JIBS Decade Award Commentary

Contextualizing Organizational Learning: Lyles and Salk in the Context of their Research

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Draft

August 28, 2006

Abstract

Hungary has been the focus of Lyles and Salk (1996) because their research interest, organizational learning, was of particular concern in joint ventures in that country at that time. This allowed them to investigate in greater depth what drives knowledge acquisition, and how it influences the performance of joint ventures.

This commentary reviews the contribution by Lyles and Salk, as reflected in the subsequent literature. The setting of the study in Hungary 1993 raises the challenging question, how this particular context may have influenced the research outcomes. I argue that the national context of radical environmental change and the organizational context of joint ventures incorporating privatized state firms crucially influence processes of organizational learning. The importance of context suggests modifying future research agendas in international business, and on organisational learning in particular. I thus suggest that future research should incorporate context more explicitly to establish boundary conditions for theory, and to develop managerially relevant insights.

1 The author thanks Dana Minbaeva, Bo Nielsen, Charles Dhanaraj, Erik Tsang and Volker Mahnke for helpful comments.

Introduction

Marjorie Lyles and Jane Salk have presented a rare study that is utilizing a carefully chosen context to address an issue of broad relevance in international management. Their main research question concerns the transfer of knowledge within the networks of multinational enterprises, and in particular how international joint ventures (JVs) acquire knowledge from their foreign parent. Their empirical model incorporates at least three issues that have subsequently become major research streams in international business: absorptive capacity at business unit level, organizational structures facilitating knowledge flows, and the link between learning and organizational performance. In multinational companies with increasingly interdependent business units across the world, these issues have become major managerial challenges.

Lyles and Salk (1996), henceforth referred to as L&S, investigate these issues in the early 1990s in Hungary, which was then was a small country in very unusual circumstances. The country was in the process of shedding a defunct economic system; and companies faced the need for, or opportunity for, unusually radical change to convert themselves from units in the hierarchical central plan structure, to autonomous players in a volatile market economy. Foreign partners were seen as primary source of knowledge on how to face these challenges.

This commentary first sets the contribution of L&S in the intellectual context of their own work, emphasising the role of this particular study in their own broader and long-term research agenda. Then, I discuss the study in the context of Hungary in the early 1990s. The external context in terms of time, location and industry influences organizational learning processes, and thus the results of empirical studies such as L&S. The *ex post* discussion of context allows to assess the generalizability of results. Some findings are likely to be specific to Hungary 1993, while others also emerge in for example China or Vietnam. Yet systematic comparative evidence remains scarce.

I conclude by suggesting that international business scholars analyzing organizational learning should incorporate contextual variations in future research designs. Such research would be able to explain variations and contradictions in the literature, and thus greatly enhance the relevance for theory and practice.

The Intellectual Trajectory

The impact of L&S in the scholarly literature can be attributed to three aspects of their study design. Firstly, they utilized the unique process of economic transition as a laboratory for testing their theoretical model. The region's radical switch from central planning to market competition has created unique challenges for change management, and the management of knowledge in particular. L&S thus chose a context where knowledge acquisition from the foreign parent was particularly relevant, and where local organizations were eager to learn from their foreign partners.

The transition context is an attractive field of study because many assumptions underlying mainstream theories may not hold, which challenges scholars to re-investigate implicit assumptions in their theories. The transition context allows identification of phenomena and explanatory effects that prior research in mature market economies has not addressed satisfactorily (Meyer & Peng, 2005). Moreover, the 'quasi-experiments' (Cook and Campbell, 1979) of reforms in different countries of the region allow researchers to test the effects of different reform paths, and of different models of capitalism.

Secondly, the paper is firmly grounded in a research agenda that the first author has been developing for over a decade (Figure 1). Marjorie Lyles has been studying organizational learning since the early 1980s, having written influential theoretical papers on the concept of organizational learning (Fiol and Lyles, 1985) and the role of top managers in knowledge creation (Lyles and Schwenk, 1992). She then studied international JVs (Lyles, 1988; 1994; Lyles and Baird, 1994), where knowledge sharing is a particular challenging managerial task. When the opportunity arose to conduct a large scale survey study in Hungary, Lyles and Salk thus had a deep experience base to draw upon when developing the project.

