

Organizational Learning and Resource Reconfiguration in Social Enterprises

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ABSTRACT:

Social enterprises operate with dual goals i.e., social mission and economic viability. Their competence depends upon their ability for resource reconfiguration. Organizational learning is an essential concept to cognize the resource combination and ultimately resource reconfiguration in social enterprises. The purpose of paper is to establish the relationship between organizational learning and resource reconfiguration in social enterprises that ultimately leads to continuous social innovation. The paper provides a framework for organizational learning in social enterprises. Two major questions that this article addresses are – Why is resource reconfiguration important for the functionality of social enterprises? How does organizational learning impact resource reconfiguration and social enterprises in large? It will likewise be contended that organizational learning is a key to achieve the effective and efficient resource reconfiguration in social enterprises for addressing their dual missions. The methodology used in this paper is a case based and leads to contribution of conceptual development in the area of organizational learning in social enterprises. The study will benefit the practitioners as well as academicians to know about the dimensions and factors of organizational learning capability which influence the social enterprises and their resource reconfiguration.

Keywords: - Competences, Continuous social innovation, Efficiency, Experimentation, Knowledge, Individual learning, Organizational learning, Routines and Patterns, Social improvement

INTRODUCTION

The evolving field of social entrepreneurship has pulled in the consideration of numerous researchers and practitioners. The phenomenon of social entrepreneurship is executed by the organizational form known as Social enterprises. Social enterprises are those entities which operates with dual goals i.e., social goals as well as economic viability (Doherty et al., 2014) (Santos, 2012) (Boschee & Mclurg 2003). It has been generally acknowledged that seeking after social objectives and financial viability isn't a simple undertaking for a social enterprise and building earned income strategies is the ultimate goal of social entrepreneurs (Boschee & Mclurg 2003). Social enterprises operate in a dynamic and strained condition in which they have to adjust the balance between social objectives and economic viability. The social entrepreneurship literature is still in the stage of conceptual development and apparently there are regions which should be worked upon. One of the major hindrances for a social enterprise is to find the appropriate resources to meeting the unmet social problems. Presently, the third sector, especially in emerging economies, is fighting hard for resources and sustainability. A number of scholars and practitioners are working for conceptual development regarding resource combination, resource reconfiguration and sustainability of social enterprises. Social enterprises

generally combine and reconfigure resources on the basis of availability of resources (Domenico et al., 2010), existing knowledge and routines & patterns. Routines & patterns, knowledge, experiences (along with some other dimensions) give rise to organizational learning (Levitt and March 1998). Thus it can be argued that organizational learning which actually an organizational skill holds enough to impact resource reconfiguration in social enterprises, especially in developing economies. Although the literature on social entrepreneurship and social enterprises is continuously being augmented; there is less availability of articles dedicated to establish the relationship of organizational learning with its ability for resource reconfiguration in the social enterprises of emerging economies like India.

The purpose of this paper is to establish the relationship between organizational learning and resource reconfiguration in social enterprises that ultimately leads to continuous social innovation. Based on the existing theory of organizational learning and resource reconfiguration a framework is proposed with the example of two social enterprises of Indian origin and the interaction of the dimensions of organizational learning and resource reconfiguration in them. The study will benefit the practitioners as well as academicians to know about the dimensions of organizational learning which influence the social enterprises and their resource reconfiguration and continuous social improvement at large. The article deduces with a couple of avenues to be explored on organizational learning capability in social enterprises.

