Relational Learning and Organizational Cultural Intelligence

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Abstract

Learning occurs at the individual and organizational, as well as within one organization and in interaction in a network of organizations. This paper explores relational learning, inter-organizational setting, in the cross-cultural setting. Relational learning includes in: information sharing, joint sense-making, and integration of knowledge among two or more organizations or partners. We propose that national cultural differences, values, and context of communication, influence relational learning, but organizational cultural intelligence translates relational learning to relationship performance. We conclude our paper with implications for managers/organizations and the avenues for future research.

1. Introduction

Technological changes, longer supply chains through increased globalization, complex global connections, unpredictable markets, shorter product lifecycles and among other reasons have made sustaining competitive advantage more difficult than ever before ([22]). The importance of intra-organizational learning for an organizations’ survival as well as for effective performance has been widely studied in the literature. In today’s interconnected world, learning also happens inter-organizational setting such as learning among supply chain partners ([3]; [9]). The inter-organizational learning is a joint activity among the parties in which two or more parties share information and interpret it [selnes and sallis].

Researchers have used a number of related terms for inter-organizational learning such as relationship learning [26], relational learning [4], dyadic learning [9], alliance learning [12], absorptive capacity [6], and supply chain learning [31]. In this paper, we will use term “relational learning” to refer to all learning in the inter-organizational setting among business partners or other collaborators such as supply chain partners, government agencies, non-profits, NGOs, or other institutions.

Over the years, relational learning has been examined from a number of perspectives and settings [for instance: industrial markets by [8]), but there is very little research exploring relational learning in the cross-cultural setting ([4];[9]; [18]. A lack of research on cross-cultural relational learning is somewhat surprising due to complexity and the increased levels of integration in global supply chains ([22]; [29]; [10]). Only handful of studies have been published that directly focus on relational learning processes in the cross-cultural dyads or networks, and most of the studies examine dyads between Western and Asian partners ([27]; [22]). Also, previous studies have approached cultural differences only from the cultural distance point of view (e.g., [22]), not from the organizational capabilities’ point of view.

Our paper aims at filling this gap by exploring relational learning in the cross-cultural setting and introducing the organizational cultural intelligence, a firm level capability to learn and generate new knowledge to operate effectively in culturally diverse environments, to the discussion. We propose that organizational cultural intelligence plays a role in turning relationship learning into performance. We also discuss how cultural differences overall influence relationship learning dimensions.

We draw from literature from the areas of Knowledge Management, organizational learning International Business, and cross-cultural communications. We continue the paper with the theoretical background on organizational learning and relational learning. After that, we discuss the ways to assess cultural differences at both individual and organizational levels and then present our research model. We conclude this paper with the managerial implications and the avenues for future research.
2. Conceptual Foundation

2.1. Organizational and Relational Learning

Learning is the way we create new knowledge and improve ourselves. The importance of organizational learning for any organizations’ survival and effective performance has been widely examined in the current management literature. Brown and Duguid [30] describe organizational learning as well as the bridge between working and innovating.

Traditionally, the concept of organizational learning has referred to the process of creating, retaining, and transferring knowledge within one organization, business or institution. However, two types of organization learning exits: intra-organizational, learning within one organization, and inter-organizational learning, learning among organizations and partners (Selnes & Sallis, 2003). The two types of learning are interconnected, and for instance, relationships with partners, suppliers, and customers can promote intra-organizational learning.

Relational learning builds on the notion that joint activity, collaboration among parties, creates value. Selnes and Sallis’s [26] widely used definition of relationship learning centers on value creation, and They state: “relationship learning is a joint activity in which parties, individuals and organizations involved, strive to create more value together than they would create individually or with other partners.” They also suggest that learning within partner relationships cannot be mandated by either organization, but rather teaming depends on both parties’ willingness to cooperate in joint teaming activities ([26]).

