



The Learning Organization as a Context for Value Co-Creation

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Introduction

Introduced by Senge (1990), the concept of a learning organization has been both lauded as a framework for the organization of the future (Garvin, Edmondson and Gino, 2008; Garvin, 1993) and criticized for its lack of clarity (Easterby-Smith et al., 1999). As global operational contexts have become increasingly turbulent, its relevance has again come to the fore as organizations recognize that new and superior customer value, in existing and/or new markets, can be co-created more easily within an open, collaborative eco-system (Chew and Dovey, 2014; Kang, Morris and Snell, 2007; Zahra and George, 2002).

The 'learning organization' is a metaphorical social construct that signifies a form of collective human endeavour in which structural and agentic forms of power align to realize a meaningful purpose through collaborative praxis. As Kohtamäki and Rajala (2016) argue, this embraces the doing, interacting and learning by agents, guided by a practice structure, within emergent operational contexts. The construct of a learning organization offers an aspirational framework for the Sisyphean task of learning to prosper within the dynamic and complex contexts of organizational work. Given the rapid morphing of these contexts, particularly through the evanescence of new technologies, the organization of learning becomes a critical organizational capability. As Teece (2007) claims, it is the micro-foundational building block of dynamic capabilities that enable organizational renewal or transformation in turbulent environments. Dynamic capabilities for organizational adaptation are rooted in exploitative and exploratory learning and activities with paradoxical inconsistent organizational behaviours (Benner and Tushman, 2015, 2003). Adaptive organizations, therefore, only manifest when the

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3 tensions created by these inconsistencies are balanced and can be leveraged. This requires the
4 design and institutionalization of new forms of ambidextrous organization (Raisch et al., 2009);
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6 human resources architecture (Kang, Morris and Snell, 2007); and leadership practices (Smith,
7
8 2014). Furthermore, as articulated by Benner and Tushman (2015; 2003), the rapid evolution
9
10 of digital technologies has shifted the locus of innovation from the focal firm/actor (closed
11
12 innovation) to a community or network of actors (open innovation). This has resulted in the
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14 development of sustainable organizational value co-creation practices becoming an ecosystem-
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16 wide endeavour; one in which intra- and inter-actor factors influence the degree of open
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18 collaboration for mutual well-being (Chew, 2013).
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28 Although we draw on the case of an organization that we regard as exemplifying many aspects
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30 of the learning organization, the paper articulates a theoretical exploration, supported by
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32 existing research, of the relationship between the learning organization and sustainable value
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34 co-creation. In this respect, the question we address in this paper is that of whether the concept
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36 of the learning organization has relevance with respect to sustainable value co-creation in
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38 turbulent operational contexts.
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45 We begin by discussing the nature of learning that occurs within a learning organization and
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47 the form of leadership that frames such learning. Then we analyse the concept of value co-
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49 creation and its relevance to current organizational challenges. Thereafter we explore the
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51 contextual fabric of an organization in which value co-creation can become a collective
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53 achievement, drawing briefly on interview data from a case study of a highly innovative
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55 Australian 'green' building products manufacturer. Finally, responding to Brusoni and
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57 Rosenkranz's (2014) call for a multilevel study of organizational learning, we adopt a micro-
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3 foundational model of organizational value co-creation (Storbacka et al., 2016; Felin, Foss and
4 Ployhart, 2015) to analyse the macro, meso and micro aspects of value co-creation as a practice
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6 in a learning organization.
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10 11 12 13 **The Nature of Learning within the Learning Organization** 14

