

Strategic Alliance, Organizational Learning and Corporate Culture⁽¹⁾

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Contents

1. Introduction
 2. Strategic Alliance and Organization
 - 2.1 Innovation and Strategic Alliance
 - 2.2 Organizational task in strategic alliance
 3. Strategic Alliance and Organizational Learning
 - 3.1 Concept of Organizational Learning
 - 3.2 Learning and Corporate Culture in Strategic Alliance
 4. Conclusion
- Reference

1. Introduction

The companies that very recently have had serious competition for technology development, have invested money in research and development, production facility and have had serious competition in the same industry, now try to seek various kinds of partnership. This denotes that forming partnership with other company is strategically important option in the current companies. In the age of what is called open innovation, it could be dangerous and threatening to continuity and development of company to excessively adhere to company's own independent technology. Therefore, it is required to cooperate with competitor from a strategic point of view even though it is a rival company. One of these partnerships between companies is strategic alliance, a key word in this paper. Generally, strategic alliance means to build the relationship with outer company to create new value, and this relationship between companies affects the company in the future. Studies on the strategic alliance is possible to approach from the various points of view, such as the point of changes of competition between companies, from the point of dealing problems between the organizations, what is called company.

On the strategic alliance above, this paper aims to analyze strategic alliance from a viewpoint of the organization theory that needs to promote organizational learning between

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partners by building reciprocal trust relationship, with consideration of the aspect of economic transaction and human aspect between companies. So, we review how, up to now, strategic alliance has been discussed, on the basis of major approaches. Next, we will review that important inter-organizational learning is understood in the extension of organizational learning, in analyzing strategic alliance. Last, we would like to discuss the issue of corporate culture that leads continuous innovation and strategic alliance into success, and at the same time clarify the promoting and inhibiting factors of inter-organizational learning.

2. Strategic Alliance and Organization

2.1 Innovation and Strategic Alliance

As it is reported in the mass media, nowadays the management environment surrounding companies becomes much more difficult. What is the assignment that the corporate face, confronted with this difficult management environment? At least, it may be sure that the symptomatic treatment like reducing denominator such as downsizing or restructuring only does not overcome this difficult management environment. Clearly, practicing of downsizing or restructuring may be able to secure short-termed continuance of company on the one hand, but it is not difficult to imagine the sacrifice of long-termed continuance of company, on the other hand. In order for company to continue for long term, it is necessary to carry out excellent profit continuously. For this purpose, it is essential to strive to differentiate from rival competitor. That is, differentiation from rival competitor by continuous innovation creation becomes the only means to guarantee company's long-termed continuous development.

Though the execution of creation of innovation is important, the current environment surrounding the company requires, with a speed beyond imagination, a company the readjustment of a lot of knowledge. Therefore, lots of companies cannot but face the various limitations concerning innovation creation. In fact, there were many cases that, for a previous big business, innovation was created in its own research institute by its own power, but technology gets more and more complicated and advanced, and, it is difficult to invest a large amount of money to research and development. And it needs to have a wide variety of knowledge, in creating innovation, so that a company itself cannot furnish by company's own power. Though it was possible to invest large amount of money to research and development, the realization of development of new technology or new product is not necessarily guaranteed. Furthermore, as a company does not have full knowledge in its inner side, occasionally it is impossible to react with speed and time.

As above, it is clear that innovation creation was not the accomplishment of one company only. In other words, innovation creation by the company's inner knowledge only becomes more and more difficult with the problems of investment or limitation of knowledge. However, the company is able to accomplish innovation creation by using knowledge beyond business organization in order to overcome company's own limitation of knowledge. To put

it more concretely, one company, forming alliance and cooperation with another company, not only create new value, but also learn and use a variety of new knowledge, by cooperative process with alliance partners. In processing this set of process, it is understood that it is most effective to use strategic option, that is, strategic alliance.

