

**A STUDY ON THE ROLE OF KNOWLEDGE ACQUISITION IN A LEARNING
ORGANIZATION WITH REFERENCE TO ENVIRONMENTAL
SCANNING**

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Abstract

The basic objective of knowledge acquisition is to develop a calculated knowledge base that may use in the organization when it is loaded in a knowledge based system. For this it involves a data collection activity, which has a base of informal knowledge from a variety of sources. The architecture of knowledge acquisition is based upon the integration of existing methodologies, techniques and tools developed within the organization. For any organization acquisition of knowledge is the most important and crucial thing to gain success in today's world. However, for a new or learning organization gaining such knowledge is very important for their success. There are ample ways of knowledge acquisition. However, one more way of knowledge acquisition is through environmental scanning. Environmental scanning means gathering the information from external sources. The paper proposes a model which will focus on environmental scanning. This is a primary way of enhancing the knowledge of the entrepreneur. The model that we are going to define will examine the information gathered from the external sources, how the information is interpreted and what does an organization learn from that. We are also going to discuss about the implications of for entrepreneurship education and implications for practicing entrepreneurs.

Keywords: *Introduction, Literature Review, Research Methodology, Results, Conclusion, Significance, References*

Introduction:

The acquisition of any type of knowledge is very critical for a new or learning organization. It becomes the primary responsibility of the organization to gather knowledge. As the organization is new it leads to knowing of new skills which are crucial for a new or learning organization to prosper and be in the competition. Today's world is of globalization,

which has lead to rapid technological changes. The entrepreneurs are facing immense and intense competition. This is making the entrepreneurs face such situations which they have never faced. The entrepreneurs in such case have to be alert and gain such knowledge which is quality and quantity wise important. This is because this knowledge will lead them to take appropriate decisions. It has been found that there is a gap between the entrepreneurs' knowledge and the current business situations. Due to this the knowledge and past experiences of the entrepreneurs' becomes obsolete. Hence, it becomes necessary for the entrepreneur's to update their knowledge with current business situations. They should continuously get the knowledge from the outside world. There are many ways to gain this knowledge. One of the ways to gain such knowledge is through environmental screening.

In this paper, we will discuss the environmental screening as a primary source of knowledge acquisition. We will also discuss about how this screening will help the learning of the entrepreneur and improved decision making. We will further propose a model that will explain

- a. How to acquire knowledge from environment?
- b. How information gathered is transformed into new knowledge?
- c. Learning types occurring from environmental scanning.

Literature Review

What is environmental scanning?

The basic question that is in our mind is what exactly we mean by environmental scanning? There are many definitions given for the term of environmental scanning. Aguilar in his work defined the term as "the way in which management gathers relevant information about the events occurring outside the company in order to guide company's future course of action" (1967). There are many other definitions for the term. However, we can say that the information that we need to gather for the survival of business from the outside world is called as environmental scanning. As we have mentioned in our introductory write up that due to changing environment the knowledge of the entrepreneurs' is not at par to solve the issues in the business. To continue with this we will consider the environmental scanning as a way for the entrepreneurs to learn and use the new knowledge created in the scanning for taking strategic decisions and solving the problems in the organization that have been raised in the organization.

The benefits of scanning are not solely economic or financial. In an in-depth case study of environmental scanning at the Georgia Center for Continuing Education, Murphy (1987) concluded that scanning is an important component of the organization's strategic planning process, improving the Center's ability to react to and implement change in response to external factors. Furthermore, scanning has also contributed to increased communication among the line and staff personnel of the organization, and greater employee involvement in the decision making process. Ptaszynski (1989) examined the effect of the introduction of environmental scanning in another educational organization. The study found scanning to have a positive effect on the organization in these areas: communication, shared vision, strategic planning and management, and future orientation. The most significant effect was that scanning provided a structured process which encouraged people to regularly participate in face-to-face discussions on planning issues. As a result, the organization was able to develop a number of strategic options that could be used proactively to cope with external change.

Environmental scanning is the acquisition and use of information about events, trends, and relationships in an organization's external environment, the knowledge of which would assist management in planning the organization's future course of action. Depending on the organization's beliefs about environmental analyzability and the extent that it intrudes into the environment to understand it, four modes of scanning may be differentiated: undirected viewing, conditioned viewing, enacting, and searching. We analyze each mode of scanning by examining its characteristic information needs, information seeking, and information use behaviors. In addition, we analyze organizational learning processes by considering the sense making, knowledge creating and decision making processes at work in each mode.

