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The practice of organizational learning in SMEs: A case study

Author:
Haiyuan Bu

Supervisor:
Håkan Lagerquist

Abstract

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Author: Haiyuan Bu

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Thesis purpose: This thesis aims to discuss the process of organizational learning in the context of SMEs. To answer the main questions how SMEs are implementing the organizational learning process and to which extent the organizational learning process is found, a research is presented to elaborate on the practices of organizational learning in one case company. A tentative theoretical model is created and conclusion about the applicability of the model in SMEs is drawn based on the findings in the study.

Methodology: The study was initially inspired by a profound research, 4I framework, done by Crossan et al. (1999) in the organizational learning area. Based on that, more literatures on this theme were researched to create the theoretical model. In order to verify the theory, a qualitative approach was selected to conduct a case study in one SME operating in Sweden. Data collected from the company was then analyzed and used to conclude the study.

Theoretical perspectives: The theoretical frame was based on the research work by Crossan et al. on organizational learning, particularly the 4I framework (Crossan et al., 1999). Apart from that, literatures about characters of SMEs and about organizational learning (Crossan et al., 1999; Argyris & Schon, 1978), individual learning and collective learning, and knowledge creation process (Rrustemi, 2011), and the research on organizational learning under the context of SMEs (Jones & Macpherson, 2006; Chaston, 1998) are also presented to create the theoretical framework and to support the conclusion.

Conclusions: The study reaches a tentative conclusion that organizational learning process, especially the 4I framework, is found in some SMEs, particularly in the case company, but not to a full extent. The process to institute knowledge on the organization level is not found always. This may be the outcome of intrinsic informality character of SMEs.

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1 Introduction

1.1 Background

Small and Medium-Sized Enterprises (SMEs) are the dominant type of firm in many countries including Australia, New Zealand, Sweden and Norway, etc. Within European Union, there are 23 million SMEs, representing 99 percent of all enterprises. As a primary resource for new jobs creation, innovation generation and GDP growth from many countries, SMEs play a key role in the economy of European Union (European Commission, 2012).

At the same time, those SMEs ways of operation may not be in a professional manner (Nelson et al., 2007). A lot of them are running business under informal process and structure. And only a few of them explicitly and actively engage in operational strategies (Grome, 2003), such as strategy for organizational learning. Growth and development within SMEs generate a particular challenge for their daily operation, thus the efficiency and effectiveness of organizational processes, especially the process of knowledge creation, are essential to ensure their strategic advantages for fast growing SMEs (Fay & Luhrmann, 2004; Jick, 1995).

Many researchers have discussed SMEs intrinsic characters such as having a centralized structure with the owner-managers, who in most cases represent the group of people with the most knowledge for the SMEs operation, making most of the major decisions (Cragg & King, 1993). As the business today is becoming increasingly complex in the dynamic global economy, in order to cope with the fast changing environment, the owner-managers have to spread their knowledge in the whole company and establish a learning organization, and companies have to continuously increase their knowledge basis and educate their employees to improve their skills in a feedback loop (Jones & Macpherson, 2006). As widely recognized by many researchers, organizational learning and knowledge creation are crucial in the success of companies as the world entered the knowledge era (Rubio et al., 2009; Keeble & Wilkinson, 1999).

On the other side, it is commonly seen that SMEs are more concerned about survival in the competition rather than organic growth (Gray, 2002), and most of them tend to focus on short term operational activities (Garengo et al., 2007). Compared with large firms, they also lack human and financial resources, etc. (Jones & Macpherson, 2006). All of these factors bring obstacles to create formal learning process in SMEs. Indeed, can these organizational learning processes and practices be found in SMEs? If yes, what are the practices in those SMEs and to which extent those SMEs build their knowledge creation process and further the learning organizations? Due to those above mentioned difficulties such as resource constraint, most of SMEs lack the skills and knowledge to adopt modern management techniques and processes (Jones & Macpherson, 2006). On the other hand, according to many researches, there are some SMEs that do consciously or unconsciously learn systematically as the way to leverage their strength, and to survive and grow (Jones &

Macpherson, 2006), even if not many SMEs successfully achieve that. Certainly, how the knowledge is generated and distributed into the whole organization, then further institutionalized into their working processes in those SMEs can be of specific value to other SMEs that are not operating in such way.

1.2 Problem discussion

Main stream researches on organizational learning have been focusing on collectivity of individual learning, learning process or system, culture or metaphor, knowledge management, and continuous improvement (Wang & Ahmed, 2003). Among these different focuses, particularly to answer the question of how these SMEs, facing all kinds of challenges, build their organizational learning processes, factors including collectivity of individual learning, creating learning process or system, and knowledge management are the most relevant ones (García-Morales et al., 2007; Jones & Macpherson, 2006; Keeble & Wilkinson, 1999). As described by Jones & Macpherson, "Limited managerial resource in smaller firms means that they are often dependent on knowledge from external sources, including feedback from customers and suppliers. However, organizational learning based on the systematic incorporation of new knowledge depends on the ability and willingness of owner-manager to encourage knowledge-sharing." (Jones & Macpherson, 2006, p.155). This statement very well summarized the main interesting points for SMEs to successfully create a learning process.

From another dimension, in which aspects organizational learning manifests itself draws attention from some researchers as well. Investigations on how organizational learning can help with human resource development (Saru, 2007), with strategy formation (Messeghem, 2003), and with improving planning and control system (Bianchi, 2002) provided some insight. A learning organization is the result of learning and behavior of people within the organization, and the learning process is the extension of knowledge of those people into the whole organization in those management aspects (Senge, 1990; Burgoyne & Pedler, 1994). In summary, organizational learning starts from individual learning, then visualizes the learning outcome from individuals to the extended group, then manifests the outcome of knowledge sharing in the daily operations, and in the end codifies the knowledge into the processes.

As mentioned in prior chapter, SMEs have to face many challenges, particularly resource constraints, in their daily operations. For example, SMEs are not so attractive for the most talented people to work for them as large firms are (García-Morales et al., 2007); the culture of discipline in SMEs is not pervasive as in large firms since generally SMEs adopt a centralized organization and the owner/manager makes most of the major decisions (Cragg & King, 1993); SMEs are generally fall short of capacities to establish and execute explicit strategies and to adopt sophisticated planning and control systems (D'Amboise & Muldowney, 1988; Miller & Toulouse, 1986). These limitations contribute to the fact that many SMEs may not have a sophisticated learning process established in the organization. Therefore, the

question arises regarding to which extent organizational learning is happening in SMEs. Can SMEs establish the learning processes or not, and if yes, what are the practices and challenges?

Many researchers have discussed the processes and frameworks for organizational learning. One of the widely used frameworks is the 4I framework by Crossan et al. (1999). The 4I framework, which contains 4 micro processes named as Intuiting, Interpreting, Integrating and Institutionalizing, provides a complete organizational learning process which covers the learning from individual level to group level and then to organizational level. And on each of different levels, the learning action and learning outcome are clearly defined. Since then the 4I framework is widely referred to in many following researches on organizational learning and it is also adopted in the practical world (Sambrook & Roberts, 2005).

On the other hand, as many of the other organizational learning processes, 4I framework was a research based on large firms and there might be some underlying assumptions which must be established so that the process can be useful. The processes and practices for organizational learning researched by them normally necessitate huge effort and heavy investment in human resources and finance resources to implement (Rrustemi, 2011). But as we already mentioned, those resources are not possessed by SMEs. Consequently, the theory concluded by those researchers, including 4I framework, might not be applicable for SMEs. Therefore, in which ways those SMEs engage in organizational learning and how knowledge is created and then spread into the whole organization are very valuable to practitioners in the organizational learning area. In that sense, a research on organizational learning with a particular focus on SMEs and on applying 4I framework in the context of SMEs can be valuable. Since there is very limited empirical research that has a focus on organizational learning within SMEs, a case study on sample companies may provide some insight on answering the question whether 4I framework is also applicable for SMEs, and reveal some practices about how the organizational activities are organized. If some micro processes can be applicable to SMEs, what are those micro processes and on which level they are applicable to SMEs can be analyzed, and the reasoning of why the other parts are not applicable may also be concluded. At the same time, the challenges when applying 4I framework in SMEs may also be identified by such a research. Even though the challenges mentioned in above paragraphs can be some obstacles but it might also be the case that 4I learning framework can still be utilized by SMEs to build their learning organizations to some extent. This empirical study may provide some input for further study of 4I framework under the context of SMEs, and also give some hints to practitioners in this area.

1.3 Research question

Based on the above discussions, the primary research question set in this investigation is the following:

- How does organizational learning occur in SMEs? What are the challenges SMEs are facing in deploying an organizational learning process such as 4I framework?

The main interesting point of the research lies in the process of organizational learning in the context of SMEs, particularly in one case company. This will cover the individual learning and how that is collected, the knowledge sharing and spreading into the group and in which areas the knowledge is codified and manifested, then whether and how the knowledge is managed and institutionalized across sites. The research will also look into the forms and activities SMEs are taking to enhance organizational learning, and try to summarize what the main challenge is for SMEs to establish an organizational learning process, therefore special attention can be paid and resource can be allocated to this area to create the learning organization more efficiently.

1.4 Purpose

This article attempts to provide some implication to the question that how organizational learning occurs in SMEs. To achieve this, existing literatures about organizational learning are referred to build the theoretical model for the study. Then a practical study in one case company was conducted to verify the model.

The practical investigation happened in one case company. The study sets out in two dimensions to answer the research question. From one aspect, the text sets out to investigate in which areas organizational learning occurs in SMEs; from another aspect, the text will also provide some explanatory theory to explain the processes SMEs follow to make the organizational learning happen. The study was conducted in one case company that, consciously or unconsciously, implemented organizational learning in its daily operation. The main effort will focus on discussing the different steps in the practice of organizational learning from the case company and on verifying the processes researched in this area by scholars.

Based on the practical observations in the case company, the investigation will then try to verify the theoretical organizational learning process in SMEs and also the model created based upon the existing literature. In the end of the text, some conclusion will be drawn to summarize the challenges SMEs are facing to create learning organization, and the areas SMEs should focus on to utilize the resources more efficiently.

1.5 Delimitations

The investigation is restricted to a company within one specific industry. Because of the limited time and resources, this research was conducted in one particular Swedish SME therefore is a case study with conclusion drawn based on this sample. Even though some cautious generalization is made in the text, a complete conclusion on its applicability to all SMEs should be made with further study in this area. The objective of the study is to provide

some contribution to the theoretical researches in organizational learning under the context of SMEs. With this objective, a tentative theoretical model for organizational learning at SMEs has been provided and a conclusion is supplied analytically based on the case study. With regard to the applicability of final conclusion to all SMEs, apparently it can vary between enterprises. This variation can be explained by lacking of resources and knowledge, and maturity of company.