*** Figure 1 approximately here ***

Third, a distinct feature of this paper is its embeddedness in a larger, long-term research agenda. Marjorie Lyles revisited the Hungarian research field several times, and collected new data in 1996 and in 2001 to complement the original dataset assembled in 1993. She thus created a unique longitudinal multi-survey based dataset on JVs. It became the basis for a stream of papers to which one or both of the authors of L&S have themselves contributed (Steensma and Lyles, 2000; Lane et al., 2001; Lyles et al., 2004; Dhanaraj et al., 2004; Steensma et al., 2005).

This research investigates longitudinal dimensions of JV performance as well as comparative perspective over time periods, both research agendas that cannot be investigated using conventional archival or cross-sectional datasets (Salk, 2005). It thus has deepened our understanding of organizational learning processes in JVs. For instance, Lane et al. (2001) investigate the concept of absorptive capacity in JVs, and test its impact on learning and performance, differentiating aspects of the concept in novel ways. Dhanaraj et al. (2004) investigate how relational embeddedness impacts on the transfer of explicit and implicit knowledge. They find that tacit knowledge transfer is influenced by three proxies for embeddedness, namely, trust, shared systems, and parent-JV tie strength, and they find significant differences in knowledge acquisition behavior between young and mature JVs. Steensma et al. (2005) have compared the role of foreign parents in Hungarian JV at two different points time, 1993 and 2001. They thus demonstrate the importance of contextual variables to explain key processes in JV, a theme that I will elaborate upon later in this commentary.

The ideas by L&S have been taken up by other scholars investigating JVs and strategic alliances. For instance, Tsang et al. (2004) apply a very similar study design in Vietnam, and confirm that ‘foreign parent commitment’ and ‘local parent receptivity’ enhance knowledge acquisition, while ‘intensity of conflict’ reduces it. The literature has in particular taken up the notion of ‘capacity to learn’ at the level of business units, based on L&S’s hypothesis 1. The concept has been refined and is now commonly referred to as ‘absorptive capacity’ based on the work by Cohen and Levinthal (1990). International business scholars have been primarily interested in investigating the antecedents of absorptive capacity in a cross-border and cross-cultural context, thus investigating concepts such as knowledge ambiguity (Simonin, 1999), organizational teaming culture (Kandemir and Hult, 2005) and knowledge embeddedness (Nielsen, 2005).

A related line of work has investigated knowledge acquisition in other corporate contexts. As MNEs create increasingly interdependent business units across countries, the sharing of knowledge across units is of increasing managerial importance. Minbaeva et al.

(2003) study foreign subsidiaries of MNE to investigate how HRM practices influence subsidiary absorptive capacity and thus knowledge transfer, while Mahnke et al. (2005) investigate a broader set of determinants of subsidiary level absorptive capacity. Murray and Chao (2005) investigate the role of absorptive capacity at the level of teams as key determinant of new product development. Entirely new theoretical perspectives have been raised by Brown & Duguid (2001), who analyze epistemic differences among communities within an organization, and propose that a firm's advantage lies in its ability to coordinate knowledge exchange between such communities of practice despite these differences.

A different line of work has focused on other aspects of the management of JVs and strategic alliances, especially the impact of parent control and contributions on JV performance (Figure 1). The notion of 'active involvement of foreign parent' in L&S's hypothesis 3 has been further investigated in several studies. Steensma and Lyles (2000) find that strong foreign parent support strengthens the performance of JV, but imbalanced resource contributions may lead to imbalanced management control, which in turn may be harmful for performance. Barden et al. (2005) incorporate parental conflict into the analysis of control and performance, and thus similarly find more complex relationships between these constructs.

Some scholars, but arguably too few (Salk, 2005), have investigated processes of alliances formation and evolution over time based on case-based evidence. For instance, Salk and Shenkar (2001) investigate social identification processes in an international JV. They found that despite contextual changes national patterns of identification persisted, and organizational social identities were slow to evolve (see Moore, 2005 for similar evidence). Meyer and Tran (2006) investigate the dynamics of partial acquisitions and found them to be very different from the assumptions underlying mainstream theorizing about JVs. Cross-sectional studies considering dynamic effects have investigated the timing of entry (Isobe et al., 2000) and venture survival in domestic and foreign owned businesses (Lyles, et al., 2004).

