Learning Barriers faced by Project Based Organizations during start up in a New Country
Acknowledgements

Research is a Journey. It is a very special type of journey because when you start, you do not know where you will end up. When I began this journey, I had a vague idea about where to go but, nevertheless during the passage of time, I found my path and reached at the final destination successfully. I completed my research journey within 10 weeks and as of now I am happy with the final outcome.

This research thesis is a result of not only my own efforts but also the support provided by various people involved in the process. I would like to thank all of them.

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The experience of exploring this new field of study has turned out to be not only enlightening but highly pleasurable as well.

Arvind Upadhyay
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Abstract

Every day in modern life, we see the organizations that are not of a local origin operate in our countries. These globalized organizations manage to operate successfully despite the fact that they will meet many obstacles in a foreign country.

We see only their successful operations in our countries but we generally don’t see the hard work done before making that organization successful in our country. Hence here comes the role of the barriers and learning in the International setting.

The main aim of this Master thesis is to come to an understanding of the various learning barriers for the International organizations when they start their operation in a new country. This thesis can be used by the executives of the International organization (the organizations which are planning to start their new operation in a new country).

However, I also think that it can act as a first hand journal and literature for the students who are eager to know more about the learning barriers faced by International organizations in a different country. From this point of view, it may be a good literature for Business, Politics, Human Resource and International Business students.

The main question that I tried to answer is the how the International organizations overcome the learning barriers when they start their operation in a different country.

In order to achieve my objective, I used qualitative and Inductive approach. The empirical data was collected through the Semi structured interviews with the 12 personnel in the Solbus, a Poland based bus manufacturing organization.

The theoretical work discusses the learning, knowledge and learning barriers. I developed the model during my empirical study and then I pinpointed the various factors which are responsible for the learning barriers.

In the discussion part, I looked at the empirical findings in context with the existing relevant literature. I found that some author’s views were quite similar to my findings while others contradicted my own views.

In the conclusion part, I elaborated my findings and gave an idea for the future research on the relevant issues. It would be a good source of inspiration for the new researcher who seeks to explore the different dimensions of the learning barriers in the International organizations.

Keywords: Project based Learning, learning barriers, Innovation & learning barriers.
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Chapter -1

INTRODUCTION

This chapter introduces the background of the topic that is researched. Subsequently, I will analyse and finally proceed to a discussion of the problem of learning barriers in a new start up project based organization in a new country.

1.1 Background

Due to the increase in the globalization in the past few decades, organizations are facing the intense competition from the rival organizations in their specific domains. Emergence of transnational organizations and outsourcing is the result of this intense rivalry.

Gagne and Discenza (1995) suggest that the innovation in product development may be used as a tool to gain the competitive advantage. Product development is a crucial phase and innovation at that stage can make the difference. And this discontinuous innovation at the product development stage can prove to be fatal. Product development is a very important stage when an organization moves from one country to another country.

Tushman and Anderson (1988), argue justifiably that the typical, large organization is unlikely to produce discontinuous innovation. In start up organizations, learning barriers affect the product development stage and can furthermore jeopardise any further development.

Innovation in the product development process is also supported by a new type of structure within the organizations; project based structure. Project based structure is widely used by the organization as a tool to cope with the external competitive environment (Hobday, 2000). But project based structure in not applicable to all the organizations. It is very domain specific; in some domains project based structure is a must and in others it is not.

Earlier the organizations were more concerned about the cost cutting strategies and techniques but now they have changed their concern towards innovation (Davenport, 2006). Many organizations think that innovation means only product innovation and this is their biggest mistake.

Davenport (2006) says that an organization must identify the types of innovation that are important to it, the key steps in the innovation process, and the primary responsibilities for managing it. Innovation is a broad term of an interactive process of knowledge generation and knowledge application (Toedtling and Lehner, 2006) and include other different types of innovation e.g. product innovation, process innovation, managerial innovation, business model innovation. Hence innovation does not only mean product or process innovation, instead It is a complete portfolio of different types of innovations. Organizations should adopt innovation as a complete portfolio instead of any specific innovation. During the innovation process different departments
collaborate with each other and this collaboration of the departments helps in overcoming the learning barriers.

Another important aspect of innovation comes into picture due to the interaction of organizations and its various entities (Roy and Sivakumar, 2004). They say that the external relationship with the suppliers and other stakeholders play a vital role in the innovation in organization. When the organization is situated in a different country then this relationship between the organization and its various outside stakeholders becomes very important.

Here come the different types of barriers which restrict this free flow of information between the organization and outsider suppliers and other stakeholders (Wilkinson, 2004). These barriers can be in the form of behavioural, emotional and cross cultural barrier. Non verbal communication plays a crucial role here because sometimes unknowingly it sends the unwanted message to the external stakeholders and that make the things more complicated.

DeFillipi (1998) introduces a new concept of temporary project based organization, which is created for a specific project and after the completion of project it’s dissolved. And this is the order of the day because by doing this, project based structure can be used in any organization irrespective of the domain. But this type of temporary project based structure in organization is a hindrance in learning from one project to another project.

Some authors argue that organizations need a more holistic approach towards the project based structure (Thiry and Deguire, 2007). In a project based structure, organizations learn from one project to another project although sometimes this learning is not fully transferred to the other projects due to some learning barriers.

As kim (1993) says organizational learning is defined as increasing an organization’s capacity to take effective action, hence any hindrance in organizational learning will have an effect on the organization and its strength to take appropriate action. It means that organization learning increases the overall capacity of organization by adding the individual and team learning. In this way it can be seen as a process of new knowledge accumulation.

These barriers can be in the form of organizational barriers, technical barrier, and cultural barrier. Here I am exploring the organizational barriers because these are the barriers which are inside the organization. Organizational learning as argued by Cook and Yanow (1983) “when a group acquires know how associated with its ability to carry out collective activities, that constitutes organizational learning.”

In the case of Multinational organizations, they have spread in different nations. And each nation is considered as a separate group. These groups can be within the same business domain or in different business domain. And the learning from one business group to another business group constitutes the organizational learning.

Constructive engagement or knowing in practice plays a vital role in the organization learning and this constructive engagement tends to vary in different cultures (Easterby-
Smith, 1998). Knowing in practice always needs to understand that specific culture. Hence the culture is also an important aspect in learning.

Rohner (1984) proposes a conceptualization of culture in terms of “highly variable systems of meanings,” which are “learned” and “shared by a people or an identifiable segment of a population.” So culture can be learned and shared by a segment of people and this learning and sharing is important from the organization point of view.

Different types of prospective barriers can emerge when an organization starts operation in a new geographical area. Here I am exploring the different types of learning barriers for the new start up in different geographical areas. To investigate what are the perceived learning barriers for a start up project based organization in a different country.

1.3 Aim

To investigate the learning barriers for start up project based organizations in a new country and how they overcome these barriers.
THEORTICAL FRAMEWORK

In this chapter, I discussed the theory related to the research project. In the starting of chapter, there is a short presentation of the choice of topic and followed by an explanation of the chosen approaches used in the research. The main aim of this chapter is to give a theoretical understanding of the topic to the reader.

2.1 Choice of Topic

This literature review investigates the learning barriers and develops the theoretical framework for a start up project based organization in a different geographical area. There is a difference between the projects based organizations and other organizations. They differ in structure, culture, operation and in other various aspects.

Here I discuss the learning, knowledge, different types of learning and learning barriers in project based organizations. For my research, I am doing the comparative study of ‘Solbus’, A Poland based Bus manufacturing company. They are starting a Bus manufacturing plant in India. By this research, I want to explore and identify the learning barriers for the Solbus and how they overcome.

2.2 Learning & Knowledge

Kolb (1984) said “learning is the process whereby knowledge is created through the transformation of experience.” He says that learning is a four stage process Do, Observe, Think and Plan. It’s a cyclical model and one may begin at any stage but must follow each other in sequence. One can start from the last stage e.g. plan stage and then move to Do, Observe and Think.

This learning cycle is same for individual and for an organization. Organizations also learn in the same manner. Learning is very important in the organizations which are project based. Argyris and Schon (1978) look at learning from process point of view and they divide learning in to two parts e.g. Single loop and Double loop learning. Single loop learning is to find out the errors in the organization and double loop is learning about single loop learning.

2.2.1 Collective and Individual learning

Individual and collective learning is a complicated issue for the organizations. Because some organizations feel that the individual learning of all the employees lead to a collective learning of the organization Organizations can overcome the barriers by collective. But there is another component of learning which is called social component of learning introduced by Gubbins (2008). Due to the social component of collective learning it is preferred over the individual learning.

Gubbins (2008) says that trust is important for social capital development and thus for collective learning. But these collective learning and trust both need enough evidence to
prove specific relationship between them and hence to consider collective learning better than individual learning.

The different implication of the individual and collective learning on the organization’s learning is a crucial subject and needs a lot of new research in this field.

### 2.2.2 Knowledge Creation

An important aspect of learning is in knowledge creation. Nonaka and Takeuchi (1995) introduce the concept of explicit and tacit knowledge. Explicit knowledge refers to the knowledge that is transmittable in formal, systematic language while tacit knowledge is personal, context-specific, and therefore hard to formalize and communicate.

