ORGANIZATIONAL LEARNING: ITS IMPACT ON AN ORGANIZATION'S CAPACITY TO BUILD SUPPLY CHAIN PARTNERSHIPS.

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ABSTRACT

This paper reports on the transformational change process undertaken by a major Australian food manufacturer that was instigated to rectify the company's declining competitive position. Historically the company exhibited few of the characteristics of an organization that nurtured or enabled learning. Further, the insular nature of the company had impacted on its capability to form collaborative relationships with its main supply chain partners.

An analysis of the data collected over the first two years of the change process demonstrated that an environment that nurtured and enabled organizational learning had been developed. The key elements of this success were: a leadership team that was more inclusive, supportive and proactive; a cultural change that promoted individual responsibility, personal development and team accountability; and a revitalized organizational structure that promoted open communication and collaboration.

Initial efforts of the company to engage a wide range of its supply chain partners in the change process had limited success because (1) it had not developed its capacities to collaborate, learn, absorb and execute (2) it was preoccupied with the internal restructuring and (3) it did not have the resources to dedicate to building and maintaining inter-organizational relationships. By the end of 2005, the company had, to a large extent, overcome these deficiencies and while the majority of these relationships remained focused on improving operational alignment and cost reduction, it had begun to develop a more collaborative and strategic relationship with one of its key material suppliers.

This paper provides empirical data that contributes to our understanding of the learning-performance relationship, particularly in mature firms, and by developing a model of organizational learning in a chain context that could be used to evaluate an organization's capacity to acquire, assimilate, transform and exploit new knowledge.

1 INTRODUCTION

Huyett and Viguer (2005) state that the *forces of globalization, technology and economic liberalization are combining to make life harder than ever for established companies* to survive in a world of *extreme competition* (p.1). Such a competitive environment is

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characterised by discontinuity and uncertainty that is best accommodated by organizations that have the capacity to learn and adapt faster than their competitors. These companies are referred to as learning organizations that are typified by the presence of inspirational leadership, flexible structures and empowered collaborative individuals (Nonaka, 1991: Senge *et al.*, 1999, Limerick *et al.*, 2000; Collins, 2001; Liker, 2004). However, is being a learning organization sufficient in its own right to enable a company to compete successfully?

An emerging theme in the management literature over the past 10-15 years has been the recognition of partnerships and networks as vital components of a company's competitive strategy (Hamel *et al.,* 1989; Kanter, 1994; Lendrum, 1998; Hammer, 2002; Spekman *et al.,* 2000; Liker, 2004).

Lorenzoni and Lipparini (1999) consider the ability of organizations to access and utilize knowledge that is located both within and outside the organization as a distinct capability that underpins an organization's quest to achieve a more sustainable competitive position. Kanter (1994) refers to this organizational capability as its collaborative advantage which is recognized by Limerick *et al.* (2000) as a core competency of a learning organization.

Hubbard *et al.* (2002) summarise the importance of establishing and maintaining inter-organizational relationships:

> Winning organizations see other organizations as extensions of their own business. They see the co-operation and co-ordination with other organizations as essential to their own success… so they manage these relationships! (p.190)

This paper reports on a transformational change process undertaken by a major Australian food manufacturer, Golden Circle Limited, to improve its competitive performance. This change process had three separate but interconnected objectives: (1) to create an environment that supported organizational learning; (2) to develop within the organization the key enablers of learning, assimilation and execution that deliver innovation and process improvement; and (3) to engage their major supply chain partners in the process.

The paper describes and analyses Golden Circle's attempt to *achieve fusion* between two managerial imperatives - the development of an organization that is agile, innovative and adaptive (a learning organization) and the development of one that can leverage its own capabilities and resources off those of its supply chain partners (a collaborative organization).

2 THE CASE STUDY FIRM

Golden Circle Limited is owned by 700 Queensland pineapple and vegetable growers and while it trades as an unlisted private company it is registered as a cooperative under the Queensland Cooperatives Act (1997). As with most cooperatives, the board of Golden Circle has been dominated by its grower-owners. Historically, five of the six non-executive Directors have been growers, of whom four were pineapple growers.

Until 2003, Golden Circle had experienced on-going stability in the membership of its board and senior management team. The Chairman had served on the board for 27 years and was Chairman for 19 years before his retirement in mid 2003. Three of the remaining four grower Directors had been members of the board for 7-12 years, while the independent director had held his position since 1991. The then Managing Director was appointed in 1993 after joining the company in 1965.

A review of annual reports, press releases and media reports over the period 1996-2002 gives the impression that Golden Circle was well managed and financially sound. As the data presented in Table 1 shows, the company had experienced a steady rise in both sales revenues and net profit but earnings were low when expressed in terms of returns on total assets or as a percentage of total sales.