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16 Human learning is a far more complex process than is often acknowledged; in particular, the
17 politics of learning are often ignored and the exercise of forms of power that can facilitate or
18 inhibit learning, disregarded. In the 'learning organization' conventional functional and
19 instrumental learning is subordinated to deep probing into the issues of purpose, meaning, and
20 the intra- and inter-personal practices that enable collaborative work to transcend
21 preoccupation with mundane aspects of everyday routines. As Kofman and Senge (1993: 19-
22 20) put it,
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33 The learning required in becoming a learning organization is 'transformational
34 learning'. Such learning is not ultimately about tools and techniques. It is about who
35 we are ... (and) ... only with the support, insight and fellowship of a community
36 can we face the dangers of learning meaningful things.
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43 Such learning is dangerous in that it is likely to lead to the contestation of the organizational
44 and/or departmental political status quo, creating tensions, as Jones and Hendry (1994: 156)
45 point out, as a result of
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49 employees asking searching questions of a social, ethical, moral and personal kind
50 related to the purpose of work and the nature of society.
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56 This approach to learning goes beyond Argyris' (1990) concept of 'double-loop' learning
57 (although it includes it) as it probes the deep structure of organizational endeavour and the
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3 nature of the power relations upon which such endeavour is predicated. It transforms
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5 consciousness, as Vygotsky (1978) claimed, in that learning is not the transposition of
6
7 knowledge from an external to an internal plane but rather is the process by which an individual
8
9 is changed. Claiming that consciousness is co-knowledge, Vygotsky (1978) asserts that
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11 transformations of knowledge result in changed consciousness. Collective access to the ‘deep
12
13 knowledge’ that informs a ‘learning organization’ results in a changed mind-set or dominant
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15 logic (Kor and Mesko, 2013; Prahalad and Bettis, 1986), and thereby a changed set of cultural
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17 assumptions and mental models and a broadened perspective (one that views opportunity-
18
19 creation as equally important to problem-solving). As Jones and Hendry (1994: 160) comment,
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21 this occurs when,
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27 ... an enterprise recognises the need for change, focusing on issues to do with
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29 leadership, power, the devolution of initiative and personal development, linked to
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31 the needs of the organization and the wider community. The ensuing transformation
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33 is most likely to entail a ‘mind-shift’.
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37 This form of collaborative learning can be viewed as a ‘service-for-service’ exchange via value
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39 co-creation practices (Vargo and Lusch, 2016); ‘service’ in this sense referring to the practice
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41 of sharing the valuable knowledge/capabilities held by an individual or group with an ‘other’
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43 or ‘others’ in order to attain a certain performative goal. In this practice, the ‘learner’ (service
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45 client, “I” domain) proactively integrates the knowledge, competences and resources of the
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47 ‘instructor’ (service provider, “Other” domain) with those of her/his own to create new
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49 knowledge/competences or resources to achieve her/his own context- and situational-specific
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51 performative goal (Vargo and Lusch, 2016; FitzPatrick et al., 2015).
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Leadership Practices within the Learning Organization

Leadership in the ‘learning organization’, through institutionalizing a *purpose-driven* dominant logic for continual organizational renewal (Kor and Mesko, 2013), is oriented around the creation of a collaborative learning environment which enables each individual to perform, at his/her optimal level, specific value-creating activities. Thus, as outlined by Giddens (1984) in his articulation of structuration theory, the leadership task becomes focused on the co-creation, institutionalization, and constitutive adaptation (in accordance with environmental changes) of the organization’s dominant logic. In this way, the organizational purpose remains meaningful to staff, and key intangible capital resources are generated and leveraged through highly transparent practices and outcomes [in this respect see Dovey and Singhota (2005) for a comparison between professional sports teams (distributed decision-making power; high accountability; and high transparency of performance and outcomes) and conventional business organizations (hierarchical power management practices; mystified accountability; and very limited transparency of performance and outcomes)]. Schein (1985:5) views this task primarily to be one of ‘working with culture’:

... culture creation and leadership, when one examines them closely, are two sides of the same coin, and neither can be understood by itself. In fact, there is the possibility – under emphasized in leadership research – that the only thing of real importance that leaders do is to create and manage culture and that the unique talent of leaders is their ability to work with culture.

