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A paper presented at the 35th Annual IMP Conference: Relationships, Interactions and Networks in Competitive Environment, IÉSEG School of Management, Paris 03 - 27 Aug 2019.

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**How organizational learning reinforces interactive communication and sustainable B2B customer centred business relationships**

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## **Abstract**

The purpose of this paper is to explain how the process of organizational learning reinforces the relationship marketing approach and fosters the development of knowledge and B2B customer centred relationships. A qualitative research strategy was deployed that incorporated an open ended, structured questionnaire. In total, three Korean companies and 15 senior B2B marketing managers participated in the research. The research findings indicate that senior B2B marketing managers in the participating Korean companies embrace knowledge acquisition and implementation in their marketing decision making, hence they are committed to sharing information and are keen to adopt innovatory processes that result in change. By doing so, they utilize the organizational learning concept to enhance the capability of the organization, ensure that individual learning is placed in the context of institutional learning, develop and implement innovative marketing strategies, and reinforce the strategic marketing planning process through interactive communication in order to achieve value creation.

**Keywords** – Interactive Communication, Knowledge Sharing, Learning, Marketing, Organization

## **Introduction**

Woodruff (Morgan, Katsikeas and Appiah-Adu, 1998, p.354) suggests that organizational learning is concerned with marketplace activities and ultimately is concerned with customer value. The creation of knowledge, in the context of strategy development, is considered to be fundamental (Spender, 1996) as it underpins successful strategy development and implementation (He and Wei, 2011). Marketers are interested in the concept of learning for a number of reasons such as new product development (Kumar, 2014) and improving the

company's performance. Kumar (2014) consolidates his view by pointing out how organizational learning produces a learning culture that results in the innovation process being managed. This suggests that marketers need to be aware of how organizational learning influences an organization's expansion process (Chiva, Ghauri and Alegre, 2014). Hence, we would suggest that it is incumbent upon B2B marketers to develop an appreciation of how cultural value systems influence the interactive communication process that facilitates the process of strategy development in the context of building sustainable B2B customer centred business relationships. By doing so, they understand better how the process of interaction (Håkansson and Waluszewski, 2005) contributes to and reinforces knowledge creation within the organization, and how knowledge is used to enhance organizational learning (Nonaka and Takeuchi, 1995).

In order to explain how organizational learning contributes to the development of marketing strategy and adherence to the relationship marketing approach, a study was undertaken involving fifteen senior B2B marketing managers, equally apportioned in three Korean companies. The participating senior managers were from the automobile industry, the construction industry and the electronics industry. What makes the study of interest is that companies in South Korea are subject to strict legislation that governs how they operate (Ungson, Steers and Park, 1997). Their success is due in part to managers placing much emphasis on technology and upgrading production facilities through time (Nakata, Im, Park and Ha, 2006). However, the real success of Korean companies lies in their managers being able to turn tacit knowledge into explicit knowledge as outlined by Nonaka and Takeuchi (1995), Huseman and Goodman (1999), and Platts and Yeung (2000). This is done by utilizing organizational learning in order to produce a shared organizational culture that creates "new tacit knowledge that is internalized and becomes explicit knowledge" (Lee and Trim, 2008, p.125). To explain how this is achieved, we build on the work of Lee and Miller

(1999), and Lee and Trim (2008 and 2012), relating to how a collectivist culture is influenced by a national value system.

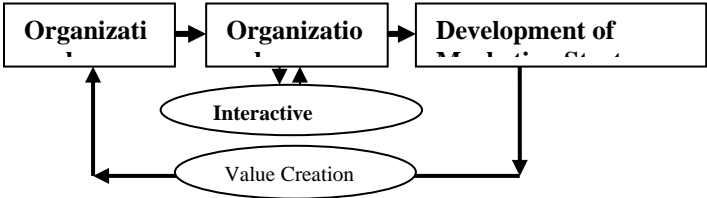
### **Theoretical background and conceptual model**

Duncan and Weiss (Kim, 1998, p.507) have provided a useful definition of what organizational learning represents by suggesting it “is the process whereby knowledge is created, is distributed across the organization, is communicated among organization members, has consensual validity, and is integrated into the strategy and management of the organization”. Chiva, Ghauri and Alegre (2014, p.689) broaden our understanding by suggesting that organizational learning is “a process that develops a new way of seeing things or understanding them within organizations, which implies new organizational knowledge”.