Then, after middle of 1980s, it is true that there is no clear agreement on the characteristics of strategic alliance, even though study on strategic alliance has been done by a lot of researchers. So, here, based on the study by Kale et al (2000), we would like to summarize previous studies on strategic alliance into three approaches, classified by strategic alliance, transaction cost approach, and learning approach.⁽²⁾

First, strategic alliance is based on the competitive strategy by Michael Porter, giving importance to establish advantageous position among the companies. According to this approach, strategic alliance is considered as an option to advance company's competitive position through market power or enhancement of efficiency. To put it more concretely, it tends to enhance company's strategic position by reducing competitor's market share or making competitor's production cost increase. Next, transaction cost approach is based on the idea of Oliver Williamson, who made this approach detailed and systemized since Ronald Coase began it. Transaction cost theory tries to comprehend the market transaction by cost mechanism and transaction problems in organizations controlled by power, as minimizing production cost or transaction cost.

Therefore, according to transaction cost approach, strategic alliance is understood as an option to reduce the cost concerning production or cost of a company. Last, learning approach deals with strategic alliance with using general organizational learning theory and core competence theory by Hamel and Prahalad (1994), and knowledge management theory by Nonaka and Takeuchi (1995). Therefore, in this approach, how to acquire valuable knowledge from alliance partners or how to create new value with alliance partners becomes major topic.

As above, the strategic approach has the problem of enhancing the competitive position, and the transaction cost approach has the problem of minimizing the transaction cost. Therefore, in this approach, the theme of innovation that this paper give an importance to tends to be ignored. This considered, the approach that this paper be based on in arguing strategic alliance must be the learning approach which focuses on the acquisition and use of valuable knowledge.

2.2 Organizational task in strategic alliance

In comprehending the problem of innovation creation, the fact that viewpoint of alliance by learning approach is important is the same as we pointed in the forepart of this paper. According to the learning approach that gives importance to acquisition and use of knowledge, it matters having or not having the organization's capacity of learning to realize acquisition and use of knowledge through strategic alliance. That is because the series of process to acquire and use the knowledge, through strategic alliance, which alliance partners

hold, necessarily follows learning. In the researches about strategic alliance, the time, when the study focused on the concept of organization's learning ability, is early 1990s. Of these previous researches, there is a study by Hamel (1991), and, Dyer and Singh (1998).

According to Hamel (1991), strategic alliance is not only a means to access to reciprocal technique but also a mechanism to acquire alliance partner's skill. Hamel (1991) asserts that the three factors such as Intent, Transparency, and Receptivity, matter in order to learn through strategic alliance. First, as the first factor, it is not possible without Intent to learn through strategic alliance. But the Intent only is not enough. To be sure, Intent is a factor that decides the desire of learning from a partner, but it is meaningless without a chance to learn. So, as the second factor, Transparency matters. Transparency means to know each other or to have a chance to internalize major skill. By doing so, Transparency decides the learning possibility between alliance partners. As the third factor, Receptivity is capacity to absorb alliance partner's knowledge. In case the aim of strategic alliance is in acquiring moving-difficulty knowledge, it is difficult to obtain excellent results.

Meanwhile, Dyer and Singh (1998) presents, from the point of view of Relational Advantage between alliance partners, to that of Partner-specific Absorptive Capacity, not just focusing on the absorptive ability of separate company. Partner-specific Absorptive Capacity means the capacity to absorb and recognize valuable knowledge from some specific partner. This organizational capacity needs to carry out a series of organizational process for alliance partners to systematically judge valuable knowledge, and to transfer the boundaries of business organization. Therefore, it is considered that Partner-specific Absorptive Capacity depends on two factors that (1) how a partner can develop the knowledge base lying overlapped between partners, and (2) how much a partner has interaction routine that can maximize the frequency and intensity of social and technical interaction.

As above explained, when we comprehended strategic alliance from the point of learning approach, it essentially needs organization's learning capacity. But, in this case, more important is that the essential understanding of organizational learning or inter-organizational learning should not be omitted, in order to deal this question more precisely. So, in the next chapter, we would like to discuss representative study on organizational learning that becomes premises in analyzing the problem of learning capacity in strategic alliance.

