Literature of (the) Learning Organization

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ARTICLE INFO	ABSTRACT
	Organizational Learning (OL), (the) Learning Organization (LO), Knowledge Management (KM) and Change Management are increasingly being used in the literature of Management. This article, by reviewing the literature of (the) learning organization looks at the roots of learning organization, how a learning organization can be created, the commercial value of learning organization and its future.

INTRODUCTION

The business landscape keeps changing. Ever-changing markets characterized by uncertainty require organizations to quickly respond and timely adopt. Philip Kotler in his recent book, Marketing 3.0 (2010) lists three major forces that shape business landscape: *the age of participation*, *the age of globalization paradox* and *the age of creative society*. Those organizations that adapt first in such a turbulent environment will have the best chance to benefit from competitive advantages and consequently survive and succeed. It has become increasingly important to engage a much boarder spectrum of employees in decision making processes and seek continuous feedback from the both internal and external environments to keep companies' cutting edge competencies.
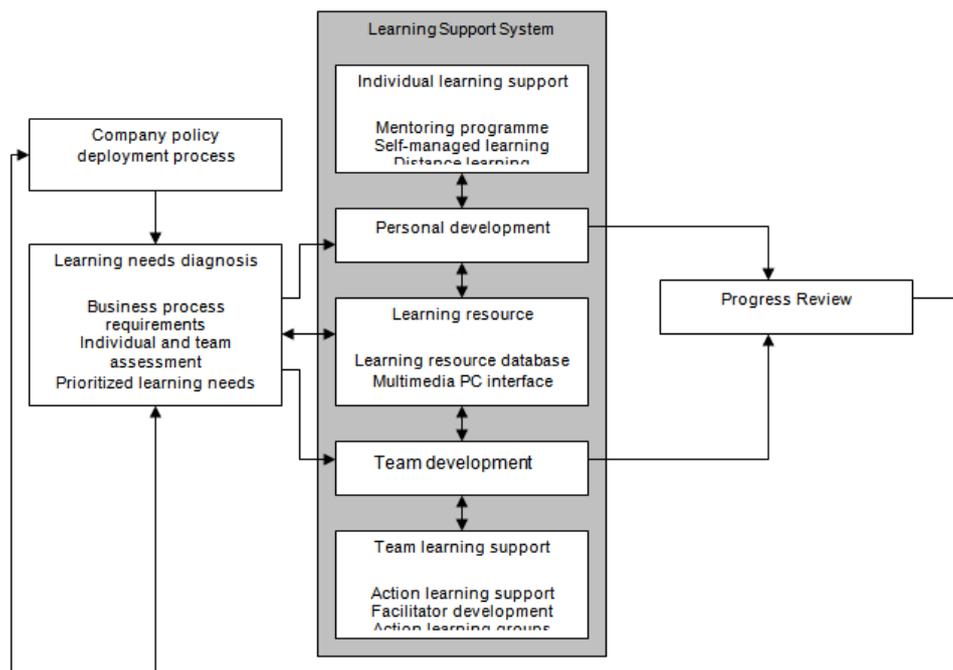
Learning Process:

Learning is a cyclical process, in that learners will connect to a network to share and find new information, will modify their beliefs on the basis of new learning, and will then connect to a network to share these realizations and find new information once more (Kob & Hil, 2008). The notion of learning is applied to a wide variety of entities: neurons, neuronal assemblies, brains, individuals, groups, organizations, societies, algorithms and machines.

According to Kolb (Kolb, 1984) the learning process consists of four stages: *Concrete experiences*, *reflective observation*, *abstract conceptualization*, and *active experimentation*. Buckler (1996) believes, the reflection stage is omitted so often and therefore inappropriate actions destined to fail. Buckler also lists the ingredients are needed for learning process to be effective as:

1) *Focus* to plot a course for the learning effort
2) An *environment* which facilitates learning
3) *Techniques* which enable learning to be effective

He developed a model to show how systematically application of learning concepts can improve business processes.