As regards value creation, Narver, Slater and MacLachlan (2004) point out the importance associated with an organization having a market orientation that utilizes marketing intelligence to provide a coordinated holistic approach to marketing planning. Therefore, it is logical to suggest that the capabilities of each function within an organization should not be viewed in isolation (Ngo and O’Cass, 2012). This is we feel a strength of the relationship marketing approach as it provides a focus for allowing B2B marketing managers to utilize knowledge, especially technological knowledge, in a co-ordinated manner. Most importantly, “Persistent investment in knowledge acquisition (i.e. via research initiatives) helps firms to better acquire, absorb, and assimilate externally developed knowledge” (Henard and McFadyen, 2005, p.505). By drawing on the work undertaken by Lee and Trim (2012) into how staff within a Korean chaebol make marketing decisions, we explain how the organizational learning process produces interactive communication that reinforces the relationship building approach and the development of marketing strategy through B2B customer centred sustainable business relationships. Based on the above, the conceptual framework outlined in Figure 1, has been developed from the extant

literature and outlines how organizational learning and marketing strategy development are linked via an appropriate interactive communication process that is embedded in the organization’s value system and culture. Indeed, it is our intention to explain how the process of organizational learning, which is underpinned and reinforced by a specific organizational cultural value system, produces interactive communication that incorporates information sharing, teamwork and learning; and which fosters the development of knowledge that ultimately contributes to value enhancement from a customer perspective. The research question we pose, therefore, is: How can B2B marketing managers use the organizational learning concept to elevate the B2B customer centred approach through relationship marketing?

**Figure 1: Conceptual Framework: Linking Organizational Learning and Marketing Strategy Development via B2B Interactive Communication.**



## **Propositions development**

Senior managers in Korean companies are known to focus on developing a sustainable competitive advantage through the approach of 'Migratory Knowledge', which involves encouraging staff to visit technology companies abroad; and is coupled with a well tried and tested process of recruiting experienced foreigners and expatriates (Kim and Yi, 1998-1999). They engage in networking with government representatives and work long hours to identify new business opportunities (Lee, 1998-1999). In addition, it can be stated that Korean culture is consensual in nature and the Korean economy is transitional and market-driven (Kim, Di Benedetto and Hunt, 2012).

Bearing the above in mind, it is evident that marketing managers in Korean companies have a distinct view of what marketing intelligence is and the benefits associated with it (Lee and Trim, 2012 and 2013), and are committed to the relationship building approach that is underpinned by the concept of mutuality. By embracing the concept of mutuality, B2B marketing managers in Korean companies are outward looking and incorporate marketing intelligence in the planning process so that the company remains market focused. In addition, B2B marketing managers in Korean companies have established value innovation programmes and cross-functional teams in order to provide the necessary support for the development of a range of strategic projects (Kim and Mauborgne, 2005). As a result of this, strategy development within Korean organizations can be viewed as fluid and adaptable (Abdullah, 2010). Four propositions were identified from the literature review:

**Proposition 1.** By embracing the organizational learning concept, senior B2B marketing managers can devise an innovative marketing strategy.

**Proposition 2.** A trustworthy organizational learning culture facilitates communication and information sharing.

**Proposition 3.** By ensuring that the outcome of individual learning in relation to marketing intelligence is viewed positively, it is possible to place individual learning in the context of institutional learning.

**Proposition 4.** Through enhanced communication, senior B2B marketing managers can devise marketing plans that result in sustainable business relationships.

### **Methodological approach**

A qualitative research strategy, incorporating an open ended, structured questionnaire was used to obtain insights into how the organizational learning concept and associated activities supports the development of knowledge and marketing strategy in three Korean companies. Access to the senior B2B marketing managers that participated in the research was negotiated through one of the researcher's own network of Korean business contacts. Three gatekeepers, each representing one of the companies in the study, were identified and once approached, agreed to seek access to the company on behalf of the researchers. The gatekeepers had in-depth industry knowledge, were sensitive to events and were known to be supportive of academia-industry partnerships. The three participating companies were: an automobile company; a construction company; and an electronics company. Each of the companies that participated in the research was well established in its industry and the participating marketing managers were well aware of the importance of organizational learning as each company had a training and staff development programme in place. The respondents agreed to complete the questionnaire by electronic means and provided in-depth answers. The insights gained from the research into how the organizational learning concept was used in a



collectivist organizational setting to improve marketing performance is valuable as it provides insights for those from an individualistic cultural setting into the B2B marketing decision-making process within Korean companies. In addition to this, insights would also be provided into how senior B2B marketing managers in Korean companies engaged in relationship building and how they implemented the relationship marketing approach.