Table 1 Key Financial Indicators 1996-2002

($'000)	1996	1997	1998	1999	2000	2001	2002
Total Sales	242,257	228,876	236,876	252,388	263,098	286,142	398,439
Operating Profit (Before depreciation, interest and tax)	18,572	16,378	16,216	21,282	21,526	21,006	28,826
EBIT (Earnings Before Interest & Tax)	9,183	6,791	5,129	8,683	9,290	7,482	16,829
EBIT/SALES (%)	3.7	2.97	2.16	3.44	3.53	2.79	4.22
Net Profit	5,105	4,167	3,370	6,484	6,101	5,732	10,393
Total Assets	210,062	213,533	213,034	239,308	258,007	248,268	327,025
Return on Assets (%)	2.43	1.95	1.58	2.71	2.36	2.31	3.18

(Source: Golden Circle Annual Reports)

During 2003, both the Chairman and Managing Director warned that 2003 would be a difficult year for the company and in February 2004, Golden Circle announced a net loss of AUD31 million for the 2003 calendar year.

This was a watershed event for Golden Circle and its stakeholders. For the first time in the company's 57 year history it had posted an operating loss. While this was a significant event in itself, it was the extent of the loss that threatened the very viability of the company and forced radical change in its management and operations.

> The substantial loss in 2003 brought into sharp focus the need for total performance improvement across the company's operations – from management procedures and systems and sourcing and processing of raw materials, to the product made, when and where (Golden Circle, 2004, p.4).

In December 2003, the Managing Director resigned. By mid 2004 there was a new Chairman and CEO, three of the four members of the senior management team had been replaced and a restructuring plan implemented. Central to this plan was improved operational planning to better align production and inventory with sales and the elimination of unnecessary costs from the company's operations and its materials supply chain.

This transformational change process was the focus of this research and its progress was documented and evaluated over a two year period from February 2004 until December 2005.

3 THE RESEARCH FRAMEWORK

An extensive review of the literature on the management of change and organizational learning (Dunne, 2006) indicated that successful transformational change depends on:

1. the leadership of the organization presenting indisputable evidence for the need to change and articulating a vision for the future of the organization that is realistic, credible, attractive and consistent with the core values of the organization if they are to gain the commitment of employees to the change process (Collins, 2001; Kotter, 1996; Limerick *et al*., 2000; Schein, 1992);

2. leaders demonstrate that they live the change vision by establishing an organizational environment that empowers the individual, promotes collaboration, provides support, has a bias for reflection-in-action and encourages open and honest communication - such an environment is the foundation on which a learning organization is built (Handy, 1989; Kotter, 1996; Limerick, Passfield and Cunnington, 1994; Schein, 1992; Senge, 1990a; Senge, 1990b); and

3. the process of transforming an organization into a learning organization involves three distinct phases that are centred on disciplined people being engaged in disciplined thought and undertaking disciplined action to develop an organization's core competencies - its capacities to collaborate, learn, absorb and execute, that enable improved competitive performance (Collins, 2001; Hamel, 2000; Kotter, 1996; Senge *et al*., 1999).

Based on these insights from the literature, a model of an organization that (1) **nurtures** learning - leadership that is inclusive, supportive and proactive; a culture of individual responsibility and team accountability; and an organizational structure that promotes collaboration and open communication; and (2) **enables** the development of the capacities to generate and apply new knowledge effectively - the presence of a shared vision, commitment and the skills to participate, can be constructed (Figure 1).

