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Linking unlearning with service quality through learning processes in the Spanish banking industry☆

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ABSTRACT

Knowledge, like other resources, can quickly become obsolete. Thus, actors in an economy must constantly update their knowledge to keep pace with ongoing changes in their operational environment. This study explores unlearning's influence on two forms of learning (i.e., exploration and exploitation of knowledge). The study also adopts a dynamic management focus to analyze the influence of these two individual learning capabilities and their ability to help firms align technology knowledge and relational knowledge. This study reaches important conclusions on unlearning's role in knowledge management. The study examines learning processes and knowledge stocks (i.e., technology and relational knowledge) that practitioners (managers) within service firms generate through their relationships with customers. This study explores how an unlearning context can help service firms align learning processes (i.e., exploration and exploitation) through an empirical study of 150 managers in the Spanish banking industry.

1. Introduction

The strategic management literature defines absorptive capacity (ACAP) as a firm's "ability to recognize the value of new information, assimilate, and apply that information to commercial ends" (Cohen & Levinthal, 1990). Kim (1998) defines absorptive capacity as the learning ability and problem-solving skills that enable firms to assimilate knowledge and create new knowledge. Absorptive capacity is a function of the organization's existing resources, existing tacit and explicit knowledge, internal routines, management competences, and culture (Gray, 2006). Absorptive capacity results from a prolonged process of knowledge accumulation in conjunction with a strong ability to recognize and appreciate new valuable knowledge to produce more innovations.

Some scholars use the idea of knowledge assimilation or creation to characterize how prior knowledge may pave the way for future opportunities (Shane, 2000). Thus, knowledge creation and learning processes map out a path toward assimilating and deploying knowledge (Short, Ketchen, Shook, & Ireland, 2009). Consequently, these learning processes have a close relation with Zahra and George's (2002) notion of ACAP, and more specifically, to the realized absorptive capacity dimension (RACAP). RACAP refers to a firm's capacity to develop and refine the routines that facilitate the combining of existing knowledge and newly acquired and assimilated knowledge (Zahra & George, 2002). An exploitation capability supplements this transformation capability in RACAP. The exploitation capability refers to a firm's capacity to deploy the newly acquired knowledge in products or services. Doing so helps firms to improve their product/service offers, improve organizational procedures and processes, and ultimately achieve a financial profit.

Two classical dimensions define the ACAP term. Whereas the term potential absorptive capacity (PACAP) commonly refers to the capacity to acquire and assimilate knowledge, RACAP covers transformation and exploitation capabilities. "Transformation denotes a firm's capability to develop and refine the routines that facilitate combining existing knowledge and the newly acquired and assimilated knowledge" (Zahra & George, 2002, p. 190). Transformation thus involves inventing new interpretations of existing knowledge, adding new knowledge, and deleting pieces of old knowledge. Exploitation refers to "a firm's ability to harvest and incorporate knowledge into its operations" (Zahra & George, 2002, p. 190). RACAP reflects the firm's capacity to leverage absorbed knowledge and transform this knowledge into an innovation outcome such as new goods and services (Fosfuri & Tribó, 2008; Purvis, Sambamurthy, & Zmud, 2001).

Unlearning helps managers to reorient organizational values, norms, and behaviors by changing cognitive structures, mental models, dominant logics, and core assumptions that guide behavior (Cepeda, Cegarra, & Jimenez, 2012). Firms can thereby use unlearning to gain competitive. Thus, unlearning contributes by laying the foundation to improve quality. As Cepeda, Cegarra, Martinez, and Eldridge (2011) point out, to sustain quality in a dynamic environment, firms must be

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able to renew their knowledge bases. Consequently, organizations should create an internal context where they can value and combine the newly generated knowledge from firm–customer interactions (relational) and technology with existing knowledge to provide better services. This study analyzes these knowledge processes.

Thus, the study's contribution consists of analyzing the relationship between unlearning and core knowledge processes in the specific service domain (banking) so that these firms can improve the financial services they provide. The following sections of the study present the concepts of technology and relational knowledge. These concepts enable the linking of knowledge stocks to quality improvement capacity in the Spanish banking industry.

2. Conceptual framework

Organizations possess stocks of knowledge. These knowledge stocks represent knowledge within people and machines. Hence, this study's conceptual framework uses concepts such as relational knowledge and technology knowledge.

In this study, relational knowledge refers to the knowledge arising from a manager's relationship with his or her customers (Cepeda-Carrión, Cegarra, Martinez Caro, & Eldridge, 2011). Relational knowledge consists of the acquisition of knowledge from internal experience and from hours of experience in customer–manager relationships. Relational knowledge may take shape through an interpretation of the current situation and/or physical environment, which may be ambiguous, inconsistent, or complex. Managers may read these interpretations differently, which results in contradictory actions and misunderstandings. Relational knowledge may come from ostensibly unreliable sources that are in fact trustworthy. The recipient may ignore or internally readjust this knowledge. This reaction from the recipient may be the result of personal reasons such as personality differences or a lack of trust.