Working with cultural assumptions (shared assumptions developed over a period of shared experience) and individual mental models (assumptions formed through the unique biographical experience of individuals) is a complex task involving the transformation of inappropriate assumptions about many aspects of everyday organizational life, especially the

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2
3 exercising of power and the nature of purpose-critical learning. As such, it requires the
4 introduction of critically reflexive practices as part of the organization's dynamic capabilities;
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6 practices which clarify (and re-clarify in rapidly changing operational contexts consistent with
7
8 turbulent environments) the purpose and dominant logic of the organization (Kor and Mesko,
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10 2013; Prahalad and Bettis, 1986). Embedded in these practices is a constant review of the
11
12 alignment of the structural form of the organization with its dominant logic and the operating
13
14 environment; the current relevance of the shared assumptions and mental models that frame
15
16 everyday unlearning-learning within the organization; and the generation, orchestration and
17
18 reconfiguration of the resources (intangible and tangible) that 'really matter' with regard to the
19
20 execution of the strategic intent and value creation goals of the organization (Kor and Mesko,
21
22 2013). Within a learning organization, intangible capital resources become vital. They are
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24 *operant* resources that act on other resources (operand or operant) to create purposeful effects
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26 and are, therefore, pivotal for innovation and value creation (Vargo & Lusch, 2016; 2008).
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28 These resources are all relationship- and purpose-based and include social capital (especially
29
30 *trust*); morale capital (especially commitment); and conceptual capital (especially *creativity*)
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32 [Dovey, 2009]. They are freely available in organizations where the relational practices are such
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34 that they generate and leverage these resources (a feature of which is that they are enhanced,
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36 and not depleted, through use). In this respect leadership in the learning organization is
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38 conceptualized as a 'service' (a value co-creating process) where, consistent with service-
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40 dominant logic (Vargo & Lusch 2008, 2004), it is concerned with the facilitation of purpose-
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42 relevant learning, and the application of knowledge, competences and resources for the benefit
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44 of all parties. In doing this, leadership, ensures transparency of action and outcomes and holds
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46 the collective mutually accountable for 'win-win' outcomes.
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Value Co-Creation and the Learning Organization

Learning organizations (actors) must continuously learn and collaborate *with* multiple ‘others’, especially customers, in order to create sustainable value of mutual benefit for all actors (Pera, Occhiocupo and Clarke, 2016). Such collaborative value creation between actors is achieved through *value co-creation practices* (Kohtamäki and Rajala, 2016; Vargo & Lusch, 2016; 2004). Founded on service-dominant logic (Vargo and Lusch, 2008; 2004), value co-creation practices comprise the practices of co-production of value propositions and those of co-creation of value-in-use (the realized value experienced by the beneficiary) [Ranjan and Read, 2016]. The afore-mentioned practices (co-production of value propositions) refer to the co-design of the value sharing and shaping role of interacting actors including, specifically, the potential value for the beneficiary (Frow et al., 2014). In this respect, Jarzabkowski and Spee (2009: 82) emphasize the active and constitutive nature of these practices, viewing them as ‘a means of doing in which organizing is constituted, rather than static concepts or objects to be employed’. Similarly, Kohtamäki and Rajala (2016: 8), citing Chia and MacKay (2007), refer to them as ‘socially accomplished ways of collaborating so that value is co-produced and co-created by agents.’

Value co-creation practices (FitzPatrick et al., 2015), and the collaborative learning embedded in them (Kang, Morris and Snell, 2007), are premised on *relational capital* generated by the intersubjective relatedness shared between the interacting actors (“I” and “Other” domains). This requires the introduction and nurturing of interpersonal practices that generate the intangible capital resources, such as trust, commitment and resilience, upon which collaborative learning depends. These interpersonal and value co-creation practices take place at the intersection of “I” and “Other” domains called the “We” domain (FitzPatrick et al., 2015). Thus, where value is viewed as a co-creation, relational resources become the foundational

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2
3 building blocks of organizational innovation and transformation (Vargo and Lusch, 2016;
4 2004). In order to explore this point, we briefly examine the value co-creation practices in a
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6 small highly innovative green building products company in Australia (referred to as GreenCo
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8 hereafter).
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13 14 *Innovation and Value Co-Creation at GreenCo*