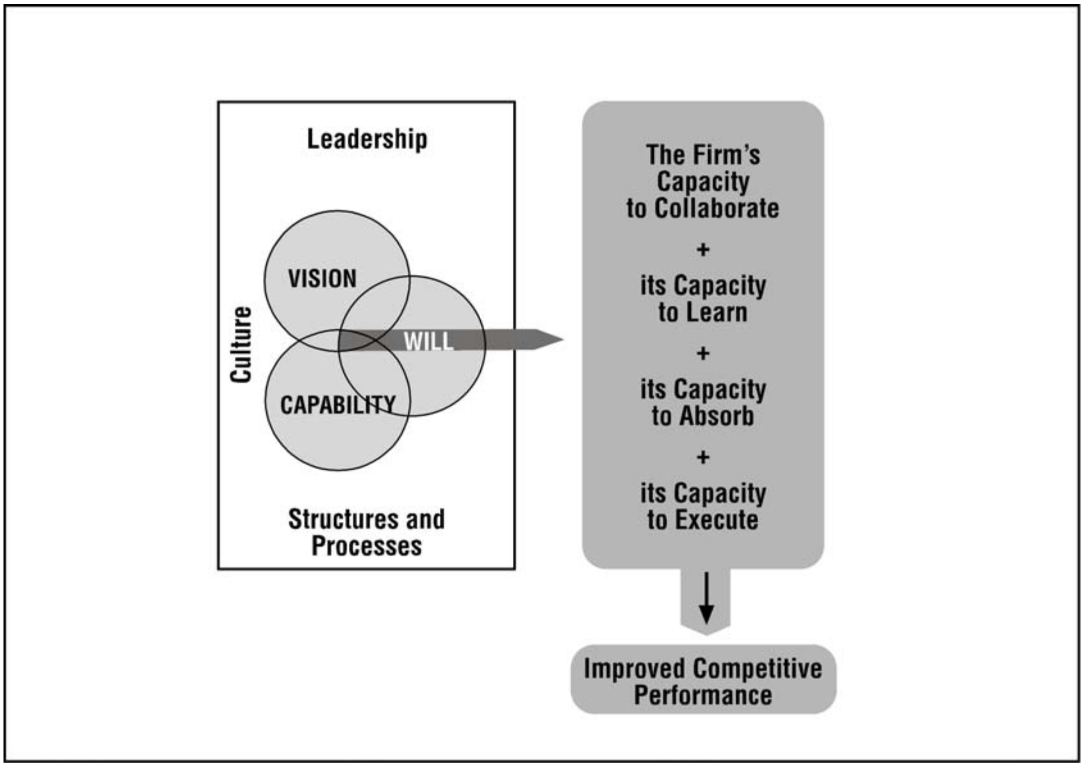

Figure 1 A model of a learning organization

Similarly, the review of the literature pertaining to inter-ogranizational partnerships indicated that:

1. the types of relationships that exist between supply chain partners are varied and range across a spectrum from transactional through cooperative/coordinated to collaborative (Barratt, 2004; Lambert and Cooper, 2000; Lendrum, 1998; Spekman *et al*. 1998);

2. more collaborative relationships are built on trust and commitment and require the presence of a shared vision, along with an investment of time, resources and managerial skill if they are to be established and maintained (Fearne and Hughes, 1999; Kanter, 1994; Lambert & Cooper, 2000; Morgan and Hunt, 1994; O'Keeffe, 1998; Spekman *et al*., 2002);

3. more collaborative relationships allow individual organizations and the partnership overall to improve access to information and increase opportunities for flexibility, innovation and learning (Barlow and Jashapara, 1998; Bessant and Tsekouras, 2001; Newton, 2000; Passiante and Ndou, 2006).

These insights on supply chain relationships and their management were incorporated with the model of a learning organization (Figure 1) to create a model of organizational learning in the context of a supply chain that illustrates the interaction between inter-organizational relationships and the transfer of knowledge (Figure 2).

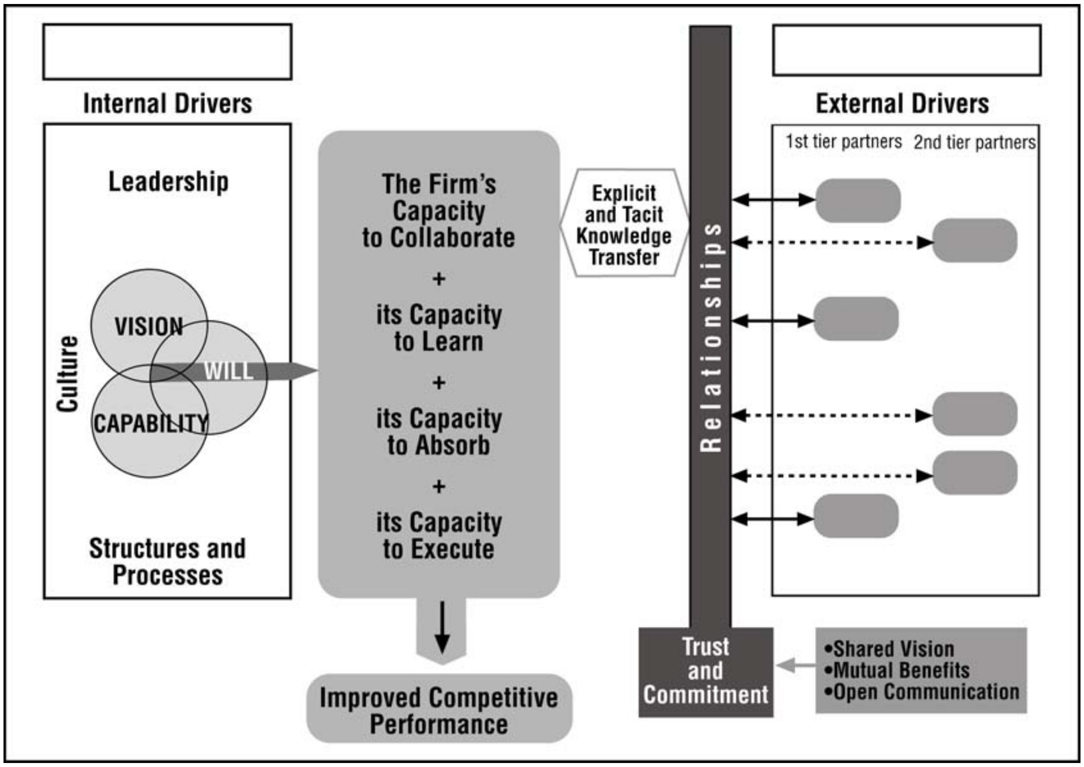

Figure 2 A conceptual model of organizational learning within a chain context

The principal sources of data on which this paper is based are a series of semi-structured interviews conducted with respondents purposefully selected from within Golden Circle, its major raw material suppliers (pineapple growers), a transport supplier and two Divisions (Food Cans and Fibre Packaging) of its major packaging supplier. Each of the respondents was interviewed three times over a two year period. A total of 64 interviews were conducted, their content transcribed and analysed against the key determinants of an organization's learning orientation and its collaborative capacity, as discussed in the development of the conceptual model shown in Figure 2. This approach is consistent with the template approach to qualitative data reduction and analysis described by Robson (2000) and Huberman & Miles (1994).