One could claim that a project, limited in time and scope, is more disruptive than the permanent organization that Nonaka and Takeuchi refer to. The consequence of the disruptiveness implies that the tacit knowledge that is created within the organization is not necessarily valid in the next project (Ekstedt et al, 1999).

Especially if the project is of the "one-of-a-kind" type. In addition, one might end up with a new team for every project, implying that any knowledge developed between the interfaces of humans is lost once the project is terminated.

### 2.3 Learning by Mistake

Pascale (1984) introduces a new concept of learning; learning by mistake. He takes the example of Honda. Honda entered into the US Motorcycle market in 1964 and within a couple of years, they captured 63% of US Motorcycle market share. Goold (1992) gave the explanation that Honda’s strategy evolved from the learning that took place by mistake.

Actually, to save the expenses, Honda managers came to US for doing all the work by themselves instead of hiring people from US. And during this phase, they learned US market conditions by mistake. They didn’t intend to learn but they learned by mistake. But it’s not applicable everywhere that you learn by mistakes.

In case of Honda, they did ‘Right’ mistake and hence they survived. But you don’t always end up doing a ‘Right’ mistake. Mintzberg (1996) also supports that there is critical difference between doing random experiments and exposing oneself to the chance to be surprised by the marketplace and so to learn.

### 2.4 Organization Learning

Organization learning is a very wide topic and most of the organization struggle to adapt the best organizational learning practices. These organizational learning practices differ from one organization to another organization.

A new theme of organizational learning is Intra and Inter organizational learning (Holmqvist, 2003). He proposes a cross fertilize of both these types of organizational learning and propose a dynamic model of organizational learning with in and between
the organizations. But when this cross fertilization of inter and intra organizational learning is not as simple.

A lot of barrier comes in to play when an organization tries to make a dynamic learning organization by combining both inter and intra organizational learning. Cultural and Behavioural barriers are most important when it comes to the inter organization learning due to the different culture and behaviour. And in case of the organizations situated in different countries these barriers become much more difficult to overcome.

Crossan et al (1997) discuss the concept of how individual learning contributes to the organizational learning. They build a unifying framework of organizational learning and stresses that such learning takes place on the individual, group and organizational level, each one feeding the other.

But in such a case, how can we ensure that individuals are feeding the right kind of learning in to group learning because each individual is different and have different type of knowledge. They also define the four basic process (Intuiting, Interpreting, Integrating, and Institutionalizing) which link these levels (Individual, Group and Organizational) involving both behavioural and cognitive changes.

And this gives the rise of a new type of organizations e.g. learning organization. These types of learning organizations perform better than the organizations that simply adapt to their environments also supported by Senge (1990).

### 2.4.1 Interorganizational learning

Organizational learning has another different aspect when it comes to the Interorganizational learning. Inter organization learning is very critical and it comes in to play when two organizations strategically alliance with each other to achieve market access, scale economies and competence development (larsson, 1998).

This learning from the alliance of two organizations can be in the form of collective learning (Gubbins, 2008). There exist a relationship between the organizational learning and the type of alliance between them. And the alliance can be in any form e.g. joint venture, technology transfer etc.

Building cooperative advantage requires partners to realize that the dynamics of collaboration and learning are likely to evolve over distinct stages of alliance evolution. Because in different types of organizations the alliance is quite different and it depends upon the mutual understanding of both the organizations.

### 2.4.2 Organizational learning in different types of organization

Organization Learning in Private sector and public sector differs from each other. McMillan (2005) suggests that organisational learning in the public sector is not necessarily delivered through partnership and the agenda of modernization; it may derive instead from internal processes and a focus upon the existing strengths of the organization.
The barriers faced by the public sector organizations are quite different from the private sector organizations. This different is due to the change in the structure and the culture of the organization. And the adaptation to the new learning process is also different in private and public sector organization.

Organization learning is generally concerned with the big multinational organizations. But now days, due to the intense competition, some Small and Medium Enterprises (SME) organizations are also starting their operations overseas. This is not an easy thing especially when the organization is not that big. The learning process in these SME is quite different from the big organizations (Jones et al, 2006).

They did a research on the 26 SME in England and came out with really surprising results. The two distinct group of SME emerges Innovative SMEs and Stable SMEs. These Innovative SME’s are more outward and are open to innovative ideas and innovation. While the stable SMEs is inward facing; more concerned on the individual learning.

2.5 Project based Learning

The project based organization came in to lime light from last 20 years. This trend is seen as a shift from bureaucratic to post bureaucratic environment because in project based organization, people work in decentralised environment and in autonomous teams (Hatch, 1997).

They are considered as learning organizations because they learn from each and every project. But is the project based organization really a move from bureaucratic to post bureaucratic environment…? Some authors doubt this concept.

Hodgson (2004) says that project based structure is again a move towards ‘rebureaucratisation’ of the contemporary organizations. He says that the control in project based organizations becomes much more bureaucratic. Project based learning is a concept which arises due to the increase in the number of project and so is the increase in the project based organizations.

Jones et al (1997) says that project based learning is a model that organizes learning around the projects. But the difficult thing is to assess what is project based learning and what is not project based learning because an organization can have a number of projects. Out of these projects, some projects are strategically aligned to the project portfolio of the organizations and are considered as the strategic or real project as also recognised by Tretten and Zachariou (1997).

Rest of the projects which are not real projects are not strategically important to the organization and can be discarded. Project based learning can have a variety of positive effects (problem solving attitude, working in team, self esteem etc.) on the people who involve in the projects.

One main disadvantage of project based learning is that when the people are busy in implementing and learning from the projects then the day to day work of organization suffers as also found by Blumernfeld et al (1991).
And sometimes, projects move out from their original track, it happens due to various reasons e.g. personal interest of program / project manager, careless monitoring of projects, budget & time constraints etc. Barron et al (1998) introduces the solution of this problem by suggesting that project team should identify the project goal and learning goal before starting the projects. When the project goal and learning goals from project is clear then there are very few chances to deviate from the original path.

Petrosino (1998) states that introducing explicit design, diagrams, drawings and specifications can also be helpful to keep the project on track and improve the learning process. He conducted a study in which he gave two projects to a team. In the first project, he asked the team to build and launch rocket to understand the rocketry concepts. In the second project he asked the team to submit drawings, design and specification before making the rocket.

And in the final outcome, the team learned more in the second project. But most of the projects are supported by design, drawings and specifications but still they fail to produce the learning. One reason may be that people get too much involved in the preparation of all the formal documents (drawings, design and specification) that they tend to forget about the learning.

### 2.6 Learning Dimensions in Projects

When a company starts a new project, it has to face lots of difficulties in starting and implementing the project. Usually, It depends upon the type of project e.g. if the project is a repetitive type then it’s less difficult, but if the project is new one, then it’s quite difficult to start. Geographical area also plays a vital role. If the project is in same geographical area, then it’s quite easy and it’s difficult if it’s in different geographical area.

When an organisation completes a project, it always learns from it. How this learning is transferred from one project to another is a critical issue. Scarbrough (2004) discusses the three dimensions of project based learning; the practice – based nature of learning, project autonomy and knowledge integration. But he also introduces the concept of learning boundaries. It means that during the projects new divisions are created and these divisions create boundaries and restricts the transfer of knowledge from one project to another.

Levitt and March (1988) proposed that the learning process in organization is local. Analysing and interpretation of this learning is difficult because the learning lessons must be drawn from a relatively small number of observations in a complex and changing environment.

Another important aspect is to examine that how much, organization learns from a successful project and will the organization be able to transfer that knowledge to other projects. Actually most of these project based organizations are structured in such a way to cater the needs of a project.

The project based structure can be found in different types of firms and this has been studied in film Industry (DeFillippi and Arthur, 1988) and in complex organizations.
Polanyi (1966) was the first person to introduce the concept of tacit knowledge. And he says that the organization’s role is to facilitate this learning by supporting and stimulating individual learning, amplifying it, and crystallizing and synthesizing it at the group level through dialogue, discussion, experience sharing and observation.

The learning process in a large multinational company is different from a small and medium scale company. The difference comes due to various factors. The most important factor can be the organizational structure of the organization. According to Hernes (1999) there is a mismatch between existing learning systems and the member’s need for learning in a large international organization.

In the large International organization, most of the system is decentralised and then they act as independent unit. This makes the learning system much more difficult. Another argument pointed out by Hernes (1999) is that learning systems and organization structure inhibit one another mutually, which prevents lasting change from taking place.

So its problem for the large multinational organizations because if they want to accept the learning systems then they have to accept the flexible organizational structure. Another solution to this problem can be the resolving mutual inhibition by a process of inquiry and proposed requirements for the resolution of mutual inhibition: social context, setting and proximity. Hence the mutual discussion and informal talks seem to be the best solution to accept the learning system in a large multinational organization.

2.7 Learning Barriers

Due to the complexity of projects, the knowledge transfer becomes much more difficult. Projects are temporary in nature and the pressure is always there in the projects to complete it within budget and time. In these critical conditions, it’s difficult to codify the knowledge and transfer to the other projects. Hence importance of knowledge codification comes in to picture.

Knowledge codification is also an area of study in the project based organizations. If the tacit knowledge is codified and stored in organization’s knowledge management database, then it can be used in later projects.