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16 GreenCo was founded by a young engineer/entrepreneur in Sydney in 1934 with the intent to
17 design and manufacture innovative ventilation products for the building industry. It was bought
18 by another engineer/entrepreneur in 1981, who continued to invent and manufacture ventilation
19 products. In 1996 it was bought by a US industrialist, who invested heavily in R&D with the
20 view to continuing to build on the innovative capabilities and invention record of the then 62-
21 year-old private firm. In 2005 GreenCo was acquired by a large Australian corporation who
22 allowed it to continue to operate independently preserving the successful founder-
23 institutionalized dominant logic (Kor and Mesko, 2013) in a simple form of ambidextrous
24 organization. This was done by balancing the inherent tensions between the exploratory-
25 oriented, service-centred nature of GreenCo and the exploitative-oriented, goods-centred
26 nature of the parent organization (Raisch et al., 2009); a strategic decision which saw GreenCo
27 continued to produce award-winning innovative building products.
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47 *Organisational and Personal Purpose:*

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49 All ten staff members interviewed (representing 25% of staff) strongly identify with the
50 articulated vision of GreenCo's founder. As one person expressed it:
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54 The original managing director created a vision statement with a tagline that is
55 still attached to the business. It's *technology for a sustainable future*, and it still
56 influences my decision-making processes. There was also a 'helping society'
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3 theme which emphasised our cause as being greater than that of any individual.

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5 All our technologies are powered by renewal sources and offer a more
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7 sustainable option than using electricity.
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10 Other comments endorsing this purpose ranged from 'offering a service and energy-efficient
11 products to a certain customer base that provides a green solution to a problem they have', to
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13 'developing and growing the business with increasing emphasis on creating new
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15 environmentally-friendly products and energy-efficient sustainable technology'. Within this
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17 group, we found strong alignment between personal purpose and organisational purpose, as
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19 articulated by one person:
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24 this aligns perfectly with my personal values - green energy is something that
25
26 appeals and is important to me. I would not be able to work in a company that is
27
28 just there to make a profit, and which is not giving something back to society.
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31 The themes of adding value to people's lives (co-creating social well-being as a value) by co-
32
33 producing with customers environmentally-friendly technical products and co-creating
34
35 innovative new solutions, resonate throughout the staff interviews. GreenCo staff, it is claimed,
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37 are motivated by the intrinsic rewards of doing a good job for a good cause (i.e. mutual well-
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39 being between firm, customers and the natural environment) rather than by monetary incentives.
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43 As one person said,

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45 The company has never had monetary incentives and things like that. People
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47 here are just happy to come in and get their stuff done.
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50 The staff interviewed expressed pride in being involved, directly or indirectly, in the requisite
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52 exploratory learning (with networked partners, suppliers and customers) necessary for the
53
54 creation of new exciting products and solutions. This is especially important to the engineers,
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56 as one comments:
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3 Here there's the opportunity to create a product from a blank sheet through to
4 finished product. I'm usually quite involved in the entire process and I like that'.
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8 It appears that, as an ethical company, certain values (such as open exploratory learning to
9 generate 'green' solutions to the ventilation and insulation of buildings) underpin the
10 company's purpose; values which have attracted staff whose own values are aligned with them,
11 as one person explains:
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17 There were certain things that the company was doing that I wanted to do, like
18 collaborating with a university in R&D work and working on developing energy
19 efficient sustainable technologies through which I could help the business to
20 grow and develop, and which were aligned with my values.
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27 Another staff member reports that working at customer-centric, service oriented GreenCo has
28 transformed his values:
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32 Working with my team here has changed my values. I am now more interested
33 in helping the customer and being completely honest with a customer even if it
34 means not selling a product to him.
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40 In general, personal purpose (the 'why' of going to work) and perceived company purpose (the
41 'why' of GreenCo's existence), is aligned among GreenCo's staff.
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47 *What Differentiates GreenCo in the Market?*