4 THE EVOLUTION OF A LEARNING ORGANIZATION

The conclusion drawn from the analysis of the data collected in the initial round of interviews (early 2004) was that Golden Circle exhibited very few of the characteristics normally associated with an organization that nurtures and enables learning: leadership that is inclusive, supportive and proactive; a culture of innovation, responsibility and accountability; and an organizational structure that facilitates open communication and collaboration.

> I think historically it's been…one could describe it as probably benevolent dictatorship to a certain degree. I think the style's reasonably autocratic. It started in basically post-war era where there was quite a directive style of management. (Senior Executive, April 2004)

> There hasn't been lots of recruitment from outside at a senior level so we're fairly insular. The fact that we haven't had probably enough movement at the top of the organisation did make it a little bit difficult for us to really embrace the change that was necessary. (Senior Executive, February 2004)

> We've been in comfortable circumstances. We basically haven't been under the financial pressure that some other companies find themselves under. We've just been motoring along with performances that seem to be satisfactory by the shareholders and the board throughout those years …. and there wasn't really seen to be the great need for a shake up or change. (Senior Executive, February 2004)

> (Internal communications is) nowhere near as good as it needs to be. I think that's bred out of a philosophy of 'a need to know basis' and I think that the level of transparency that we need in the organisation wasn't where it needs to be. (Senior Executive, April 2004)

> We've been a very fragmented company whereby each department has had its own agendas and we haven't really aligned to each other's agendas as a complete strategy (Middle Manager April 2004)

This situation is a good example of what Holmqvist (2003) describes as an organization's experiential learning being dominated by the process of exploitation that had led 'to an increased simple-mindedness and a concomitant inability to explore new opportunities' (p.99). Further, Holmqvist claims that the presence of a dominant group (for example top management and boards of directors) controls an intra-organizational learning process that favours exploitation. This was certainly the case with respect to Golden Circle.

> We take a personal interest because we consider it ours. I think every grower considers Golden Circle is actually their own. (Grower/Director, May 2004)

> (The company) was absolutely supply driven and with nobody prepared to challenge that. Call it fear if you would. (Senior Executive, April 2004)

> From my perspective, the Board would generally make decisions which gave a good result for growers and didn't necessarily get a good result for the business. (Middle Manager, April 2004)

The conclusion that Golden Circle exhibited very few of the characteristics of a learning organization was supported by a member of the senior management team.

> Historically, we probably haven't been a strong learning organisation; we haven't been open-minded about actually absorbing and learning from other organisations and adopting new practices. (Senior Executive, February 2004)

However, within two years this situation had been turned around.

> Golden Circle is definitely more of a learning organization. We've got a lot of learning actively happening both informally and formally…. through the continuous improvement teams, people are actually learning how they can make things work themselves. We involve people all at different levels doing different things along the whole chain so there is a lot of learning about running that part of the business better (Senior Executive, August 2005).

The analysis of interview data collected in May and December 2005 indicated that there were five key factors that enabled this transformation:

1. A reconstitution of the Golden Circle Board that involved the appointment of an independent Chairman and a majority of non-grower Directors which refocused the company. This restructuring of the Board along with replacement of three long serving members of the senior management team effectively reduced the dominance of exploitation over exploration as the preferred learning process.

   > Growers haven't conceded control or ownership of the company but they have conceded ownership of the board and it gives us a commercial board with a commercial focus and I mean that is a huge cultural change. (Grower/Director, May 2005)

   > I think it's going to have an enormous impact. I think the degree of professionalism that will be introduced and also the degree of independent focus will probably change the company strategy quite dramatically. (Senior Executive, May 2005)

   > What our legal advisor said to us was that we needed to get our heads around the fact that the new board will be focused on the company and the shareholders and not the suppliers. (Grower, May 2005)

2. The presence of a very capable change agent in the General Manager of the Supply Chain and Operations Area who was able to articulate and galvanize support for the change process. This is an excellent example of the importance of an effective *change agent* as advocated by Kotter (1996), Hamel, (2000) and Jones (2006).