1.6 Key concepts

- **Small and Medium-Sized Enterprises (SMEs):**
  SMEs are firms which employ less than 250 employees. In the definition of SMEs from EU, they are further categorized to micro (with head count < 10), small (with headcount < 50) and medium sized (with headcount < 250) enterprises. Empirically, much less attention has been paid to examine the possible differences within SMEs. They can by no means be considered as a homogenous group (Reijonen et al, 2010).

- **Organizational learning:**
  "Organizational learning has existed in our lexicon at least since Cangelosi & Dill (1965) discussed the topic over 30 years ago." (Crossan et al., 1999, p.522). "Its principles are rooted into many perspectives of management, and its practices recognise a wide range of factors, such as organisation strategy, culture, structure, absorptive capacity, problem-solving ability, employee participation, etc." (Wang et al., 2003, p.8). Today, the concept of organisational learning has flourished and been defined in a wide range of literature (Wang et al., 2003, p.8; Levitt & March, 1988; Senge, 1990; Cohen & Sproul, 1991; Argyris & Schon, 1996). "Organisational learning is not simply a collectivity of individual learning processes, but engages interaction between individuals in the organisation, and interaction between organisations as an entiry, and interaction between the organisation and its contexts." (Wang et al., 2003, p.15). "The application of learning at the organizational level was primarily conditioned as a collectivity of individual learning, training and development…Learning starts from individuals". Organizational learning is the process for companies to understand and manage the past experiences (Wang et al., 2003, p.8; Glynn et al., 1992).

- **Challenges:**
  The challenges faced by SMEs indicate the obstacles that they have to overcome therefore to succeed in competitions (Chen et al., 1995; Rubio et al., 2009). Those challenges, including lacking human and financing resources, lacking experiences, small sizes and informality, are due to these firms unique characteristics compared with large firms. (Rubio et al., 2009; Rrustemi, 2011)

2 Theoretical frame of reference

2.1 Organization learning

"The dynamics of global competition, technological advancements, corporate restructuring, and unstable economic conditions are converging on business and making it more important than ever that organizations learn and adapt to make improvements in performance." (Weldy, 2009, p.58). According to Weldy & Kriegesmann et al., for many companies, to gain and maintain their competitive advantages, one of the most popular strategies used is to focus on the knowledge of people as an important strategic resource. (Weldy, 2009; Kriegesmann et al., 2005). The importance of learning and knowledge management in organizations has been recognized both in academic world and in practical management sphere.

Since year 1965 when Cangelosi & Dill started the researches on organizational learning, the topic has gained much attraction from many researchers. In recent years, the level of interests in the field of organizational learning has grown dramatically (Crossan & Guatto, 1996; Alvesson & Karreman, 2001; Andreou & Bontis, 2007; Lopez et al., 2005). In many researches, organizational learning has been regarded as an important strategy to improve organizational performance and to maintain competitive advantage (Weldy, 2009; Buhler, 2002; Davis & Daley, 2008; Korth, 2007). However, "There was no agreement on what organizational learning meant or how it should have been managed in practice" (Saru, 2007, p.37; Fiol & Lyles, 1985) until the groundbreaking work from Argyris (since 1970s), which introduced the learning loops (single loop and double loop learning) concept to researchers and practitioners. Lately, the research work from Easterby-Smith (1997) and Crossan et al. (1999) have provided the theory-building models and clarified the various aspects of learning in organizations. But looking at the investigation done under the context of SMEs, "the field is very abstract and makes research less coherent and especially challenging for SMEs". (Saru, 2007, p.37)

2.2 Individual learning and learning system

Today, the concept of organizational learning has been defined in broad sense and from different dimensions. However, most of the definitions appear to be complementary instead of "fundamentally original and conceptually different" (Wang et al., 2003, p.8). According to Wang et al. (2003), "The application of learning at the organizational level was primarily conditioned as a collectivity of individual learning, training and development…Learning starts from individuals". Further they put the focus of the organizational learning concept on the process or system of learning. Organizational learning is the process for companies to understand and manage the past experiences (Wang et al., 2003; Glynn et al., 1992).

Different perspectives are emphasized in the process, for example, leadership (Revans, 1982; Popper & Lipshitz, 2000), five disciplines: personal mastery, mental models, shared vision, team learning and systems thinking (Senge, 1990), and the well-known 4I processes: intuiting and interpreting at the individual level; interpreting and integrating on the group level; and integrating and institutionalizing at the organizational level (Crossan et al., 1994).

In the system view of organizational learning, organizations are regarded as either an open system or a closed system. Under the view of organization being a closed system, the organizational learning only happens within the organization itself. As a comparison, an open system takes into account the situation factors and also inter-organizational learning is one of the most important steps in the whole process. The resources of knowledge can be very broad, both within the organization and outside of the organization (Wang et al., 2003). From the internal organization, the resources of knowledge can originate from personal experience accumulated with time and integrated knowledge developed by the organization. While from the external world, the resource of knowledge is even broader and it can be from external educational institutions, consultancy companies, other industries, and even from competitors. As the outcome of current rapid development of technologies and information sharing in our era, external knowledge is becoming more and more important. And compared with internal development of knowledge, learning from external world or inter-organizations is easier and more efficient for most of organizations, especially for SMEs (Jones & Macpherson, 2006).

The research by Crossan et al. (1999) combined both individual learning the learning system into the so called 4I framework, which is to be described in following chapter.

2.3 The 4I process

Crossan et al. (1999) pointed out that, while learning might always begin with individuals, for organizational learning to happen new knowledge must be interpreted, distributed and institutionalized in organizational routines. An effective learning at an organizational level demands both personal knowledge and skill development and a system for knowledge sharing. Further, they defined the learning process that contains 4 micro processes: Intuiting, Interpreting, Integrating and Institutionalizing, the well-known 4I process. These 4 micro processes are operating on 3 levels: individual, group and organization. They also admit that the 4 micro processes naturally flow from one to another and it is difficult to precisely define the clear boundaries among them.

The 4 micro processes, operating on 3 levels, together comprise the whole process of the 4I framework. First of all, as most of researches point out, learning starts from the cognition activity of individuals. When problem arises, individual person tries to act to solve the problem, and during this subconscious process, thoughts are verified and then become experience, and are interpreted and accumulated on individual person level. To benefit the

team the person is working with, this personal knowledge is verbalized and passed to the coworkers so the team surrounding the individual person acquires the same knowledge. In this step, the knowledge can be further developed and re-iterated so it becomes routines and formal procedures in the workgroup. Dialog and joint-actions are crucial so this step can happen. The further development of this process is normally more challenging as this institutionalization of knowledge requires intentional manipulation so it can be codified, then it can be shared within the whole organization and therefore the feedback loop can take place. This step requires a mechanism in the organization that can recognize the knowledge development occurring in different parts of the company and facilitate the institutionalization process. Generally this step can be found from many mature companies which possess the experience and resources to achieve this but not in many SMEs due to the challenges they are facing.

One other interesting aspect mentioned by Crossan et al is that not every knowledge creation process ends up with the final institutionalization step. As said, “Insights, the seeds of adaptiveness and exploration, begin with the individual but, if "successful," eventually become embedded in the formal organization.” (Crossan et al., 1999, p.526). This statement gives some indication on the difficulty to establish the whole learning process in one organization. There are many factors that can cause the failure of institutionalization, for example, lacking experience in the organization and lacking resources may seriously impact the outcome of learning.

Some other scholars further elaborate the learning framework based on the work from Crossan et al. In the research from Jones & Macpherson, they argue that Organizational learning requires that knowledge be embedded in routines, systems and structures so that it can be distributed throughout the whole organization. It is a process of exploitation and exploration of knowledge through refinement, routinization, production and elaboration of existing experience. “Crossan et al define the four social and psychological micro-processes which link learning at individual, group and organizational levels in the following manner:” (Jones & Macpherson, 2006, p.157)

> “Intuiting is the pre-conscious recognition of the pattern and/or possibilities inherent in a personal stream of experience. The process can affect the intuitive individual’s behaviour, but it only affects others as they attempt to (inter)act with that individual.
>
> Interpreting is the explaining of an insight or idea, to oneself or others. This process goes from pre-verbal to verbal, and requires the development of language.
>
> Integrating is the process of developing shared understanding and coordinated action through mutual adjustment. Dialogue and joint action are crucial to the development of shared understanding.This process will initially be ad hoc and informal, but if the action is recurring and significant it will be institutionalized.
>
> Institutionalising is the process of ensuring that actions become routinized. Tasks are

defined, action specified and organizational mechanisms established to ensure that certain actions occur. Institutionalising is the process of embedding individual and group learning into the organisation's systems, structures, procedures and strategy." (Jones & Macpherson, 2006, p.157)

To sum up, in the model of 4I framework, Intuiting and interpreting can only happen on individual level; interpreting and integrating take place on group level; integrating and institutionalizing occur on organizational level (Jones & Macpherson, 2006). This 4I process provides a practical framework for organizations to follow to build a learning organization, especially for large firms that have resources and experiences to conduct such process creation. The question remains whether this 4I framework, developed from large firms, is also applicable for SMEs, which are distinctively different from large firms in some parts. In the following text, the 4I framework and its micro processes will be examined closely in the context of SMEs to find the applicability in such situations.

2.4 Organizational learning sources and knowledge creation process for SMEs

As discussed previously, limited managerial resources in smaller firms have big impact on the capacity of organizational learning in SMEs. In a lot of cases, this means that SMEs are often dependent on knowledge from external sources, including external training institutions, universities, feedback from customers and suppliers, external employment, and even competitors (Jones & Macpherson, 2006). The knowledge creation and learning process in SMEs are distinctively different from those in large firms (Rrustemi, 2011). Due to the relatively small size of those companies, individual person plays a more important role in the learning process. In SMEs, individual person learns and then share through discussions and close mutual interactions his or her knowledge, ideas, experiences and knowledge to the whole organization, thereby the knowledge is created within the whole organization. Therefore, individual person is an important agent for organization learning to happen in SMEs.

To incorporate and institutionalize the created knowledge into the organization systematically is another critical part of the organizational learning process, and it relies on the managerial willingness and ability of the managers. And a key role of managers is to create a climate where employees can share their tacit knowledge easily (Jones & Macpherson, 2006). This is the step to transfer individual knowledge to collective level. But due to the high level of informality and heavy reliance on direct authority, and due to the lacking of formal procedures and systems, this imposes a lot of difficulties to SMEs. On the other hand, an ecological system of factors which was named as "organizational learning system" by Argyris & Schon may facilitate or inhibit the learning activities across the whole organization (Argyris & Schon, 1978). These factors may include learning-based interactions

between individual and individual and between individual and the company that employs the individual, structure and setup of the company, culture, and the ambition of the companies, etc. These factors or the system are also emphasized researchers such as Morgan and Hedberg (Morgan, 1986; Hedberg, 1981) in the study of organizational learning. And these factors also differentiate different kinds of learning organizations, thereby contributing to the success or failure of creating a learning process in those organizations (Matlay, 2000).