ORGANIZATIONAL LEARNING

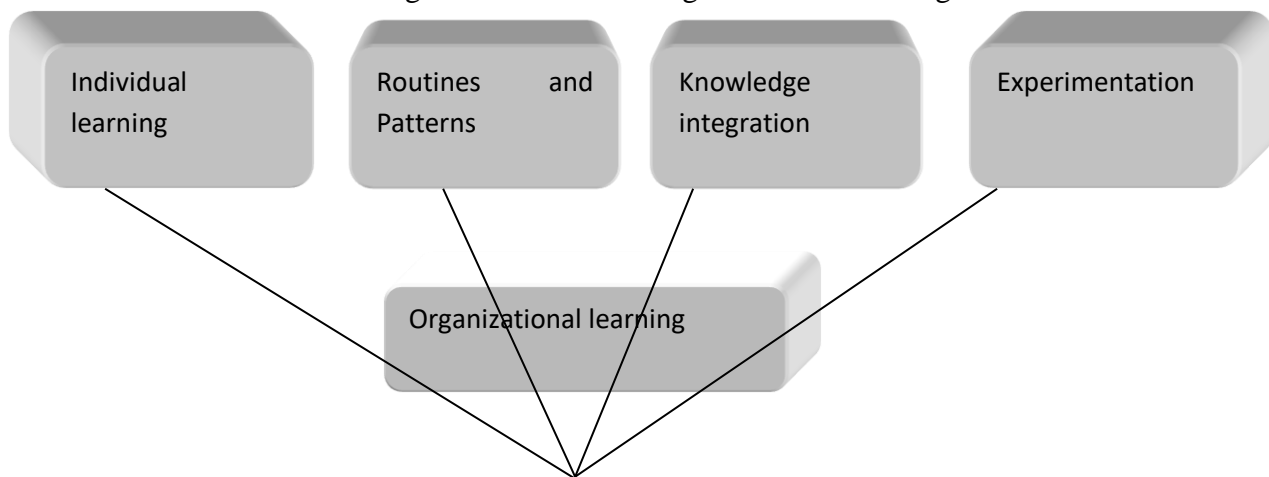
Definitional background - There has been a significant increase of publications in the area of organizational learning since 1980's. From a conceptual perspective organizational learning signifies an improvement in organizational knowledge i.e., it either adds to or transforms knowledge (Martin Schulz, 2001). Apparently, organizational learning is a contraption for organizational intelligence. The philosophical concept behind organizational learning is that organizations draw inferences from past activities and these past experiences influence the current decision making process i.e., organizational learning is purely based on experience in a way or another. Pedler et al., (1991) defined learning organization in terms of continuous transformation and improvement through the learning activities of all its employees. Dixon (1994) proposed that continuous organisational transformation can only take place through intentional learning processes at individual, group and system level. Lank and Lank (1995) argued that the quality as well as the continuity of individual and collective learning in an organisational setting is deemed crucial to the development of a learning organisation. Levitt and March (1998) conceptualized organizational learning as making and updating of specific routines in response to experiences, also the routines are viewed as the intermittent successions of activity which transverse various organizational actors and resources. The knowledge created by learning dwells in new patterns of activity in routines and routines are patterns of interactions that represent successful solutions to problems (Teece et al, 1997). However, organizational routines are free from the organizational employees who make and execute them and they persist even when their makers have left the organization (Martin Schulz, 2001). Routines and patterns are actually the results of organizational learning process. Thus it can be proposed that organizational learning is an organizational skill that must be acquired by an enterprise in order to formulate best solutions for the problems. The result of organizational learning is an adaptation or a change in organizational principles and standard operating methods (Peter Pawlowsky, 2000).

Models of Organizational learning: - Researchers have proposed numerous models, like Performance feedback model (Cyert and March, 1963), Behavioral adjustments (Lant and Mezias, 1992), Historical aspiration level and Social aspiration models (Greve, 1998), to describe how

organizational learning is brought about. Similarly various sources of learning have been reviewed in the literature like past experiences (March and Olsen, 1976; Covington, 1985; Huber, 1991; Martin Schulz, 2001), knowledge recombination (Kogut and Zander, 1992) and experimentation (Levitt and March, 1988; Comfort, 1985; Huber, 1991).

Sources and Dimensions of organizational learning: - Organizational learning has been contemplated as a multi-dimensional construct (Chiva et al 2007; Chalmers and Balan-Vnuk, 2013; Urban B and Gaffurni, 2018) and its various dimensions have been identified like individual learning, experimentation, routines and patterns, knowledge integration, environmental interactions (Urban B and Gaffurni, 2018; Song, Joo and Chermak, 2009; Alegre, Chiva, Gobert and Lapiedra, 2008, Chiva et al., 2007). These sources induce organizational learning with ideas, experiences and foundations for making solution to the problem at hand. Knowledge is another notion that influences organizational learning. Perhaps it should be noted that organizational learning and knowledge aspect are interrelated and interconnected i.e. they both occurs alongside. Organizational learning is always based upon knowledge or some past experiences and whenever there is some sort of learning an amount of knowledge gets transferred. Irina v et al (2015) defined organizational learning in context of organizational knowledge, the authors proposed that organizational learning is a social procedure of people taking an interest in aggregate arranged practices and discourses that reproduce and all the while extend organizational knowledge.