   > Our General Manager is very big on positive reinforcement and he's tried to push that onto his managers as well. He often quotes to us that for a manager to be seen as reasonable and fair, he needs to give twelve positive reinforcements for each negative and I think that he lives by that. (Middle Manager May 2005)

   > It was his approach to people which I think was critical and …. the way he talks to people, how he listens. He's never too busy for anyone who wants to talk to him and he's very approachable. He leads by example. (Middle Manager, November 2005)

3. The formation of cross functional teams that were empowered, responsible and accountable for the change process. Through these teams the organization's capacities to collaborate and learn were enhanced. These teams were an effective mechanism through which a mature organization *learnt-to-learn* (Senge, 1990a; Jones, 2006).

> The introduction of teams has been absolutely crucial. The reviews create the forums and the opportunity to actually recognize both individuals and teams that have been successful. I mean there's nothing better than being able to recognize a team as being successful – the enthusiasm is infectious and that has come about through the lean process if you like – it's a real cornerstone. (Middle Manager, April 2005)

4. The presence of a structured framework (Figure 3) that identified, resourced and monitored *process enhancement* projects that were at the core of developing a culture of continuous improvement. This process which developed the absorptive and execution capacities of Golden Circle provides a good example of what Collins (2001) refers to as 'disciplined people who engage in disciplined thought and take disciplined action' to achieve sustainable outcomes (p.142). The process also highlights the active role that management has in the *social interaction factors* that result in potential absorptive capacity being transformed into realized absorptive capacity and ultimately competitive advantage (Zahra and George 2002).

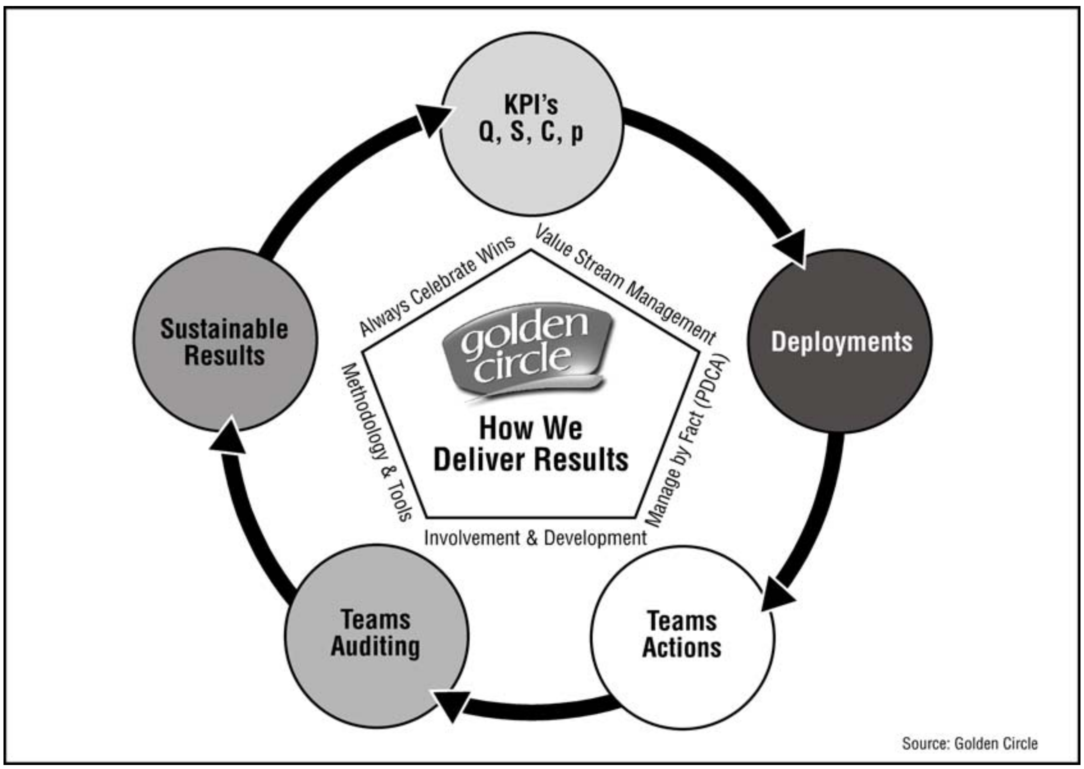

Figure 3 The Golden Circle continuous improvement process

> Management is setting the boundaries, the people are coming up with the project and saying these are the deliverables I'm going to get out of this activity and we're just holding them accountable to do what they said that they were going to do and that's a difference, you know it's a totally different mindset to one that comes as a top down instruction. They have their timelines and what they're going to do and then management shares in the responsibility by auditing that

> process so that there's two way communication and learnings, and by removing any barriers and when you see where the teams are struggling - support them. (Senior Executive, December 2005)

5. The availability of resources to finance, support and execute the change process. This factor was not explicit in the conceptual model that guided this research but become more evident as the project progressed. ('Resources' has been has been included as an enabling factor in the revised conceptual module shown in Figure 5)

> (The Continuous Improvement Manager) is an important cog. He facilitates the process and provides support in developing the skills of others to apply the process so that you can get a number of projects happening at the right time. (Senior Executive, December 2005)