3. Strategic Alliance and Organizational Learning

3.1 Concept of Organizational Learning

Organizational learning is variedly comprehended depending on writer's critical mind or analytical focus. But, Fiol & Lyles (1985), leading authors of organizational learning, says that the common assumption that learning will improve future performance exists in whatever discussions. And also, some degree of learning is obtained from the fact that organizational learning is not just a sum of individual learning, and two concepts must be

differentiated.⁽⁶⁾ Based on this understanding, they defined organizational learning as the process of improving actions through better knowledge and understanding (which was gotten by cognitive development⁽⁷⁾).

First, according to their understanding, there are two aspects of learning contents, roughly divided by the cognitive aspect (or learning level) and the behavioral aspect (or change level⁽⁸⁾). Development of cognitive aspect means the cognitive associations developed by the members of organization. Development of behavioral aspect, on the other hand, is the improvement of behavioral outcomes that reflects the patterns and/or cognitive associations that have developed.

The relationship on the other two aspects of organizational learning can be deeply comprehended by presenting four cases (position A, B, C, D) depending on the high and low levels of development in both aspects.⁽⁹⁾ Position A with low levels in both aspects can be seen in the bureaucratic firms into which advanced way of thinking and acting are penetrated. At this position, new learning or trial of change is not performed. This position A seems to fit for the situation that is predictable, solid, and needless of incentive or necessity for change and learning. Organization under this situation is better to keep current strategies. Next, position B with high level of behavioral aspect has low level of cognitive aspect though it has a change of strategy or continuous re-construction of organization frame. Behavioral change here is not based on the knowledge improved by cognitive development, and it means that the organization under the unpredictable circumstances takes effective temporary actions to minimize loss. In the position C in reverse pattern to position B, though the changes in behavioral aspect do not happen often, the learning like change of cognitive frame (cognitive innovation) is accomplished. Organization in this position is exposed to change of situation that needs renewal and innovation in order to let organization continue, and it is very effective when it has danger that it could lose orientation of organization caused from great change. And position D with high levels of development in both aspects tends to have lively behavioral change and learning in cognitive aspect. This position is very effective in the situation that change is moderately turbulent but predictable. Under this situation, when the inside of organization is complicated, it is difficult to endure stress from the change of situation. So it is effective for the organization to solve the problem without any clear rule.

There are two types of learning, such as low level of learning and high level of learning, in the development of cognitive aspect (cognitive learning⁽¹⁰⁾) (Table: Levels of Learning). Low level of learning is the one that happens within the existing structure or rule, that improves the rudimentary thing about actions, but it is short-term. Also, the low level of learning has a bit of effect on the things that happen in the organization, and it is comprehended as a result of repetition and routine.⁽¹¹⁾ So, low level of learning has a tendency to appear inside of organization that has a good understanding of job performance and is able to control by management. This control of management is performed more often in lower or middle level rather than top level, so low level of learning is carried out in all kinds of level in the organization. The result that is expected from the low level of learning is confined to the

〈Table: Levels of Learning〉

	<i>Lower-level</i>	<i>Higher-level</i>
Characteristics	<ul style="list-style-type: none"> • Occurs though repetition • Routine • Control over immediate task, rules & structures • Well-understood Context • Occurs at all levels in Organization 	<ul style="list-style-type: none"> • Occurs though use of heuristics • Non routine • Development of differentiated structures, rules, etc. to deal with lack of control • Ambiguous context • Occurs mostly in upper levels
Consequence	<ul style="list-style-type: none"> • Behavioral outcomes 	<ul style="list-style-type: none"> • Insights, heuristics, and collective consciousness
Examples	<ul style="list-style-type: none"> • Institutionalizes formal rules • Adjustments in management systems • Problem-solving skills 	<ul style="list-style-type: none"> • New missions and new definitions of direction • Agenda setting • Problem-defining skills • Development of new myths, stories, and culture

【Fiol & Lyles [1985], p.810.】

outcome from specific action, and basically the focus of learning is confined to specific behavior or organization.