Fig 1.0: - Sources of Organizational learning



Source: Sources of Organizational learning on the basis of literature review and authors understanding

Individual learning: - Competent workforce in an organization is one of the major sources for the sustainability and competitive advantage of the firm. In order to adjust with the changing environment employees need to acquire new skills, information and knowledge from time to time, this process of acquiring skills; information or knowledge by employees is known as individual learning. Individual learning is one of the significant contributing dimensions for organizational learning. It can be argued that social enterprises can combine individual learning with other dimensions of organizational learning in order to pursue social solutions for social problems.

Routines and Patterns: - Organizational routines are generative, dynamic systems, non-static objects (Pentland and Reuter, 1994; Cohen et al., 1996; Lazaric, 2000; Lazaric and Denis, 2001; Hodgson, 2003; Feldman and Pentland, 2003; Pentland and Feldman, 2005). Organizational routines depend upon the connections, amalgamation of multiple participants, and their actions to make a

pattern that people can recognize and speak appropriately as a routine (Pentland and Feldman, 2005). In some same way Teece et al., (1997) stated that routines are patterns of interactions that represent successful solutions to problems. These routines and patterns when combined with other dimensions gives rise to organizational learning and can be very useful for social enterprises to seek successful solutions for social problems by configuring and reconfiguring their resources.

Knowledge: - Wikis defined knowledge as the theoretical or practical understanding of a subject which leads to better skills, information or facts. Grant (1996) defined knowledge broadly and proposed there are two genres of knowledge namely tacit knowledge and explicit knowledge. The basic distinction between tacit and explicit knowledge is that the former can be noted down while the latter cannot be. Knowledge on the basis of specific directions and routines when integrated can be helpful in solving social problems for social enterprises. Therefore, it can be argued that experimentation is an important domain of organizational learning as it contributes to the organizational learning theoretical as well as practical information and facts.

Experimentation: - The literal meaning of experimentation is the method of performing a scientific strategy, particularly in research, to decide something. Experimentation being based on the series of trial and error methods along with other dimensions of strategy aids an organization to develop competitive advantage (Sarasvathy, 2001). Organizational learning brings experimentation into action through looking for innovative solutions to problems faced by society (Chiva et al, 2007). Experimentation implies developing creative and sustainable ideas to solve a wide run of issues influencing society as well as making strides the well-being of people (Bulut et al, 2013). Urban and Gaffurini (2017) argued that there is a positive relationship between experimentation and social development in social enterprises. But social development can occur only with the appropriate resource configuration. Hence it can be proposed that experimentation impacts resource configuration along with social innovation in social enterprises.

Resource reconfiguration in social enterprises: - Social enterprise operates, in a dynamic environment, with dual goals. Leadbetter (1997) contends that serious resource constraints hamper the operations of a welfare state and albeit social enterprises offer innovative approaches, they are hindered by resource limitations. . Also, social enterprises are often encountered with problem of acquiring resources when they are in direct competition with commercial ventures. As a matter of fact researchers have claimed that social entrepreneurs face more serious resource limitations than commercial entrepreneurs since they are frequently establishing businesses in market where there is lack of function and infrastructure is also lacking. Tapsell and Woods (2008) suggested that social enterprises are unique business models which arise from social innovation and acquires the form of new combinations. Thus from the above mentioned statements it becomes much significant that there is an immense need to reconfigure the resources, and to establish the most effective resource structure. Primary resources for social enterprises include – Philanthropic resources (Donations, land, property etc), loans or investors, existing knowledge resources and networks. These primary resources enable social enterprises to acquire essential resources like market information, employees, additional knowledge, alliances, partners and all those products required for functionality of a social enterprise and for social value creation. The essential resources can be acquired and made effective with the aid of learning and by turning people (workforce or socially deprived people) into specialist.