> The biggest obstacle is people having the time to put the energy and commitment into it (the change process). We have to prioritize…. when you've only got so much budget. (Middle Manager, December 2005)

5 IMPACT ON THE ORGANIZATION'S CAPACITY TO BUILD SUPPLY CHAIN PARTNERSHIPS

Kanter (1994) asserts that companies with cross-functional teamwork, strong communication across functions and widely shared information have established what she refers to as an appropriate *infrastructure for learning* and consequently have more productive external relationships. Further, Cann (1998) stresses the importance of the internal alignment and congruency between an organization's goals, strategy and culture in the building of successful business-to-business relationships. However, Barratt (2004) points out that very few organizations have neither achieved the internal integration of their activities nor have they developed a culture that supports collaboration either internally or externally' (p.35).

These observations from the literature reinforce the priority given by Golden Circle management to addressing its internal environment before engaging its supply chain partners.

> We've had so many things to do - getting our own house in order has been the primary focus. (Senior Executive, May 2005)

> We now have the opportunity to get our suppliers more involved in helping us take costs out of the supply chain. Hopefully that will be a win-win situation and it will take some costs out for them as well. (Senior Executive, May 2005)

The process by which Golden Circle engaged its chain partners was through the formation of cross-functional inter-organizational process enhancement teams across four major areas of activity or 'loops' - fruit supply (the Grower Loop), internal processing (the Operations Loop), packaging supply (the Materials Loop) and retail service (the Customer Loop) which are shown in Figure 4.

The objective of these inter-organizational teams was to identify and capture cost reduction opportunities by employing the methodology and processes that had been developed and refined internally at Golden Circle.

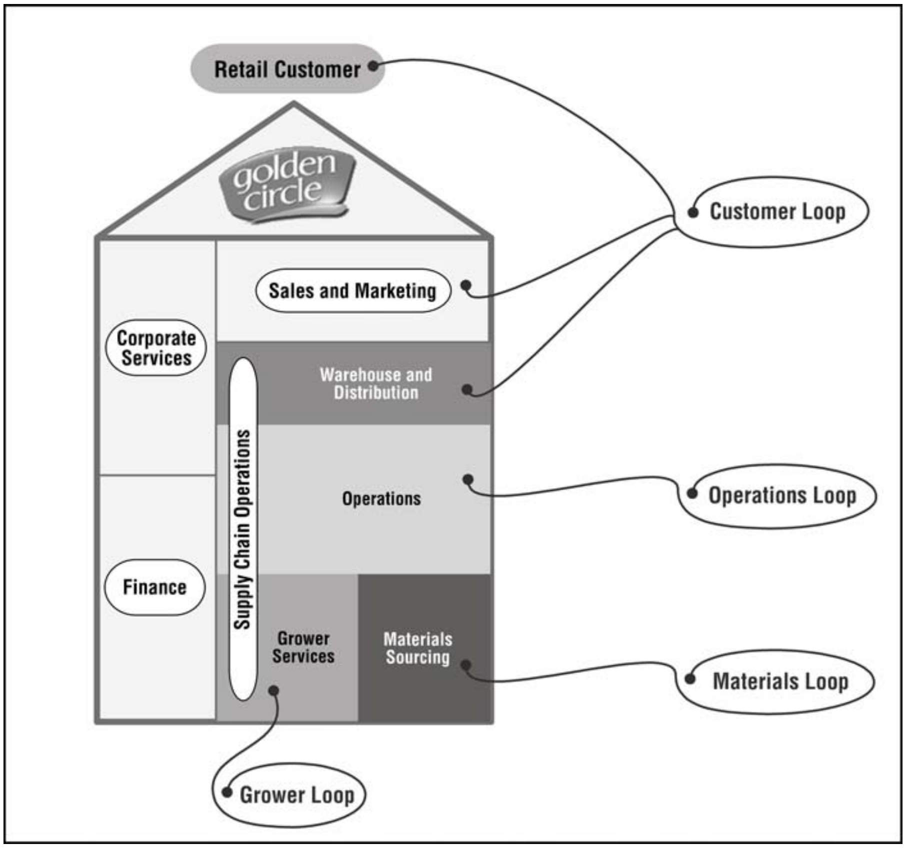

Figure 4 Inter-organizational process enhancement 'loops'

> We want to form cross-functional, cross-company deployment teams to solve issues. We're going to take the same approach that we've used here - so we're pretty excited about that. (Middle Manager, May 2005)

Historically the relationships between Golden Circle and its supply chain partners were what Cox (2004) describes as *adversarial collaborative* relationships.

> There are long term relationships there; there has been the friendships and all that sort of stuff, but the actual real understanding of what you're doing impacts on the next guy and so on has been quite low. The quality of the information transfer between us and our partners has been very, very poor. (Senior Executive, February 2004)

By December 2005 this situation had improved markedly.