Cowan and Foray (1997) studied this concept and they stated that if the knowledge is codified and co – modified, the ease of knowledge transfer will increase and the cost associated with such knowledge transfer will decrease.

Hall (2006) discusses the problem in knowledge codification. Firstly, he argues that for the codification you need to define the codes needed to codify the knowledge and secondly the people who participate in defining the codes can only interpret these codes.

Most of the time, the employees who were involved in defining stage leave the organization and then it will become difficult for the others to interpret the codified knowledge. Savioatti (1998) raises the issues of codification process that is earlier
ignored by organizations and considered as unproblematic as also stated by Cohendet and Steinmuller (2000).

Brady et al (2003) introduces the two important barriers to inter project learning. Firstly he says that the projects are complex and project deliverables are highly customised. In these cases, the learning from previous project is limited and hardly can be useful for the next project. Secondly, major barrier is the time and resource constraints.

The barriers (especially cultural and behavioural) restrict the free flow of information between the organization and market and hence the organizations are not able to find out the actual need of the product users.e.g. who are the end users and what are their requirements?

The success of an organization in a new country is dependent upon the collaboration of technical, marketing, manufacturing and sales department and this collaboration leads to success in the market (Dean and Susman, 1989). It seems that this collaboration is the result of overcoming the barriers. The organizations which are successful in other countries have taken the barriers seriously and that is the biggest reason in their success.

But organizational learning is one thing, which project and program managers can provide. The lessons learned from the previous projects can be documented by the project managers and added in to explicit knowledge management pool of organization. This explicit knowledge management pool acts as a benchmark for other similar projects.

By this way, organizational learning will take place. The organizational knowledge base will increase and hence the organizational learning. The challenge for the organization is not only to capture the knowledge but the main big challenge is to interpret and evaluate that knowledge.

In my research, I will study the learning barriers for an organization when it starts, its operation in a different geographic area (in different country). There are various barriers which come into picture, some of them are cultural barrier, bureaucratic barrier, legal barrier and these barriers inhibits the learning process and delay the learning curve.

2.8 Learning barriers to transnational organizations

A new concept of transnational companies and innovators is emerging, which is learning from all over the world. According to this concept learning is not restricted by any specific geographic boundary. Outsourcing and globalization of manufacturing allows companies to reduce costs, benefits consumers with lower cost goods and services, and causes economic expansion that reduce unemployment, and increases productivity and job creation.

According to Santos et al (2004), some organizations have learned to manage integrated innovation chains that are global which allows them to outflank competitors through implementing a process for innovating that transcends local clusters and nations boundaries becoming what they termed transnational innovators.
Among the many illustrations used to further accentuate their position Santos et al (2004) wrote about Starbucks Corporation which combined diverse pools of knowledge - including Italian technology for espresso coffee roasting; the European concept of the café; and United States of America expertise in retail chains, fast-food service routines, logistics, and staff training and incentive systems – to reinvent the selling of cups of coffee in the United States of America and the success the company experienced.

They went on to express the view that companies can greatly improve their flow of innovation by assembling the best combinations of technical know-how and market expertise, while enhancing their process substantially by looking far and wide for that knowledge, rather than relying solely on local sources.

Although a lot that has been said in this paper makes some practical sense I would have disagree with the underlying message or concept of this article. In using this strategy companies can indeed learn and benefit from the lessons of harnessing more diverse methods of innovation, through learning from other spheres of knowledge and generally achieving cost reductions, a holistic view must be reviewed.

2.8.1 Threat to transnational organization

Transnational organizations are at the risk of losing their core competence when they expose themselves to the other organizations. They can improve a lot and sometimes they are able to achieve the economies of scale and new markets but at the same time they are susceptible to the risk of losing their core competence.

Tucker et al (2005) say that advances in technology and communication have rendered corporate reputations more vulnerable than ever to criticism and attack from anti-corporate pressure groups, which now have the capacity to reach a global audience and mobilize their protest at a multinational level. It is more common in the developing countries and the big multinational organizations are at risk in these countries.

In the same manner also as there are benefits there are also disadvantages. Chesbrough and Teece (2002) acknowledges that the incentives that makes decentralized (as a strategy) powerful also leave them vulnerable as the risk taking increases the coordination among parties in the marketplace becomes more difficult since a lot of personal reward is at stake.

This article brings to light some factors that should be considered before companies decide to outsource, once such factor is that of outsourcing of vendors is that it invites design mutiny. This concept of copied strategy may not only take place on a local level but also in the country from which the outsourcing is being done.

Conversely, Chesbrough and Teece (2002) believed that in order to organize a business for innovation, managers must first determine whether the innovation in question is autonomous (it can be pursued independently) or systemic (it requires complementary innovations).

They went on to highlight that few companies can afford to develop internally all the technologies that might provide an advantage in the future. What can be agreed upon is their view that getting the right balance is crucial for companies’ success. Consistent with this view, is the concept that companies need to choose the right organizational design.
As Smith (1984) also proposes in his contingency rule theory that selection of right
organizational design depends upon the number of other factors. And there is no right way
to select the right organizational design. In other words, while outsourcing can reduce cost
and helps promote new innovative ideas used in other parts of the world it can also inhibit
progress by creating a work structure that becomes dependent on resources and cognitive
abilities from these companies in other parts of the world.

Companies should try to individually develop their key competencies looking outside from
a global perspective to see what can be learnt from other companies. However, they should
not just stick to the copy and repeat in a new market strategy they should look beyond the
box.

2.9 Innovation in project based organizations

Keegan (2002) introduces the new concept of innovation in project based firms. And he
studied some organizations in the field of Telecommunication, Computers, Financial
services, Engineering, Procurement and Construction; he reveals that project based
organization don’t provide a context supportive of innovation due to project control
systems that stifle innovation.

Learning barriers restrict the process of innovation in organizations. Hence to reduce
the learning barriers organization’s use innovation as a complete portfolio which
consist of different types of innovations (Davenport, 2006). This way of innovation as a
portfolio plays a major role when an organization moves to a new country because by
the help of innovation in its products and services, the organization can get an edge
over their competitors (Dougherfty, 1992). The edge over the competitors is very
helpful for the organization in a long run because then the organization can use this
innovation in the design stage also.

Barriers affect this innovation process because they slow down the learning phase and
innovation phase in organizations. When an organization is able to overcome the
barriers then only the organization can proceed to design and develop the innovative
products and service.

And the commercial successes of any new product in a new country depend upon how
well the product’s design meets consumer’s needs (Rothwell et al. 1974, Lilien and
Yoon, 1988). Hence it becomes very important for the organizations to take care of this
aspect of innovation in the mind.

However some authors contradict these views and they don’t link innovation to
collaboration of different departments. Cooper and Kleinschmidt (1986) say that
product innovators often do not link technological and market issues, and often do not
collaborate across departments.

This statement means that the innovation and collaboration between the different
departments doesn’t link together and hence they are not linked to barriers also. So it
means innovation and barriers are not linked together if we follow the above statement.
Another issue linked with the innovation is that sometimes innovative products also fail to achieve the market success.

It means that if the organizations are producing innovative products by overcoming their barriers then also it’s not necessary that they will achieve the success in the market. But the collaboration between the different departments is necessary because by this way organizations can overcome their culture barriers.

2.9.1 Learning Barriers and Product Innovation

Learning barriers and product innovation both are linked together in someway. Gieskes and Hyland (2003) worked on this project and they came out with some interesting findings. They interviewed over product innovation managers over 70 companies in UK, Ireland, Italy, Netherland, Sweden and Australia and discussed with them about learning barriers in achieving product innovation. The results were really surprising to many other authors and gurus of learning and innovation themes.

Gieskes and Hyland (2003) findings are that the majority of the barriers identified can be labelled as organizational defensive routines leading to a chain of behaviours; lack of resources leads to under appreciation of the value of valid information, absence of informed choice and lack of personal responsibility. It means that the product innovation is directly linked with the learning barriers.

If there are less learning barriers to an organization then that organization can easily achieve the product innovation process. Innovation process is becoming more common in the transnational organizations. It has taken a strategic role in the development of long term competitive edge over the other players in the market.

Another thought is that there can be a new link between the learning and innovation. They state that the learning can also takes place through the sequence of unique innovations. And this learning from the unique innovations helps to overcome the different barriers.

But this process of learning from unique innovations is neither simple nor quick. It takes lot of time and organizations have to extra efforts in achieving this target. Some barriers come in to play which restrict this leaning from the unique innovation process.

Corso (1997) studied this problem. They did a study on nineteen Italian and Swedish companies to find out these mechanisms and their effects on a firm’s performance. Their results show that the innovative organizations were able to overcome the barriers more easily than the others.

2.9.2 Blue Ocean Strategy

A new concept of blue ocean strategy emerges when we discuss about capturing the new markets. Organizations fight with each other to take the new market area and they use the best practices for that. The Blue Ocean Strategy as described by Kim and Mauborgne (2004) develops the viewpoint that companies should aim at creating a new demand rather than fighting over the existing demand in the market environment. Blue ocean strategies
are developed by companies giving rise to new ideas or where companies alter the
boundaries of an existing industry.