Finally, the work by L&S has also influenced scholars focusing specifically on the change processes of firms facing the transformation of the economic system in which they operate. In such circumstances, they need to acquire new resources, in particular management capabilities. Foreign collaborators such as JV partners were a preferred avenue, but this was not open to all firms. Scholars have thus investigated how local firms develop new capabilities with or without the benefits of collaboration with foreign partners. Factors crucial for success in this process appear to include unlearning of old routines (Soulsby and Clark, 1996; Newman, 2000); overcoming administrative heritage (Suhomlinova, 2000; Kriauciunas & Kale, 2006; Dixon, 2006), creating of new resources through external knowledge acquisition and internal organizational learning (Luo and Peng, 2000; Uhlenbruck et al., 2003) as well as learning by imitating more successful peers (Wang 2006).

Local Research, Global Knowledge

L&S were among the first to publish management research with state-of the art analysis of the survey data from Central and Eastern Europe (CEE), and thus generated novel insights into the inner working of businesses in the Hungarian context. In fact, L&S have written the 5th most cited paper on management in CEE, according to Meyer and Peng (2005), and the most cited single country study (the higher ranked papers took comparative perspectives). While one might expect such research to influence other work in the same or similar contexts, it is remarkable how influential this study has been beyond the transition economies.[i]

Yet, what does this study really tell us about knowledge acquisition beyond Hungary? As a single context study, this research generates context-specific knowledge, a fact that L&S are aware of (but some of those citing L&S are not). The paper provides suggestions what may be driving knowledge acquisition in other contexts, but without empirical evidence concerning the generalizability, these are only suggestions. Scholars aim to develop theories that are generally applicable explanations to explain or predict variation in a given dependent phenomenon. Yet, how can we generalize from this study beyond the Hungarian context? How can we move from a study in a specific context to general management knowledge that is useful for scholars and practitioners elsewhere?

Before discussing these questions, I first need to introduce a few concepts that should help understand what we know, and what we do not know (Figure 2):

*** Figure 2 approximately here ***

- Context-*free* knowledge, also known as 'universal knowledge' (Cheng, 1994), is what we know to be applicable across countries and cultures.
- Context-*bound* knowledge refers to what we know to apply in one context but not (or differently) in another context.
- Context-*specific* knowledge is what we know to apply in a particular context, but we do not (yet) know if this knowledge is transferable to other contexts (Tsui, 2004).

Contexts vary on many dimensions, in particular location, time and industry. Scholars of organizational behavior conduct research *within* organizations, and thus are concerned how any external condition may influence their results (Johns, 2001; Rousseau and Fried, 2001). International Business researchers are particularly concerned with the national and cultural contexts of businesses. Yet, national contexts also vary over time, which has recently given rise to interesting inter-temporal comparative studies in Hungary (Steensma et al., 2005) and China (Tan and Tan, 2005). Moreover, nations are not homogeneous with important variations across regions and provinces (Meyer and Nguyen, 2005).

Both comparative and context-specific research can advance general management knowledge if scholars appropriately reflect over the context of their empirical data (Meyer, 2006). The context is the focal variable in comparative management research as contextual variables are incorporated in the research design, notably by comparing a phenomenon in two or more countries (Redding, 1994; Cheng 1994). Such research enhances our understanding of boundary conditions of theoretical models, i.e. under which circumstances the stipulated relationship would apply.

Comparative studies test if and how 'context matters'. If such a hypothesis can be rejected, we may infer that the theory indeed constitutes context-*free* knowledge, or a 'general theory'. Otherwise, comparative research may establish the conditions under which a theory or hypothesis would apply, and thus create context-*bounded* knowledge (Figure 2). Such research may analyze contextual influences as an independent variable or as a moderating variable. For instance, national level attributes such as culture or institutions may enter a regression analysis act as moderators or main effects. Moreover, scholars may establish boundary conditions of theories by exact replication of empirical tests in different contexts (Tsang and Kwan, 1999).

Most empirical management research is conducted at single locations and thus provides context-*specific* knowledge. Few studies explicitly connect to other contexts such as to establish the boundary conditions of their research findings. However, to contribute to general management knowledge, researchers ought to carefully discuss the generalization of their work, namely “where, when and who” of their insights (Whetten, 2002). This is very apparent in studies conducted in ‘small’ contexts, such as Hungary, but it is equally relevant for ‘large’ contexts, such as the USA. Given the diversity of cultures and management practice, we cannot assume global applicability of insights generated by research in a single context (Hofstede, 1993) – be it America or Hungary.