2.5 Knowledge creation in different managerial domains

Suppose the process of organizational learning is happening in some form under the context of SMEs, where possibly the knowledge creation, outcome of organizational learning, can be found and further be spread out to the whole organization? In the past decades, a lot of researchers have investigated the connections between organizational learning and different managerial domains including human resource management (Rubio et al., 2009; Saru, 2007), strategy formation, and improving planning and control system (Bianchi, 2002), etc. And many examples and frameworks have been investigated to provide useful methods for future research on organizational learning under various managerial domains. Below is a summary of a few researches in this sector:

- Saru (2007, p.37) mentioned that "organisational learning has become an important strategy to create competitive advantage in organizations", and "organisational learning has been a prominent feature of discussions on human resource management for a long time." In the view of Saru, organizational learning is an integrated part of human resource management in organizations. And the relevant processes and practices of human resources in an organization can facilitate or inhibit the learning activity of the organization. From human resource perspectives, Saru discussed the forms and impact of organizational learning in the sample companies and stressed the importance of organizational learning in creating competitive advantage in organizations generally.

- Under the context of SMEs, some scholars investigated the applicability of organizational learning in the area of planning and control systems. Even though many researchers conclude that small firms rarely resort to planning and control systems (Robinson & Pearce, 1984; Matthews & Scott, 1995; Chaston, 1998), Bianchi (2002) emphasized that for SMEs to survive and grow, a prerequisite for them is to take the learning-oriented approach into their planning and control systems. Meanwhile, there are other scholars (Hannon & Atherton, 1995; Sadler-Smith et al. 2001) also noted that the planning process should be oriented to learning instead of concentrating on forecasting. Learning-oriented approach in planning and control systems has been proven useful and more feasible in many companies, especially in SMEs, according to those scholars.

- In discussing the strategy formation of organizations, Kenny (2006) pointed out that

the development of company strategy is closely related to the learning, and further tried to develop a theoretical framework for strategic change, which includes organizational learning into the strategy to have better understanding of the problem. With the framework, companies need to strategically learn from and respond to the rapidly changing external environment and adapt to it. Therefore the effectiveness of strategy in organization has a strong connection with the maturity of organizational learning process within the organization. Crossan et al. (2003) also investigated the integration of organizational learning and strategy and pointed out criticality of organizational learning in the same area.

Based on the above researches, we can conclude that organizational learning is proven effective in those managerial domains, and organizational learning process and activities may be found in the same areas, if they are occurring in those SMEs. It would be beneficial to see what kinds of activities are taking place and how the process is formed in those areas in the following text.

2.6 Inference and summary

From the above reasoning, we can see that the process of organizational learning starts from individual learning from various resources including both external resources such as customers and competitors and internal resources such as accumulated experiences. Then further the learning system is developed by collecting the outcome of individual learning and this outcome of the collectivity, in most cases in the form of knowledge, is shared at group level. To establish a complete process of organizational learning, in some scholars view, institutionalizing the knowledge at the organizational level and feeding back to the whole organization is the last step, probably the most critical step. Based on experiences and findings from academic world, the learning processes might be found in some areas such as human resource management, planning and control system of the organization, and strategy formation process.

Rrustemi (2011) concluded in his study that similarities in the 3 studied SMEs by him could form some pattern in sense of organizational learning. He found out in all those 3 companies, individuals and systems are found to be the agents of learning, with individuals as the key. Meanwhile, to store the learned knowledge from individuals so the whole organization can access that is deemed as critical by them too. Jones & Macpherson (2006) then in their research argue that individual is the key for SMEs to learn systematically. And both of these scholars believed for SMEs, external knowledge from suppliers, competitors and educational institutions are the main sources for learning.

In the following study, based on the above reasoning, the organizational learning framework developed by Crossan, Lane, & White (1999) is applied to examine the organizational learning practices in the case company. This will hopefully provide some insight to answer the research question raised in prior chapter. To better examine the practices in the case

company and to apply the existing organizational learning framework to the practices from the case company, a few propositions about SMEs are made to create a tentative model for the learning process in SMEs.

From the discussion in prior chapters, one can see that because of the resource limitations in SMEs, SMEs have to learn from any possible sources from both internal and external. And in many cases, external sources are even more important for SMEs due to the cost to innovate can be very high, which in many cases is not affordable by SMEs. Based on this, proposition 1 is formulated.

> **Proposition 1:** The learning system in SMEs is an open system so the learning sources are from both internal and external such as customers, competitors and universities, etc. This is the intuiting happening at individual level in the 4I framework.

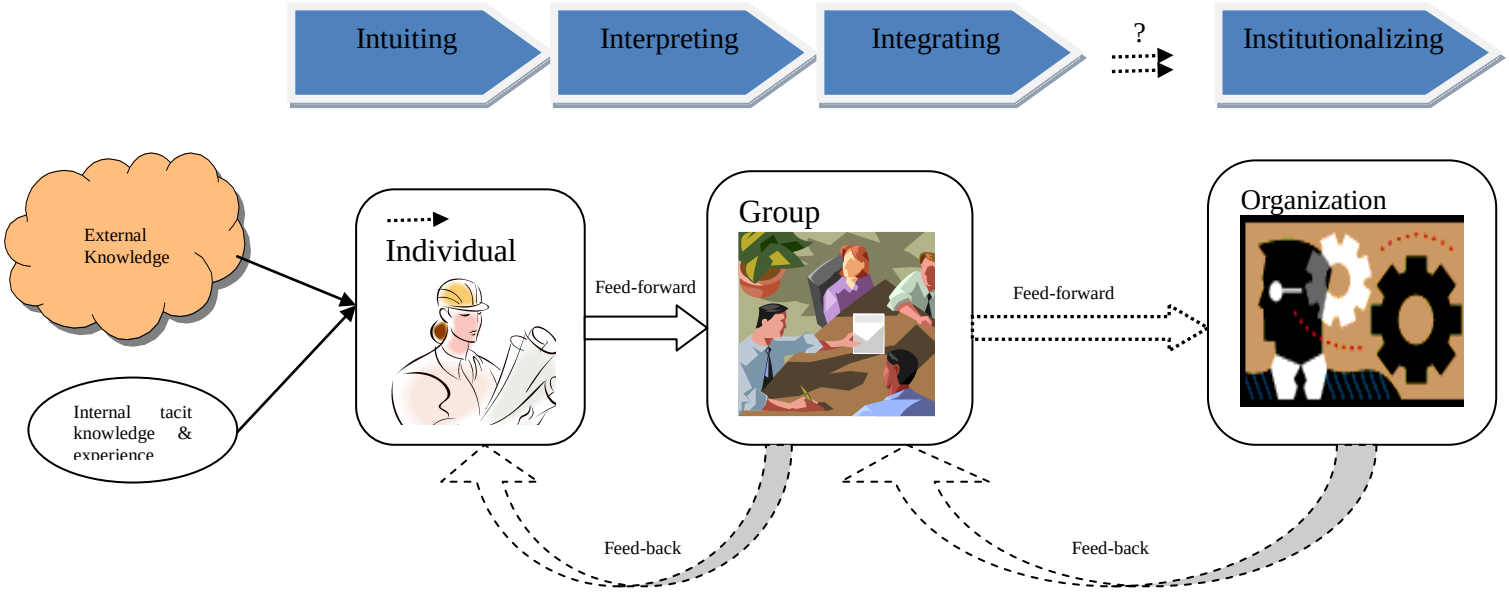
After the knowledge is acquired by the individuals, the obstacle for many SMEs to establish organizational learning lies in the informality of the process, which makes the distribution and institutionalization of the new knowledge relatively difficult compared with large firms (Jones & Macpherson, 2006). While as many scholars have pointed out, the informality of process in SMEs can be attributed to the fact that SMEs generally lack resources to create formal process and also the motivation to invest in long term process is not high due to SMEs are always focusing on short term outcome. From another perspective, because of the relatively smaller size of these companies, people have close inter-actions and sometimes rotation of the job functions is commonly seen as well. This leads to the fact that knowledge sharing at the group level is frequent and much easier. But then in the end, the lacking formality of process makes it difficult to institute the knowledge within the whole organization. Based on these reasoning, the 2nd and the 3rd proposition are generated.

> **Proposition 2:** The knowledge Interpreting and integrating on group level can be found in SMEs due to the natural characters of SMEs such as close-knit relationship, job rotating and inner development to survive in the competition are facilitating knowledge sharing in SMEs. This is the pros for SMEs to integrate knowledge in daily operation.

> **Proposition 3:** The institutionalizing process of acquired knowledge is not found in SMEs due to resources needed to create such formal process is not always available and the motivation to create long term formal process is not high.

Considering the above reasoning and inferences, a tentative model describing the learning practices in SMEs can be drawn as below.

Figure 1. Organizational learning process in SMEs



In the subsequent chapters, those propositions and the model will be examined by data taken from a qualitative research from a mature SME and by the analysis based on the data collected. In the end of the article, a tentative conclusion will be drawn based on the reasoning and some further discussion is elicited.

3 Method

3.1 Overall research design and process

The primary objective of the article is to investigate whether organizational learning is occurring in SMEs, and if yes, how organizational learning is occurring in SMEs. Further to conduct the research, the study intends to apply the 4I process in the context of SMEs to provide some insight in answering the research question. As the first step of the study, the conceptualization of the theory is based on the research work and the theoretical understanding of organizational learning and knowledge creation. Then for the second step, three propositions were raised from the reasoning and further a tentative theoretical model was generated. The third step of the study, also the major part of this research, was completed by a qualitative case study in a mature SME, named Unisport Scandinavia AB., with 17 years operational experience in the sporting service industry. In-depth data, including both historical data and data from as of today, was taken from the company by interviews and interpretation. For the application of the theoretical model, this is described in analyzing the data received. In the end, some conclusion and implication for further research are presented.