While a bit similar to the concept of Santos et al (2004) with their Starbucks illustration
this concept adds the missing element that the first two articles lack. Strategy should move
beyond the concept of beating the competition and exploiting existing demand to place of
making competition irrelevant while creating and capturing new demand. This can be
considered as a best practice if the organizations are able to beat the competition by
implementing the relevant strategy.

What is needed may not necessarily be harnessing the diversity of relevant knowledge
scattered around the world, but rather committing the right internal resources to innovation,
while doing an internal analysis of what is really needed in the given industry the company
is operating in and what can be added that has not been already done but the customers
needs.

This strategy looks at simultaneously pursuing differentiation and low cost. Reviewing
what is really needed in the final product or service delivery may help eliminate some
processes that are both costly and irrelevant while at the same time creating a barrier to
imitation since the final product may draw from many industries and is hard to easily
replicate.

However, getting companies to create uncontested market space and operate from a
standpoint that fosters internal innovative development for customer satisfaction is not
always a simple task. Indeed, there are many wow factors that can be achieved if
companies are operating under a blue ocean perspective.

2.10 Gap in the study

As we see learning and knowledge, both are interlinked together. When you learn then you
gain the knowledge. So knowledge is not possible without learning. Both are the two sides
of the same coin. But in project based organizations, it becomes difficult to overcome the
barriers to the learning due to several explicit and implicit reasons.

Projects are complex in nature. Hence project based organizations face lots of different
types of barriers that inhibit their learning process from one project to another. And these
learning barriers differ from one geographical area to another geographical area. Studying
these learning barriers is the aim of my research thesis. I have studied these barriers from a
European organization’s perspective which is starting a new project in India.

2.10.1 Narrow Research area

I have gone through the existing literature on the project based organization and the barrier.
They generally discuss the barrier from the organization point of view and most of the time
the literature is more concerned about the technical details of the barriers. My research is
different and it is really very narrowly focussed because I have taken the benchmark of the
organization’s last project and what they learned from it. How well they can implement this
past learning in a new project in a totally different country.
Hence my research is about learning from past mistakes and good things and then implementing them in the new project. In this way the organization can firmly differentiates between their past and new learning.

Another important aspect in my project is that my research is futuristic. It is like a forecast for any organization which plans to enter in a similar set up in a different country.
Chapter – 3

RESEARCH METHODOLOGY

In this chapter, I have presented how I collected the data required for this study. This area also covers the research approach, design, data collection methods, validity, reliability and generaliability concerns to the research.

3.1. Research Philosophy

Research is an original piece of work in any specific area. The main aim of the research is to add a little bit in to the existing knowledge pool of that subject area. Idea of this research came in my mind, when I was working with an automobile company in India. I was handling the projects and then I faced the practical problem of learning from the projects.

Then I read the article by Easterby-Smith (1997) about learning organisation and that was the main turning point about this research. How the organization learn from each projects and how they transfer this knowledge to the other projects.

The main objective of this research is to find out how the organizations learn from each project and what are the barriers faced by them. I researched this question in context with a Poland based bus manufacturing organization. I got in-depth knowledge from literature review about the project based organizations, and learning from the projects.

Starting a new project in a new country is really a difficult task and there is no specific literature available on this specific topic. Another point can be like at both the analytic and factual level very little is known about the International transfer of knowhow. Hence I realised that the best way to know is to ask the people who successfully completed such types of projects.

To understand the research philosophy, I brushed the ontology and Epistemology concepts. According to Lacity and Janson (1994) Ontology is the way we view the world and epistemology is the study of knowledge, science, model, testability and What is knowledge and what can be considered as knowledge.

And it’s appropriate for my research because the first thing in my research is to understand what is the knowledge and learning in an organization when they start their operation in a different geographical area. From my point of view the knowledge and learning is both explicit and implicit. In this research I explored the knowledge and learning and what are the barriers to implement that in a new project.

Epistemology is further divided in two broad paradigm; positivist paradigm and Interpretivist paradigm (Easterby-Smith et al, 1991). It is also important to remember that some authors use some terms interchangeably like interpretivism is also named as hermeneutic (Lacity and Janson, 1994).
The world is interpreted through the mind and it cannot be described without investigating that how people react and behave in social surrounding. Interpretivism is based on the understanding that a strategy is needed to considerate the difference between people and natural science objects and therefore demand that social science researcher should capture the subjective significance of a social action. To understand and analysis the learning barriers, I need to gather the subjective in-depth organization’s point of view. Their subjective point of view is perceived to be essential for this study and to attain my aim to understand the learning barriers; interpretive approach is most suitable for this research.

I think my research is more concerned with the interpretism because learning barriers is subjective in nature. It depends on how you interpret the barriers and how you see them. And it is related to my research because my research is qualitative in nature and data collected by interviews hence it is very important to interpret the response of the interviewee. The basic positivist belief is that the world is external and objective, while the Interpretist belief that the world is socially constructed and subjective (Easterby-Smith et al, 1991).

3.2 Approach: Inductive

Before moving further in the research, it was important to select the approach for the study. According to Ghauri and Grnhaug (2002) induction is based on empirical evidence while deduction is based on logic. Furthermore they state that induction involves drawing general conclusions from empirical observations; passing from assumption to conclusions.

On the other hand they consider deduction as drawing conclusions through logical reasoning. A much more detailed self explanatory approach is given in the below figure. The Principles and theories are in the centre and both the approaches are at opposite side. While Inductive approach gives rise to new theory and principle, deductive approach works just opposite to that; it takes the theories and principles and gives the detail exploitation of that.

Diagram 3.1: Inductive & Deductive mechanism

<table>
<thead>
<tr>
<th>Inductive</th>
<th>Deductive</th>
</tr>
</thead>
</table>

- 23 -
Explanation and theory prediction

Principle and theories

Data gathered & Analysed

Source: adopted from Ghauri and Grnhaug (2002)

The Induction process goes from facts to principles and theories while the deduction is the reverse of that. Cooper and Schindler (2003) said that deduction is considered as a form of inference that claims to be conclusive but must fulfil two requirements; truth and validity. While inductive approach is considered as drawing a conclusion from one or more facts of evidence.

In Inductive approach, theory follows research. Thus it seems appropriate to study from the interpretative perspective, attempting to understand based on the experience of those who work within the organization. I selected Inductive approach over the deductive approach because in my research I did not work on any pre specified theory and find the proof for that. Instead I worked on the data collected and drawn a conclusion from that. Hence Inductive approach was the obvious choice.

3.3 Design

Selecting research strategy was a difficult task. Because I was focussing on one specific area of organization hence case study was the best choice as also suggested by Landgren and Sundqvist (2004).

In Qualitative research, the main problem is to connect the information from different sources since they could be too specific (Saunders, Thornhill and Lewis, 2000). The sources are sometimes totally different and sometimes quite similar to each other hence the qualitative research in itself is a big challenge.

As the data to be collected is qualitative, interviews were conducted with various people involved in the Solbus. In Inductive approach, Data collection is usually done by Interviews, observation and diary methods. In my research, I used Case study method due to its more focussed and precise nature. Yin (1985) case study is a comprehensive research strategy which attempts to examine a contemporary phenomenon in its real life context.
I have taken the case of ‘Solbus’- A Poland based bus manufacturing company. I used qualitative method instead of quantitative method for collecting and analysing the data. I used the semi structured interviews for collecting the data. In the semi structured interview, most of the questions were open ended. Open ended questions give the space to the interviewee and more information can be gathered.

### 3.4 Data Collection

It was important to choose the right data collection and analysis techniques. Quantitative techniques are more mechanical in approach and put stress on quantification of the data. While qualitative approach give stress on the words and interpretation of their meaning and is more focussed on theory creation (Bryman and Bell, 2005).

#### Table 3.1: Approaches: Quantitative Vs Qualitative

<table>
<thead>
<tr>
<th>Agenda</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal direction when it comes to which part the theory should play in relation to the research</td>
<td>Deductive, assessment of theories</td>
<td>Inductive, theory creation</td>
</tr>
<tr>
<td>Knowledge theoretical direction</td>
<td>Positivism approach</td>
<td>Interpretivistic direction</td>
</tr>
<tr>
<td>Ontological direction</td>
<td>Objectivism</td>
<td>Constructivism</td>
</tr>
</tbody>
</table>

*Source: Adopted from Bryman and Bell (2005) p.40*

I gave the structure to the questions during interview so that the interview will not go beyond the scope. The semi structured interviews conducted in a very informal way. During the progress of interview, the interviewee used technical terms used in bus manufacturing sector and I tried to convert them in the project management and learning terminology. The interviews were conducted on Skype and msn messenger and recorded to keep the originality of research. Recording was done to keep the authenticity of the findings.

### 3.5 Data Gathering

The most important part was to select the people for interview. I selected the chairman of the company and his two sons; who take care of Management functions and Business Development function respectively for the first interaction and they gave me some other important persons name in the Solbus.