Designating a correct source as unreliable may also be the result of fixed and predetermined ideas. Alternatively, managers may draw the same incorrect conclusions and then make decisions assuming, incorrectly, that others possess the same knowledge.

Technology knowledge (t-knowledge) refers to a fuzzy set of skills—including information resources—that enable better use of technologies. T-knowledge arises from, and resides in, human activity (Herschbach, 1995), as Landies (1980) observes. While the intellectual factor is at the heart of the technological process, the process itself consists of "the acquisition and application of a corpus of knowledge concerning technique, that is, ways of doing things" (1980, p. 111). T-knowledge potentially provides technology users with the right answer in the right place at the right time (Cegarra, Cepeda, Martínez, & Salmador, 2011). 'For information communication technologies (ICT), the answer covers knowledge of operating systems and computer hardware and the ability to install and remove peripheral devices, install and remove software programs, and create and archive documents (Nohria & Gulati, 1996; Sharma, 2000; Szulanski, 1996).

Fig. 1 provides a synopsis of the previous arguments. This study examines the combination of factors that facilitate exploration and exploitation capabilities in knowledge creation. At the individual level, exploration and exploitation capabilities occur simultaneously and recursively and together constitute knowledge creation (Zahra & George, 2002).

2.1. Linking unlearning to types of learning

Researchers report that service personnel are likely to feel the burden of outdated knowledge (Gideon et al., 1999; Kadushin, 2004; Kadushin & Egan, 2001; Madigan & Tullai-McGuinness, 2004; Rushmer & Davies, 2004; Wilson, 1988). The existence of inappropriate knowledge influences the types of organizational learning available to firm members. Inappropriate knowledge causes members to share inappropriate assumptions about inappropriate routines. Furthermore, organizational members may adopt inappropriate approaches to scanning the business environment and may make mistakes when defining, meeting, and bringing ideas to fruition by introducing new services.

In light of the previous arguments, unlearning is an important trigger of a destabilization process in working environments. This process of destabilization and subsequent reconsolidation may be a means by which individuals update or modify established memories (knowledge). For example, unlearning may reveal managerial problems that employees may not want to express directly, such as excessively authoritarian managerial styles, lack of trust, and other dysfunctional aspects of an organization. Importantly, most prior organizational research describes unlearning as the result of some form of old learning's destabilization (Akgun, Lynn, & Byrne, 2006; Lee & Sukoco, 2011). Thus, the appropriateness and effectiveness of the types of organizational learning that service managers perceive depend on their ability and willingness to counteract the negative effects of inappropriate knowledge and combine prior knowledge (with appropriate adjustments for obsolete or inaccurate knowledge) with new knowledge. This leads to the proposition that the creation of an unlearning context in an organization enhances the ability and willingness of managers to engage in these learning activities.

Obviously, knowledge arising in a specific context (e.g., within a unit or department) is not necessarily unsuitable for jobs in different working environments. From this perspective, inappropriate knowledge could reveal potentially useful information about how the service firm and the firm members operate. For example, outdated knowledge is useful for conveying information to others, exerting a social influence, and entertaining (Cegarra & Cepeda, 2010; Cegarra et al., 2011). Outdated knowledge can create doubts about the efficacy and appropriateness of some individuals' mental models regarding organizational culture and organizational routines. In these circumstances, unlearning is an important trigger that destabilizes working environments. This process of destabilization and subsequent reconsolidation may update or modify established memories (knowledge). From this perspective, the existence of an unlearning context apparently provides support for managing an appropriate balance between exploration and exploitation of knowledge.

As in previous research (Carlson, Upton, & Reaman, 2006; Van der Bent, Paauwe, & Williams, 1999), this study attempts to show that for a given organization, knowledge (both external and internal to the organization) requires critical examination because of its potential relevance. As the previous discussion indicates, to obtain an updated view of a new knowledge structure and to understand its effects, managers have to examine the phenomenon from a number of different angles. If managers undiscriminatingly rely on internal knowledge, they are likely to become less creative (Sinkula, Baker, & Noordewier, 1997).

H1. Unlearning has a positive association with exploitation of knowledge.

H2. Unlearning has a positive association with exploration of knowledge.

2.2. Linking types of learning to technology and relational knowledge

T-knowledge may include previous experience on installing and removing peripheral devices, and this experience may later influence the skills that individuals find necessary to operate certain technologies. Nonetheless, activity is what defines relational knowledge's drivers (e.g., trust, shared values, perspectives about business and life, and available time). Likewise, activity establishes and orders the framework where employees use technology (Herschbach, 1995).

A key question is whether the actions of exploring knowledge and exploiting knowledge directly affect relational knowledge and t-knowledge. In this regard, service firms that have developed a strong