To research on these questions inferred from the theoretical study, a qualitative case study was conducted in one SME as an internship in the company. Qualitative research method is proper here since it has a "long tradition of generating richer and more meaningful information" (Abimbola et al., 2007, p.419; Bryman, 1988; Krueger & Casey, 2001; Patton, 2002, p. 123; Strauss & Corbin, 1990). Case study is useful in conducting this kind of research as it provides rich and meaningful information through long time inter-actions with the case company. These inter-actions are achieved via face to face interviews, close observations, and meeting and discussions. As said by Rrustemi (2011), "we see the world as descriptive, and phenomena can be explained and proved by observation". To successfully investigate an event, going close and looking at the world objectively are necessary. This approach also has a long history in social sciences, and it has been used for "single and multiple cases and with quantitative as well as qualitative methods" (Saru, 2007, p.42; Yin, 1984). As Eisenhardt (1989) mentioned, this method is designed to understand the dynamics of a single setting, or, as Yin (1984) stated, of complex social phenomena. Therefore, case study can be used to test theory, generate theory, and provide descriptions (Eisenhardt, 1989) and it can be classified as explanatory, descriptive or exploratory (Yin, 1984).

In light of these considerations, the traditional qualitative and empirical methods were adopted to provide the in-depth understanding of the observation. The data is collected through observation and interview mostly. Coming to the design of interviews and discussion frameworks, the work in research method by Bryman & Bell (2011) was consulted to provide

some useful guideline for the whole case study.

The internship and thereby the case study were kicked off in the beginning of November, 2011. As the start, in the introduction meeting with the mentor of the internship, Joachim Gabrielsson, who is also a senior manager of Unisport, and the CEO of the company, Mikael Hjelte, basic information about the main business of Unisport, which is to sell and install artificial turf and flooring for various kinds of sports arenas, and some other information about the company, including the turnover of past years, market position, and external competition environment, etc., were introduced in the meeting (see chapter 4.1 – Background of the case company).

After the first meeting, a case study plan was defined collectively together with the mentor and professors in University to guide the overall work for the coming 6 months in the case company. The execution of the case study will follow a process from information collection by interview and discussions, analysis and evaluation using academic frameworks, and implication and conclusion based on above steps.

Interview is one of the most well represented tools in qualitative data collection (Bryman & Bell, 2011), therefore it was also adopted in this study. To conduct the interviews, a guideline to the coming interviews was created. In order to develop a proper interview guide, academic literature was consulted for the basics. According to Bryman & Bell (2011) for qualitative research, unstructured and semi-structured interviewing are some of the best methods to use. Hence this form of semi-structured interview became the first choice. The interview guide was finally created based on Figure 18.1 “Formulating questions for an interview guide” (Bryman & Bell, 2011, pp. 477).

In the following interviews and discussions, the intention was to get basic understanding of the learning status in the company, the recognition of importance toward learning, the source of knowledge, the existence of learning process and the factors that affect the learning outcome, these topics comprise of the interview guideline basically. These factors are important to answer the research question based on the prior analysis of the topic, and at least they will provide material for further analysis of learning activities at Unisport. These factors are also stressed in the research by Crossan et al (1999) on the 4I framework. The interview approach was taken to collect more information on this particular characteristic (Bryman & Bell, 2011). Therefore, it is important to root the interview questions in literature, so it ultimately provides answer to different aspects of the research question. In the end, eighty percent of the staff was interviewed via one to one interview and the outcome was documented. And the managers were interviewed in two rounds, and many sub sequential discussions were also held with managers and sales people.

Further through the close observations in working in the company for 6 months, more information about the case company was found out and more facts about the learning activities and processes were revealed. The observations mainly are through formal discussion, informal conversations in different occasions, and close team work to develop the

business plan for Unisport. To collect valuable information, several aspects are considered (Bryman & Bell, 2011). First of all, a choice has to be made on the perspective that is applicable for the research. This could be analyzing the case company from outside or from inside. In this case, it is an observation from inside due to the close working relationship in the internship. Secondly, trust has to be built between the 2 parties, in this case the employees from Unisport and the researcher. During the study period, an open door policy was applied, following the approach of Bryman & Bell (2011). Particularly, informal conversations allowed for an atmosphere of mutual trust and respect to be created. Thirdly, the role of the researcher in the process of observing has to be defined. Here listening to conversations and asking questions were the main form of the role the researcher played.

After the empirical data collection phase, the collected data was then sum up and categorized to give an overview of learning activities in the case company. The learning outcome and source of learning are also presented. Then the categorized data was used to verify the 3 propositions set for the research model, following the 4I process by Crossan et al (1999) on the 3 levels – individual, group, and organization. In the end, the text is also trying to summarize the findings in the case study and also trying to give some conclusions of the research on the topic of organizational learning in SMEs. Some implications for further research are also presented.

Regarding the theoretical literature used in this study, it was collected from different resources such as books and articles by carefully selecting the literatures related to the research. The inspirational source of the theory is from the research "An organizational learning framework: From Intuition to Institution" by Crossan et al (1999). Then some reviews of the framework and relevant research in SMEs were gone through to create the theoretical model. The main topic of the study, organizational learning in SMEs, was elicited from various articles about organizational learning and knowledge creation process such as the research on organizational learning in SMEs by Jones & Macpherson (2006). To test the applicability of the model into SMEs, some articles about the intrinsic characters of SMEs were referenced.

Regarding the scope of the theory, a manageable portion of the theory was selected. The entry point for this research was at the conceptualization phase, and this research also began to move the theory forward to further steps, particularly on its application to SMEs. This research attempts to test the 4I framework in the context of SMEs and specially pays attention to the knowledge creation process considering the environment SMEs are operating in. However, the verification of the theory is only performed in one case company therefore further refinement of the study is yet to be defined.

3.2 Data collection

The empirical data for this study was collected from Unisport Scandinavia AB., a mature SME operating in sporting service industry in north Europe. The case company is one of such

SMEs that are practicing in organizational learning to some extent. As many other SMEs, the company started as a family business, and along the way of its development, it is gradually transiting itself to a professional company. This article sets out to investigate how the company, consciously or unconsciously, built its own organizational learning process.

The information was gathered both by personal interviews with more than 15 employees, including CEO, country managers, and normal sales staff working in the company, and by direct internship experience including observation and discussion with employees at the company for 6 months. Meanwhile, historical data of the company was also collected from chronicle records of the company. The study and internship were conducted by a team comprised of 2 persons from the same program and it lasted for 6 months. The focus of the data collection was on the resource for the learning at the case company, in which area is organizational learning occurring, the knowledge interpretation and sharing within the group, and the knowledge integration and institution in the whole organization globally. The logic behind this focus is to find out the knowledge creation process and organizational learning strategy adopted by the company and how the theoretical model based on 4I framework can be applied to SMEs.

The interview questions were prepared based on the literature discussed in prior chapters, and they were included into a guideline to discover the general company information and the practices and processes for knowledge creation, following the guideline for interviews from Bryman & Bell (2011). All interviews were face-to-face and followed a semi-structured questionnaire, which served as a thread for the conversation, but also left room for follow-up questions and detailed and individual answers from the interviewees. Furthermore, mainly qualitative, open questions were asked. Due to different circumstances, the interview questions could be changed and developed during the course of the interview, to capture even more information from the interviewees. These interviews served several purposes. The primary goal was to establish a general overview of Unisport and its organizational learning practices -- what is the company, what are the learning experiences, the knowledge creation process and challenges, etc. Moreover, these interviews were also used to gather specific data to verify the research models based on 4I framework. The interviews conducted provided a valuable source of primary data and a good starting point for further research.

The interview approach was chosen so that first-hand information can be acquired, thereby achieving a comprehensive understanding of the issues discussed (Bryman & Bell, 2011). The interview session was divided into two phases. The first phase was designed to get more general information about the company, and the interviewees included the CEO of the company, 3 business unit managers for all business units, the human resource manager, and the manager for administrations. Due to the in-depth knowledge of the interviewed people about the company, businesses, and processes at Unisport, those people could provide a valuable source of primary data and a good starting point for more specific interviews for second phase. The interview last for 1 hour on average. After interview and data collection, formal meetings were setup to summarize the findings and discuss the outcome with the mentor for the internship.

The second phase was designed to examine further the source for organizational learning and the practices to spread the knowledge, the factors that impact the knowledge spreading and institutionalizing such as managerial culture, and the institution of knowledge if there is any, etc. By doing this, in-depth data that will reveal practices of the company in organizational learning can be gathered, and systemized understanding on the data will provide the necessary evidence to the topics discussed in this text. The interviewees for this phase included all sales staff (majority of the company is working for sales), the department manager for engineering and installation engineers, and employees working for finance and IT support. This selected scope of interviewees covered all operational parts of Unisport, so we can scrutinize every detail of the learning practices occurring in the company. Each interview took between 30 and 60 minutes, depending on the interaction between the interviewees and interviewers. When the second phase of interview was completed, formal discussions with mentors and managers of Unisport were conducted to review the outcome of the interviews.

During the whole internship, besides the formal semi-structured interviews, many informal conversations have also taken place. Those conversations might be a quick chat at the coffee machine or a lunch with employees working at Unisport. The informal conversations also provided a good insight at learning processes in Unisport and reveal aspects of the company that may not be found out through formal interviews. Transcripts of these conversations have not been documented, however, when used specifically in this text they are referenced to the employee in question.

Close observation, from an external angle, at daily business routines in Unisport has also provided valuable input for researching the organizational learning practices. The observation on the daily work of employees was carried out when working in the internship company for different tasks to improve the sales process of Unisport. All insights gained from the observation were then used to guide the further interviews and discussions on the topic of organizational learning at Unisport.

3.3 Method for data analysis

The purpose of this study is to test an organizational learning framework, 4I framework, in the context of SMEs, especially in one case company. The longitudinal data collected will be analyzed mainly by a predictions, explanations and causal effects method, while the static data as of today will be examined by some findings from the literature and by interpretation of the indicators. The aim of the data analysis is to provide reliable factors for the testing of the theoretical model, for example, the analysis of the source for learning should be useful for verifying the intuition and interpretation steps at individual level, and analysis of codified knowledge should reflect the institution step of the framework.

In the beginning of the data analysis, the data from the interviews was transcribed to ensure

that all the important elements are captured (Bryman & Bell, 2011). The findings and data collected will be summarized into different learning activities occurred in the case company, with details about the activity, learning outcome and the knowledge source. This will give an overview of the learning routines in the company and will provide the material for further application of the data into the 4I framework. After the summary part, based on the 3 levels of the 4I learning framework (Crossan et al., 1999), the summarized learning activities will be tentatively applied and analyzed to provide the proof of organizational learning status in the case company, and whether it happens or not. Furthermore, the propositions raised in chapter 2 will be verified as well using the examples picked from the summary. Meanwhile, if some level of the 4I framework can be found in the case company, the pros and cons for organizational learning to occur in the case company, therefore in SMEs, will also be presented to give some causal effect view. By doing this, the text intends to give an answer to the research question that how organizational learning occur in SMEs and the challenges SMEs are facing in deploying organizational learning, for example, to apply 4I framework.