> The relationship between Golden Circle and growers is improving. We are being a lot more open and transparent. We are openly communicating what the environment is really like and a lot of our growers have struggled with that. (Senior Executive, December 2005)

> We have got closer relationships with Golden Circle now, probably on all levels from General Manager down to machine operator. There is a lot of development work going on. It (Golden Circle) has changed significantly from what it was two or three years

> ago. We are playing a key role in some of those moves forward. (Packaging Senior Manager, December 2005)
>
> As part of collaboration they (the retailers) are being more transparent with their data. They're sharing their demand forecasts, their promotional plan. (Middle Manager, December 2005)

The important drivers of this improvement in chain relationships were Golden Circle's ability to develop a clear strategic direction for the company, its ability to communicate openly and the enhancement of its capacities to learn, absorb and act effectively.

> There's a clear go forward strategy that we're pursuing. I think the company is a lot more open and transparent now than it was before. People are more empowered but what has happened over the last 12-18 months is that we've had to become a lot more disciplined in those empowerments. Golden Circle is certainly less insular than it was. I still think it's got a ways to go though. We really just need to make sure that we continue to do reality checks but definitely because of the influx of new heads, different heads, into the organisation it's certainly not locked into you know 'this is the way we've always done it' type paradigm. (Senior Executive, December 2005)

There were two aspects of the relationships that Golden Circle developed with its chain partners that are worthy of further discussion - the different types of relationships that Golden Circle pursued with different chain partners and consequently the different focus of the interaction and information exchange.

Initially Golden Circle set out to engage a wide range of 1st and 2nd tier suppliers in supply chain enhancement projects but found the process difficult to manage and resource intensive. From mid 2005, Golden Circle concentrated on developing dyadic relationships with specific chain partners. This change in strategy is supported by other examples in the literature that demonstrate that it is neither feasible nor appropriate for an organization to develop close relationships with all firms across the supply chain (Barratt, 2004; Duffy and Fearne, 2004; Fawcett and Magan, 2002; Lambert and Cooper, 2000).

> We threw the net too wide. It takes a lot of resource just to keep it going but I think people were beginning to say 'I've given up this time but I'm not actually getting anything out of it'. What we're trying to do again is narrow down our focus a little bit. (Senior Executive, December 2005)

Spekman *et al.* (1998) claim that the relationships that exist between supply chain partners vary from transactional through cooperative and coordinated to collaborative depending on the nature of the interaction between the organizations. For example, the relationship between Golden Circle and its major transport provider could be described as cooperative, its relationship with its fruit suppliers and retail customers coordinated and its relationship with a Division of its major packaging supplier as collaborative.

> We have a fairly good relationship; as a customer-supplier relationship. At the moment we're not considered, in my view, a partner in the process. We are seen as a commodity business in relation to them as a partner. (Logistics Provider Senior Manager, May 2004)

> The quality based payments system has been accepted. It's only good business practice that any other business would have been doing anyway. A lot of people are against it but there was a lot of poor quality fruit going down there prior to this quality based payments system. It's achieved its objective. (Fruit Supplier, December 2005)

> It's difficult just getting an audience with the supermarkets full stop. They very much set the agenda. They're quite open about it. Be in shelf ready packaging by August or you're no longer there. So they do set the guidelines. They are 65% of our retail business. (Senior Executive, December 2005)

> We have done a lot of work as part of the lean supply chain process that builds those relationships at multi-levels in both companies. Its starting to gain momentum at all levels. I think the relationship is becoming more strategic but that does take time. (Packaging Senior Manager, May 2005)

The nature of the relationship had a direct impact on the focus of the relationship and the information exchanged between the organizations. Golden Circle set out to develop closer relationships with its supply chain partners that would assist its efforts to reduce costs internally and along the chain. Consequently the majority of the relationships it developed focused on compliance rather than strategic issues and explain the dominance of operational and tactical information sharing between the organizations involved (Barratt, 2004; Bessant *et al*., 2003; Cox, 1999; Hingley, 2005).

This focus on relationship management at the operational level led to what has been called *efficiency driven learning* at the expense of higher levels of learning that are associated with knowledge creation and innovation (Barlow and Jashapara, 1998; Preiss and Murray, 2005; Spekman *et al.* 2002)

6 CONCLUSION

In November 2003 Golden Circle commenced a process of change to transform it into an organization that was agile, adaptive and aligned in response to a critical deterioration in its competitive position . Such a transformation required it to become an organization that facilitated and enabled learning to occur internally and in collaboration with its supply chain partners.

By December 2005 there were encouraging signs that the process was succeeding.

> Lost Time Injury Rate fell from 13.to 8, our best ever safety result; improved overall equipment effectiveness (OEE) making better use of our assets; reduced internal failures; $9 million savings against budget. The take home message is that focusing on a common goal, measurement and engaging your people in the continuous improvement process does deliver results. The amount that we've actually banking from our improvement projects, and will be and rolling into our standards for 2006, is $4.3 million. Each project we've done we've got better at. (Senior Executive, December 2005)

This paper has provided some insights into how Golden Circle had developed its core capacities to collaborate (internally and externally), learn, absorb and execute which are the hallmarks of a learning organization (Bessant & Tsekouras, 2001; Liker, 2004; Senge, 1990a; Spekman *et al*., 2002).