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49 All ten staff members interviewed spoke with pride about GreenCo's standing in the market
50 and the factors that differentiate the company from its competitors. These factors include the
51 exceptional quality of GreenCo products that allows the company to give long-term warranties
52 to customers; and the constant engagement with customers, installers, competitors, university-
53 based researchers and consultants. Within this rich and vibrant service ecosystem (Vargo and
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3 Lusch, 2016) the co-production of value propositions and the co-creation of value with
4
5 customers is achieved (Ranjan and Read, 2016). As one staff member expressed it:
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8 We don't make claims about our products that they cannot meet. We're an ethical
9
10 business. Our products do what they say they're going to do. People trust our
11
12 brand. ... When our competitors say, 'we cannot make it as well as you do.
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14 Please make it with us', that tells you something about the quality of our
15
16 products.
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20 Those with whom GreenCo staff interact share the values that frame the work of the firm.
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22 Especially important is that of enhancing the Australian manufacturing brand through national
23
24 awards for innovative new products, as one staff member comments:
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27 Customers are excited about our products being made in Australia. They are
28
29 always interested in what we are working on and how they can collaborate on
30
31 the development process. They are always giving us feedback (including
32
33 feedback from their customers) on our products and often provide good
34
35 suggestions for new products.
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39 Embedded in these comments is pride in GreenCo's brand as an award-winning innovative
40
41 company. This brand reflects a multi-stakeholder 'virtuous circle' of cognitive and emotive
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43 value co-creation; one in which products that have social value (in that they don't harm the
44
45 planet) are manufactured, and in which ethical practices underpin the collaborative
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47 relationships between value co-creating actors within GreenCo's social ecosystem.
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52 *Value Co-Creation:*
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55 Four of GreenCo's primary customers were interviewed on their experience of collaborating
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57 with GreenCo. There was consensus among them that GreenCo is the leader in the markets in
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3 which it competes. One customer's comments are typical of the response by all to the question
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5 of what differentiates GreenCo in the market:
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8 (GreenCo) tend to do everything correctly. Their warranties are good; they
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10 always back-up their products even when they don't have to just to keep good
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12 face with us and with our customers. They've always got the best technology
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14 that goes with their products; they're always inventive and trying to improve
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16 their products and interested in our suggestions for doing so. There's always
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18 something new around the corner from them.
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22 This comment reflects GreenCo's focus on the co-production of value propositions and the
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24 enactment of its exploratory-oriented dominant logic.
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28 Other differentiating factors raised by customers are GreenCo's Australia-wide delivery
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30 network (described as 'gold' by one customer); the longevity of their products resulting in
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32 promises made to customers being kept [that is, the transparent co-creation of customer value-
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34 in-use to match the espoused value proposition (Ranjan and Read, 2016)]; the product
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36 knowledge of the sales representatives and branch managers and their speed of response to
37
38 customer requests [demonstrating exploitative learning with customers via cooperative social
39
40 relations (Kang, Morris and Snell, 2007)]; and GreenCo being an Australian-owned company
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42 with all critical components of its products made in Australia.
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51 Customers expressed appreciation for the way GreenCo staff seek customer feedback
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53 (reflecting customer learning from GreenCo value co-creation practices) and told of how they
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55 (GreenCo's customers) go out of their way to promote GreenCo products to their customers
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57 (reflecting brand value co-creation by GreenCo's customers within their own customer
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3 ecosystem). One customer in the roofing industry spoke with pride about a product that was
4 co-designed and co-developed with GreenCo R&D staff; while an installer enthusiastically
5 described the co-design with GreenCo staff of an administrative process that improved the
6 experience of customers. These examples articulate the co-creation of the integrative cognitive,
7 emotive and behavioural experiences of customers (Ranjan and Read, 2016). It is clear from
8 the responses that there is rich social capital between GreenCo staff and their customers, and
9 that customers welcome the learning gained from collaboration with GreenCo staff with respect
10 to the co-design of products and service processes. In this respect, all four customers claim that
11 such collaboration underpins GreenCo's innovation capabilities and boosts its ability to renew
12 its range of products constantly.
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30 At the heart of GreenCo's innovation capabilities is its social capital with employees,
31 customers (and their customers), suppliers, and even competitors (for whom they often supply
32 products that are superior to what the competitors can manufacture). Through GreenCo's
33 ecosystem-wide value co-creation practices, the social capital generated and leveraged
34 underpins the enhancement of distinctive social and brand value; that is, forms of value beyond
35 financial value alone. This appears to be a consequence of GreenCo's mission and its
36 underlying institutionalized dominant logic to contribute environmental 'quality of life' value
37 to the lives of human beings, and to embed this value in GreenCo's brand and that of Australian
38 manufacturing. As such, the mission provides a highly valued and meaningful shared purpose
39 among all stakeholders; one that results in a strong collaborative ethos that leverages the vital
40 intangible capital (social, morale and conceptual capital) that is generated by the mission and
41 dominant (institutional) logic, and by the wide range of trusting stakeholder relationships.
42 Furthermore, it generates and leverages shared notions of value not just between staff and
43 primary customers but also, due to the porous boundaries of the organization, with the whole
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3 ecosystem of actors including end-users of their products, competitors and university-based
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5 researchers.
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11 **The Learning Organization as a Multilevel Context for Value Co-Creation**