3.4 Reflections of method choices

The study was conducted in one case company, and qualitative method was selected to analyze and conclude the research question. Due to the limitation on time and samples, the generalization of the conclusion from the case company to the group of SMEs cannot be automatically warranted. In some cases, qualitative research has also been criticized for being subjective. Some scholars argue that the way the researcher sees the world and the values he or she holds might have impact the outcome of the study. It is also more difficult to replicate the outcome of a survey, since the research is more unstructured compared to quantitative research. In addition, sometimes the way qualitative research is conducted and final conclusion is reached is unclear to the readers. In this situation the research lacks transparency (Bryman et al., 2011). When conducting the interview, this criticism should be taken into account to remove subjective questions and to increase transparency to the maximum extent. It would be more beneficial if the research is conducted in multiple case companies, and some quantitative research on the relevant topics such as budget spent on the learning activities will also bring more insight on the question under discussion.

Regarding the interview guide, it can be more specific to understand the challenges the company is facing in develop a learning organization. Meanwhile, more close questions should be asked so it can provide more validity. In addition, the interview and the interactions were in English instead of Swedish, which is the native language of the employees. In fact, for some employees, to answer questions in English is a challenge for them therefore the quality of the answer might not reflect the original thought of the interviewees. Therefore, the information can be more accurate if the interview can be conducted in Swedish. Moreover, some employees are not very familiar with the topics under discussion, which makes the input from them less reliable (Saunders et al., 2007). Therefore, some education on the topic can be valuable prior to the interviews.

4 Presentation of results

4.1 Background of the case company

The company studied in this case is called Unisport Scandinavia AB. Unisport is a small to medium sized company with totally about 40 employees and operating in Sweden, Denmark and Norway. Its core business is to provide services including consultant and installation of artificial turf and flooring for various kinds of sports arenas. This company was founded in 1990s by 10 friends and many of them have extensive sporting background. Since then, the company has been enjoying steady growth in its core business, even with some fluctuations in its performance due to, for example, the finance crisis in year 2008.

The company was owned by the founders before year 2008, and during that year, one venture capital company acquired the company. The structure of the company was not changed much even though some restructuring had been done to adapt to the new ownership and market situation. But the restructuring did cause some fluctuation in the finance performance of the company, which will be discussed in following text.

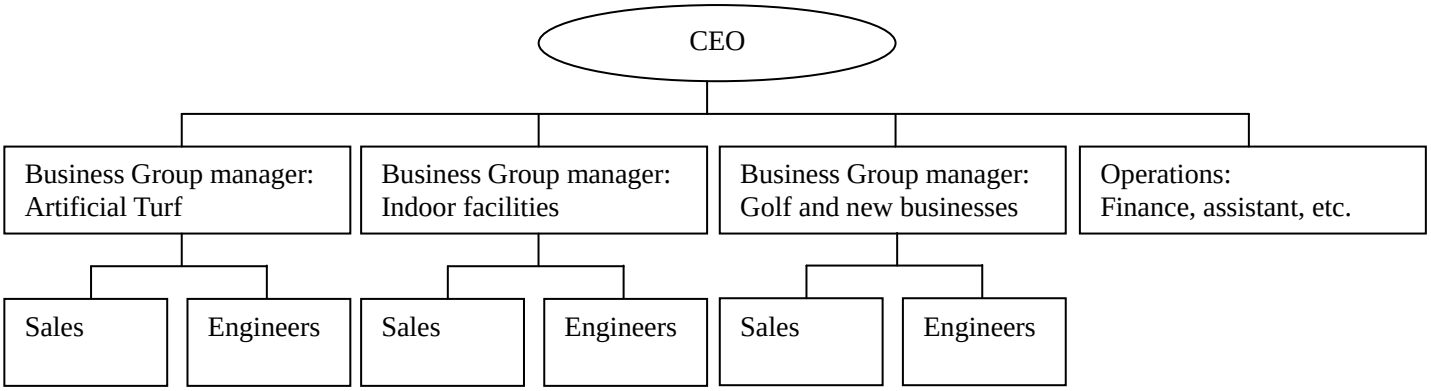
Unisport is clearly the market leader in the industry within the Scandinavian area with a market share of more than 35% in Sweden, 30% in Norway, and 20% in Denmark. Currently, Unisport is the No.1 player in the Nordic countries in terms of revenue and market share. The annual growth in terms of revenue in the past years is about 10%. In year 2011, the company had total revenue of 236 mSEK, with a net profit of about 13 mSEK. According to the company, the profit is the best in the industry, even though the company suffered from the tough competition from some low price competitors.

The market that Unisport is operating in is a stable market with relatively low competition. But nowadays, since the competition is becoming higher as global players joined the competition and because of the internal requirement to be a more formalized company as it grows, Unisport is re-organizing to be more competitive in the market.

Recently, Unisport has gone through a re-organization of its business units. Before the re-organization, as in many SMEs, Unisport had a centralized structure to make decisions. The site manager of each country had authority to maintain the daily operation locally, but the functionalities such as finance, human resource, etc. were centralized.

In terms of levels in the organization, the structure of Unisport was quite “flat”. There were totally 3 levels, with CEO on the top, business group managers across sites on the middle and normal employees including engineers, sales and others on the bottom level. As shown in below figure:

Figure 2. Organizational structure at Unisport (before re-organization)



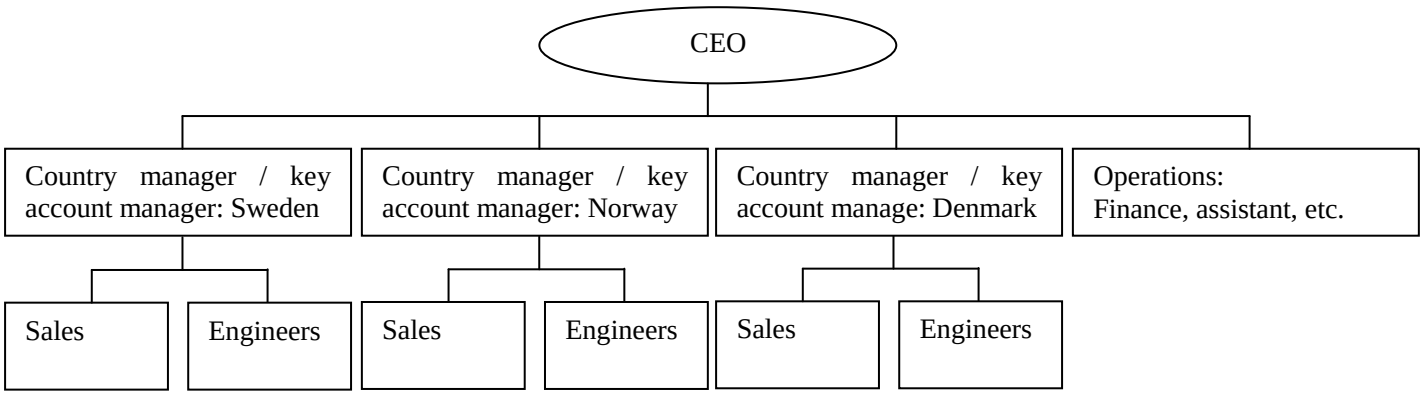
In the above picture, every business group was operating cross-sites, meaning that in all 3 sites which Unisport has operations in, each business unit exists and it was managed by one central business manager from Sweden. Correspondingly, the sales and engineers specifically for this business are spread in 3 sites and they worked for this business group only and represented their businesses when talking with customers.

This operational structure had brought some issues:

- Communication and knowledge sharing between business groups were very bad.
- Due to the busy seasons for different businesses were different, the overall capacity in the whole organization was not well balanced. This led to the fact in some season, one business group could be extremely busy but the others had not much to do.
- Business opportunity slip through due to business group was only representing its own business. To customers, they were doing business with this business group, so other business opportunities from the same customer were not shared to other business units at Unisport in time.
- Finance control on different markets was difficult to achieve.

After deliberate consideration and consultancy with academic, Unisport decided to add key account managers for customers to represent the whole company for all businesses, and the key account can be one for each country at least due to the culture and language differences. And further a new organizational structure is composed as below.

Figure 3. Organizational structure at Unisport (after re-organization)



By implementing this change, the above mentioned limitations in the old organizational structure can be mitigated. The pros and cons of the change were discussed and it was approved that Unisport would re-organize the company based on above picture.

Regarding the main topic of the text, the organizational learning practices and knowledge creation process in the company, in the following chapters, they are described on different levels including individual, group and organization, and in connection with different domains of management and operation, including human resource management, planning and control system, and operational strategy as analyzed in chapter 2. The learning activities are grouped into these categories so it is easy for readers to understand the source of the learning, the background and detailed actions taken by Unisport to facilitate learning activities. In chapter 5, the learning activities will be exacted from the information presented below and analyzed further.

4.2 Individual learning and source of knowledge

4.2.1 Learning from external recruitment

In terms of recruitment of individual employee, Unisport does not provide a comprehensive job description for its positions, but only has some rough guidelines about the expectations, requirements and responsibilities of different positions. Mikael Hjelte, the CEO, said “the company is recruiting experiences”. That is to say, Unisport is only recruiting from candidates who have already proven his or her in-depth experience in the industry. The company does not spend time and money to train people without experiences, but instead it acquires this knowledge from the experience of new employees. According to Mikael Hjelte, “we only recruit people who have professional background in sports”. When recruiting, the company does not pay attention to educational level, but more to the attitude and character of the candidates, and “matching with the culture of the company” is a key. Professional

background in the sports area is deemed valuable for the work, especially for jobs such as salesman and project leader. The practice in recruitment and selection is closely connected to the fact that professional know-how and the quality of the installation are the core competences of Unisport, further strengthening the brand value of Unisport.

Besides the professional background in sports, Unisport also values the advanced experience in other industries. For example, to formalize and standardize its finance procedure, the company recruited a CFO from one of the biggest company, Electrolux, in Sweden. This has been proven to be a great help in reorganizing the company from the financial crisis in year 2008, when the prior knowledge in other companies from the CFO facilitated the creation of the finance process in Unisport.

Unisport does not have a formal training and development system for its employees to acquire available knowledge from internal and external. The learning is mainly conducted by employees themselves, for example, learning from their senior colleagues, and learning from their daily work spontaneously. Internal training was regarded as too costly to afford or as not providing much value to practical work. There is not a personal development plan for each employee. Correspondingly, most of the staff in the company pays little attention on career development. One of the new sales person, Christian, said, “I did not have training when I joined the company, instead I started up with my first assignment with another colleague who has worked here for quite long time, and that is good enough for me to learn and catch up”.

