

SMEs and the construction of places as organizational learning

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SMEs and places

Place

- «A unique spot in the universe» (Gieryn, 2000)
- «The distinction between here and there»
- But material places are also «interpreted, narrated, perceived, felt understood and imagined» and learned.

- Places reflect the relationship of the organization to its physical and social contexts and the organizations goals and strategies...
- As strategies change, conceptions of places (meanings, demarcations) are likely to change...

Learning places

- Aligning and constructing new conceptions of places constitute a critical capability for rural SMEs...
 - Changes with respect to production technology, logistics, growth and acquisitions and external shocks (covid-19) all challenge existing conceptualizations of place.
 - Likely associated with greater resilience.
- **How do organizations learn (or relearn places)?**

Learning as constructing knowledge (Nonaka, 1994)

- Organizational learning as knowledge construction
 - Knowledge: Justified true beliefs (Nonaka, 1994)
 - Knowledge creation; «a dynamic, and social process of justifying personal beliefs as part of an aspiration for the truth» (Nonaka, 1994: 15).
 - Contrasted with learning as knowledge *transmission*
 - Anchored on the commitment and beliefs of its holders
 - Social process
 - Embodied and embedded (learning happens somewhere and with someone)
 - Involves cycling between tacit (hard to formalize or communicate) and explicit knowledge

Four different processes

1. **Externalization:** Conversion of tacit into explicit knowledge (by means of metaphors and analogies - a place can be a home, a hierarchy etc..).
2. **Combination:** Explicit to explicit knowledge (e.g. through written orientations).
3. **Socialization:** Tacit to tacit knowledge (e.g. through work-groups and mentoring)
4. **Internalization:** Explicit to tacit knowledge (e.g. through incorporating knowledge into embodied actions, rituals and practices or the institutionalization of knowledge (Jepperson, 1991)).

Examples (Covid 19)

- Concert promoters (new places)
 - Covid-19 abruptly disrupts business (concert-promoters, festivals etc..)
 - Forces a company to rethink their strategy (alternative sources of revenue)
 - ...and identity (who we are, what do we do and for whom and how much can we change)
 - Collectively, people within the organization with the aid of customers and partners develop a new regional identity (the North) which directs strategies and strategic practices, constructing new markets and inviting a different set of stakeholders.
- A local bakery (reconceptualizations of existing places)
 - Covid-19 regulations leads to the introduction of new business models (take-out). Vulnerability and a greater reliance on other businesses, customers and employees forge a stronger bond and lead to a reevaluation of the meaning, and value of place.

Learning places

- Implicit to explicit – a disruption (COVID 19 and close-downs) forces leaders and entrepreneurs to articulate assumptions about their identities and the meaning of place (what do we do, where can we do it and for whom?)
- Triggers discussions (combination) in which different interpretations are shared, debated and refined. Arenas for sensemaking and sensegiving develops.
- A new consensus emerge – new places of conceptions develop into a fully fledged ideology with a coherent sense of values, norms and assumptions (Swidler, 1986).
- The ideology is shared, taught, practiced, institutionalized and materialized and internalized and with time become intuitive and implicit.

Cycles and levels

- Learning places occurs at different levels (society, institutional and organizational fields, organizations, personal networks and at the individual level).
- Learning at different levels influence each other. Success stories are widely shared, copied and adapted (translated) by other companies and actors within the same organizational field.
- Over time conceptions of place may become institutionalized and form templates that companies adopt.
- Over time, technological and cultural changes cause misalignment between existing conceptions of place and environmental demands leading to disruptions triggering cycles of organizational learning (punctuated equilibrium).

Consequences of learning (and non-learning)

- Successful learning may enable SMEs to reach new and enlarged markets, mobilize local resources and forge a stronger sense of identity and belonging.
- Places in turn direct and provide a platform for more learning.
- Failing to learn new places in the wake of crises might impede the organization from harnessing resources in the form of new markets or new resources and capabilities.
- A gradual atrophy of existing places – places transform into non-places, from «this place» to «anywhere» (Auge, 1992).