The purpose of relational learning is to enhance and improve the effectiveness and efficiency of the relationship performance, i.e., the extent to which partners find their relationship worthwhile, productive, and satisfying ([26]; [2]). Studies related to relational learning have found positive links to business performance as well as the competitive advantage ([5]). For example, effectiveness in global supply chain setting may include developing new products, enhancing product quality, or improving sustainability in supply chain and efficiencies could include cost reductions, increased on-time deliveries, and shorter lead times ([4]).

Relational learning starts with the information sharing among partners ([26]). Information sharing refers to the exchange of relevant and useful information among actors (individuals and organizations). The second aspect of relational learning is a joint sense-making ([26]). It refers to the development of insight, knowledge, and associations between past actions, the effectiveness of these actions, and future actions. Selnes and Sallis [26] give examples such as board meetings, management meetings, task-force team, cross-functional team between supplier and customer for forums for sense-making of the information.

The third aspect of relational learning is the integration of knowledge in the relationship. Cheung et al. [3] define integration more closely as “the quality of the state of collaboration that exists between departments that are required to achieve a unity of effort due to the demands of the environment.” Integration of knowledge often demands informal inter-personal communication [19]. Leal-Rodriguez et al. [19] further explain that knowledge integration occurs when organizations develop relationship specific memories, and this knowledge is stored in the organizations' collective cognitions, beliefs, and values.

Researchers have studied relational learning from Resource Based View, viewing relationship learning as a capability or competency. For instance, Cheung et al. [3] consider “learning competency a critical resource for firms competing in a global context: a unique bundle of idiosyncratic resources controlled by strategic alliances that can create mutual benefits for buyers and suppliers.” Mutual benefits shared learning, and the value of relationships are key areas of relational learning in the studies in supply chain context. For example, relationship learning should be expected to lead to mutual benefits or “relational rents” for the supply chain partners ([9]). Flint et al. [31]) define the supply chain learning (relational learning) through learning in supply chains focusing on supply chain issues and solutions.

2.2. Cultural differences and cultural intelligence

Culture represents how groups organize their knowledge, sense-making, and behavior, distinguishing one group from another ([13]). Accordingly, differences in culture reveal differences in knowledge systems as well as in communication ([13]). In this paper, culture refers to the national culture, and cultural differences refer to differences among national cultures such as Chinese, Finnish, and Russian. We acknowledge that organizational culture plays a role in relational learning, but it is not a focus of this paper.

We follow the view of culture that Ang and Inkpen [1] propose as having both subjective and objective components. The objective components are
comprised of institutional elements such as legal, economic, political, religious, and educational systems ([1]). We argue that all of these aspects influence the effectiveness of cross-cultural relational learning. Three areas of relational learning: 1) knowledge sharing, 2) joint decision making, and 3) knowledge integration are influenced by the cultural differences of the participants. Therefore, in this paper, we assess cultural differences through Hall’s [11] context of communication, Hofstede’s cultural values, and by introducing cultural intelligence at both individual and organizational levels [1].

2.2.1. Context of communication

Individual’s own national culture and context affect how individuals represent knowledge, what they store for knowledge, and how they transfer and apply knowledge ([11]). It is not realistic to expect all users within the same multicultural organization, and even less realistic if the users are in different organizations, to understand the same knowledge rules ([9]).

The context of the communication focuses on explicitness vs. implicitness of communication ([11]). Hall [11] divides countries into low and high context cultures. In the low context cultures, countries such as Germany, Canada, and all Scandinavia, communication is characterized as detailed and explicit. In short, ‘what’ is said is more important than ‘who’ says it. For instance, North American legal contracts that spell out every conceivable detail and contingency that may arise are good examples of the communication in a low context culture. The high context cultures, including most Asian and Middle Eastern countries, people tend to communicate less precisely in words, with the participants gaining a greater understanding through shared beliefs, body language, and tones of voice. As a result, personal relationships tend to play a much more significant role in the high context cultures than in the low context cultures ([11]).