Knowledge Acquisition

Many formal organizational activities are intended to acquire information or knowledge. Examples are customer surveys, research and development activities, performance reviews, and analyses of competitor's products. Informal behaviour also is directed toward obtaining information or knowledge.

Knowledge acquisition is a knowledge process that brings new knowledge to a certain person, team, business unit, or organization, knowledge that is new to the context to which it is brought to. This means that acquired knowledge does not have to be newly created, it only has to be new to the context, e.g. to the organization in question (Davenport & Prusak

2000[1997]: 53). The definition stresses two factors essential to the delimitation of knowledge acquisition from other knowledge processes: the knowledge is found in external sources of knowledge and it is made suitable for subsequent use (Holsapple & Jones 2004).

The concept of knowledge acquisition is multifaceted. The figure below will show the process of knowledge acquisition.

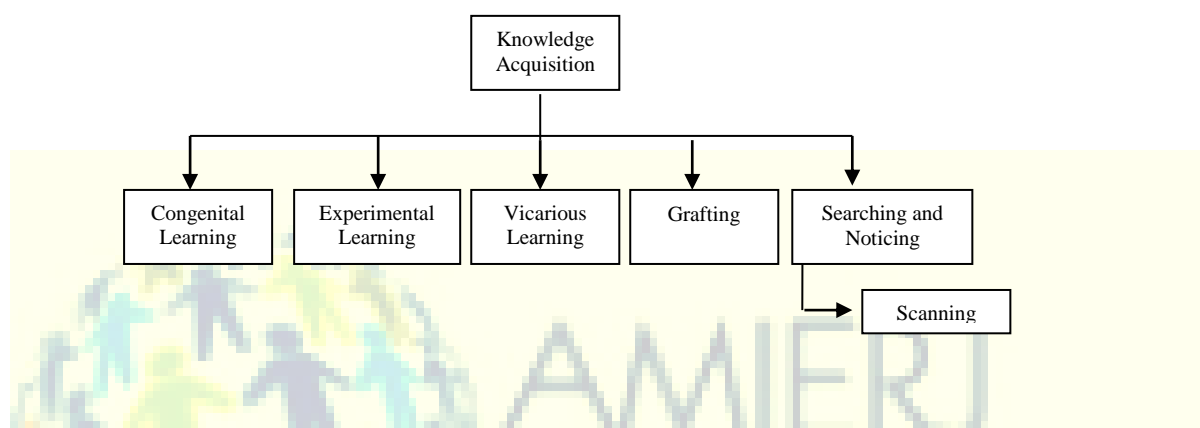


Fig 1: Processes for Knowledge Acquisition

The process of knowledge acquisition deals with four processes (Refer Fig 1). Out of these four processes the environmental scanning falls under the process of searching and noticing. It is defined that the organizational environment is dynamic in nature. In such scenarios if the organization lacks in gaining the updated information from the outside world then there is a high possibility that the organization may not be able to work in the atmosphere. One thing is needed to be accepted and that is scanning contributes to the performance of the organization.

Environmental Scanning

As decided that the environmental scanning is the prime source for information gathering the author studied Cyert and March's Organizational Theory (1963) and Daft and Weick's (1984) Information Processing Model.

According to the theory organizations learn from their interactions with their environments. This is an iterative process. The entrepreneur interacts with the environment, to which the environment responds, the entrepreneur in turn interprets what the environment has interacted with him and takes his decisions and updates his knowledge. The entrepreneur

in turn shares this updated knowledge of his with his colleagues. This helps them create a enterprise memory in the form of beliefs, rules, norms. This memory created further guides the organizations.

The process model defined by Daft and Weick's (1984) suggests a three step process for the enterprises to learn about the knowledge existing in the environment. The first step provides monitor of scanning to the environment. Secondly, it provides the interpretation to the data it has gathered during scanning and thirdly, the reaction on the data that has been interpreted in the second thought.