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14 As argued above, learning to co-create value – a macro organizational level phenomenon not
15 amenable to direct empirical observation (Storbacka et al., 2016) – is predicated upon practices
16 that generate and leverage the relevant sources of intangible capital; practices that we have
17 argued are embedded in a ‘learning organization’. What is not well developed in the literature
18 on such organizations is a deep analysis of the nature of these practices. In this section, we will
19 attempt to provide more nuanced insight into them, noting that all levels of organizational
20 endeavour are inter-dependent and in dialectical relationship. Changes in one level are likely to
21 impact the other levels (Storbacka et al., 2016; Felin, Foss and Ployhart, 2015).
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35 At the macro-level, appropriate forms of systemic power (via institutionalized dominant logic)
36 inform the everyday practices in a learning organization, as these are performed by teams and
37 individuals in accordance with their assigned performative roles at the meso- and micro-level
38 respectively (Brusoni and Rosenkranz, 2014). These forms of abstract power are likely to have
39 historical origins, emanating from the core values and leadership principles of the
40 founder/founders (Kor and Mesko, 2013), and are embedded in the structural and operational
41 arrangements and practices of the organization. As Kimberly (1987) puts it, the core values of
42 a firm bear the ‘imprint’ of company founders and early leaders. The nature of the founder’s
43 conceptualization of leadership is implicit; following Kurtmollaiev et al., (2018) we have
44 described it as a ‘dominant logic that becomes institutionalized’ and which manifests in the
45 structural form of the organization (something understood and respected by the leaders of the
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3 corporation that acquired GreenCo, in not imposing a corporate logic upon GreenCo when
4 acquiring the firm). In this way, a set of principles, values and aspirations is embedded in the
5 purpose of the organisation and the ambidextrous practices that support that purpose (Benner
6 and Tushman, 2015); something that the GreenCo case shows very clearly. In such
7 organizations, structural power does not denote a substantive capacity; rather, it reflects the
8 interdependence of actions and how each action affects the situation in which other actions
9 occur, so as to reconfigure what is at issue and at stake for the relevant actors (Rouse, 2007:
10 533). In this way, leadership within the learning organization construes everyday practices as
11 ‘social sites in which events, entities, and meaning help compose one another’ (Schatzki, 2005:
12 480), where multiple leaders, in line with the organization’s dominant logic, integrate and
13 synthesise their heterogeneous creative work collaboratively (Kurtmollaiev et al., 2018; Kor
14 and Mesko, 2013). In this respect, Mainemelis et al. (2015: 398), argue that such integrative
15 leadership manifests in specific ‘moments’ of dialectic negotiation of perspectives in a dynamic
16 process that unfolds over time through everyday interactions among participants.
17 Improvisational performance art (see Vera and Crossan, 2004), where the imperative of mutual
18 responsibility for ‘the other’ leverages the role of relationship-based resources in the capacity
19 of a collective to negotiate competing interests and contested positions (FitzPatrick et al.,
20 2015), is a good example of integrative leadership. Thus, in the ‘learning organization’, the
21 processes through which heterogeneous creative ideas are integrated are very different to those
22 through which attempts are made to generate and leverage stakeholder ideas in conventional
23 organizations (Lingo and O’Mahony, 2010).