Western cultures such as Australian or Northern American, traditionally view knowledge as an objectively tested, professionally organized, and highly dependable understanding of facts and situations that can be universally applied ([11]). By contrast, in most Asian cultures, such as in Vietnamese and Chinese, knowledge is bestowed by a collective and distributed process that is non-linear, complex, communitarian, and also transcendental ([16]).

2.2.2. Cultural values

Hofstede [13] developed the first framework of the cultural values in the 1970s based on a worldwide survey of IBM's employees. The original model included four dimensions and after that two more dimensions have been added. Although the framework of cultural values has been widely criticized (for instance by [23], it is often used by researchers in the fields such as in International Marketing and cross-cultural communication.

The five dimensions of the cultural values used in the business setting are as follows ([14]):

1) Individualism vs. Collectivism: the extent to which people feel independent, as opposed to being interdependent as members of larger wholes.
2) Power Distance: the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally.
3) Uncertainty Avoidance: Uncertainty avoidance deals with a society’s tolerance for uncertainty and ambiguity.
4) Masculinity vs. Femininity: Masculinity is the extent to which the use of force is endorsed socially.
5) Long-term Orientation: the degree to which people place importance on long-term results.

In general, cultural values in most Asian countries are considerably different from the Western cultural values. For example, the majority of the Asian countries tend to have a higher power distance, they are more collective than individualist, and they are in general longer-term orientated than Western countries ([17]). In many countries outside of the Western world, interpersonal relationships have traditionally been intertwined in business relationships ([13]). Relational learning in the cross-cultural setting is exposed to the differences in cultural values in everyday functions such as sharing information among partners.

2.2.3. Organizational cultural intelligence

The third way of assessing cultural differences in the cross-cultural setting is examining cultural intelligence at the individual and organizational levels. Simply put, cultural intelligence at the individual level refers to someone’s ability effectively work in the cross-cultural setting. Relational learning deals with the inter-organizational learning, and therefore; understanding cultural intelligence at the organizational level is relevant. Ang and Inkpen [1] developed the concept of organizational cultural intelligence from the individual cultural intelligence. They define it as “an organization’s capacity to reconfigure its capability to function and
manage effectively in culturally diverse environments and to gain and sustain its competitive advantages.”

Earley and Ang [7] introduced the concept of cultural intelligence in 2003. The cultural intelligence that is something that is often consciously acquired and developed. Cultural differences, such as cultural distance, are static; they are inherited. Liao [20] explains that employees with high levels of cultural intelligence play an essential role in bridging divides and knowledge gaps in an organization in many ways such as by “educating their peers about different cultures; transferring knowledge between otherwise disparate groups; helping to build interpersonal connections and smooth the interpersonal processes in a multicultural workforce”. Thus, cultural intelligence is motivated by the practical reality of globalization in the workplace ([7]) and it is malleable and can be developed over time. Cultural intelligence scales have been validated in the academic literature, and they are used in business, education, and military (e.g., [1]).

Individual cultural intelligence comprises four dimensions, and all of them play a specific relevance to functioning in a culturally diverse setting ([32]). The dimensions are as follows:

1) **metacognitive**: knowledge and control of cognition, the processes individuals use to acquire and understand knowledge,

2) **cognitive**: individual knowledge and knowledge structures,

3) **motivational**: acknowledging that most cognition is motivated and thus it focuses on magnitude and direction of energy as a locus of intelligence, and

4) **behavioral**: individual capabilities at the action level ([32]).

The organizational cultural intelligence stems from the individual cultural intelligence concept ([11]) and it builds on the theme that firms can develop the capability to learn and generate new knowledge to operate effectively in culturally diverse environments ([11]). We adopt the notion from Ang and Inkpen [1] that the organizational level cultural intelligence is a form of organizational intelligence necessary to make effective decisions in cross-cultural environment and achieve relationship and business performance in global markets.