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Fig. 1: A learning Process Model
      Source: Buckler 1996

Ratner (1997) has pointed out both old and new answers to a very key question '' How we learn''?

Table 1: Old and New Answers to How We Learn

Old answer	New Answer
Knowledge is a "thing" that is transferred from one person to another.	Knowledge is a relationship between the knower and the known; knowledge is "created" through this relationship.
Knowledge is objective and certain.	Knowledge is subjective and provisional
Learners receive knowledge.	Learners create knowledge.
We all learn in the same way.	There are many different learning styles.
Knowledge is organized in stable, hierarchical structures that can be treated independently of one another.	Knowledge is organized "ecologically;" disciplines are integrative and interactive
We learn best passively, by listening and watching.	We learn best by actively doing and managing our own learning.
We learn alone, with our minds, based on our Innate abilities.	We learn in social contexts, through mind, body, and emotions.
We learn in predictable sequences from simple "parts" to complex "wholes".	We learn in wholes.
Our "intelligence" is based on our individual Abilities.	Our intelligence is based on our learning community.

Source: (Ratner, 1997)

In organizational perspective there is a common tendency to use Learning and Training more or less interchangeably. However Michael Pearn *et al*' (1998) '' Learning Organization in Practice'' highlights key differences between ''Training'' and ''Learning''.

Table 2: Training Versus Learning

	Characteristic of training	Characteristic of learning
Origins	Planned, Organized, Programmed	Organic, unfolding
Timeframe	Sporadic	Continuous, ongoing
Control	Trainer	Learner
Choice	Predetermined	Flexible, Self-determined
Energy Flow	Train the trainer	From Learner
Motivation	Not always clear to learner	Usually clear
Roles	Learner often passive	Learner active
Costs	Add-on cost	Integral to work
Impact	Variable	Often high, sometimes low
Focus	Activities and delivery mechanisms	Processes inside the person

Source: Michael Pearn et al (1998)

Organization point of view, learning means participation, not acquisition of information (Ortenbald, 2001). Pearn *et al* (1998) say "There is a risk that the trainer of the organization become separated and detached from core business of organization. As a result, training provision often meets trainers' perception of needs rather than fundamental business needs''. This risk urges organization to switch their focus from training to Learning. Education is no longer the duty and privilege of those in higher positions and skilled labour, but it is becoming the duty and need of every one (Vemie, 2007). This shift eliminates the separation of teacher from student and replaces it with dialogue between teacher and student to encourage joint responsibility for learning and growth (Cors, 2003).

Learning Organization and Organizational Learning:

The concept of the *Learning Organization* is not new. It flourished in 1990s, stimulated by Peter M. Senge's Fifth Discipline and countless other publication, workshops and websites (Garvin *et al*, 2008). As highlighted in a study (Cors, 2003) the founders of concepts of ''Learning Organization'' are Peter Senge, Chris Agrys, Donald Schon and Margaret Wheatley. The first reference to organizational learning is presented by Cyart and March (1963) in "*A Behavioral Theory of the Firm."* According to Cyart and March, companies learn from experience with the intention of adapting themselves to the conditions of the environment (Castaneda *et al*, 2007).

Peter Senge, who is known by the most as the ''father'' of Organizational learning (Dumaine, 1994) describes a learning organization as a place where people are continually discovering how they create their reality (P.Senge, 1991). A learning organization innovates an invention to replicate it at a meaningful scale and at a reasonable cost (P. Senge, 1991). A Learning Organization is skilled at creating, acquiring and transferring knowledge and at modifying its behavior to reflect new knowledge and insights. Shanta Ratner (1997) defines a learning organization as '' one in which people at all levels, individually and collectively, are continually increasing their capacity to produce results the really care about''.

Organizational Learning was also a concept that has been suggested specifically in Don Michael's book "On Learning to Plan and Planning to Learn", published in 1973 (Heijden *et al*, 2002).