Context-specific knowledge can contribute to global scholarly discourses if the research is contextualized, including the theoretical models, the measurements of constructs, the interpretation and the development of policy implications. For many single context studies, context is a constant and thus hard to investigate systematically. Yet at a minimum, scholars ought to share their knowledge of the context and offer views how the peculiarities of the context may have influenced their findings, especially if they find empirical anomalities (Johns, 2001).

Research in emerging economies provides special opportunities to expand the scope of global management knowledge by making the contextualization explicit. Tsui (2004) suggests two ways to do this. First, ”*Making the Novel Appear Familiar*” investigates new phenomena, concepts, or relationships that are important in certain contexts, and discuss them in light of the existing literature on related phenomena. Such research often takes inductive approaches to develop new or refined theory or theoretical constructs, and ‘communicates’ them to other scholars by relating to the literature. For instance, Polanyi (1966) developed the concept of tacit knowledge on the basis of observations in the Hungarian operations of GE. The concept subsequently has become or core concept in the organizational learning literature.

Second, ”*Making the Familiar Appear Novel*” takes concepts or models developed in the literature, and adapts them to the local context by adding dimensions to concepts, or variables to models. L&S take this former approach as they start with a general research agenda that they had been working on before entering the empirical field of Hungary. They focus on an aspect of the research question that was particular relevant in the chosen context, namely knowledge acquisition. This question was of interest both for the scholarly debate on organizational learning, and to managers and policy makers in Hungary at the time. The latter also helped to secure funding for a comprehensive data collection, which they implemented in 1993.

L&S discuss the organizational context of their study, namely JVs. However, wider contextual influences can be expected to influence organizational learning, and (business-unit level) acquisition of knowledge in particular. These moderating influences originate from a variety of sources:

- Formal institutions of the society, such as the protection of intellectual property rights, especially trade marks and patents, set incentives for firms and individuals to develop, share or exploit potentially valuable knowledge.
- Culture influences how tacit and implicit knowledge are processed, how they are combined and how implicit knowledge may be become codified. In the East European context, several studies have emphasized and analyzed the important role of culture on knowledge transfers and training (Michailova and Husted, 2003; Fey and Denision, 2003).
- The role of groups in society, e.g. middle managers, varies in organizational processes across cultures, and thus in their importance in absorbing knowledge and in sharing it with other members of an organization.
- Societies vary in how they interact with newcomers, such as expatriates and foreign JV partners. This has crucial influence on how knowledge held by these newcomers is appreciated and to what extent local individuals, organizations and societies would reject, copy or modify new ideas.

Such contextual influences are likely to have influenced the results of L&S, as they would affect any other single context study. What then are contextual influences that arose in Hungary in the early 1990s?

Knowledge Acquisition in Hungary, Early 1990s

In the 1990's, Hungary, like its neighbours, was undergoing a process of economic transition "from plan to market". The essence of this process has been the replacement of one set of institutions governing economic activity by a different one (World Bank 1996). However, for several years, the institutional frameworks were unstable and rapidly changing, and especially informal institutions have been slow to evolve (Peng, 2000). Moreover, weak systems of accounting and auditing as well as inefficient legal enforcement of contracts undermined the efficiency of markets. Business strategies and practices in transition economies had to be adapted to these institutional conditions (Meyer, 2001; Meyer and Peng, 2005). Some of ways in which the context affects strategies, and knowledge acquisition in particular, have been analyzed in the literature since L&S have published their study.

Under frequently changing rules, flexibility and short-term objectives became very important for business. Moreover, the inefficiency of markets and the lack of market knowledge induced many firms to re-established networks that were disrupted by privatization or grow by creating new networks (Stark, 1996; Peng, 2000). Firms were moreover constrained by their administrative heritance (Michailova and Husted, 2003; Dixon, 2006) as their objectives were defined by socialist ideology and the central plan. Firms' overriding objectives were fulfillment of the central plan and creation of employment. Managers normally had neither incentives nor opportunities to act as business leaders or entrepreneurs in a Western sense. The transition changed the *role* of enterprises in society. Thus they had to change their resource configurations, organizational structures, processes and cultures to achieve new sets of objectives. The upgrading of resources and capabilities required both investment in complementary assets and organizational learning (Uhlenbruck et al., 2003). Especially in the area of marketing, firms had to upgrade their structures, systems and processes, organizational culture and human resources (Batra 1997). The multidimensionality of this transformation (Figure 3) raises its complexity, and encompasses even the basic purpose of firms' existence (Meyer and Møller, 1998).