The literature of social enterprises offers two process thoughts that possibly apprise how social enterprises should gather and configure resources (Corner P and Kearins K, 2013). The first is bricolage and second is effectuation. The notion of bricolage was first brought by Levi & Strauss

(1997). In bricolage process, social entrepreneurs combine resources available at hand no matter whether they are marginal or of no value for others (Baker & Nelson, 2005; Baker et al., 2003). Social enterprises often face the problem of scarcity of resources; bricolage helps to overcome this problem by proving the combination of easily available resources. The bricolage process not only aids in resource configuration but also influence the social innovation process because it is an innovation which requires resources to be amassed and configured for carrying out further organizational operations. Witell et al. (2017) proposed that bricolage process consists of four capabilities – a) addressing scarcity of resources; b) ‘making do’ with what is easily available; c) increasing of effectiveness of resources by recombination; d) making partners for improvisation of resources. Thus it becomes clear that bricolage although helps in resource configuration in the initial stage of a social venture but is also proves to be useful in reconfiguring the resources to increase the potential and efficiency of resources. Furthermore, the capabilities of bricolage stems from the root foundation of knowledge base and organizational learning as they involve the reconfiguration of resources. The reconfiguration of resources is always done upon the foundation of already existing knowledge and past routines and patterns i.e., organizational learning. Hence, it can be concluded that bricolage also draws its capabilities from organizational learning which further impacts resource reconfiguration in social enterprises.

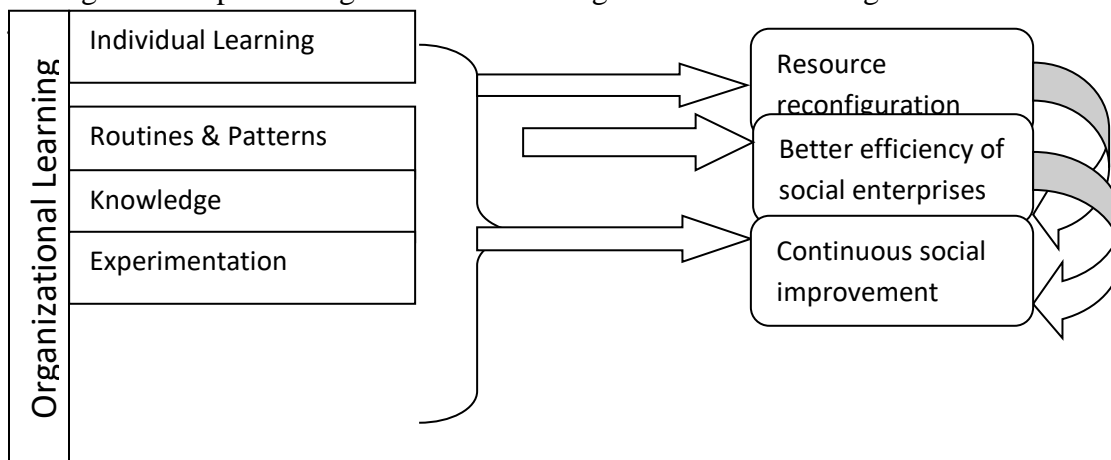
The second process notion that impacts resource configuration in social enterprises is effectuation. Effectuation is a process of identifying opportunities and making decisions on the basis of acquired skills, knowledge and networks. In context of social enterprises effectuation means the process that involves the arrangement of choices and agreements that social entrepreneurs make as they utilize individual, peculiar assets (skills, knowledge, networks) to develop socially oriented ideas, for example, helping financially impeded acquire a pay (Corner & Ho, 2010; Sarasvathy, 2008). Effectuation is applied to bring into play the relationships that could be used to solve a social problem with some efficient resource combination in possession. Sarasvathy (2008) portrays it as 'a rationale of entrepreneurial expertise, a dynamic and interactive procedure of making new artifacts in the world' (Sarasvathy 2001). Through effectuation, Sarasvathy (2008) catches the propensity of fruitful entrepreneurs to form with controllable resources to restrain the danger of investment loss in a venture. In this regard, and in numerous others, bricolage and effectuation give off an impression of being comparative, yet are distinctive constructs. The fundamental distinctive component amongst bricolage and effectuation is their beginning stage. In bricolage, 'something from nothing' is made by making do and utilizing and consolidating the current resources for new purposes (Fisher 2012). In effectuation, the social entrepreneur chooses between conceivable impacts that can be made with the given means (Fisher 2012). The procedure begins with the means, then the social entrepreneur applies the affordable loss principle, he/she sets up vital connection and use possibilities (Fisher 2012; Sarasvathy 2001). Thus it can be argued that bricolage and effectuation are helpful concepts in literature of social enterprises that gives reasonable direction with respect to how social entrepreneurs amass and reconfigure resources for their respective social enterprises. This should be noted that aspect of resource configuration is basically important in initial stage of a social enterprise while the resource recombination or reconfiguration is essentially required when an enterprise faces a problem in its growth stage or when there is some sort of competition in the market.