4.2.2 Learning from customers

Originally, neither the sales people nor the engineering team from Unisport got feedback from customers regarding the project execution. Joachim said “there was no feedback session from customers. When a project is completed with customers, we do not communicate with them anymore unless there are additional service and maintenance needs”. Internally, Unisport also did not evaluate the quality of service provided and did not learn from the experiences and the mistakes possibly made during the project. This was the situation before year 2011. Later the company accepted the suggestion from academic consultancy to establish a formal process for customer feedback, evaluation and improvement. As a consequence of this change, after every project is completed, Unisport will invite its customers to a survey, and based on that, Unisport will internally proceed with evaluation and lessons learned summary and spread this to the whole organization.

The sales people at Unisport did not know why a project was awarded or lost from customers either. The sales team did not consult customers to know the factors that might have influence to the final tender result. Similarly to the above example, Unisport later adopted the suggestion to formally follow up with its customers to understand more about the success and failure factors, so the experience from one customer can be utilized into next customer or project. This customer feedback is formally becoming the source of knowledge

for future improvement.

4.3 Group learning

4.3.1 Learning from educational institution

On the other side, Unisport does value the knowledge from external institution. As the way to introduce advanced management skills into the daily operation of itself, Unisport subsidize the senior managers for formal executive education. For example, the company paid for the EMBA education for the country managers. By doing this, the company not only brought external knowledge to the daily management, but also provided opportunity for personal development, thereby helping to enhance job satisfaction and keep the talented people in the company.

Another example for acquiring knowledge from educational institution is that Unisport is also subsidizing internship from university therefore some consultancy work can be provided by the internship students and the supervisors. The newly developed knowledge from the academic world can be applied to its management routines. For example, the change in the work flow to formally get feedback from customers was the outcome of consultancy from internship students. Another suggestion from the internship students accepted by the company is to regularly send newsletter of Unisport to customers to keep customers updated with latest news from Unisport.

4.3.2 Learning from competitors

Unisport also learns from its competitors via strategic acquisitions. To strengthen its operation in some countries, Unisport was also acquiring some competitors from time to time. This is on one side to bring more market share, on the other side to get experiences and knowledge from the employees in the acquired companies and also the relevant customer relations in the local area. For example, in year 2010, Unisport in Denmark purchased one local sports flooring installation company to strengthen its presence in the area. In the view of Peter Hjelte, country manager of Denmark, “this acquisition brought us directly the experience in dealing with local customers in Denmark, therefore our market share in Denmark was increased substantially”.

When asked whether there is anything can be learned from competitors, Joachim, the manager for artificial turf, said “in most cases, competitors are following and learning from us; but what we can learn from them is to compete in the low end sector”. But there is no concrete actions taken to investigate how Unisport can learn from competitors systematically. The perception of competitors are mainly through direct contact when working with the same customers and bidding for tenders.

4.4 Knowledge sharing

Due to the small size and the flat organizational structure of the company, the communication path is rather short among different levels of the organization and all employees. Experiences and knowledge from one person can be easily shared with others within a group. In some cases, people are either acting as many roles, or shifting their job responsibilities regularly. And due to the fact that most of employees at Unisport have in-depth experiences in their positions, overall, they know their roles and the expectations from the company. This is a clear reflection from the interviews conducted during the internship. Just as Mikael Hjelte, the CEO, said, “Everyone knows his job and has a lot of experience in the industry”. And by shifting the job responsibilities regularly, the in-depth knowledge possessed by one person can be shared with other people easily. For example, there are quite a few people who have been working for both sports flooring department and artificial turf department.

Looking at the case for one department internally, the knowledge acquired by individuals spreads quickly within the group normally. When interviewed, all respondents agreed that sharing knowledge and information within the same group is not an issue. This knowledge spreading is through channels including co-working, formal internal meetings, and informal conversations such as by the coffee machine. People at Unisport maintain a good relationship at work and outside work as well, so close-knit relationship plays an important role in terms of sharing knowledge.

In Unisport, the overall environment is supportive in encouraging teamwork and knowledge sharing. The performance evaluation is based on groups instead of on individuals. The reasoning is that Unisport does not want to create internal competition among all employees, according to the management team. And this is also due to it is hard to measure individual performance because teamwork is prevalent in the whole company, especially when dealing with customers.

Unisport provides very compelling compensation to its employees, compared with its competitors. Employees are mostly satisfied about the compensation provided to them. One important practice from the company is that Unisport is adopting a shared bonus system to its entire staff, which means every employee working there gets the same amount of bonus at the end of year. This is one practice taken to, again, promote teamwork and prevent internal competition, which in turn is facilitating knowledge sharing.

Benefitting from the above factors, people can and are willing to share their experiences and knowledge to their colleagues. The interviews conducted with all employees indicate the same. For example, it is apparent that the finance disciplines from the CFO are well understood by the other managers; the management techniques learnt by Joachim from EMBA class are also shared with other managers; the latest product information is also well known to everyone in the concerned group.

4.5 Knowledge feedback to organization

4.5.1 Obstacles in spreading knowledge out

In the above chapter, it is mentioned that sharing knowledge within a group is commonly present. On the other side, sharing information and transferring knowledge across hybrid workplace groups has been a major concern of top management. Some members of the sales team, such as the sales manager from Norway, claim that knowledge sharing between groups is not good: some of the experienced people possess the skills while do not spend enough time to share the knowledge and skills; some site has more knowledge about the products while some other sites do not have, and they do not benefit from the site that possesses the knowledge. The sales manager from Norway claimed “we do not get the latest update for products from Sweden”. While the sales manager in Sweden also said “we do not know how Denmark team is doing in their businesses but just know they are not making profit”. The knowledge from one department or one group is restricted within the group only but not spread out to the whole organization. In answering the question why the knowledge is not spread out to the whole company, the most common answers are that Unisport does not regard this as a critical issue, and Unisport does not have the needed time and resource to support creating a formal process to ensure knowledge spreading out. Also, the lacking of experience in deploying formal process is another reason mentioned by people interviewed.

4.5.2 Process and tools to support knowledge feedback

There are also examples that knowledge is shared across the whole organization. As the business grows from a family business to professional operation, Unisport introduces more and more advanced tools in its daily operation, especially the ones to improve the planning and control system. Most of the tools and methods are from external, either by purchasing from external vendors or by experiences acquired from external organizations. For example, the company is using the widely used SAP system in its human resource management, resource planning, and vendor management, etc. Recently from this year, the company introduced the new CRM system to standardize the customer relationship procedure, the project estimation, tender calculation and statistic of the projects, and also to track the sales process closely. According to the CFO of Unisport, this is a practice learned from other industries to have better controlling of the operation. These tools enforced the knowledge acquired from daily operations to spread out to everyone in the organization. And the storage of knowledge into computer system also ensures that knowledge is available and accessible to the whole organization.

Another learning activity conducted by Unisport is its operational strategy review and change. With its core competences, which include its professional know-how and premium products, Unisport is focusing its core business on sports surface installation, and striving to provide the best service in this business area within the Nordic countries. First of all, the company is

operating in the Nordic countries and has no plan to expand into elsewhere. Secondly, the core business is only on sports surface installation. Thirdly, the company is only aiming at the premium products that can bring the best user experience to customers. Fourthly, the company is a sales driven company, that is to say, sales are the driving force of the company and all other operations in the company are to facilitate sales. The basis of the decision making is sales and its related cost and profit.

The company went through some crisis in the past years when the venture capital acquired most of the shares from its founders. As the venture capital company brought in new management team, Unisport set the new target to double its revenue in 5 years starting from 2008. To achieve this target, Unisport started to recruit more people, particularly more managers, and reorganize the company. The new strategy is more of revenue driven instead of profit driven as it used to be. But the outcome of the strategy change was not as good as expected. The company started to lose money in the turbulent years and had to fire most of those managers after 2 years. Apparently, the company could not achieve the goal of 5 years plan. To turn the situation around, the board of the company had to change the CEO back, and revise its strategy back to profit driven again. After made 10 people redundant in year 2010, the company turned around and started to be profitable again in finance year 2011. This strategy review is a formal process and the knowledge generated from the review is codified so everyone in the company is aware of the knowledge.

As an outcome of strategy change, the company is also looking closely at budget control. The finance department is examining every detail of all the investments, and exercising tight control on the expenses. Expenses that cannot be justified by concrete cost revenue figures will not get approved. The CFO said “we must know what it can bring to us before we spend every SEK”. This scrutinization of expenses has been part of the finance process. And this process in turn enforces the awareness of finance situation from the whole company.

5 Analysis and discussion

In traditional definition, organizational learning is seen as "learning by encoding inferences from history into routines that guide behavior" (Levitt et al., 1988, p.320). According to Levitt & March (1988), typical learning practices include organizations learning from direct experience and from the experience of others, and developing conceptual frameworks or paradigms for interpreting that experience acquired. In case of the learning at Unisport, from above discussion we can find that Unisport is learning from both internal resources and external resources, of which, external part is accountable for the majority of learning resources. For example, the company is hiring experienced people from external, utilizing knowledge from academic institutions, and taking feedback from customers in improving its process, etc.

From data presented in chapter 4, the learning activities occurred at Unisport can be extracted out, which will be further analyzed in following chapters to verify the propositions made in chapter 2. Those activities include:

1) Unisport recruited a CFO from Electrolux some time back, and by doing this, the experience from the person is transferred to Unisport. This in turn brings change to its finance operation to make it more formalized. 2) Shifting job responsibility as per business requirement at Unisport is quite common. This gives employees the opportunity to learn from others by working with different people on different positions. The tacit knowledge is easily shared among people therefore the total knowledge base for the company is improved. 3) Unisport is only hiring sales people with sports background, which will normally carry with him or her personal network in the industry. The experience and network brought by those new comers will immediately benefit the company. Therefore the hiring itself is the catalyst for introduction of knowledge and experience from external world. 4) Unisport is starting to utilize the customer feedback to improve its operation. The external customer feedback is the ingredients for continuous improvement in the company, and therefore the prior experience and lessons learnt are shared among all people and also are codified into process as needed. 5) SAP and CRM tools are introduced to standardize the process and store useful information into computer systems. The knowledge acquired from external and internal will be stored permanently in the system and be open to every person in the company. 6) Unisport also sponsored EMBA education for its executives. The academic knowledge and advanced management skills were introduced into its operation. The learning activity from individuals is therefore built into its process. 7) Unisport also learned from its past failures. In case the operational strategy was jeopardizing its profit, the intensive experience of senior managers has turned the company back on track. The senior managers interpreted the situation and share his understanding to the whole company. Then later the knowledge created from this change was implemented. The past experience from the senior managers is the source of the learning in this case. 8) The acquisition in Denmark market has brought in

external experience to Unisport. This is typically a learning activity from its competitors. The acquisition itself is the catalyst for introducing external knowledge, and further this external knowledge is shared among the group. 9) The re-organization gone through by Unisport is a one time learning activity from external world. The knowledge source is from external academic institution. The knowledge was first interpreted and mastered by the senior managers, and then shared to the group of managers. In the end, by conducting the change, the knowledge is implemented and institutionalized in the whole organization. 10) The company regularly brings in consultancy from academic institutions to find out areas to improve. Apparently, in this case, external knowledge is utilized and the findings are first mastered by a few managers, then shared among group as per needed. If improvement and change are made accordingly, the knowledge then is further integrated and institutionalized.