Meanwhile, high level of learning aims to improve rule or norm relating to organization rather than specific behavior or action. Its result comes to have an effect on the whole organization.⁽¹²⁾ This type of learning, coming out of intuition or inspection, has much of cognitive process. And the high level of learning is different from the low level of learning coming just through repetition, and it includes ambiguous contents, so it is possible to say that it is a general learning that appears out of the top level of organization which can decide standard values of decision-making. So, the result that is expected from the high level of learning includes the change of new cognitive frame.⁽¹³⁾

3.2 Learning and Corporate Culture in Strategic Alliance

On the bottom of discussion of organizational learning, there exists a task of environment adaptation. But in order to adapt actively to new environment, it needs to establish or enlarge new learning place by looking into other organization. That is because it is possible to acquire the chance of learning of various resource and knowledge from interaction with different organization, and to develop into the creation of resource and knowledge from sharing resource and knowledge or using process. In case of business organization, the basic difference between organizational learning and inter-organization learning is that inter-organizational learning lies in the learning relationship of the organizations beyond the boundaries of business organization. But it is necessary to pay attention to that relationship, not just the difference of organizational learning and inter-organization learning. The learning chance of heterogeneous resource and knowledge from the inter-organizational learning is expected to contribute the creation of new value, but it is meaningful to be shared

and used for the creation of new value. If we think so, it is possible to comprehend inter-organizational learning relating to organizational learning. (Sogawa (2005)) Taking this point into consideration, this paper defines inter-organizational learning as “the process of sharing, using, and creating resource and knowledge between other organizations”.

By the way, actually in the inter-organizational learning process, it is important to consider promoting factors and inhibiting factors. For example, the promoting factors of inter-organizational learning are ①clarification and perfection of “intention to learn” such as future significance or learning object in cooperating with other company, ②“establishment of shared aim” such as supplement of gap of values or behavior between members, and building of cooperative attitude and open communication, ③“establishment of smooth communication” necessary for the fusion of work, culture, and personnel that allows to learn difficult knowledge. And the factors inhibiting inter-organizational learning are ①“ignoring the tacit knowledge” causing from attaching importance to the easily moving knowledge such as products, technique, and manual, ②“lack of openness” out of awareness of other organization more than necessary, ③“low level of arrangement of learning infrastructure” such as having no culture or organizational structure to promote learning.

Though we are able to consider other factors, the most important problem is communication. If active communication does not take place between organizations, transaction of easily moving knowledge such as moving knowledge or explicit knowledge likely to be done first. Naturally, if social interaction takes place through communication, it is difficult to learn tacit knowledge.

Like this, inter-organizational learning and organizational learning, that is, important organizational process in strategic alliance, have close relationship with communications between in and out of organization. For example, according to Kanter (1998), the common characteristics of companies that carry out innovation continuously are that their culture is open. This company has no fence inside of business organization, and tries to keep good relationship with publicity. This corporate culture becomes the base to enliven communications between inside and outside the organizations, and the major factors, that allow promote inter-organizational learning with outer organization, and organizational learning inside the organization. Originally, corporate culture is “a series of values system shared between members of the organization and the common behavior patterns seen among them”. To put this definition and the discussion of Kanter (1994) together, open corporate culture is able to be defined as “corporate culture that shares common values that requires the place to learn organizational learning in and out of the organization, and the common behavior patterns that carry out communication actively in and out of organization”.

Furthermore, in forming open corporate culture leading continuous innovation and strategic alliance into success, basic forming process of corporate culture becomes a good guide. Generally, the characteristic of corporate culture is deeply related with individual values and belief that depends on experience and individuality of top management. Real organization behavior is carried out based on the belief and values, and that behavior is

reflected on the efficacy and outcome in any way, so the members of organization learn some values and some specific behavior pattern holds good. From this result, the values, recognized as effective between members, is shared, and fixed as common pattern, and then is formed as corporate culture. Before long, when this learning process continues, then it becomes the history of organization (previous corporate culture), is influenced from top management, and future organizational behavior appears. And by this series of process, long-term outcome appears, collective learning proceeds, and corporate culture leading into success becomes kept strengthened, and it goes on into the future corporate culture.