Resource reconfiguration empowers firms to adjust with dynamic environment by removing, recombining and relocating resources. Resource reconfiguration directly improves the performance, efficiency and the ability of a social enterprise to solve the social problem in continuum. Like said earlier, resource reconfiguration always depends upon some learning elements or characteristics thus it involves the process of combining existing knowledge with newly acquired knowledge.

Furthermore, from the above discussion inferences can be drawn about the impact of learning on resource reconfiguration in social enterprises. The next section of this article will shed light upon the impact and relationship between organizational learning and resource reconfiguration in social enterprises.

Organizational learning and resource reconfiguration in social enterprises: - Organizational learning appears characteristic point for figuring a model for resource reconfiguration because in order to make resources more and more competent they need to be reconfigured in the best possible manner. It, however, requires constant knowledge and learning to adopt the best resource structure. Organizational learning, in social enterprises, occurs when social entrepreneur solves a problem in its functionality on the basis of certain routines and patterns or activities carried out earlier to solve a specific social problem. The reconfiguration is always based upon the past routines and patterns i.e., learning. Teece et al (1997) the ability to reconfigure and transform is itself a learned organizational skill. The more frequently practiced the easier accomplished. Furthermore, when resources are reconfigured in social enterprises their competences to address dual goals become more competent and henceforth it gives rise to continuous social improvement.

Fig 2.0: - Impact of organizational learning on resource reconfiguration in social enterprises.



(Authors proposed Model for Organizational learning and Resource reconfiguration in social enterprises)

The proposed model (fig 2.0) illustrates what different dimensions (individual learning, routines and patterns, knowledge and experimentation) make organizational learning to occur and how these dimensions impacts resource reconfiguration leading to better efficiency and continuous social improvement in social enterprises. Organizational learning, by impacting resource reconfiguration, makes it possible for social enterprises to grab every upcoming opportunity and solve any societal problem successfully with the aid of past experiences, routines and knowledge. On the basis of the four dimensions (mentioned in the model) of the organizational learning a social enterprise can effectively reconfigure and recombine its resources to continuously achieve its dual goals i.e., social benefit and economic viability. However, combining these four dimensions and making use of them to reconfigure resources is a difficult task which requires a social entrepreneur to be experienced, skillful and knowledgeable with a creative mind to recognize the way resources should be reconfigured in order to address a specific problem with the aid of learning. Furthermore, the four dimensions of organizational learning not only gives rise to it but also makes social entrepreneur(or manager) capable of reconfiguring resources. The reconfiguration or recombining of resources

ultimately leads to increased efficiency of social enterprises which further makes continuous social improvement to take place. Thus it can be concluded that a social enterprise should always consider the aspect of organizational learning while encountering a social problem with recombination of resources because its dimensions as well as the notion of organizational learning itself gives much insights about the way resources should be reconfigured. Following are some social enterprises operating in India which reconfigured their resources and strategies, on the basis of organization learning, resulting in continuous social improvement and improved efficiency.

1. **Pollinate Energy:** - Based in India and Australia, Pollinate Energy sells reasonable products to India's urban poor communities, who traditionally have a difficult time getting loans. Pollinate Energy is a social enterprise that sells essential products, including solar lights, water filters, cooking stoves to people dwelling in India's urban slums through a distribution network of local door-to-door sales persons called pollinators. Pollinate Energy was created basically to address the negative impacts of kerosene lamps.