Solbus is based at Solec Kujawski in Poland and the Chairman and his two sons they sit there. Elder son who handles the Management function gave the detail of UK operation and introduced me to the project manager and his team members for the operations details. For the project manager and his team members, I prepared a different set of questions to capture their ideas and experience. In total I interviewed 12 people. The details of interview with the time duration are given below in a tabular form.
### Table 3.2: Details of the Interviews

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Designation</th>
<th>Duration (in Minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chairman</td>
<td>35</td>
</tr>
<tr>
<td>2</td>
<td>Head - Operations</td>
<td>25, 20 (Twice)</td>
</tr>
<tr>
<td>3</td>
<td>Head - Business Development</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>Project Manager -1</td>
<td>25</td>
</tr>
<tr>
<td>5</td>
<td>Project Manager -2</td>
<td>30</td>
</tr>
<tr>
<td>6</td>
<td>Assistant Project Manager – 1</td>
<td>20</td>
</tr>
<tr>
<td>7</td>
<td>Assistant project Manager -2</td>
<td>20</td>
</tr>
<tr>
<td>8.</td>
<td>Project Engineer</td>
<td>25</td>
</tr>
<tr>
<td>9.</td>
<td>Project Liaison officer</td>
<td>30</td>
</tr>
<tr>
<td>10</td>
<td>Business Development officer</td>
<td>25</td>
</tr>
<tr>
<td>11</td>
<td>HR Executive</td>
<td>35</td>
</tr>
<tr>
<td>12</td>
<td>HR Assistant</td>
<td>30</td>
</tr>
</tbody>
</table>

### 3.6 Validity and Reliability

In semi structured Interview, It is not possible to standardized and fixed the flow of interview hence the reliability concern emerges. The exact concern is about the response of the interviews, do all the interviews sessions will get the similar responses (Saunders et al, 1997). And it is a big issue when you take the interviews with the people who worked on same project in different capacity.

In qualitative semi structured interviews, another major concern is the ‘bias’. It can be in the form of interviewer or interviewee side (Saunders et al, 1997). The interviewer side bias is due to the image or perception of the interviewee or responses and the interviewee’s side bias is due to the inhibition of revealing the truth or sharing the valuable information. When I took interview, I was aware that my ideas should not affect the response of the interviewee.

I had the past knowledge in this domain so I consciously avoided my ideas to flow in the interviews. Project managers and the team members were warm and eager to share their experience and that helped me a lot in asking the open ended questions.
3.7 Generalisation

Another major concern in such type of studies, is the researcher’s knowledge; how much knowledge and meaning a researcher gained (Easterby Smith et al, 1991). My previous knowledge about this domain helped me to understand the some technical terms and grasp the knowledge from them.

When I took the interviews, I got almost similar response to most of the questions. So it seems like most of the people answered honestly so I can generalise the findings. Hence the result can be generalised up to certain extent to the similar type of organizations. But these finding are specific for the specific domain (bus manufacturing) and in specific country (India), so while generalizing the finding these points should be kept in mind.
Chapter - 4

EMPIRICAL STUDY AND ANALYSIS

This chapter of research is very important because in this chapter, I presented the data collected by semi structured interviews. I also decided to include the analysis part also in this chapter, so that it’s easier for the reader to correlate the findings with the collected data.

This analysis is based on the theoretical framework that I developed in the last chapter. In theoretical framework, I concentrated on the different types of learning barriers and the roles of innovation in overcome these learning barriers. In the later part I explored the different types of learning barriers and their implication on the project based organizations.

Jones et al (1997) says that project based learning is a model that organizes learning around the projects. Hence all the learning and the barriers revolve around the projects. In my research also, projects have taken the central place and all other learning barriers are around this centre. In this research, there are three main barriers which surround the project e.g. legal, technological and cultural.

Brady et al (2003) introduces the two important barriers to inter project learning. Firstly he says that the projects are complex and project deliverables are highly customised. This complexity of projects gives rise to technological barrier because more the complex a project is more the complex technology it needed. The cultural barrier arises due to the highly customisation of projects. It is always complex issue to customise the projects according to the local standards and this may lead to cultural barrier.

Dean and Susman (1989) says that success “the success of an organization in a new country is dependent upon the collaboration of technical, marketing, manufacturing and sales department and this collaboration leads to success in the market.” But failure of the combination of these things leads to the failure of the organization it can be in the form of not following the legal rules and regulations in the new country that may lead to legal barrier.

This chapter starts with the brief description of the company Solbus in Poland, their plans, the expected learning barrier in starting operation in India and their future predictions.

Each part has the empirical data collected by the semi structured interviews with the analysis. The analysis is done by studying thoroughly all the findings and interpreted in alliance with theoretical and conceptual framework.

4.1 Introduction of the Company

In my research, I am taking the case of a Poland based bus manufacturing company ‘Solbus’. It is the fastest growing bus manufacturing company in Poland. They started
the manufacturing in 2001 in Sołec Kujawski and within next five years, they become the Poland’s second biggest bus manufacturer.

They obtained the bus manufacturing licence from the Czech bus manufacture ‘SOR’. Their main strengths are firm values as pragmatism, as well as efficiency of solution applied, innovativeness and a high quality of products. The Solbus company has been named ‘Gazela Biznesu’ a title awarded by ‘Puls Biznesu’, Poland’s most prestigious economic magazine, in two consecutive years (2004 and 2005).

Solbus is a family operated business and probably the only one that sees its own bus designs from three different perspectives at once, as a manufacturer, owner, and at the same time, passenger. They have major stake in four bus transportation companies and the bus sales and leasing company ‘Blue Line’.

They supplied the 33 buses to the Polish Army. And the end user will be the Polish Air Force. The buses are equipped with the International features and compliant with the NATO standards AQUAP - 213.

4.2 Infrastructure

Employees - around 200 staff members
Manufacturing / shop floor area - 8000 square meters.
Assembly shop floors - 2000 and 5000 square meters respectively
Office space - 1500 square meter
Laser cuttings and CNC machines
Autocad for Drawing and Designs

Their position in the Poland bus market during year 2005 is given below. **Diagram 4.1: Poland Bus Market Detail**
And they quadruple their sales within only three years of time span and reached at the second position in the sales of new buses in Poland.

In 2007, they started their new operation in UK by name Solbus UK Ltd. They have launched two models of buses in the UK market ST10 and ST11. They designed the buses according to right hand driven and with the latest supporting things. Their first customer was JB Travel from London for the ST10 bus.

After the success of Uk operation, Solbus’s next mission was to enter into Asian market and they started targeting India as their first destination in Asia. Enter in India, will be a difficult proposition for them because it is totally different from the Poland and Europe. Hence this would be a challenge for them to enter into Indian market and to survive successfully. But they will face some learning barriers and these barriers will restrict their entry to new market.

4.3 Research Model

I introduced a model which consists of all the information gathered during the data collection process which helps in understanding the learning barriers in a start up organization in India. By collecting and analysing the data, I broadly divided the learning barriers in three major categories.
Each learning barrier is further divided into various activities sub activities. The analysis of these various activities and sub activities gave the clear picture of the perceived barriers. By clubbing all these activities and sub activities together, I can see which the learning barriers are. In the following section each section is analysed in detail. The table form framework for the model is as given below.

**Table 4.1: Framework for the Model**

<table>
<thead>
<tr>
<th>Learning Barriers</th>
<th>Factors divided into activities and sub activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td></td>
</tr>
<tr>
<td>Technological</td>
<td></td>
</tr>
<tr>
<td>Cultural</td>
<td></td>
</tr>
</tbody>
</table>

I have used the ‘as it is’ wordings of my interviewees to clearly project their views in the rest of the thesis and I have highlighted them in Italic with Quotation marks.

In the Solbus the organization structures revolves around Chairman, Operations head and Business development head and these crucial positions were kept by the family members.

**Diagram 4.2: Organization structure**

From the starting, I was interested to know who has the main decision making power in the organization in terms of the starting a new operation in different country. I was in doubt that either chairman or head of business development is responsible for that.

“Chairman is the ultimate Boss of all the departments and he has the final word for all the decisions.”- Chairman.
So all the proposals for expansion and new business ventures can start from top or from down but the final decision will be taken by the Chairman. He is the person who gives the final nod on all the strategic decisions.

“Chairman is the final signaturatory authority, after that Operations head is responsible for the implementation process.” - Chairman.

Hence the role of operations head is similar to the role of a Program Manager. He has different projects under him and a pool of dedicated project managers with their team members to implement each project.

4.4 Legal Barrier Stage

After reading the available literature (Dean and Susman, 1989; Rothwell et al., 1974; Lilien and Yoon, 1988) and on the basis of information provided during the interviews, I divided the activities into different parts:

- Legal Financing clearance
- Registration of the company
- Leasing / buying of land
- Permission from Pollution check Department
- Permission from state Energy supplying units

4.4.1 Legal Financing Clearance

For all the operations and activities, finance is the first step. Appropriate financing is needed to start the project.

“Finance is the first and foremost step and arranging the appropriate amount of finance is the responsibility of the top management.” - Chairman

In the new project, finance is the crucial thing and the challenge is to find the appropriate debt equity ratio. How much money should be borrowed as loan from banks and other finance Institutions. Arranging finance in a new country is a big issue because you don’t know the rules, regulations and financial terms and conditions.

In India for financing, Reserve Bank of India (RBI) is the main source and other nationalised banks. But the main investment comes from within the organization in the form of equity investment. Being a family run organization, the personal contacts and network of the top management also play an important role in getting the appropriate funding.

