

**ORGANIZATIONAL LEARNING IN NEW VENTURES:
ENHANCING ENTREPRENEURIAL SUCCESS IN THE NEW MILLENNIUM**

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ABSTRACT

Transforming information into knowledge through organizational learning is a key success factor for contemporary firms. This paper argues that new ventures can more readily become learning organizations than larger firms for several reasons including, 1) they are typically not burdened by established practices and routines, 2) they acknowledge the importance of experimentation and risk taking and, 3) they can be more flexible and responsive when new knowledge and learning insights are recognized. However, most learning research has investigated established firms and techniques for new venture learning have rarely been examined.

In this paper, three different approaches to organizational learning as it might apply to new ventures are described. *Behavioral Learning* suggests that adaptations resulting from trial-and-error learning leads to processes that confer selective advantage on a firm (Levinthal, 1991; Lundberg, 1995). *Cognitive Learning* focuses on the cognitive content of learning and the processes by which knowledge is disseminated and transferred throughout a firm such that learning by individuals changes the organization's cognitive map (Brown & Duguid, 1991; Nonaka, 1994). *Action Learning* emphasizes the ongoing process of learning-while-doing by continuously questioning and reflecting on strategies, goals and underlying values (Argyris & Schon, 1978; Senge, 1990).

Drawing on prior research and practical experience with each of these learning types in large organization, insights are applied to develop five practices that young firms can implement to become strong learners: 1) Promote continuous realignment, 2) Reward shared learning, 3) Endorse systematic debriefings, 4) Avoid "heedless interrelating," and 5) Continually questions assumptions.