> Golden Circle is definitely more of a learning organization. We've got a lot of learning actively happening both informally and formally…. through the continuous improvement teams, people are actually learning how they can make things work themselves. We involve people all at different levels doing different things along the whole chain so there is a lot of learning about running that part of the business better. (Senior Executive, August 2005)

This research highlighted an important enabling factor of organizational learning that was not explicit in the conceptual model derived from the literature (Figure 1) - the need for adequate resources (financial, physical and human) to sustain the process. The issue of adequate resources is even more critical when the organization is experiencing a financial crisis that precipitated the change process such as in the case of Golden Circle.

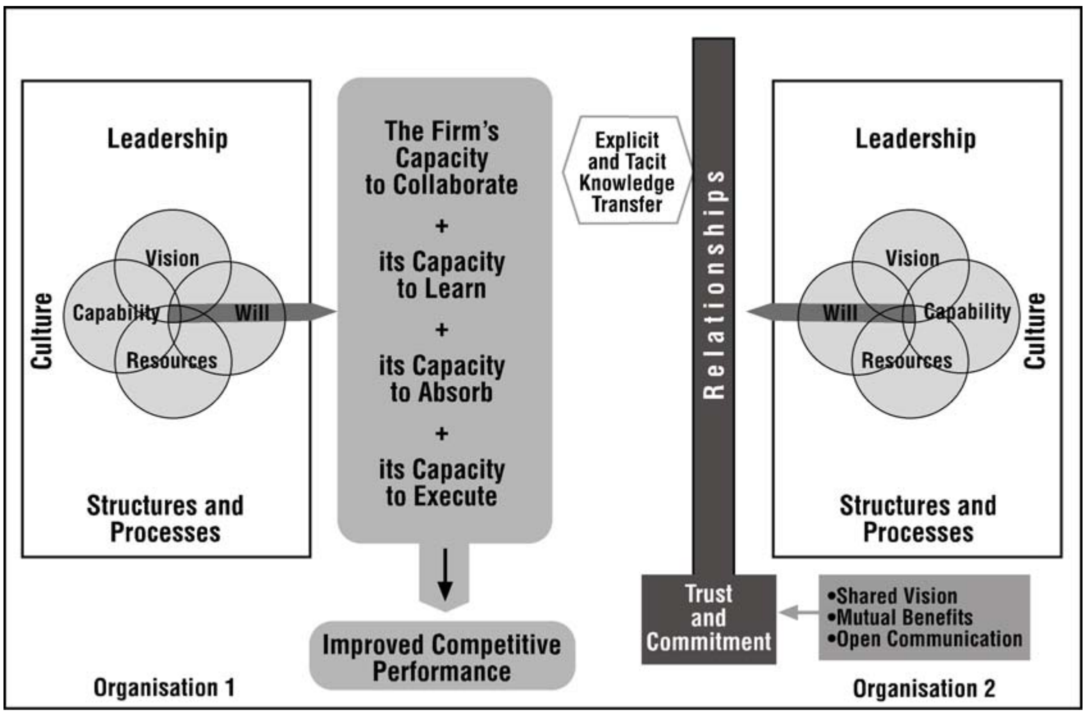

Figure 5 A model of a learning organization and inter-organizational learning

This emergent enabling factor of organizational learning when coupled with the observation that most chain relationships are dyadic in nature, results in a revised model of organizational learning in a chain context which is presented in Figure 5.

The most common criticism of single case studies such as this is that the results are not capable of generalization (Scandura & Williams, 2000). However in the area of organizational learning where empirical studies are few, a single case study can provide valuable insights on the impact of a change process on the development of the core competitive capacities of an organization. This particular case study also provided an opportunity to examine the process of intra- and inter-organizational learning.

Specifically this paper contributes to the literature by:

1. providing empirical data that contributes to our understanding of the learning-performance relationship, particularly in mature firms (Bapuji and Crossan, 2004; Jones, 2006);
2. providing empirical data that contributes to our further understanding of the concept of absorptive capacity (Cohen and Levinthal, 1990) and the 'social integration mechanisms' that link potential and absorptive capacity (Zahra and George, 2002);
3. providing empirical data that contributes to our understanding of the social processes and the actors involved in knowledge transfer and organizational learning (Jones, 2006; Passiante and Ndou, 2006)
4. investigating learning that occurs beyond the boundaries of a firm, particularly in the context of a supply chain rather than a cross-sectional analysis of a strategic partnership or joint venture (Bapuji and Crossan, 2004; Holmqvist, 2003; Lorenzoni and Lipparini, 1999) and
5. providing a model of organizational learning in a chain context that could be used to evaluate an organization's capacity to acquire, assimilate, transform and exploit new knowledge.

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