*** Figure 3 approximately here ***

The need for new competences has put organizations under exceptional pressure to learn, and to learn fast. Managerial learning became a crucial part of the resource upgrading, while technological skills were often on a high level due to good general education. The capabilities of top management were adapted to the needs of the socialist system, and did not suffice to lead change in a rapidly evolving and instable market economy. Thus, managers often lacked the capabilities required in the new institutional setting because they had different tasks in the central plan system. Child (1993) distinguishes three levels learning that were required:

- At the *technical* level, firms needed new techniques such as methods for quality measurement, new product designs or the construction of samples for market research. Due to high levels of general education in technical subjects, this type of skills could be acquired relatively easily.
- At the *systemic* level, firms had to adopt new systems and procedures, such as co-ordination of integrated production systems, and production control and budgeting systems. At this level, they had to unlearn acquired routines and to reassess attitudes and value systems underlying behaviour within the organisation (Michailova, 2000; Newman, 2000).
- At the *strategic* level, senior managers had to change their cognitive framework for doing business and acting as a manager. They faced new criteria of success and different factors that could contribute to that success. This required understanding of organizational processes in great depth to envisage and lead innovation, to select and adapt technology and to take strategic decisions.

These new skills and capabilities involve often tacit know-how, which requires experiential and interactive learning processes. Yet this was often inhibited by the cultural and institutional context (Geppert, 1996). Individuals who grew up under the central-plan regime may even face cognitive barriers to recognizing the nature of the capabilities required, and to making use of knowledge received (Newman, 2000).

Moreover, the rapid change of markets and institutions, the shortfall of available resources, and the fundamental threats faced by many people may have inhibited their ability to internalize new knowledge. Newman (2000) thus stipulates an inverse-U shaped relationship between the ability to learn and the gap between existing and required capabilities: People fail to learn and to change behavior if the gap is prohibitively large.

In consequence, most domestic-owned firms have not been able to develop *on their own* new corporate strategies that would be sustainable in the international competition (Wright *et al.* 1998; Meyer and Peng, 2005). Empirical evidence points to continuity rather than radical change (Whitley and Csaban, 1998; Stark, 1996), which can be explained by the continuity of personnel and of political networking, as well as the limited role of product market competition (Newman and Nollen, 1998; Peng, 2000). Foreign investors were regarded as a means to address all these challenges, in particular as a source of knowledge on how to compete in a market economy.

Learning in Joint Ventures

In this peculiar setting of Hungary in the early 1990s, JVs were seen as a primary avenue for local firm to learn, because they would create direct interfaces between Hungarian and foreign businesses and their employees. An intra-organizational context would provide opportunities for sharing knowledge and to overcome cognitive barriers. Thus, L&S motivate their study by the fact that in Hungary at the time "foreign parents are seen as reservoirs of both technical know how and managerial (process-related) knowledge" (L&S: 878). However, dynamic processes in these JVs would be very different from those in JVs in other, more stable contexts.

Firstly, the types of knowledge sought by the local partners were different. As discussed above, Hungarian firms were seeking managerial knowledge that would be fairly general from the perspective of the foreign partner firms. In contrast to many other contexts, knowledge transfer did initially usually not involve proprietary technology; thus intellectual property rights protection was not a major concern.

However, the nature of this managerial knowledge is highly tacit and requires experiential learning. It was well understood that direct interfaces would be most conducive for the transfer of tacit knowledge, after all, it was a Hungarian scholar, Polanyi (1966), who first discussed implications of the tacitness of knowledge. Thus, many West European firms investing in CEE used shadowing systems for senior managers, or brought CEE employees to their Western operations where they would work side by side with local employees to observe and experience how organizational procedures would operate in practice. In light of these considerations, some of the findings of L&S appear less surprising, notably their finding that managerial knowledge is more important than technological knowledge for both knowledge acquisition and performance, and the significance of expatriates and training programs for knowledge acquisition. These results are likely be context-specific and not necessarily transferable to other contexts such as China or India.