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54 At the meso-level, teams are empowered to exercise their collective creative agency in
55 exploratory learning and practices for innovation, and exploitative learning and practices for
56 efficient operation (Raisch et al, 2009). Carr and Kemmis (1983: 133) describe such an order
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3 as 'a forum for group self-reflection (and action) which transforms communities of self-
4 interests into learning communities.' At the heart of the enactment of such collective praxis is
5 the development of everyday practical reflexivity; that is, the collective capability to critically
6 scrutinise members' assumptions, interests and interpretive bias through collective debate on
7 contested and contrary positions (Cunliffe, 2009; Cunliffe and Easterby-Smith, 2004). As
8 Salvato and Vassolo (2017) comment, this requires 'productive dialogue' fortified by
9 interpersonal relationships. Through such practices, an 'unwritten and unspoken' language
10 among 'a whole lot of leaders' is developed and leveraged as a form of 'interstitial glue' to
11 bind their interests together (Dovey et al., 2017: 33). In this way, human agency manifests
12 through participation in practices that are 'ours' before they can be 'mine' (Rouse, 2007: 514);
13 that is, in the "We" domain of the relationality framework of value co-creation (FitzPatrick et
14 al., 2015). Furthermore, leadership is achieved as a collective 'improvisational struggle'; what
15 Salvato and Vassolo (2017: 1738) refer to as 'cooperative behaviour aimed at promoting
16 change in the context of conflicting viewpoints and motivations.' In such an improvisational
17 struggle, thought and action are in dialectical relationship and vital relationship-based
18 resources are leveraged in concert in the co-creation of mutual value.
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43 At the micro-level, the challenge is to build the personal capabilities and social relations
44 commensurate with the requirements of either exploitative or exploratory learning and practices
45 at the meso-level (Kang, Morris and Snell, 2007); that is, dispositions that facilitate a
46 collaborative orientation to value creation. To a significant degree, this involves *intra*-personal
47 practices; the ability of individuals to monitor and manage the simultaneous operation of their
48 own habitual behaviour, emotions and cognition in the interests of the collective (Salvato and
49 Vassolo, 2017). Central to this task is the scrutiny of mental models (Guetter and Vandembemt,
50 2013). Senge (1990: 8) defines mental models as:
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3 deeply ingrained assumptions, generalizations, or even pictures or images that
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5 influence how we understand the world and how we take action.
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8 These assumptions can be classified as being primarily about ‘self’, ‘others’ and the ‘way the
9 world works.’ As individuals’ perceptions and interpretations of their situations are managed
10 through their personal mental models, these play a major role in the way in which individuals
11 respond to the challenges of collaborative learning. Furthermore, as mental models are tacitly
12 formed throughout life experience and have strong emotional dimensions, past experiences of
13 individuals can be a decisive factor in how they respond to current situations (Salvato and
14 Vassolo, 2017). Given the powerful barrier – cognitive and emotional – that inappropriate
15 mental models can pose to transformational learning (Guette and Vandembemt, 2013), this
16 aspect of the micro-level of learning to co-create value is critical to the success of such
17 collaborative endeavour. This is particularly important with respect to individuals holding
18 leadership positions: to engage in the collaborative practices of value co-creation requires these
19 individuals to make themselves vulnerable by acknowledging the imperfection of their
20 knowledge (for there would be nothing to learn from others if one’s knowledge was perfect).
21 To do this, individuals need to be unquestionably secure in themselves (Allen and Dovey,
22 2016). This attribute prevents individual defensiveness and facilitates the creation of a learning
23 eco-system characterized by forms of empathy that generate mutual identification with others;
24 as Allen and Dovey (2016) put it, that allow individuals to see the other-in-the-self and the self-
25 in-the-other. This generates vital identity resources; another of the powerful intangible capital
26 resources embedded in relationships. At the heart of such sophisticated ways of ‘working with
27 power’ (bearing in mind that every relationship has a power dimension) is a form of confident
28 humility based upon a strong sense of personal emotional and intellectual security.
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3 At all levels of organizational learning, *trust* is the most critical resource, as it acts as a form of
4 interstitial glue which binds innovative collective endeavour (Dovey, 2009). Furthermore, it
5 encourages organizational leadership to experiment with social innovation where power is
6 exercised in ways that allow creative collaborative endeavour to manifest (Sun and Anderson,
7 2010). As the GreenCo case demonstrates, value co-creation requires a radically different set
8 of practices to the conventional corporate ‘business as usual’ practices (For example, consider
9 the destructive impact to GreenCo’s value co-creation practices, that could have occurred if the
10 senior management of the corporation that acquired GreenCo had imposed on it the corporate
11 convention of only the marketing function being allowed to talk to customers!).

