to apply them.

In this chapter the view is also taken that people are the agents of organizational learning and that learning may ultimately be embedded in routines that both support efficient day-to-day operations and support parallel innovation initiatives. Such routines, along with information and the tacit knowledge of employees collectively represent the corporate memory. This memory includes people and places external to the organization. The interplay of knowledge, learning and innovation is discussed, and the way that an enterprises' corporate memory may support innovation in a set of different learning places combined with the strategic positioning of people in these places is illustrated in a particular case.

BACKGROUND

Organizations need to leverage both what they know and external knowledge they have access to. Rogers (1995) noted that some knowledge diffusion studies were based on a dyadic linear model. He suggested a more general model based on a convergence view where multiple participants interact to share and create information to reach mutual understandings, leading to the notion of knowledge diffusion networks. Lundvall and Johnson (1994) also noted that knowledge is a key resource in a dynamic economy, but questioned how market mechanisms allocated knowledge and how this affected learning, as knowledge has to be refreshed and applied to extract value from it. To explore this question they characterized two kinds of knowledge:

- **Explicitly held forms of knowledge that may be easily shared:** know-what (data and facts) and know-why (scientific knowledge about how things work).

- **Tacit forms of knowledge held by individuals that require personal interaction to share:** know-who (specific and selective social relations) and know-how (the capability to do different kinds of things at a practical level).

Lundvall and Johnson also noted "The rather peculiar know-who form of knowledge is introduced here because innovation is basically an interactive process. To know key persons may be more important to the success in innovation than knowing basic scientific principles. The interactive and cumulative character of the innovation process also makes know when and know where important categories of knowledge. In the learning economy, which continuously introduces novelty, questions about time and space are of strategic importance for successful innovation. When and where are there good chances to introduce and diffuse innovations?" (p28). More recently, Johanssen and Olsen (2010) suggested that a non-traditional organizational logic is needed to fit with the knowledge economy environment: one founded on modular flexibility, front-line organizing, providing individual solutions through technology plus connect and supply orientations. They also argue that cooperation structures need to be based on global standards of competence and cooperation. The focus is on integrated solutions drawing on flexible networks, even if this may mean incorporating a competitors' product, and on learning with and from customers.

There is an implied focus on knowledge networks and social capital. Landry et al (2002) explored the impact of five forms of structural social capital (business network assets, information network assets, research network assets, participation assets, and relational assets) and one form of cognitive social capital (reciprocal trust) on innovation within organizations in a survey of 440 Spanish manufacturing firms. They observed: "Regarding the decision to innovate or not that firms must initially make, we have provided strong

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