Second, Hungarian society has been eager to shed the socialist legacy, and therefore, at least during the early years of transition, developed an unusually high appreciation for everything 'Western'. In other words, the 'not-invented-here syndrome' may have been unusually weak in Hungary in the early 1990s. Kozminski and Yip (2000) found that companies could use standardized marketing practices to a larger extend in Eastern Europe than in Western Europe. This is because many locally existing brands and practices were associated with the socialist system that people were trying to get away from. The Socialist system was perceived not only as an economic failure, but as a foreign system superimposed by the occupying Soviet military. This differs from for instance China, where mental break with the recent history has been less radical.

Third, high uncertainty and a huge gap between actual and required knowledge inhibited the recipients understanding of the knowledge they would need to survive and prosper under the new conditions (Newman, 2000). Thus, foreign partners with an interest in the prosperity of the local organization, namely as co-owners, were to some extent also entrusted the agenda and content of the knowledge that was to be acquired. This would explain why Steensma et al. (2005) find foreign parents' decision influence to enhance knowledge acquisition in L&S's 1993 dataset, but not in a later sample collected in 2001.

Fourth, the transition created organizational structures that in themselves were highly unusual, which has implications for how they would process knowledge available to them from their foreign parents. JVs are usually defined as a new entity created by two or more parent firms that are involved in the venture's strategy (Harrigan, 1988). However, L&S would have found in their sample many JV based on an existing organization with a government as a (direct or indirect) co-owner.

In Hungary, the mass privatization of state-owned enterprises was pushed at the outset of the transition process, earlier than in neighbouring countries like the Czech Republic or Romania. It was primarily implemented by selling equity stakes to foreign investors. Multinational firms would thus often enter Hungary by acquiring local firms partially or in full directly from the privatization agency (Antal-Mokos, 1998). Official statistics would generally define ‘joint ventures’ by the foreign equity stake and not distinguish between newly established JVs and these partial acquisitions related to the privatization process.[ii] Yet the strategic and operational management of partial acquisition varies greatly from *de novo* JVs. In fact, many partial acquisitions in these transition economies may better be described as staged acquisitions as – from the outset - foreign investors were expecting to take over the entire firm within a few years (Meyer and Estrin, 2007).

In newly created ventures, a new organization is created by recruiting people and training them, with staff from the parent firms working together to create a new entity. Thus, organizational learning starts essentially from scratch as individuals come together to form a new organization. The internal structures and organizational culture are thus newly developed under the influence of the parent firms.

Partial or staged acquisitions create quite different managerial challenges, especially with respect to staff training and knowledge sharing. Integration managers in partial acquisitions face challenges that more closely resemble those in acquisitions (Meyer and Tran, 2006). The new owner has to initiate change processes in an existing organization with established structures and routines, which may not be conducive for the organizational culture that the acquirer wishes to establish. Thus, in a partial acquisition, the new co-owner would become involved in organizational change, which in the transition context includes ‘unlearning’ of established organizational routines (Newman, 2000). Yet this has to be accomplished without the lever of full equity control, such that integration managers may have to address larger challenges with less power than in conventional acquisition (Meyer and Estrin, 2007).

The phenomenon of JVs actually resembling partial acquisitions, and thus facing restructuring of an existing organization, has also been observed in China (Tsang, 2003) and Vietnam (Nguyen and Meyer, 2004). Yet the strategic and operational management of de novo JVs and of partial acquisitions in transition economies are so different that they deserve separate treatment in scholarly analysis and management practice (Tsang, 2003). Without this distinction, some of the empirical findings are hard to interpret. L&S show that knowledge acquisition is subject to the ‘capacity to learn’ and ‘foreign partner involvement’. Yet these factors are structurally different in partial acquisitions compared to de novo JVs. International business scholars generally have not yet developed suitable approaches to analyse partial acquisitions within their theoretical frameworks, and this is a particular concern for the organizational learning literature.

Thus, many arguments suggest that the some the findings empirical research transition might be specific to the context. On the other hand, we also have evidence that some phenomena and even managerial practices show similarities between for instance Hungary and China (Child and Markóczy, 1993). Research in Vietnam finds, for instance, similar effects of parental conflict (Barden et al., 2005) and absorptive capacity (Tsang et al., 2004), and even the phenomenon of partial acquisitions in the disguise of a joint venture (Nguyen and Meyer, 2004). However, since these studies use different study designs, such evidence remains unsystematic.