“A proper business plan with clear goals and objective is must with all other necessary documents for attracting the interest of the investors and banks in your project.” - Operations Head.

So an articulate Business Plan can make the sudden changes in your financing options. Gaining the interest of the investors in your organization’s Business Plan is the biggest barrier in finding the financing. Private equity funds and the International organizations like World Bank can also provide appropriate funding if the project statistics are impressive.
Most of the times, these Institutions and Banks don’t give the 100 % funding for the project. And then it’s the difficult to get rest of the funding for the project. The Head of Business Development with the Chairman is responsible to take away the financial barrier.

4.4.2 Registration of the Company

“The most difficult part is to understand the legal procedure for registration of the organization in a new country because every country has a different legal registration system”. – Operations Head.

Registration process involves giving the detail of the business, which the organization is planning to start. In India, Any organization has to register with the Directorate of the Industries. It’s the central organization which keeps the record of all the new and existing organizations and their business.

Getting a clearance from Director of Industries is a big barrier due to the complexities of the procedure. A number of documents needed to show the stable financial condition of the organization and to show the clear intentions of running the operation.

“In Europe especially East European countries, the registration process is quite similar and the documents required are also same.” - Operations Head.

So registration process is a big legal barrier when it comes to starting in a new country especially when the country is outside of European Union (EU).

4.4.3 Leasing / Buying of Land

Finding the suitable land for the start up operation is a difficult task.

“The first that strikes when starting a new operation in a different country is the availability of land. It’s always a difficult option to decide whether to buy or take the land on lease.” – Operations Head

In the home country, it’s not a big problem due to the familiarity with the surrounding and the geographical area but in other countries it’s a big issue. Sometimes the land is a dispute property and has many owners that complicate the buying or leasing the land. This barrier can be overtaken by hiring the local person who knows the geography and surrounding of the area.

For India, another important thing to keep in mind is the Special Economic Zone (SEZ). There are some Special Economic Zones, established by the government and starting new operations in these areas is quite beneficial for the organizations. In SEZ’s, Indian Government offers exemption of taxes for the first ten years and that can make a big difference in the organization’s financial statements.

“Special Economic Zones (SEZ) in India and similar zones / areas in other countries can have the long term implications on the organization’s profitability and future expansion plans.” – Business Development Head
Hence before finalizing the land for the operation the best thing is to cross check the background of the land with the third party because in the other countries the chances of fraud are a lot. Land documents should be properly verified and approved by the concerned authority before starting the operation on the land.

4.4.4 Permission from Pollution check Department

Some countries have very strict rules on the pollution. The pollution should be within certain limits. In India, they have a pollution control board, which keeps the track on the emission of various types of pollution from the different Industries.

“In Europe the Pollution emission rules are much stricter than the developing countries”. – Project Manager

After the establishment of European Union (EU), most of the European countries follow the same pollution control standard. The amount of Carbon Mono-oxide released in the air is controlled and checked by a central authority. So when start a new operation in a new developing country, it is easier for Europe based organizations to follow the developing country’s pollution control and check rule and regulation.

“The primary emission of pollution is in the form of air pollution. Water and soil pollutions are the secondary pollutions but it also depends upon the type of organization” – Project Manager.

In the manufacturing organization, the main pollution is in the form of air pollution and has a lot of carbon mono-oxide and sulphur contents. Water and soil pollution is not that much because most of the time manufacturing organization use the water for cooling towers and for the compressor set operation.

“In India, government is very strict on air pollution control and the pollution control board check the premises of the organizations and issues pollution under control certificate valid for the six months. A copy of this certificate is pasted on the main gate of the organization with the expiry date of certificate. Before the expiry date of the pollution control certificate, the organization has to pass through another pollution check stage.” – Assistant Project Manager-1

This process is a bit different from European pollution control system. But to overcome this barrier, it's always better to check the pollution control rules, regulations and the permissible value of the pollutant in the air.

4.4.6 Permission from state Energy supplying units

Which type of energy is used as a basic fuel for running the organization is another critical issue.

“Selection of fuel depends upon the cost and ease of the availability of the fuel and it varies from one country to another country”. – Project Liaison Officer

Government run State Electricity Boards are usually the cheapest and best options in the European countries due to their uninterrupted and efficient service. In some
developing countries, the conditions of government run state electricity boards are quite good but in some other developing countries it’s not that good.

In the second case, it’s always better to keep a back up plan for the uninterrupted power supply; it can be in the form of stand by Generators and the supply from other private power supplying companies.

“Failure of power during the manufacturing process can cause serious accidents on the shop floor which may lead to loss in the form of human power loss and economics loss.” – Project Engineer

Hence it is very important to take the power supply issue very seriously. If not taken seriously then it can turn in to a serious big barrier for the organization. A proper survey of the area and informal discussion with the nearby situated organization can help in deciding the appropriate power supply source for running the organization.

4.5 Technological Barriers

The barrier due to the misalignment of technology and due to non availability of appropriate technology is very crucial in the foreign locations (Tucker et al, 2005; Dougherty, 1992; Corso, 1997). Sometimes if the appropriate technology and the similar machines are not available in the country then importing the machinery and technology becomes quite complicated.

And in the process of importing the necessary machines from different countries, there are chances of damages and malfunctioning of the machinery and equipments.

“Importing any machinery or equipments from other countries, sometimes turnout to be more expensive due to the chances of damages, theft, and customs rules and regulations.” – Head Operations

Citing the example of UK operation, Operations head, Solbus told me that in Uk also they bought some parts from the local suppliers and imported some parts from Germany and other countries instead of importing the whole machines from Germany. This arrangement was cheaper and quite successful also because by this they got rid of tension of damages during the shipping.

To know the exact technology set up and calibre of a new country and adapting in to the organization according to that is a complicated issue.

“Understanding the technological potential of a country and their technological depth is very complex due to the non availability of concerned literature and relevant standard.” – Head Operations.

Getting the exact idea of the technological depth of a country is a tedious job. Especially in the countries where such type of technical information is not formally documented and not enough literature is available on these issues. This problem is not that much serious in the countries where they have some type of technical consortium or any other platform where the organizations share their views and findings.
In such cases it becomes easy for the organizations to adapt according to that type of technology. The benchmarking also plays a vital role in case of technology issues. And it is not a problem in developed countries because in most of the developed countries they have International standard and benchmarks for the other organizations to follow in their respective domains.

But these problems become more severe in the countries where there are no documented standards and no benchmarking standards. Because in the absence of these benchmarking standard it becomes difficult for the international organizations to figure out which technology is suitable for this specific country and which is not suitable for this specific country.

"Technological barriers can arise due to various factors and these factors differ in different countries". – Operations Head

On the basis of data gathered during interview with operations head, project engineer and project manager; I got the sound understanding of technological barriers. These technological barriers can occur due to different reasons and most of the time unpredictable.

4.5.1 Technological barrier due to outdated technology

"This type of barrier is very common when there is a large difference in the technology of two countries. It is mostly common when an organization from a most developed country wants to start operation in a least developed country." – Business Development Head

This large difference between the two country’s technologies can act as a barrier for the parent organization. The technology is quite advanced in most of the developed countries as compared to the developing countries. Getting same type of infrastructure and compatible technology in developing or under developing country is really difficult.

"The main difference is in the operation process. In Developing countries, most of the operations are automatic while in developing and under developed countries, most of the operations are manuals." – Project Engineer

This difference in the type of operation affects the quality of the final output product which further affects the reputation of the final product in the market. So some product by same organization is of very good quality in one country but not so good in other country. This is mainly due to the technological differences between the two countries.

4.5.2 Technological barrier due to change in power supply

This type of barrier arises due to the change in power supply frequency or power system voltage in the different countries.

"The Machinery and equipment used on shop floor are designed to run on specific Voltage and frequency and it creates a problem when the voltage or frequency changes". – Project Engineer
In all over Europe, the standards are quite same. They operate on same voltage and frequencies all over the Europe but in the other continents, the standards changes like in India, the Industrial Power supply is at 440 Volt A.C. with 50 Hz frequency.

When the same European machines are used in other continents then there is a problem of power supply mismatch. This can act as a big barrier and can affect the operation in long run. This barrier can be overtaken by using the appropriate converters and also designing the machines and equipments according to that country’s power supply standards.

“When buying a new machine and equipment, the most important factor to consider in mind is the power supply compatibility.” - Assistant Project Manager-2

The best way is to study the country’s power supply system and go through the manuals of the existing machines and equipments. Only after that the decision for the buying the new machine should be taken by giving due consideration to the power supply specification factor.

4.5.3 Technological Barrier due to non compatibility of process

Technological barrier in the form of non compatibility of process can have severe affects on the overall process and organization. The non compatibility can be in the form of manual and robotic operation of the machines, Computer Numeric Controlled (CNC) processes and human controlled processes.

“Robotics and CNC application in organizations has changed the efficiency and time line but the non compatibility of these things can also make the process to go worse.” – Project Engineer.

Especially in developing countries like India, things can move in any direction. If the process compatibility is good, then it can boost the process and if the processes are not compatible then the final process will be worse.

It’s always not possible to forecast the emergence of any Non compatibility. It can also emerge after starting of operations also due to the misalignment of the various processes.