An important aspect of qualitative research is that participants provide in-depth answers to the questions posed. This allows researchers to analyze the data in a logical and systematic manner and the research outcome helps the researcher to provide insights into the subject. We followed the guidelines provided by Patton (1990), and Strauss and Corbin (1998). For example, with respect to the analysis of the data, open labelling was applied and this was followed by axial coding and then selective coding was used to add density and validation (Strauss and Corbin, 1998). A number of themes were identified and validated.

### **Research findings and conclusions**

It is clear from the research findings that through communication, senior B2B marketing managers within the Korean companies that participated in the study acquire localized knowledge mainly through the experience of internal staff and this fits well with the findings of Fletcher, Harris and Richey (2013). Senior B2B marketing managers in Korean companies are selected according to set criteria and place much emphasis on acquiring and developing knowledge in order to harness the benefits associated with technology (Nakata, Im, Park and Ha, 2006). In the process, the knowledge gained is used to influence behaviour (Hult, Ketchen and Nichols, 2003) and in turn new knowledge is created that improves the marketing planning process and ultimately results in products and services that enrich the customer

experience (Ramaswamy, 2011). From this we can deduce that in Korean companies, an individual is evaluated according to their performance but an individual cannot and should not be evaluated independently of the 'main' group that they are associated with. This is because as Turner (2000) suggests, social structure is known to play an influential role within an organization, and within Korean organizations, the peer group decision-making process assumes dominance over the individual decision-making process.

When reflecting on power and politics in organizational learning activities, several issues emerge. For example, somebody that is considered a source of ideas may be considered important and so too is the influence their idea(s) may have on the process of learning (Contu and Wilmott, 2003). Managing social embeddedness in organizational learning vis-à-vis the management controls in place needs to be viewed from the perspective of enhancing institutional learning (institutionalizing stage). This has received limited attention to date but will attract more attention from researchers in the future as strategic direction and success have an impact on staff behaviour (their commitment and motivation), and how staff are rewarded and retained.

It is clear from the study undertaken that organizational learning influences market orientation and part of the success of senior B2B marketing managers in Korean companies is to be attributed to their commitment to sharing information and their willingness to innovate or adopt innovatory processes that either reinforce or result in change that can be classified as transformational in nature.

It can also be suggested that senior marketing managers in Korean companies consider that working long hours is normal and that the 'extended day' incorporates time spent socializing with company staff and staff in partner organizations. As well as a formal process of communication being in existence, there is also an informal communication process in being and individual staff are expected to build relationships with staff inside the company and with those based in external organizations (companies, universities and government bodies). This is part of the formal process whereby tacit knowledge is turned into explicit knowledge. Indeed, senior B2B marketing managers in Korean companies are focused on value creation and develop and maintain sustainable B2B customer centred business relationships. It can also be suggested that by ensuring that marketing staff are adequately trained and are knowledgeable about how the organization functions, it is possible to promote cooperative behaviour that ensures that risk management is undertaken by marketers and that a risk mitigation plan is encapsulated within the strategic marketing plan. These are important aspects that senior B2B marketing managers in overseas companies should be aware of before they start to engage in relationship building with staff in Korean companies.

As regards a follow-up study, we acknowledge that when researching dynamic capabilities and their relationships, we suggest that a quantitative survey approach (McKelvie and Davidsson, 2009) is used in conjunction with a qualitative research method(s) (possibly a number of in-depth interviews). In addition, it would be useful to include in a future study, the perspectives of senior B2B marketing managers based in partner organizations so that a multi-perspective view of relationship building could be established and insights provided into how information sharing and interactive communication, manifests in the development of an international marketing strategy.

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