At high levels of abstractions, theoretical insights may often be transferable; for instance ‘parental conflicts inhibits organisational performance’, and ‘absorptive capacity enhances learning’ is likely to hold true in many contexts. Yet, these abstract concepts have to be operationalised such as to account for local conditions, and their antecedents and their explanatory power are likely to vary.

Outlook

L&S and their subsequent research have put the management of knowledge firmly on the agenda of international business research. However, knowledge processes are subject to influences from outside the organization such as national culture, education systems and intellectual property rights protection. Contexts vary across countries, yet country variation is just one of the contextual issues affecting organizational learning. International business provides a unique opportunity to bring to the forefront the contextual issues that are critical to learning - and by doing so, advancing a more generalized organizational learning theory.

A general theory of organizational learning ought to be able to explain contextual variations in knowledge acquisition and dissemination. It should facilitate the interpretation of variations in results across studies, and answer questions that international managers operating across contexts are keen to understand. To build such a theory, it would be necessary to incorporate contextual variables explicitly in the study design, and thus to pursue more cross-context comparative research, and replication of empirical studies in different contexts. Steensma et al. (2005) take an important step for this research agenda by comparing JV in two different contexts, namely the early and late 1990s.

Moreover, organizational learning is a dynamic process, and new theories need to explain the underlying processes. The development and testing of such process theories may require longitudinal research designs (Salk, 2005) and in-depth and longitudinal case research on JV and strategic alliances (Doz 1996; Salk and Shenkar, 2001; Dixon, 2006; Meyer and Tran, 2006). It is particularly important in emerging economies, where contexts continuously change and contextual influences induce variations in the behavior of businesses and individuals.