As the individual level cultural intelligence, organizational level one consists of the dimensions. The first dimension, **managerial one**, includes in the same dimensions as the individual cultural intelligence introduced earlier in this section. The second dimension, **competitive cultural intelligence**, refers to the organization’s capability to select the appropriate partners by identifying the critical competitive factors associated with the business, assessing the cultural and institutional risks associated with the partners, and incorporate the competitive factors into decision processes (adapted from [1]; offshoring organizational cultural intelligence). The last dimension of organizational cultural intelligence is structure, the way organizations organize and develop routines for hierarchical and reporting relationships ([11]). Structure refers to both intra-organizational as well as inter-organizational structures such as how partners communicate and share knowledge in the practical terms.

**3. Relational learning, cultural differences, and cultural intelligence**

In this paper, we aim at contributing to the discussion of the relational learning in the cross-cultural setting and approach the impact of culture from the capabilities point of view. Figure 1 illustrates the model and propositions. The model proposes the effect of relational learning and the moderating effects of organizational cultural intelligence on relational performance. We propose that relationship learning in the cross-cultural setting overall enhances the relationship performance (P1). Next, we discuss how cultural differences relate to dimensions of relational learning and after that the moderating effect of organizational cultural intelligence.

**3.1. Relational learning and national cultural differences**

Culture, national cultural differences and context of communication, shape how each dimension of relational learning is understood and occur in the inter-organizational setting. Next, we will discuss all of them to lay out the setting for the relational learning in the cross-cultural setting.

The first dimension of relational learning, **information sharing** refers to an exchange of relevant and useful information among organizations or groups involved ([26]). Information sharing can be viewed as a starting point and a necessary element in inter-organizational relational learning, and it is perceived as a central element of working relationships to achieve operational efficiency.
Culture forms the basis for how individuals process and use knowledge; it provides belief frameworks for understanding and using knowledge (e.g., [9]). Cultural differences can lead to challenges among national groups within the same organization, and challenges can be multiplied in the cross-cultural and inter-organizational setting. This can cause the various groups to either understand knowledge differently or have significant barriers to participating in the sharing of knowledge ([9]). For instance, based on the communication context, individuals from the high context cultures such as China and Vietnam can be expected to be less willing to share information openly and directly and take a role of listening rather than directing that those who come from low context countries. While low context cultures focus on direct and explicit forms of communication, where words are the dominant means of knowledge exchange, high context cultures focus more on communicating with the “context”—where attention is paid not only to the message but also the feelings and thoughts of the messenger and the recipient ([11]).

The recent studies on knowledge sharing suggest that the firm-level phenomenon such as intra-organizational knowledge transfer tend to emerge from individual action and interaction (Mibaeva [XXX]). We suggest that individuals involved in the information sharing also bring their cultural values and context to the inter-organization information sharing situations. Developing knowledge transfer and sharing within and between organizations requires a focus on people, individual-level motivations and inter-personal interaction ([24]), which in turn, puts pressure on individuals in information sharing. Sackmann and Field’s [25] simulation study found that different cultural backgrounds of team members due to different ethnicities, gender, national culture or functions create a context of cultural complexity, which may have an adverse affect knowledge sharing attempts. Studies have also found that respecting the partner’s differences in information and knowledge sharing practices may help to overcome challenges (Boh et al., 2014). Cheung et al. [4] suggest that buyers and suppliers that have similar national cultures (based on cultural values) will have less disparity in the way they view the value of sharing information. Besides, they may have a stronger propensity to collaborate as well as share information on operationally related decisions ([4]).

Joint sense-making is the second aspect of relational learning, and it refers to the development of insight, knowledge, and associations between past actions, the effectiveness of these actions, and future actions ([4]). Selves and Sallis [26] explain that dialogue within the relationship constitutes a relationship-specific element of interpretation or sense-making, knowledge development, of the shared information. Einola et al. [8] recently explored the sense-making process in the inter-organizational, cross-cultural setting, specifically, R&D offshoring. They found that relational sense-making plays a particularly important role in contexts of vast knowledge asymmetries, where the relational actors are often unfamiliar with the other partner’s expectations and behaviors. They also point out that significant physical and cultural distances have important implications in the sense-making process. For instance, physical distance makes challenging to engage in face-to-face interactions, which are essential for trust development and sharing information.