If we think so, in order to form open corporate culture, top management first should have strong belief in innovation, and begin to penetrate this belief into organization. Top management must raise the basic slogan of management of organization to develop breakthrough new product ahead of other companies. The concrete measure is that he collects the best personnel from other departments or institute within company in order to acquire the chance to learn resource knowledge necessary for developing new product, and makes project team for part-crossing technique fusion, or makes strategic alliance with other company, and constructs development system of new product within the organization. Soon, with members related to development process as the central figures, through communication, common behavior patterns come to form to absorb the knowledge outside of their own major part beyond the wall of organization. Here the exemplar is the middle management, the top of part. And management based on this corporate culture has continuous success, and in case the success and development members are recognized within and without the organization, this news spreads to other members to go on learning, and open corporate culture settles down on the whole organization.

To sum up, open corporate culture is a major factor in strategic alliance following inter-organizational learning. To build this corporate culture, the strategic behavior of top management or middle management is very important.

4. Conclusion

This paper discussed, from the point of organizational learning, the relationship between strategic alliance and innovation nowadays taking place lively. The point that this paper emphasized from the beginning is the point that inter-organizational learning is able to be comprehended with relation to organizational learning in analyzing strategic alliance. That is, inter-organizational learning and organizational learning, major organizational process in strategic alliance, is closely related to communication inside and outside organization. So, this paper asserts that corporate culture is the foundation to make communication inside and outside organization lively, and comprehends it as the organizational factor, that corresponds with cognitive active part of “learning infrastructure”, and leads continuous innovation and strategic alliance into success. Furthermore, this paper discussed top management and middle management who plays a major role in forming open corporate culture process. But,

as the discussion of this paper stays in the theoretical research for analysis of strategic alliance and does not present the precise theory model, it still is not sufficient. So, afterwards, on the base of this paper, it is desired that we try to construct more precise model, and, at the same time, proceed practical research such as interviews and a questionnaire survey.

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- (1) The study by the special fund of Hokusei University in 2007.
- (2) Kale, P., Singh, H., Perlmutter, H. [2000], p.218.
- (3) Hamel, G. [1991], p.84.
- (4) Dyer, J. H., Singh, H. [1998], p.665.
- (5) Fiol & Lyles [1985], p.803.
- (6) *Ibid*, p.804.
- (7) *Ibid*, p.803.
- (8) *Ibid*, pp.805-806.
- (9) *Ibid*, pp.806-807.
- (10) Fiol & Lyles (1985) present the concept of single-loop learning and double-loop learning as a similar one of levels of organizational learning by Argyris & Schön (1978). Argyris & Schön (1978) assert that organizational learning is a process of finding out a mistake and modifying it, and classify that learning process of modifying only behavior, based on the pre-existing value system of organization, is a single-loop learning, and, learning process of modifying not only behavior but also the pre-existing value system is double-loop learning. Classification of Argyris & Schön (1978) is able to fall into the behavior aspect and cognitive aspect. In Fiol & Lyles (1985)'s classification, there exists in some degree the improvement of cognitive aspect in low level of learning, and it is emphasized that the standard of classifying the learning levels is, on the one hand, the fact that the improved content by learning is routine or non-routine, and, on the other hand, the range of effect on organization.
Argyris, Chris, Schön, Donald A., *Organizational Learning: A Theory of Action Perspective*, Addison-Wesley, 1978, pp.17-26., Fiol & Lyles [1985], p.810.
- (11) *Ibid*, pp.807-808.
- (12) *Ibid*, p.808.
- (13) However, there is a possibility that, when the cognitive frame that functions organization reversely is learned by high level of learning, its result brings a difficulty of external adaptation.

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[Abstract]

Strategic Alliance, Organizational Learning and Corporate Culture

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In recent years, the formation of strategic alliances between firms is becoming an increasingly common way for firms to adapt to their changing surroundings. This paper analyzes strategic alliance from organization theory perspective that needs to promote organizational learning between partners by building reciprocal trust relationships, with consideration of the economic transactions and human aspects between companies. We review how, up to now, strategic alliance has been discussed from the basis of major approaches. Next, we review how important inter-organizational learning is understood in the extension of organizational learning, and in analyzing strategic alliance. Last, we discuss the issues of corporate culture that lead continuous innovation and strategic alliance into success, and at the same time clarify the promoting and inhibiting factors of inter-organizational learning.

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