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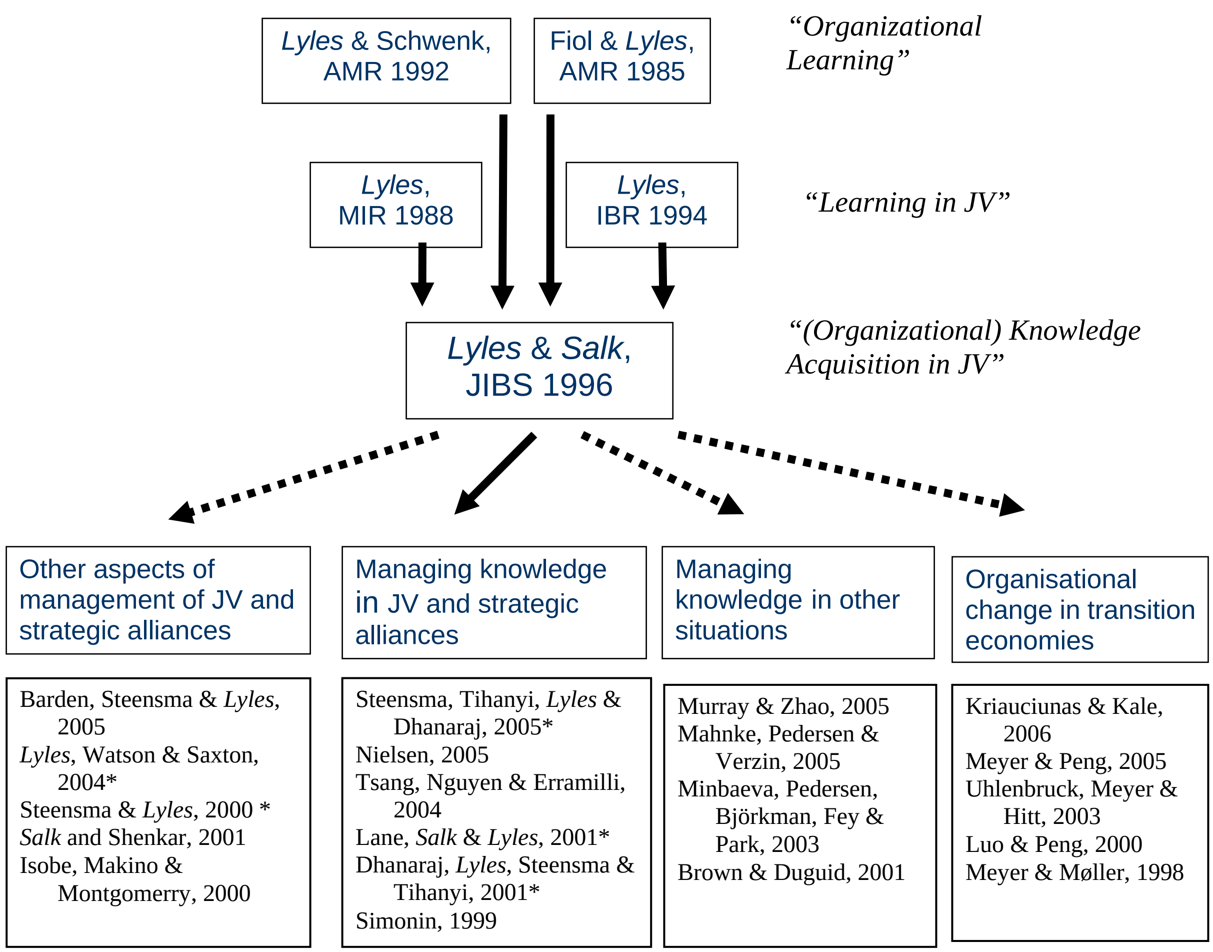
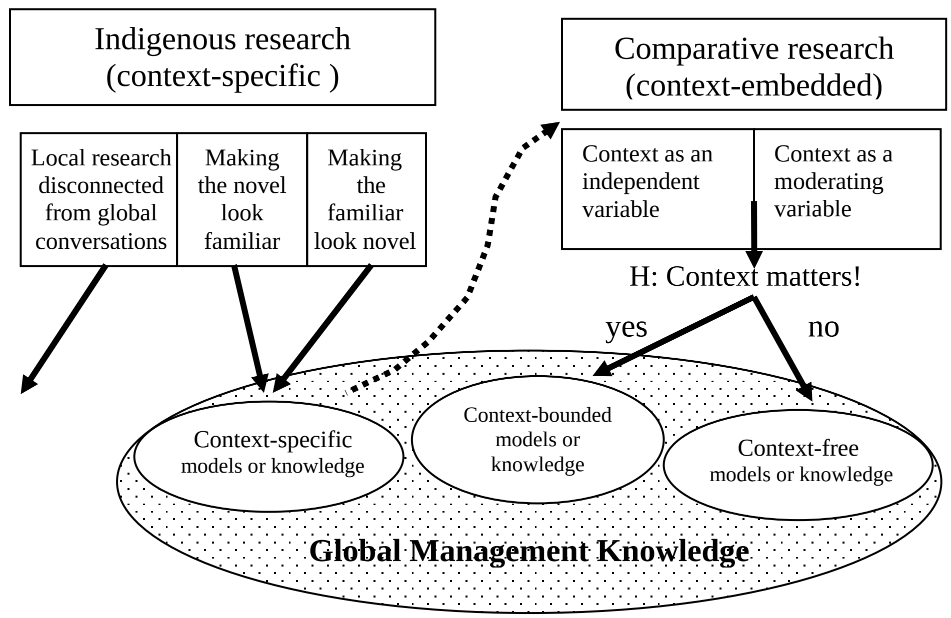
Figure 1: The Intellectual Trajectory



Note: * = papers using extended versions of the dataset employed by L&S.

Figure 2: The creation of global management knowledge



Source: Meyer (2006), who was inspired by Tsui (2004).

Figure 3: Transformation in Partial Acquisitions in Transition Economies

	Socialist firm	**Affiliate of a Multinational Enterprise**
Product range	standard, large volume	diversified, small batch sizes
Skill profle	highly specialised	towards generalists
Work organisation	centralised decision processes, narrowly defined job description, no market interface	delegation of responsibilities, broad tasks, flexible adjustment to market forces
Business culture	plan implementation based, technological perfection of quantitative target with given resources	cost-benefit based, continuous improvement of the value of production, augmenting resources where appropriate
Change processes	Stable routines, few innovations	New basic routines, continuous individual and organizational learning and frequent innovations

Source: adapted from Meyer and Møller, 1998.

Endnotes

[i] The international impact of L&S is illustrated by the fact that their ideas have been taken up by several scholars who were PhD students at Copenhagen Business School in the late 1990s, (Minbaeva et al., 2003; Mahnke et al., 2005; Nielsen, 2005).

[ii] It is not clear from L&S if they excluded partial acquisition from their study, which would have been a difficult task as some partial acquisitions actually occurred by creating a new legal entity to which parts of an existing state firm were transferred.