4.5.4 Unavailability of Technology

Unavailability of the appropriate technology is also act as a big barrier especially when it comes to developing countries. Bond and Houston (2003) say that it’s a big challenge for the managers to identify and match the technology market linkage. Technology and market barriers include technology-market linkage, technology availability and technology and market capabilities of competitors.

A new technology which is adopted by other competitors is no more new and can not give competitive advantage. The technological barrier can only be overcome by adapting the technology at first instant.
The problem arises in developing countries due to the unavailability of the latest technology and importing the technology from other developed countries is always expensive.

“Availability of latest technology is important because importing the technology can be too expensive and not suitable for the long term business”. – Operations Head

Before starting the operation, the scanning of the availability of the different technologies in the market is must to keep the track on the future progress. And if there is some need of importing the technology, then it should start the importing process quite earlier so that it doesn’t affect the progress of the project.

4.5.5 Compatibility of Technology with market

Compatibility of technology with the market is a big concern because it is linked with the future of the organization’s business.

The first thing that the organizations consider before starting their operations in a new country is the search of market for the final product. Most of the time market is the same country or nearby countries depending upon the different conditions.

“Finding a market for the finished product is the most important part of any new operation because it is the thing which reflect the changes in the financial statements of your organizations” – Business Development Officer

Hence the Business Development Team in consultation with the top management decides the market for the finished product. The strategic location of organization also decides the choice of market for the finished products.

Manufacturing plant in India, can be used as a base plant to supply the South East Asian market. And these neighbouring countries of India also use the same type of technology so if some technology is compatible to Indian market than it means that it is also compatible to the near by country’s market. Hence mass production plant at India can really become a good option for any company.

Otherwise if the neighbouring countries technological status is lower or higher than the country where the manufacturing plan is situated than it’s a problem for finding the market for the finished product.

4.6 Cultural Barriers

Cultural barrier comes in to play automatically when there is a change in culture and it differs from one geographical area to the other geographical area.

“Cultural Barriers usually come in to picture when the organization starts the operation in a new country. And it is really difficult to cope with them because they affect your day to day activities”. – HR Executive

Cultural barrier shows their effect in the long run. Their effects are not that visible in the short run because the cultural issues come in to picture when the organization starts communication with the outside and local stakeholder.
“The cross cultural barrier in a new country can be reduced by hiring the local employees which help in make the cultural of the organization more International culture.” – HR Executive

Hiring of local employees can help in making the culture of organization more local and international. Because when you hire local employees, they bring themselves their local culture, traditions, beliefs and other important local things which ease up the organizations in interacting with the local stakeholders.

It becomes easier for the other employees also to adapt according to the local culture. Thus it seems to be a good idea to hire the local people to make the culture more open and more local and international at the same time. But the HR Assistant gave a quite contradictory issue on this issue.

“Hiring local employees in a new country is a good idea to overcome cultural barrier but, some time hiring local employee can create a problem in the long term.” – HR Assistant

According to the HR Assistant, the local employees are good in understanding the culture and making the organization more local and international but it can prove fatal in the long term. The reason is that in long term, these local employees they start to make unions and different group within the organizations which become unhealthy to the organization.

These local employees sometimes try to influence the important decisions forcefully by showing the nexus with the local administration and politicians. And then it will become a problem for the organizations because they can’t lay off these employees due to public outcry and politicizing of the matter in a different country.

I tried to clarify the issue of whether it is better to hire local employees or not with the chairman of the organization.

“Hiring local employees is a tricky issue. Sometimes it backfires you and sometimes it is very beneficial to the organization. The best bet is to have a healthy mix of local and international employees so that the local employees feel themselves a part of organization.” – Chairman

Chairman’s view seems to be quite interesting and I think that this is a good solution to the problem created by local employees. Give local employees responsibility and make them feel an essential part of the organization. The moment they start feeling themselves connected with the organization, other problems will move out.

Usually, International organizations are very sceptical in hiring the local employees and hence they themselves create a barrier fir the organization. More the open is organization towards the local employees more it will reduce the barrier.

These cultural barriers increases with time, as the production process starts more and more new barriers comes in to picture.
The main cultural barriers which were also supported by (Toomey, 1998; Bond and Houston, 2003) are given below:

- Cognitive Barriers
- Behavioural Barriers
- Emotional Barriers

4.6.1 Cognitive Behaviour Barrier

Cognitive is the standard which is considered as international.

“Cognitive is very dangerous because people treat others according to the pre-defined general international standard”. – HR Assistant

The general world views about the certain cultures are very prevalent and most of the people follow that general world views when they move to a new country. And the problem arises when they find the certain things just opposite to their existing beliefs from the world views.

“When you go from your home country to another country, the first thing you do is to grab a copy of any literature which gives you the general idea of that country” – HR Executive.

And grabbing this copy of literature can be dangerous sometimes because then you go to the new country with some presumption in your mind. And in some cases this is not good because the source of information is sometimes not reliable.

And then it acts as a barrier in learning due to their pre-existing views. One most common world view about India is that it’s a country of cows and snake charmers and when foreign people go there with this mindset they get shocked to see the different things. This cognitive barrier can be overcome by not having any specific image / views in mind before going to a new country.

4.6.2 Behavioural Barriers

Behaviour generally includes verbal and non-verbal communication. And both of these are very important from a foreigner point of view. This type of barrier comes into play when the organization starts communicating outside the organization in a different country.

The behaviour is different in different countries. It is really difficult to predict how a person from another country will react in a certain situation or how the person will answer to a certain specific question.

“Non verbal communication is most complicated and can have the worse effects, if not handled properly” – HR Executive

The problem with non-verbal communication is that it’s difficult to understand certain gesture and body language in different cultures. And sometimes it becomes totally rude if you do it wrongly e.g. eye-to-eye contact, talking directly to point or talking around the main issue, standing close or far from the other people when talking etc. All these things affect a lot.
In most of the European countries, the body language is almost same but different in India. In India, if you standing far during talking then it’s considered as snobbish act. Another important aspect is etiquettes; people follow different etiquettes in different countries depending upon their cultural influences.

Establishing trust with the co-workers and other people will also become a problematic if the behaviour’s don’t match. And mutual trust is most important when you work in teams and on projects because it’s the team effort which makes the difference.

### 4.6.3 Emotional Barriers

Emotional stability is a major concern for all the organizations irrespective of their size and location.

> “Emotional stability is gaining a lot of concern due to the increasing pressure at the work places and the highly competitive job market due to the globalization.” – HR Executive

Due to the intense competition for capturing the market share, organizations are working under pressure to outperform their competitors. And this pressure is transferred to the employees and sometimes they have to work for the long hours, very strict deadline. Working under such stringent conditions needs a lot of patience and emotional stability. Some employees are not able to cope with this pressure and end up in to emotional breakdown stage.

> “In the emotional breakdown stage different employees behave differently depending upon the culture.” – HR Executive

Absence from the work, anger, crying and other different types of symptoms are very common. And this stage affects a lot in the individual and in team assignments. Especially in case of team assignment, the whole team suffers due to an individual’s problem.

These types of barriers come in to picture during the discussion and team work and it can affect a lot the final output.

> “Emotions play an important role during the debates on critical strategic issues when they are supposed to express their views. During that time different emotions rule the situation” – HR Assistant

In some cultures, people show their emotions by crying or by showing anger but at the same time, it can be considered as bad impression in other cultures. This is very different from especially from one continent to another continent. Sometimes, it’s called the difference between western and eastern culture.

In India, people usually don’t cry in front of others and in other countries, it’s Ok if you are showing your anger by crying. In some cultures, people only show the rationale behaviour and don’t tend to show their original emotions.
This can be good in some cultures and can help in maintaining the professional approach at workplace but at the same time, in different culture it may start to create the gap between the people and which may affect the team work. Hence this emotional aspect should be taken very seriously
In this chapter, I have discussed the findings from the Empirical study. I have taken into account all the data gathered by the interviews and the information gained from available relevant literature on the topic. I discussed the views of the some authors in context with the findings. Some author’s views support the findings while some other author’s views contradict the findings.

In the starting of empirical studies, I developed a model to find out the learning barriers for a start up organization and now here I am filling the various cells in the model to explain the findings.

Table 5.1: Filled Framework for Model

<table>
<thead>
<tr>
<th>Learning Barriers</th>
<th>Factors divided into activities and sub activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal</strong></td>
<td>Registration of the organization</td>
</tr>
<tr>
<td></td>
<td>Leasing/buying of land</td>
</tr>
<tr>
<td></td>
<td>Environmental regulations</td>
</tr>
<tr>
<td></td>
<td>Power supply permission</td>
</tr>
<tr>
<td><strong>Technological</strong></td>
<td>Outdated Technology</td>
</tr>
<tr>
<td></td>
<td>Non compatibility of Technology with market</td>
</tr>
<tr>
<td></td>
<td>Non compatibility of processes</td>
</tr>
<tr>
<td></td>
<td>Change in power supply</td>
</tr>
<tr>
<td><strong>Cultural</strong></td>
<td>Cognitive barrier</td>
</tr>
<tr>
<td></td>
<td>Behavioural barrier</td>
</tr>
<tr>
<td></td>
<td>Emotional barrier</td>
</tr>
<tr>
<td></td>
<td>Cross-cultural issues</td>
</tr>
</tbody>
</table>

And this model is the main basis of answering my research question.