Here is the brief summary of learning activities occurred at Unisport for further analysis.

Figure 4. Learning activities and processes at Unisport

Organizational Routine	**Organizational Activity**	**Learning Outcome**	**Knowledge Source**
Recruit new CFO	Catalyst for introduction of formal finance management	Initiated switch from informal finance management to formal finance operation management	Work experience of new finance manager, external recruitment
Shifting job responsibility	Create the environment to facilitate internal knowledge sharing	Knowledge base for employees is improved so they can handle different jobs	Harnessing internal (tacit) knowledge
Recruit only experienced people within the industry	Catalyst for introduction of knowledge and experience	Experience and social network from private are taken into the company to enhance performance	Private experience mastered by external people
Establish feedback session with customers	Use the customer feedback to evaluate and improve operation qualities and also strengthen customer relationship	Knowledge from previous projects are shared and codified into the company	Feedback from external customers
Introduction of CRM and SAP tools	Media to standardize the process and share knowledge	Knowledge from both internal and external is stored into computer and used to standardize the operational process	Working/operational Knowledge and experience from both internal and external
Sponsor executive education	Learn advanced management techniques from academic world	Formal management knowledge is introduced into practical operation and help to build formal company	Academic input into the company operation, external knowledge from institutions

		structure	
Adjust/change operational strategy	Crisis triggered review of operational strategy	Suitable operational strategy is established and brings profit to Unisport	knowledge and experience from senior managers at Unisport
Strategic acquisition	Acquire the market share and experience in specific market area	Knowledge, customers, market presence are gained from acquisition	People working with external competitors
Organizational structure change	Re-structuring to share knowledge and information, and make different sites more accountable	Customer information and knowledge can be shared more easily. Capacity in different businesses can be balanced	Both external customer information and internal tacit knowledge and experience
Bring in consultancy from University	Find out areas that can be improved in its operation and processes	Knowledge from formal academic management research is used to improve practical operation	External academic input from university

From the above summary, we can see that Unisport, with the aim to improve its daily operation, did resort to both internal and external sources in creating its learning processes and activities. In fact, the ideas or origin of these activities are mostly from external resources. For example, university and external experience from individual mastery and competitors contribute the most. As we discussed previously, the resource constraint indicates that SMEs have to depend on knowledge from external resources (Jones & Macpherson, 2006). On the other hand, internal knowledge is also accounting for some part of resources for knowledge. This is conforming to the researches done by many scholars and it verifies the proposition 1 made in prior chapter – learning at Unisport is an open system starting from individual learning, and both internal and external knowledge are the sources for learning at Unisport.

Using the 4I framework to examine the learning activities at Unisport, we can find out how the knowledge is created and shared to the group, then further possibly codified into the routines of company operation. And we can also identify some differences of the knowledge creation process in SMEs, compared to that in large firms.

5.1 Intuiting and interpreting at individual level

According to Crossan et al (1999), this is the step of intuiting of problem and solution at individual level. As Jones & Macpherson (2006) pointed out, “Learning in SMEs tends to occur in reaction to some crisis or critical incident rather than as a result of a careful strategy to acquire new knowledge” (Jones & Macpherson, 2006, p.173). The perception of the crisis and those ideas to solve the crisis is always on individual level. Or in other words, those learning activities start from the knowledge possessed by individual people.

Taking the activity – adjust/change operational strategy - as one example, learning oriented approach has been proven effective for SMEs due to the lack of finance and managerial resources, as said by Bianchi (2002). Through the learning process, companies have to constantly get the information from external environment and adjust themselves to adapt to it. Back to 4 years ago, the organization setup and operating strategy have an orientation focusing on market share and revenue. But when the company went through the crisis, by reflecting on their operational strategy, the chairman of the board and the other board members intuited the crisis of operation loss and interpreted the fact that Unisport cannot achieve its plan to double the revenue in five years, they started to think about the solution. Judging from their own experiences, the management shifted the operation to profit oriented. It was also through this process, the company had a more rational positioning of itself and better understanding of its core competences. Instead of competing with prices and getting more market share, the company decided to focus on the high end market, which will provide the company with sustainable profit, and offer the best products and services to its clients. For the businesses that will not bring direct profit to the company, the strategy was to gradually withdraw from them. Learning from the mistakes and applying changes in the operational strategy have turned around the company and brought the company back to right track. But the personal experience and intuition and interpretation of the crisis enable the change in the end. From this example, we can see the learning starts by intuiting the problem by individual persons and then they tried to interpret the problem. Using the past experiences, those people found the solution, and then later the idea was implemented and integrated on organizational level, which will be discussed in following chapters.

While in the example of shifting job responsibility, the source of the knowledge is from tacit knowledge within the company. As we know, it is quite commonly seen that in SMEs people are taking multiple roles and they shift work regularly (Bianchi, 2002). This is certainly because of the pressure SMEs have in a competitive environment as they cannot afford the cost to build a formal organizational structure as large firms do (Bianchi, 2002). As a consequence of shifting job responsibility, the knowledge possessed from one role can be easily acquired by another person. Apparently, this acquisition of knowledge is on individual level by intuiting and interpreting of knowledge embedded with the role. And the source of knowledge is clearly from internal experience possessed by other employees, in this case.

In terms of recruitment, Unisport only hires experienced people who have had in-depth knowledge in sports. According to Jones & Macpherson (2006), this is one way to acquire knowledge from external resources, even from their competitors. In this case, the agency of the knowledge is the individuals hired by the company. Their experiences can easily be utilized in the new context for those new employees. In this process, the new hired people need to intuit and interpret the new context, e.g. processes, products and people, and find the best way to make use of their prior knowledge. Therefore, personal mastery becomes the source of knowledge creation process, and the source of the knowledge is from external world.

In connection with university and institutions, Unisport does send high level managers to executive management programs to enhance its level of management. By learning and interpreting the academic knowledge, those managers act as the agents for the knowledge and pass those knowledge to the management routine. According to the high managers who have received the education such as Joachim, not everything learned from school is adaptable in the practical world so they need to intuit and interpret the context, sometimes even try and error, to fit the knowledge learned into the context. No doubt, the source of knowledge is coming from academic institutions outside Unisport, and the knowledge was transferred to Unisport by personal learning and interpreting.

In the example of utilizing tools to standardize the working process, the idea is to take the input from past experiences into future project so the knowledge accumulated can be beneficial for following project. The input of the system is personal experience from past project, and the tools are acting as agency to store the created knowledge (Rrustemi, 2011). Personal experience is the source for the knowledge creation process for the company.

From above analysis on presented examples, apparently, it is the individuals instead of the organization are bringing in insight and innovative ideas (Nonaka & Takeuchi, 1995; Simon, 1991). That is the case for Unisport as well. Also, the source of knowledge can be from external and internal for the cases at Unisport, therefore the learning system is an open system (Wang et al., 2003). All in all, we can conclude that in SMEs learning is occurring on individual level through agents such as personal mastery, academic input, customers, and competitors etc. Therefore, proposition 1 can be concluded.

5.2 Interpreting and integrating at group level

If we compare SMEs with large firms, some differences can be seen with regard to learning practices. In SMEs, individuals usually learn from their senior peers and also learn from their daily work, even by making mistakes. There are rarely formal training and education seen in SMEs as compared to large firms (Jones, 2003). While on the other hand, if knowledge acquisition at individual level happens, it spreads quickly within the whole group due to the flat structure and close knit relationship commonly seen in SMEs (Jones, 2003).

This is exactly the case for Unisport. As presented in chapter 4, the knowledge acquired from individuals spreads quickly within the group. In our interview, all respondents agreed that sharing knowledge and information within the same group is not an issue. And the transferring mechanism of the tacit knowledge is usually through informal learning from each other when they work together or have meetings to discuss on relevant topics. Unisport makes use of the good relationship among the employees and spread the knowledge out by informal communication. For example, those kinds of informal sync meetings took place on a frequent basis so they can share the up-to-date information. And different groups regularly organize activities and events to build the working relationship, and these kinds of activities

act as forums to share knowledge among employees in many cases.

Taking the activity to bring in external consultancy as example, after the investigation was done and proposal to improve the process was provided, Unisport organized group meetings to discuss the result and collect feedback from the attendees. By doing this, the knowledge from external consultancy is intuited by individuals and then shared among the group. In some scholars view, "organizational learning should be where the individuals consciously interact with others through the process of education and as a result of experience" (Kolb, 1984; Honey & Mumford, 1992), and "organizational learning is in a sense the collectivity of individual learning within the organization" (Wang & Ahmed, 2003, p.9). While from another angle, for people who participated into the discussion, this is a process to interpret the experience from others, and for the group, it is a process to integration of the created knowledge so people can share the same understanding at group level.

Similar patterns can be found in the other learning activities conducted at Unisport. As in the case for hiring experienced people, the knowledge from this individual person is quickly spread out to the people working close to him or her. For the case of establishing feedback session with customers, the knowledge from the customer feedback is extracted out by individual person and then documented and shared to the group via informal or formal communication. In revising the operational strategy, the idea from one person was also discussed with other people through formal communications, and then the idea was integrated and implemented on group level firstly. In all of the above cases, the close-knit relationship among employees apparently is the pros for SMEs to interpret and integrate knowledge on the group level.

Many scholars, such as Jones & Macpherson (2006), Senge (1990), Burgoyne & Pedler (1994), and Rrustemi (2011), have discussed the intrinsic characters of SMEs that might be supportive to create a learning organization. Based on their input, here a few factors are identified that are possibly facilitating the interpreting and integrating process in SMEs, especially at Unisport:

- Informal organizational structure (flat hierarchy that shorten the communication path)
- High team work spirit (due to close knit relationship, and intentionally inhibit internal competition)
- Similar background among all employees (all with sports background, etc.)
- Job rotation (people need to take multiple roles)
- Adoption of advanced control and planning tools (to store the knowledge acquired into computer system so it can be accessible by the group)

There are also other researchers discussed the above factors from different perspectives, for example, Kuratko, et al. (2011) from corporate entrepreneurship perspective, and Jones & Macpherson (2006) from strategic renewal and organizational learning perspective. In the study with Unisport, it was verified that those factors do exist, and according to the interviewees, those factors are facilitating the knowledge sharing process among groups.