The practice of *Organizational Learning* involves developing tangible activities: new governing ideas, innovation in infrastructures, and new management methods and tools for changing the way people conduct their work. Given the opportunity to take part in these new activities, people will develop an enduring capacity for change. Organizational learning occurs when the learning cycle is performed collectively in an organization. Organizational learning may take place through individuals, individuals, Elites, groups and social system (Probst and Buchel, 1997). This is when individuals come together to reflect on their experiences, collectively developing new theories, based on observation and then acting together (Heijden *et al*, 2002). The process will pay back the organization with far greater levels of diversity, commitment, innovation and talent. The term organizational learning encompasses a broad range of phenomena, including, but not limited to, desired processes of individual development and organizational adaptation, while work discussing the learning organization forms an explicitly normative subset of the literature (Edmondson and Moingeon, 1998).

10 years after the introduction of the concept, and by using entities of learning and knowledge location, Ortenblad (2001) highlighted the differences among ''old organizational learning,'', ''learning organization'' and '' New organizational learning''.

Table 3: An analysis based on alternative distinction

	Old Organization learning	Learning Organization	New organizational Learning
Entities	Individuals, the organization	Individuals	The collective (human as social beings
Existence of Knowledge	Outside individuals	Inside and outside individuals	Con not be stored-knowing!

Source:, Anders Ortenbald, 2001

Anders Ortenbald (2001) suggests three distinctions between organizational learning and learning organization.

Table 4: Differences between organization learning and learning organization

Organizational learning	Learning organization
Character of the content	
Processes	Organization form
Amount of normatively	
Descriptive	Normative
Exist naturally	Needs activity
Neutral	Preferable
Necessary	Not necessary
Obtainable	Unreachable
Known	Unknown
Group of target	
Known	Unknown

Source: Ortenbald , 2001

In general, scholars view organizational learning as a process unfolding over time and link it with gaining new knowledge to improve performance. Three representative variations on this theme will be discussed:

(1) organizational learning as a means to improve performance;
(2) organizational learning as the leveraging of what the organization already knows; and
(3) organizational learning as a relational network and/or systemic entity.

When facilitating the development of a learning organization, the organization's learning can be viewed from three levels; organizational, group and individuals (Berg *et al*, 2008).

Although there is some ambiguity about the notion of, in particular, the concept '' Learning Organization'', there is general agreement that the two concepts of organization learning and learning organization are tightly interrelated (Rowley and Gibbs, 2008). Organizational Learning and the learning organization can and should coexist (Garelick, 2005).

Five Disciplines in the Learning Organization:

A true learning organization, in Senge's (1990) opinion, employs five disciplines. These disciplines are systems thinking, personal mastery, mental models, building shared vision, and team learning.

• **Systems Thinking** is viewing a system as a series of interconnected parts where changing something affects the balance of the whole system.

• **Personal mastery** helps an individual master skill and develops a personal vision.

• **Mental models** are personal models for how individuals understand their environment and take action in that environment.

• **Building Shared Vision** involves fostering commitment rather than compliance with the mission, beliefs, and values of the organization.

• **Team Learning** – Teams according to Senge are the fundamental learning unit in modern organizations.

Each five learning discipline can be thought of on three levels (Senge, 2006):