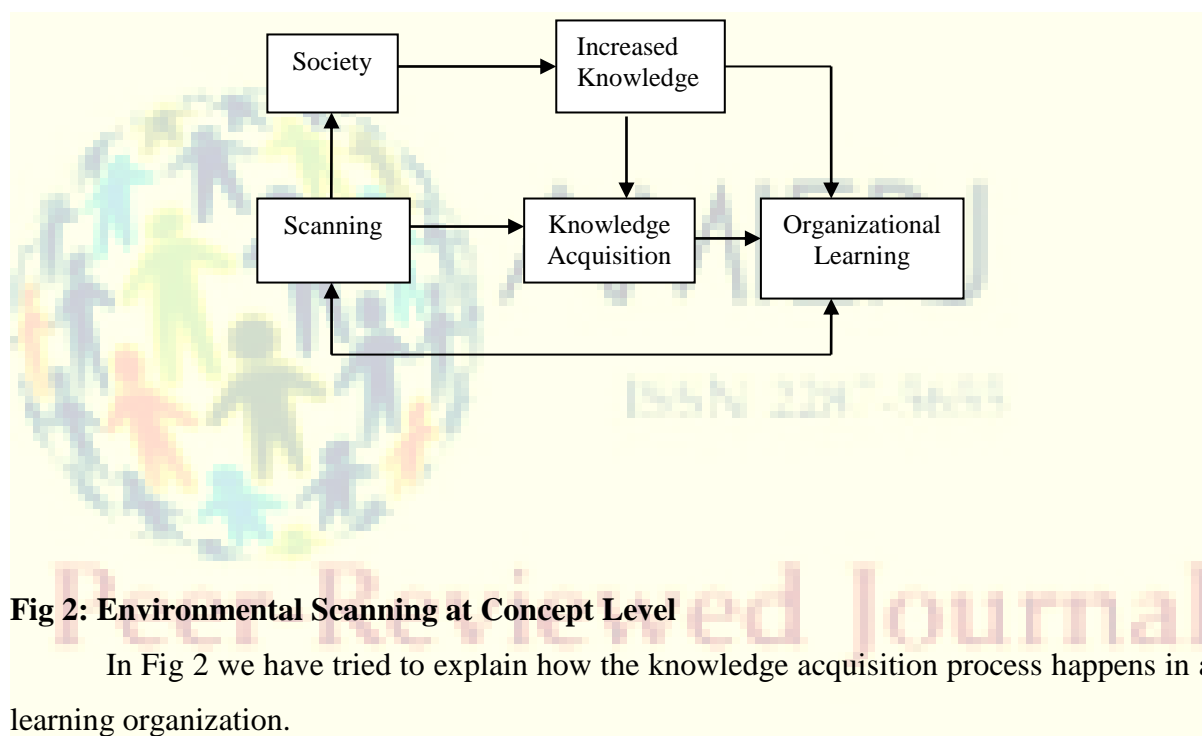


Fig 2: Environmental Scanning at Concept Level

In Fig 2 we have tried to explain how the knowledge acquisition process happens in a learning organization.

Tacit Knowledge

Tacit knowledge has been defined as one's personal, internal or interior knowledge as opposed to the external, physical knowledge that has been written down or recorded as an artifact. Stephen Gourlay presents a clear definition of tacit knowledge as "a form of knowledge that is highly personal and context specific and deeply rooted in individual experiences, ideas, values and emotions" (Gourlay, 2002). The philosopher Michael Polanyi was the first to differentiate between the tacit, or personal knowledge, and the explicit, or external knowledge domains. Polanyi drew upon ideas originating from Plato to argue that knowledge is internally processed, and is embodied in one's self (Gourlay, 2002). The

French philosopher Philippe Baumard has provided the most extensive treatment of tacit knowledge for knowledge management and organizations. According to Baumard, tacit knowledge is important because expertise rests on it, and because it is the source of competitive advantage, as well as being critical to daily management activities (Gourlay, 2002). He argued that tacit knowledge could be an attribute of both individuals and of groups. A key challenge in organizational research has been whether it is possible to manage tacit knowledge, and how. By managing tacit knowledge, I refer to methods that can be used in order to facilitate the creation of tacit knowledge, and to externalize that tacit knowledge in a way that will be transferable to other individuals. The interplay of tacit and explicit knowledge is a critical factor in organizational learning. This article will examine potential ways to observe and manage the creation and exchange of tacit knowledge within an organization, using a recent case study as a point of focus.

Research Methodology

In our research methodology we will be explaining the entire model in detail. After explaining each and every module we will be able to find out the process of knowledge acquisition.