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26 In summary, value co-creation processes can be thought of as the synergistic sum of individual
27 (micro-level), collective/team (meso-level) and organizational (macro-level) endeavour that
28 ‘emerges’ from a relationship in a social context between an innovative outcome and subjects
29 who value that outcome (Meynhardt, Chandler and Strathoff, 2016: 2983). In this respect, Sun
30 and Anderson (2010: 42) offer an absorptive capacity based integrated framework for
31 modelling these organizational learning and value creation processes; one that comprises four
32 core capabilities:

- 33 • *acquisition* (based on the mental models of individuals in opportunity finding teams)
34 of the requisite new external knowledge for ‘target’ value co-creation which is
35 performed at individual/group levels through the socio-psychological processes of
36 intuition and interpretation;
- 37 • *assimilation* of new knowledge into the extant organizational knowledge stock through
38 dialogue within teams constituted by members with strong absorptive capacity, with
39 the intention of the co-creation new architectural knowledge (in the case of exploitative
40 learning) or new component knowledge (in the case of exploratory learning) with
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3 respect to ‘target’ customer value co-creation (Kang et al, 2007). Such dialogue is
4 performed at the group level and incorporates the socio-psychological process of
5 interpretation;
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- 10 • *transformation* (manifested by ambidextrous leadership and experimentation) of the
11 integrated new and extant knowledge into new (exploratory or exploitative) capabilities
12 and practices for the ‘target’ customer value co-production and co-creation, and which
13 is performed at the group-organizational levels by the socio-psychological process of
14 integration;
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22 • *exploitation* (manifested by leadership action and appropriate resource commitment at
23 the organizational level) of the newly co-created capabilities and practices into realizing
24 the promised (target) customer value in collaboration with the customer, and which is
25 created by the socio-psychological process of institutionalization.
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31 This integrated framework seems to provide a reasonably consistent ‘theory-in-use’
32 explanation of the operationalization of GreenCo’s multilevel model of value co-creation;
33 delineating GreenCo’s end-to-end innovation capabilities and incremental value creation from
34 opportunity identification/creation to eventual realization/commercialization.
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44 **Conclusion**

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46 Attempting to create a learning organization embedded in an open, collaborative eco-system in
47 which value co-creation flourishes, is a complex undertaking. As a multilevel organization,
48 each level (macro, meso and micro) relies on a set of distinct principles and practices, at the
49 core of which is the ability to ‘work with power’ constructively. These include individual
50 practices at the micro-level that facilitate self-reflexivity and a sense of security-in-self which
51 promotes openness to learning and change; collectively reflexive practices at the meso-level to
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3 ensure productive dialogue through which the intangible capital resources upon which co-
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5 creation depends are generated and leveraged; and, at the macro-level, the creation and
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7 institutionalization of a dominant logic which balances the tensions created by inconsistencies
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9 between exploitative and exploratory units of an ambidextrous organization.
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16 We have argued in this paper that the co-creation of value is becoming recognized as a
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18 ‘collective achievement’. Similarly, we have tried to show that we need to think of the learning
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20 organization as a collective achievement too – one in which the power dynamics that manifest
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22 in human endeavour - from the intra-personal, through the interpersonal (social), to the
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24 institutional – are managed constructively. In this sense, we have outlined practices at all three
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26 levels which generate the intangible capital resources that are vital to collaborative endeavour
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28 and argue that these are an important feature of the learning organization as a context for value
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30 co-creation. More research, located in research paradigms and research methodologies that
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32 can address such aspects of collective endeavour, is required on these practices as organizations
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34 face increasingly challenging circumstances; the overcoming of which will require
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36 collaborative action from multiple and disparate interest groups.
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