5.1 What are the learning barriers for a start up organization in a new country?

**Legal Barriers**
- Registration of the organization
- Leasing / buying of land
- Environmental regulations
- Power supply permission

**Technological Barriers**
- Outdated Technology
- Non compatibility of technology with market
- Non compatibility of process
- Change in power supply

**Cultural Barrier**
- Cognitive barriers
In the previous chapter, empirical data and analysis gave the idea about the prospective learning barrier and they can be divided into three broad categories of Legal, technological, and cultural barriers.

Legal barriers can become very serious issues if not studied and understood well. In the empirical study, I found that the legal issues are a bunch of various legal rules and regulations which are very important to follow before starting the operation in a new country. But it’s always not possible to follow all the rules and regulations and it also depends upon the political system of the country.

Sometimes these legal rules and regulations changes when there is a change in the political scenario in that country because its very well linked with the political system and thinking. When the political system and thinking is not in favouring the Globalization then it will become tough for the foreign organizations to start their operation in a new country. This means that in this case if the acquired knowledge is codified then it might be helpful for the organizations to overcome these problems. Cowan and Foray (1997) studied this concept and they stated that if the knowledge is codified and co-modified, the ease of knowledge transfer will increase and the cost associated with such knowledge transfer will decrease. So it’s important from the organization’s point of view to keep the acquired knowledge in a standard documented form so that it can be used again in future.

Advancement in technology has enabled the quick sharing and distribution of information. No doubt, it has certainly increased the productivity also. However, in this ever-changing environment of new technology many people with disabilities are at risk of being left behind also supported by National Collaborative on Workforce and Disability Report (2005).

The adoption of a technology in a new country can be a big problem for any organization. But this problem becomes much more severe when the organization is small to medium sized (Caroline, 2008). She did a research on two small and mid-sized firms in the West Midland region of Uk and found out that the results were different. In small firms it depends upon the managers; how technical savvy they are and are they willing to accept new technology.

Jones et al (1997) says that project-based learning is a model that organizes learning around the projects. But the difficult thing is to assess what is project-based learning and what is not project-based learning because an organization can have a number of projects. One way to find out is to join a knowledge consortium so that the organizations keep them updated about the latest issues in their respective areas. When an organization starts their operation in a new country, then they are more concern about the legal and technological barriers. The one thing that most organizations follow is to become a part of any International technological consortium.
As explored by Dodgson (1993) Companies increasingly collaborate in their technological activities. This collaboration enables firms to learn about uncertain and turbulent technological change and enhances their ability to deal with novelty. These technological consortiums exist on the regional, national and international level. The most important role of these consortiums is to keep updated all his members about the latest development in technology in any specific domain and geographical area.

Larsson (1998) says that inter-organization learning is very critical and it comes into play when two organizations strategically alliance with each other to achieve market access, scale economies and competence development. Hence these consortiums play a vital role in knowledge sharing and exchanging the information and knowledge.

These types of collaboration increase the interaction between the engineers, scientists and executives of the different multinational organizations to combine together and share their knowledge and ideas. However in some times, these individual relationships are vulnerable to labour turnover and interpersonal difficulties (Dodgson, 1993).

Because when the executive and management people meet to discuss the technology issue they start to develop a relationship and this can lead to exodus turnover of employees of one organization to another competitive organization.

However it is good from the employee’s point of view because they can easily find a better opportunity for their career. But at the same time, it creates a problem to the organization because of the threat of losing their trained technical employees. Levitt and March (1988) proposed that the learning process in organization is local. It means that organizations can learn from themselves also. They can get the useful information and technology updating by the informal interaction of employees with each other. In this case, organizations should create an atmosphere within the organization so that the employees feel free to share information with each other.

Most of organizations spend lots of money so that their employees remain updated about the latest technology but when these highly trained employee’s leave the parent organization, they take themselves these technological expertises with them. This type of brain drain becomes very crucial in the organizations which are operating in new different countries.

Because in a new country, it becomes much more difficult to get the new employees with the same type of technological expertise. Hence this type of technological collaboration sometimes leads to new problem to the organizations.

Parente and Prescott (1994) said that the size of technological barriers differs across countries and time. The larger these barriers, the greater the investment a firm must make to adopt a more advanced technology. So it all depends upon the country, time line and the existing technological standard.

Technology is a relative to the market. At the same time, same Technology can be considered as very good in one market and outdated in another market (Bond and
Houston, 2003). Hence it is difficult to say that any specific technology is good for all the markets.

The findings from the empirical data shows the same result and the Chairman and Operations head were also agreed on that. Technology is a sensitive issue and compatibility of technology with the market and local power supply system is very important from the future development point of view of organization.

Bond and Houston (2003) say that Social and cultural barrier include interpretive and communication barriers between functional units and cultural barriers within the technology workforce. Interpretive and communication barriers are hard to examine because in different culture they interpret the things in a different way and that makes it difficult to understand.

As said by Solbus Chairman also that understanding the non verbal communication is the difficult part because the message goes unsaid. So it’s a challenge to understand and rightly interpret the non verbal communication and gestures.

Toomey (1998) discusses the ways in which culture interferes with effective cross-cultural understanding and she says that cognitive constraints are the first ones. Because cognitive constraints are the frames of reference or world views that provide a backdrop that all new information is compared to or inserted into.

And in the empirical study, I found that the cognitive constraints are the constraints which were rated number one barrier in learning by the Solbus and can be major concern for them. These all learning barriers lead to a problem in proper communication with in and outside the organization. And if the people are not aware of these potential barriers then there are more chances that they will become a victim of them.
Chapter - 6

CONCLUSION

In this chapter, I have provided the reader final conclusion and presented the model that I have constructed earlier. This model has been used to answer the research question. At the end, I have discussed and given the suggestion for the further research.

The purpose of this thesis is to find out the learning barriers for a start up organization in a new country and how to overcome these learning barriers.

Usually when an organization enters into a different country, it prepares itself and its employees for the new international environment. Still there are some barriers which are always new to the organizations and they struggle to overcome these barriers.

The organizations are more concern about the legal barriers and they consider it as their main barrier because it is the main hurdle in starting a operation in a new country.

The behavioural, emotional and cross cultural barriers are generally underrated by the organizations and they don’t worry much about these. The general opinion is that once the legal barriers are over the organization will be able to manage rest of the barriers. But this is not true. Legal barrier is most of the time one time barrier and once it’s over then it means that it’s over for forever or at least for some time.

Other barriers are quite different from the legal barrier because they grow with the growth of the organization. As the time progresses, these barriers start to show their ugly face and then it’s the big problem for the organizations to overcome these barriers.

These findings are totally based on my empirical findings and the data collected and information gathered during the interviews with the Solbus people and some people working in India.

These results are very specific from the country point of view (India) and the domain point of view (Automobile Industry) and hence it can not be generalised for the entire segment and for all the other countries. The results may differ depending upon the location of the country.

6.2 Recommendations

There is a need to understand the International business environment because the competition is now a day is so tough that it’s difficult to survive at a local level. More and more organizations are expanding their business on International level but only few are able to survive.

The main reasons are the learning barriers that they face in a different country. Although the organizations are fully prepared to handle the entire international learning barriers but still there is a need to give stress on specific issues.
These issues are explored by me in a case study of Poland based bus manufacturing organization ‘Solbus’ and I have divided these issues into three broaden categories e.g. Legal, Technological and Cultural barriers.

My empirical study and analysis suggest that working on these specific issues can act as a turn around factor for the organizations which are planning to emerge on International level.

All the results and findings are totally based upon the data collected and analysed. Sometimes there are chances of different interpretations of the data because the data was collected by semi structured interview. And the way people interpret different views differ from one culture to another culture.

6.3 Suggestion for future Research

During the research, a lot of questions came in my mind but due to time constraints and limited resources, I was not able to cover them all. I am sure that these questions can have the potential for the individual research.

One issue is the in depth study of the individual legal barriers specific to the domain like for the registration of automobile organization in a country has the separate registration rules than the rules for registration of a financial consulting organization.

Another important issue is the number and selection of respondents for the research. It is a good idea to take the interviews of the persons who are actually handling these processes / work like interviews with the personals who are handling the legal registration processes in that country.
Reference


APPENDICES

Questionnaire

*General Opening Questions*

- First of all my heartiest congratulations to you and all the members of Solbus family for starting new operation in UK. How you started your operation in UK last year (2007). Was it easy for you to start or you faced some problems..?
- This is the worst time for the world Economy. How is Solbus handling this situation?

*Their past experience questions*

- Why you started UK operation? Any specific reason for selecting UK as new destination
- What difficulties you faced in starting UK operation?
- Did you discuss with the employees before starting the operation in UK?
- How was the internal reaction of the employees?

*Question about learning experience and barriers*

- Did Solbus learn from this experience (starting the operation in a new country)?
- If yes, do you desire to use this experience when you will start your operation in India?
- Did you hire all the employees from UK or you transferred some employees from Poland to UK.
Final wrap up questions

- After successfully starting of the UK operation, did you ask your employee’s feedback?
- What did you learn from your last experiences?
- Any exciting thing / event, you want to tell about UK project.