1- Practices: what you do
2- Principles: guiding ideas and insights
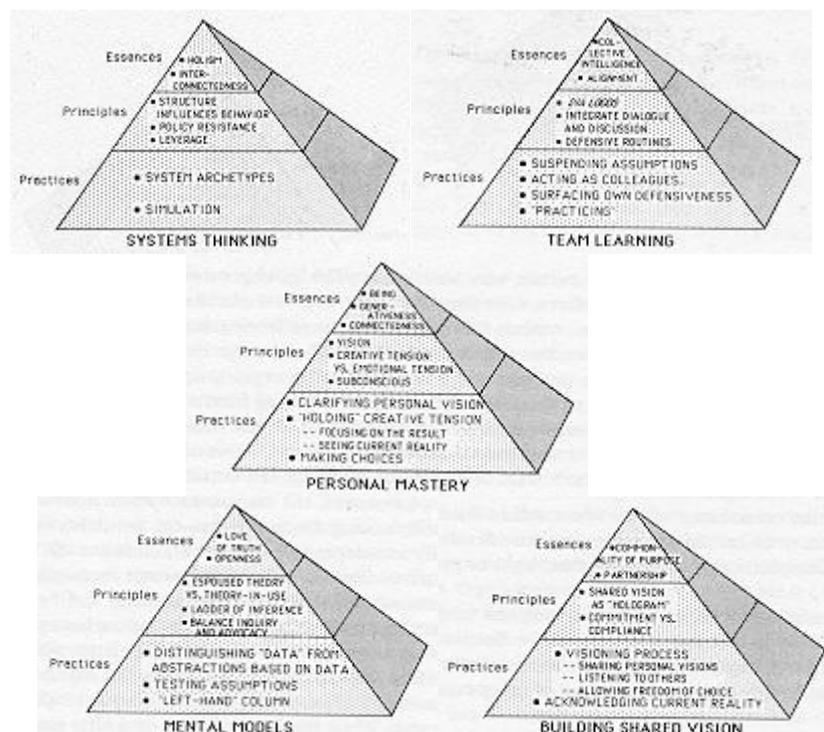3- Essences: The state of being of those with high level of mastering in discipline

Fig. 2: Levels of learning disciplines
     Source: Senge, 2006

They have mental models to guide them in the pursuit of personal mastery, and their personal goals are in alignment with the mission of the organization. Working in a learning organization is far from being a slave to a job that is unsatisfying; rather, it is seeing one's work as part of a whole, a system where there are interrelationships and processes that depend on each other.

Becoming a learning organization:

Different studies since early 1990's have been undertaken to show the dimensions, characteristics and measurements of learning organization. A research run by Corporate Leadership Council (1999) outlines the 12 building blocks to becoming a learning organization. These steps focus on the changes necessary to create a culture that embraces and encourages learning;

1. Draft a vision of the company's goals, so it can anticipate the types of learning that need to occurto reach this end state.
2. Create an executive "covenant" with employees—company leaders should actively and visiblysupport learning initiatives and hold their people accountable for continuous learning.
3. Act in accordance with principles of continuous learning—particularly in managerial practices.
4. Support a climate in which the individual and collective values and attitudes emphasize openness, trust and a willingness to share information.
5. Provide fluid job descriptions and flexible organizational structures that can quickly adapt tochanging organizational and learning needs.
6. Use technology to promote smooth information flow and easy access to all forms of knowledge relevant to the company's learning goals.
7. Encourage individuals and teams to share knowledge so that learning becomes an integral part of teamwork and cooperation.
8. Ensure that company work practices support continuous learning through information sharing, benchmarking or problem-solving techniques.
9. Align performance and learning goals with customer needs to guarantee that learning is contributing directly to the company's bottom line.
10. Design training programs emphasizing experiential learning and creative problem solving.
11. Seek to develop both individuals and teams—organizations can only learn when groups of people learn collectively, not just as individuals.
12. Create rewards and recognition programs promoting and advocating continuous learning.

Organizational research over the last two decades has revealed three broad factors (referred as building blocks of the learning organization) that are essential for organizational learning and adaptability (Garvin *et al,* 2008):

1- A supportive learning environment (Psychological safety, appreciation of difference, openness to new ideas, time for reflection)
2- Concrete learning processes and practices (knowledge to be shared in systematic and clearly defines ways, moving laterally and vertically within a firm)
3- Leadership behavior that provides reinforcement (To demonstrate a willingness to entertain alternative point of views, spending time on problem identification, knowledge transfer and reflective post-audit)

''The complete learning organization benchmark'' (Jamali and Sidney, 2008) briefly reviews the characteristics of learning organization based on various studies. Goh (2003) lists the following as building blocks of a learning organization:

1- Clarity of mission and vision
2- Leadership commitment and empowerment
3- Experimentation and reward
4- Effective transfer of knowledge and group problem solving

Organizational Forgetting; Learning and Unlearning:

Individuals and Organizations can unlearn too. More recent empirical studies also suggest that organizations can forget the know-how gained through learning-by-doing due to labor turnover, periods of inactivity, and failure to institutionalize tacit knowledge (Besanko, Doraszelski, Kryukov, Satterthwaite, *2007*) Some authors have argued that the failure to discard or "unlearn" old dominant logics is one of the main reasons why organizations find it so difficult to change, even if they see clear evidence of changes in their environment. *Organizational forgetting* is, in some ways, considered the opposite of the much more common *organizational learning.* Learning is a characteristic of an adaptive organization and so is forgetting. Learning organizations are better able to create new knowledge, to innovate more effectively and to adapt to changing environmental

conditions more quickly and efficiently, gaining competitive advantage over firms that cannot (De Holan & Phillips, 2004)
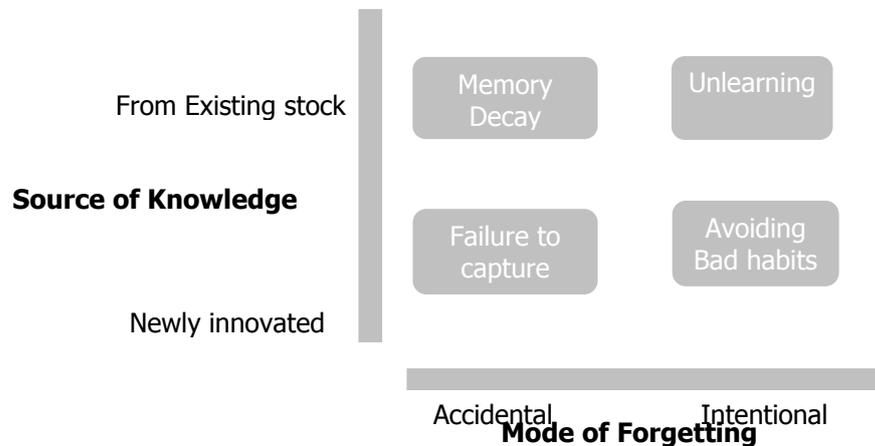
Fig. 3: Unlearning dimensions
        Source: Martin de Holan , Phillips & Lawrence, 2004, p. 47

When companies forget, they become unable to perform something that they had previously been able to do. Organizational forgetting can lead to increased competitiveness if some elements of past knowledge are interfering with the development of new capabilities. As shown in figure 3 Companies can forget knowledge in one of four ways depending on whether the loss is accidental or intentional (e.g. bad habit), and on whether the information is embedded or new to the organization (De Holan, Philips, B. Lawrence 2004)

Commercial Value of learning organization:

Are the learning organizations commercially valuable? To answer this question it is necessary to say that both organizational learning and Learning organization are closely interlinked with the concept of Knowledge Management. The more industrialized a society becomes, the more reliant on information it becomes and consequently on knowledge management and organizational learning processes to optimize the utilization of this information for competitive advantage (Walczak, 2008).

A learning organization motivates information exchange throughout the organization and knows how to transfer individual into organizational knowledge by exercising organizational learning. Some scholars define organizational learning as a process through which an organization expands its repertoire of actions, and they focus on how knowledge is acquired and distributed (Edmondson and Moingeon, 1998).

In June 2009 **Teleos**, an independent knowledge management company, named the winners of its annual Most Admired Knowledge Enterprises (MAKE) study. A panel of Global *Fortune* Global 500 senior executives and leading knowledge management/intellectual capital/innovation/organizational learning experts selects the Global MAKE Winners.

The study is based upon eight knowledge performance dimensions, each of which is comprised of dozens of knowledge processes and sub-processes;

- Creating an enterprise knowledge-driven culture.
- Developing knowledge workers through senior management leadership.
- Developing and delivering knowledge-based products/services/solutions.
- Maximizing enterprise intellectual capital.
- Creating an environment for collaborative enterprise knowledge sharing.
- Creating a learning organization.
- Delivering value based on stakeholder knowledge.
- Transforming enterprise knowledge into shareholder/stakeholder value.