Organizational learning and Resource reconfiguration in Pollinate Energy: - Pollinate energy started out with experimentation by initiating a trial of selling solar lights themselves via a market stand, but they failed and realized quickly they needed to innovate". On the basis of experimentation, routines & patterns involved in trial, the entity implied knowledge and learning and reconfigured its strategy of selling solar lights. Instead of reaching out to market directly they started collaborated with various channels as well as directly involved its customers for efficient, improved and continuous distribution of their products. The initial setback led to the Pollinator model that is the core of the business today. Pollinate Energy has sold over 28,000 products and reached over 130,000 people across five Indian cities. Apart from the health benefits of avoiding kerosene, the solar lights saved each household an average of \$1.52 USD per week, representing a saving of 3-6% of income for a household.

2. **TML Drivelines:** - TML Drivelines operates in Jharkhard, in the northeastern part of India, which has limited groundwater. It is a signatory to the United Nations Global Compact and is engaged in community and social initiatives aimed at the environment and sustainable manufacturing facilities in accordance with the principles of Global impact. The institutional goal of TML Drivelines is saving Energy by developing sustainable manufacturing facilities. TML Drivelines' innovation is to conserve energy in order to save energy for the future and use green space available to help the environment. TML is focusing on the utilization of natural lighting to save electricity, battery-operated trucks to reduce pollution, and solar panels for water heating to conserve energy. This innovation benefits the environment and helps business to save money, which helps society.

Organizational learning and resource reconfiguration in TML Drivelines: - Until 2007, all the processing plant sheds of TML Drivelines were opaque and were fitted with Halogen lights, which had high electricity utilization. Therefore, in order to reduce the electricity consumption the processing plant sheds were altered with the arrangement of transparent Polycarbonate sheets to harness the daylight, in 2008. TML Drivelines replaced halogen lamps with low hanging LED lights, thus reducing consumption of electricity as LED lights provide more illumination & use less electricity. In a same manner, the organization invested close to US\$60,000 to change all fuel operated pallet trucks to electricity operated battery trucks. The battery-operated pallet trucks use much less electricity to charge and are noise free. This reduced emissions into the environment, reduced the cost of fuel, and also helped in reducing the maintenance cost of pallet trucks. TML Drivelines, in line with Tata Motors' sustainability goals, has installed rainwater harvesting pits at different locations in the plant thus reducing its burden on the use of groundwater. The extra water from rainwater

harvesting pits is sometimes transported to main water storage reservoir for use in manufacturing plant and nearby areas. Consequently the company implied learning on the basis of knowledge, routines & patterns and experimentation to reconfigure its resources and strategies resulting in better efficiency, continuous social improvement with less environmental degradation.

CONCLUSION

Conclusively, the investigation is a beginning stage for examining the role of organizational learning in resource reconfiguration which has been a neglected aspect in social enterprises of emerging economies. The article establishes that individual learning, routines & patterns, knowledge and experimentation (proposed four dimensions of organizational learning) enables social enterprises to conquer the imperatives of the resource reconfiguration and stay engaged in continuous social innovation. The primary goal of social enterprises is to create social value and social value creation occurs by the continuous innovation and modification in resources. However, there are thousands of cases about failures of social enterprises. They just born and died because they failed to engage the innovation in continuity i.e., they did not succeed to reconfigure resources to address social problems in a continuum. Social enterprises repeatedly deal with a number of serious gaps in their infrastructure and functionality to reconfigure resources for filling these gaps for the successful delivery of services or products to the society. And for filling these gaps social enterprises need to find appropriate solutions which can direct them towards the better ways to reconfigure their resources for continuous innovation and social improvement. Organizational learning is such one solution which, on the basis of routines & patterns, knowledge and experimentations, directs the social enterprises to recombine or reconfigure its resources to meet the phenomenon of continuous social innovation and to address social problems continuously. Nevertheless, the learning capability is one solution to reconfigure the resources and there could be a couple of more solutions which can direct the social enterprises to recombine their resources. The investigation has few limitations of which the beginning stage of conceptual development of resource reconfiguration and its relationship with OL dimensions stays open for investigation. Consequently, in future more empirical studies are required to examine relationships and possible linkage between organizational learning and resource reconfiguration, and their contextual variables could be extended.

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