The last aspect of relational learning is the integration of knowledge. As Selves and Sallis [26] and Cheung et al. [4] define it, knowledge integration is "the quality of the state of collaboration that exists between departments that are required to achieve a unity of effort due to the demands of the environment.” Integration of knowledge often demands informal inter-personal communication, which are complicated due to cultural differences, time differences, and geographical distance. We argue that knowledge integration aspect of relational learning is the area where cultural differences make the most difference.

### 3.2 Relationship learning and organizational cultural intelligence

Previous studies in relational learning in the cross-cultural environment have approached culture as a cultural distance point of view. This refers to calculating cultural distance based on cultural values ([34]). Cultural distance does not measure the abilities or capabilities of the individuals and organizations involved. For instance, Cheugh et al. [4] found that cultural distance did not affect the dimensions of relationship learning and relationship performance.
They suggest that researchers should identify organizational differences that influence strategic outcomes instead of using traditional cultural difference measures ([4]). We argue that organizational cultural intelligence combines both individual and organizational level differences. Organizational cultural intelligence is a relatively new concept and only a handful of empirical studies exits, but results have shown the effects on performance. Yinmen’s [28] study from the international construction industry found that culturally intelligence firms were establishing and increasing the performance of international strategic alliances. Lima et al. [21] developed and validated the scale for organizational cultural intelligence without aggregate individual-level data and emphasized the difference between individual and organizational cultural intelligence. Last, the study by Srinivas et al. [35] found a strong association between organizational cultural intelligence dimensions and job satisfaction. All studies have emphasized that culturally intelligent employees not be enough, but the whole organization should possess a capability to function in the culturally diverse settings. This leads us to propose as follows:

P2. Organizational cultural intelligence enhances the relationship between relationship learning and relationship performance in the cross-cultural setting.

4. Conclusions and implications

This paper focuses on relational learning in the cross-cultural setting. We propose that the organizational level cultural intelligence, the capability, translates the relationship learning into relationship performance in the cross-cultural setting. We argue that traditional national cultural differences and communication context influence how all three dimensions of relational learning are understood and viewed, but in today’s global and connected world, capabilities how to deal with culturally diverse organizations and how to create the trust to share knowledge are needed.

Our paper provides implications for managers who work in the cross-cultural environment. First, developing and enhancing relational learning takes time and require a long-term orientation. Companies involved in inter-organizational learning need to be able to manage their commitment of time, resources, and expectations for their participation in such processes. Also, previous research suggests [24] information sharing often emerges from individual action and motivation at the intra-organizational level. The previously unconnected team members need it to first, alchemize their diversity and then, co-create languages of learning and vision in order to become teammates ([24]. Organizations should have time to create pathways for communication and information sharing to make it successful and create a platform for joint sense-making and knowledge integration. Cultural differences that relate to information sharing among participants makes this more complicated. Being aware of the cultural differences is the first step, learning how to adjust your behavior is the second. We suggest that culturally intelligence organizations are better equipped to deal with the potential cultural differences.

Second, previous research has shown that relational learning is particularly multi-cultural groups and organizational units with the conflicting agendas. This leads us to suggest that relational learning may require somewhat strict rules on voting power among the organizations involved.

Research in inter-organizational learning in the cross-cultural setting is still limited, and this calls for more research. Conducting empirical research in this area is challenging due to dyadic or triadic nature of data needed to analyze relationships among organizations. Action research approach could be used to explore relational learning within a network of firms or one supply chain and introduce changes to the knowledge sharing practices and systems, for instance, the shared databases or other knowledge systems and cultural training of the people involved in all organizations. Future research could also examine relational learning in the global networks of organizations from one sector or one industry such as from healthcare or textile industry to gain more profound insights into how culture and industry practices may affect.
References