Table 5 shows the top most admired companies and their ranking in 2009 and their global rank in 2009 Fortune 500 list. By looking at the rest of the list some more familiar names such as Microsoft, Samsung, Hewlett Packard, Accenture, British Broadcasting Company (BBC) and Schlumberger and Deloitte Touche Tohmatsualso are also listed.

Table 5: Enterprises Receiving the Most 2009 Global MAKE Nominations and their Fortune 500 rank

Company	Sector	Global 500 rank	Revenue ($ millions)
Apple	Computers and electronic consumer products	253	32,479
Fluor	Engineering & construction	412	22,326
General Electric	Diversified manufacturing and financial services	12	183,207
Google	Internet searching services & portals	423	21,796
IBM	Computers & office equipment and IT solutions	45	103,630
Infosys	Technologies Information & technology services	-	-
McKinsey & Company	Management consulting	-	-
Nokia	Networking communications	85	74,224

Source:

1-2009 Global Make study executive summary: www.knowledgebusiness.com

2-Annual ranking of the world's largest cooperation: http://money.cnn.com/magazines/fortune/global500/2009/full_list

From a Critical to an Ethical view:

Some authors, such as Tosey (2005) and Grieves (2008) are not optimistic for the future of the learning organization as an idea criticize the practicality of it. Grieves says ''the ideal of the learning organization, to which organizations could aspire, is an impracticable and unobtainable myth precisely because it is constructed as a social fact''. Some concern about the limited success of knowledge Management (KM) initiatives in organizations and the complexity and hyper turbulence of organizational environment and their consequences for strategic leadership. Organizational theorists have started to seek something beyond knowledge and are looking to understand the role of Organizational and Managerial Wisdom (Golsing and Minztberg 2004).

Finger and Bűrgin Brand as quoted by Smith (2001) argue the following points as the shortcomings of the learning organization:

-   **Focuses mainly on the cultural dimension**, and does not adequately take into account the other dimensions of an organization.

-   **Favors individual and collective learning processes** at all levels of the organization, but does not connect them properly to the organization's strategic objectives.

-   **Remains rather vague** The exact functions of organizational learning need to be more clearly defined.

On the other hand some researchers by taking a value-driven approach still see areas to develop and enrich the concept of learning organization. They discuss the role of ethical values in the learning organization and how it makes it important as a paradigm for the new organization. That is what ultimately makes it a workplace that can evoke the commitment of workers. Ethical concerns of the organization towards its stakeholders and the whole society, lead us to a new concept, ''Wise Organization''. The practically wise organization is sustainable in dynamic, complex environments in which the interests of multiple stakeholders must be accommodated. It captures knowledge and learning created by a deliberate engagement with its environment and becomes skilful at the engagement through experience, practice and judgment (Rowley and Gibbs, 2008). That is a paradigm shift. The Learning Organization approach is not just about improving productivity and work satisfaction; it is also about the fundamental ethics of the workplace and the marketplace (Sugerman, 1996).

Conclusion:

In today's uncertain economic times, it is vital that our capacity to improve and innovate exceeds the rate of change imposed on our organizations and to learn faster than the competitors. It is essential, therefore, that managers realize that their people's performance depends on their ability to learn. They need to understand the learning process and know how organizations learn and to facilitate its application throughout their areas of responsibility. A company is a learning organization to the degree that it has purposefully built its capacity to learn as a whole system and woven that capacity into all of its aspects: vision and strategy, leadership and management, culture, structure, systems, and processes among them (Cors, 2003). In the learning organization, "hero leaders" are not rewarded. Rather than being encouraged as experts who make unilateral decisions, leaders are encouraged to enlist widespread involvement, ensuring that individuals and teams affected by decisions play a key role in helping to make them (Laiken, 2001) The changes demanded by (the) learning organization approach cannot be mandated, but they can be led. They cannot happen rapidly, but as they begin to happen they can lead to major improvements (Sugerman, 1996) This becomes more important once we look at the major trends in today's economy; *increasing use of knowledge workers*, *new workforce generation* and *collaborative and age of participation*.

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