Scanning:

It means gathering information from the outside world. The entrepreneurs control the environment which helps them to check on the changes that happen in their business. They also keep a check on those factors which they think they find the information will change into knowledge. In small organizations the sources are also very personal, more creditable than any other information delivering agents. Also, informal networking is used as scanning criteria. The major focus of such agents is nothing on the market news which is relevant for the business. Scanning plays a vital role in the organizational learning. If scanning is able to provide such information which will tell about the information's credibility in knowledge acquisition then scanning has a very high importance. We have to consider few things as accepted because scanning is surely a success key for the learning organization. If the entrepreneurs are able to use more innovative methods will surely end up in enhanced organizational learning. The scanning of information depends on factor like social capital, which means the entrepreneur using his own existing social contacts for scanning. The entrepreneur can use different type of contacts for gaining different types of knowledge from

the environment. Social capital helps to get through broader sources of information and improves the quality of information, its timeliness, and its relevance. The knowledge received through this way gels with the existing knowledge of the entrepreneur and helps in enhancing his existing knowledge.

Knowledge Acquisition:

It helps in increasing the existing knowledge base of the firm. The outside information is received, analyzed, and understood to create the new knowledge in the enterprise. The understanding of the information is the key to knowledge acquisition for creation of new enterprise knowledge in the organization. It is the prime duty of the entrepreneur to interpret the information that has been collected through scanning. Choo, Daft and Weick mention that interpretation is nothing but the process of translating the information collected. The entrepreneurs should make use of their memory while they are interpreting the information and share it with the subordinates. This sharing will help the entrepreneur to correlate the information received with the existing knowledge bank of the organization. In other words we can say that not only the personal memory of the entrepreneur is used but also the organizational memory is used as a lens for interpretation of information.

Organizational Learning:

In this previous stage we saw the interpretation. In this stage that information is learnt by the entrepreneur. The entrepreneur starts responding to the external changes by modifying in the organization's goals. The entrepreneur also starts re working on his inferences which are arrived at the initial stage. The organizational learning gives birth to three types of organizational knowledge. Tacit knowledge, cultural knowledge and rule – based knowledge are the outcomes. Tacit knowledge is obtained from the exchange of ideas with the network that an entrepreneur has. This knowledge talks about doing things which are right and needed for the organization. It also gives a clear idea about tackling of complex situations. The rules based knowledge is explicit in nature. It helps the entrepreneur to find answer to questions like type of situation, the kind of organization and the steps the organizations should take in such situations. The cultural knowledge is obtained from analyzing other enterprises.

Results

- Based on the above discussion of the model we can surely find out following results.

- If this social capital is used properly it is surely going to end up in more and increased knowledge for the organization.
- It has been observed that the entrepreneurs who involve their subordinates in this process tend to have a high level of increase in the process of organizational learning.
- The learning that happens through such scanning helps the entrepreneur to take decisions more effectively.
- The entrepreneur's assumptions are directly proportional to the information received through scanning. In other words, the entrepreneur's assumptions are cross checked and are validated or rejected on the spot based on the information received.

Conclusion

Based on the model that we studied we can say that the model plays a vital role in the environmental scanning of the information. It also understands the role of information in the learning organizations in a better way. The model addresses the general relationship between business performance and the use of information that is scanned from the environment. The intervention of information processes is not talked about hence, it has been emphasized that the environmental scanning is the main input for organizational learning. This mode increases the knowledge of the entrepreneur. This source of information takes them to better decision making process. This model may be a path taker to those entrepreneurs' which still lack in taking decision. The most crucial thing in today's market is to sustain. The social capital aspect of the model helps the entrepreneur to tap the network the entrepreneur has. The creation of tacit and explicit knowledge helps the entrepreneur to sustain in the market. The most important thing is that the model deals with the small, new and learning organizations which helped these organizations to strive for increased knowledge and better decision making. The model has also successfully dealt with the scanning of information in small enterprises. It has emphasized on the importance of scanning outside information and interpreting it into the knowledge, the social capital of such firms and their organizational learning.

Significance

The model can be concluded saying that the model is useful for the entrepreneurs as well as the educators also. The entrepreneurs certainly have a gap between the outside environment and their knowledge. Hence, it becomes necessary for them to gain new knowledge. They are in touch with the environment through the network that they have. This

helps them for the better decision making process. Secondly the model emphasizes on the social capital aspect for increase in knowledge and organizational learning. Lastly, the entrepreneur may use this model for decision making. The entrepreneurs will interact with the system and extract information. Based on the information they will understand the trends and can make changes in their perspectives. This will help the organization to move forward in the right track.

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