Based on the above analysis, the proposition 2 can be verified in the context of Unisport, that is to say The knowledge Interpreting and integrating at group level can be found in SMEs, and the characters of SMEs such as close-knit relationship, and job rotating etc, are pros for SMEs to share knowledge, and interpret and integrate ideas into daily work.

5.3 Integrating and Institutionalizing at organizational level

To institutionalize knowledge into the process of whole organization is another challenge for SMEs, due to the informality commonly found in SMEs (Jones & Macpherson, 2006). As previously discussed, individual and group learning can occur in SMEs, but the mechanisms associated with the distribution and institutionalization of knowledge created from individual learning and group learning are the key to institutionalize organizational learning process successfully (Jones & Macpherson, 2006). As said by Saru (2007, p.37), "the close relationship between the manager and employees usually replaces the formal control systems and reduces the need for documentation. This also gives the manager an opportunity to influence the activities directly". On the other hand, many scholars pointed out the importance of institutionalizing knowledge at organizational level if real organizational learning is to take place. Therefore, it is very beneficial to examine, in the context of SMEs, how knowledge is institutionalized if that does happen.

Jones & Macpherson (2006) argued that external players are playing a key role "in institutionalizing the feedback processes by which new knowledge and procedures become embedded within the firm" (Jones & Macpherson, 2006, p.168). Many other scholars have also investigated the parameters in the knowledge creation process under the umbrella of inter-organizational learning, etc. (Holmqvist, 2003). In the case company, a close examination on the learning activities reveals that the similar scheme was found. In these cases, external players are also important in facilitating the institution of knowledge at Unisport. But on the other hand, institutionalization of knowledge does not automatically happen for every learning activity either. Detailed analysis on this state can be found in following paragraph.

From above discussion, individual learning and group learning can be easily found but then this knowledge acquired by individual and group is not institutionalized into the standard process, thereby people outside the group, for example, the counterpart of this group in other countries, do not have access to the knowledge easily. For example, in our interview, people located outside the headquarters were always complaining they did not have up-to-date knowledge about the products and techniques. Regarding shifting job responsibilities, this activity is also only happening within a group, e.g. football turf, or within the boundary of one market area. Therefore, people outside of the group are isolated from the knowledge created there. And this knowledge becomes tacit knowledge with a boundary,

instead of being the basis for knowledge re-generation and sharing. In the case of strategic acquisition of one competitor in Denmark market, the knowledge gained from this acquisition is not spread to other part of the company either, nor did it institutionalize anywhere. This was shown also by the feedback from employees in Sweden and in Norway. In the above cases, we can clearly see that knowledge created internally within the company is lacking a channel to spread out to the whole organization. There is always a boundary so the knowledge is always kept within a group. And the formal process to ensure knowledge flow around in the organization does not exist at Unisport. Apparently, informality of SMEs is the cons for SMEs to institute knowledge in those cases (Jones & Macpherson, 2006).

In other examples, the active engagement of high level management in solving the existing problems facilitated the institutionalizing of new knowledge. Beer et al (2005) argue that senior managers must first recognize a gap between aspirations and achievements then implement change to mitigate the situation. And external players are also playing a key role in supporting the institutionalizing of knowledge, as said by Jones & Macpherson (2006). This was the case at Unisport, too. Taking the management structure change as an example, when the external consultancy helped to point out the potential problems, such as knowledge sharing and customers are not engaged and customer information is not shared between business groups, senior managers perceived the problem and took initiative to solve the problem. The initiative starts with understanding the problem, then following by discussing, sharing, lobbying, implementing, and integrating. The outcome of the activity is that knowledge being embedded in the organizational structure. Similar pattern can also be found in the case of operational strategy change. The change was triggered by the crisis, and ended up as the strategy codified in the daily operation of Unisport, thereby the knowledge is institutionalized in the working process of the whole organization. In terms of the practices of employing advanced tools in the customer management flow, the practice is demanded by the senior managers with the aim to formalize the process and enhance quality of services. In this case, the external experience gained by individuals is the source of knowledge. The mandatory usage of these tools is already the institutionalizing of knowledge to the whole organization as no one can get around of this knowledge in the working process. Finally, the knowledge gained from customers and past projects is stored in the computer systems so it can be accessed by the whole organization as well.

But for the other learning activities at Unisport, it is hard to tell whether the knowledge institution has happened or not. When hiring experienced people with sports background, the knowledge gained from this recruitment is not automatically institutionalized since there is not any formal process to ensure that. Similarly to sponsoring executive education, the knowledge received by the person sponsored from academic is not automatically institutionalized either unless the ideas can be implemented within the whole organization. Therefore, the engagement from top managers to formalize the process of knowledge institution is important so the knowledge will not be kept within the group only.

From the above analysis, we can conclude that at Unisport, the institutionalizing of knowledge is found. But once again, it is not found in all learning practices. Generally, it does

not have a mature and formal process to ensure knowledge gained by personal or group can be easily spread out, even if Unisport is a very mature and professional SME. To facilitate the knowledge institution, the engagement of senior managers is vital to formalize the process. The boundary of knowledge must be removed so the created knowledge can be shared to the whole organization. Certainly, this is a great challenge for SMEs due to the intrinsic characters discussed in above chapters. Considering the fact that many SMEs are less mature than Unisport, it may be the case that this micro process to institute knowledge cannot be found in those SMEs at all. Therefore the generalization of this statement of institutionalizing knowledge for SMEs will be difficult to make.

6 Conclusions and implications

6.1 Conclusions

The study conducted at Unisport provides some useful guidelines to answer the research question raised in this text. From the analysis of the case company, we found out that SMEs do have the motivation to acquire knowledge from various sources including external partners and competitors and internal self-development. This is driven by the pressure from the global competition and also by the intrinsic motivation to grow. And the importance of knowledge and learning is well perceived by SMEs, e.g., in the case company. As such, SMEs do resort to different activities to actively approach knowledge and to better utilize the outcome of this process. For example, individuals are encouraged to learn and the company is also sponsoring learning. This is the stage of individual learning and the collectivity of individual learning, in the definition of 4I framework. After the knowledge is acquired by individuals, the knowledge sharing is quite straightforward due to the small size of SMEs and the close knit relationship. It can also be found that the knowledge is stored in the groups in different forms, but mostly limited to one or a few groups instead of shared by the whole organization. Not like large firms, SMEs are normally lacking the competence and routines to formalize the process to institutionalize knowledge at organizational level. Thereby knowledge created in one group is not always acquired by all people within the whole organization automatically. This is in line with the findings from scholars such as Saru (2007), who mentioned that organizational learning is not a simple issue and practices from large firms are not directly applicable to the small firm context. It can also be explained by the fact that the institutionalization of knowledge is not through an intentional process or in a controlled way. This is further attributed to informality of SMEs, in other words, SMEs do not have the needed determination, experience and resource to build up a formal process to institute and spread out the knowledge effectively.

On high level, the results revealed that in SMEs, particularly at Unisport, the knowledge intuiting and interpreting can be found on individual level and the acquisition of knowledge in SMEs is mostly in a spontaneous manner. And also the knowledge integrating at group level is occurring due to the nature of SMEs such as relatively small size, the close knit relationship, flexible ways of working, and the flat structure, which makes the knowledge sharing very straightforward and efficient. But the institutionalizing is not always happening due to reasons such as the informality in the process and organizational structure, etc. Therefore, in short, a conclusion can be drawn that organizational learning in the theory, or the so called 4I framework, is not found to a full extent in SMEs, at least in the case company, Unisport. But in the end, to create a learning organization, the institutionalization of knowledge, sometimes also known as the feedback flow, is critical for the generated knowledge to be disseminated throughout the organization. Unfortunately, it is not uncommon that SMEs do not realize this issue and pay no attention on this matter. The problem of SMEs in the whole process lie in that the knowledge institutionalization and the feedback process to the whole organization is not well conducted, thus bringing the

challenges for SMEs to establish a complete and effective process of learning.

6.2 Implications for research/future research

The main research question of this study is to examine the organizational learning practices in the SME context. This text provided a close look at to which extent organizational learning is occurring in the case company. It was shown in this research that organizational learning is not occurring to a full extent, especially the knowledge institution process. However, the study was conducted with only one SME operating in the traditional sports industry, thus making the sample rather small. Therefore, further studies are required to gain a more profound understanding of the subject. To conclude the research question, some quantitative study on this theme would be necessary.

Furthermore, if the finding in the case company is applicable to a broader basis, it would also be interesting to know how SMEs can establish the organizational learning process to a full extent. Prior researches from many scholars on management have mainly been focusing on organizational learning in the context of large firms. Many models and frameworks have been presented and analyzed. Nevertheless, fewer researches have been done to investigate how SMEs can create a learning organization, considering the limitations they have. And there are rarely researches on the relations between SMEs performance and organizational learning process. Since there is no clear indication that organizational learning has a significant role in SMEs performance, SMEs lack motivation to put extra effort to create a learning organization. Because of this, research on this topic in the context of SMEs can be of special interests.

6.3 Practical implications

In this study at Unisport, it is clearly seen that people are complaining about the knowledge sharing situation within the whole organization, indicating the knowledge generated at one place is not spreading out to the other ones. Meanwhile, the organization is not prepared to spend extra effort to improve the situation. The knowledge institution is not a routine, and there is not any process to enforce it. Though the case study was only done in one company, Unisport, the other SMEs could possibly face similar situation due to their intrinsic characters are identical in many perspectives.

As many scholars have pointed out, organizational learning is becoming the source of competitive strength in the knowledge era. To implement organizational learning to a full extent so that the whole organization can benefit from the tacit knowledge created from individuals or groups, extra effort is needed to establish a process to ensure the institutionalizing of knowledge. But due to the informality of process and organizational structure, this easily slips through unless there is a strong pressure or crisis faced by SMEs. It is always hard to move out the comfortable zone for any company, so is it to change the

existing process to enforce knowledge institution. However, history has told us, even if the company stays the same, the external environment is always changing. In our rapidly changing time, things can change dramatically within short time. For a SME like Unisport, one key factor to survive in the competition is to build a learning organization.

Certainly, to build a learning organization requires that companies spend effort and resources to change and tune the process, probably from time to time. This brings us back to the question that how SMEs can better leverage their resources and advantages to build a learning organization practically. The tension between stakeholders on the competition for scarce resources can be very high, practitioners may have to “try and error” to find the balance between different investments.

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