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The Challenges of Becoming a Learning Organization

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ABSTRACT

Due to globalization and expansion of companies worldwide, they face new issues that are related to communication and learning. The concept of learning organization was based on the increasing importance of customer's preferences in achieving competitive advantage. This paper tries to look at the meaning and importance of learning organization, and look at Apple Inc. as a true example of a successful learning organization. This paper could be helpful for those companies that are thriving to become a learning organization.

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INTRODUCTION

In the modern business world, only companies that update their procedures, improve their employees' skills and knowledge, and adapt to the fast changing business world will survive. In between, continuous employee training has become a fundamental and crucial part of this battle of survival. In the past decade, this factor has gained even higher importance due to the rapid technology development, increasing impact of customers' tastes and demands, sudden changes in the market, and entering new markets and globalization. Some scholars believe that learning is the right respond to these changes.

This increasing importance, and vitality lead to new concepts such as learning organizations. Different scholars have defined learning organization differently. Fiol and Lyles (1985) defined it as the process of improving a company's activities via understanding and knowledge. Stata (1989) defined learning organization a process that is based on the previous knowledge and experience and happens through sharing knowledge, mental models, and insight. Argyris (1977) mentioned that learning organization is correcting the previous mistakes.

What all these definitions have in common is the true nature of learning organization; continuous learning at the workplace and knowledge sharing. The learning organization has become an important concept in the modern business, as an ideology of values, structure, and prescriptive strategies. A learning organization has certain criteria; offering non-top learning environment, encouraging knowledge sharing among employees, promoting team working, and team learning, using especially designed systems to improve the knowledge sharing and learning experience, and connecting the organization to its environment.

Despite the importance of learning at organization, and awareness of companies about the learning organization concept, many of the companies attempting to become a learning organization fail. Here, we take a look at the learning organization from a critical point of view, including its basis and fundamental factors of success and failure, and then we take a look at some learning organization success stories, and give some recommendation for the companies in the path of becoming a successful learning organization.

Critical Review:

The industrial revolution led to massive changes in the organizations, including higher level of complexity, and flexibility. As a result, organization models also adapt to this new era, by offering higher level of liberty and flexibility for the employees. The first organization model called knowing organization was created in early 1980s, and was offered to increase organizations response to the changes in the environment, however these changes were not a result of learning. The second organization model in early 1980s created to overcome the implementation disadvantages of the previous model. This model included middle level managers in the organization plans and decision-making. The third model in late 1980s, focused on employee empowerment and involvement in organization planning. This model was created to improve organizations desire to change. However, it lacked a very important aspect; learning. By that time, scholars have known that learning is an essential part of origination improvement. As a result, the fourth organization model, called learning organization was offered in early 1990s.

Organizational learning theory, which is one of the important bases for learning organization concept was first created in the 1980s. this theory states that companies have to change their goals and processes to gain competitive advantage. It starts by gaining data through internal and external sources. Continues with interpreting these data into meaningful information, and finally taking action and learning from the information acquired (Daft & Weick, 1984). Diagram below, shows the most common illustration of organizational learning.

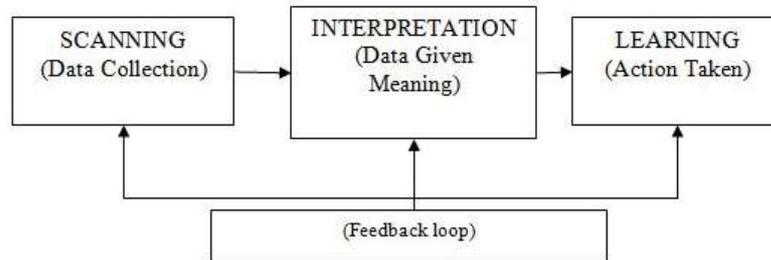


Diagram 1: Organizational Learning Diagram.

The next major basis of learning organization concept is Total Quality Management concept in 1980s. The concept of quality existed long before Total Quality Management. For example, in 1940s quality of products was checked through statistical sampling. However after 1980s, the meaning of quality changed and became what customers' perceive as high quality. This customer-oriented version was designed to target the needs in the modern business world, where customers are at the primary position. As a result, total quality management was conceptualized based on continuous improvement, employee empowerment, and customer focus. Quality tools such as diagrams, Pareto charts, and control charts are complimentary part of total quality management (Dean & Bowen, 1994).

One of the most well known scholars who have worked on learning organization concept is Nonaka. Nonaka states that learning only happens at individual level, and organization can improve this process. Nonaka also mentions that there are two types of knowledge; tacit and explicit.

Tacit knowledge is the knowledge from an individual's inner-self. It comes naturally and happened unconsciously. It is based on personal experience, and knowledge. Therefore, experts and newcomers differ in this type of knowledge. It improves by additional experience, and practice. On the other hand, explicit knowledge is the formal transition of knowledge of information by offering examples, experiences, and examine. In an organization, explicit knowledge is in form of documents, forms, reports, databases, and formal training programs. One of the main differentiations of tacit and explicit knowledge is that the first happens at an individual level, while the latter takes place in form of team, in other words explicit knowledge is collective learning. Nonaka says that knowledge creates when tacit knowledge changes into explicit knowledge. Based on his studies, this conversion can be in four forms:

1. Tacit to tacit: this mode of conversion means sharing of tacit knowledge, and result is a new mind set, and increased understanding around a subject. It is also called socialization.
2. Tacit to explicit: in this form of conversion, a person uses metaphors and analogies to better understand an issue, or situation. It is also called externalization.
3. Explicit to explicit: this mode of knowledge conversion happens when knowledge and concepts are combined to create a knowledge system. It is also called combination.
4. Explicit to tacit: this conversion of knowledge happens when individual learn a new thing, or concept through explicit learning, and then it becomes a part of his tacit knowledge. This form is also called internalization.

"Is yours a learning organization?" is a well-known article first published in 2008 in Harvard Business Review. This article is well written. It is consistent from beginning to the end, and is a very good example of practical and effective article. The whole idea of this article was offering a better understanding of three fundamentals of learning organization, and how to use a diagnostic tool offered by authors to evaluate the performance of a team, group, or whole company in each of the fundamental blocks; supportive learning environment, concrete learning process, and effective leadership. By using the tool offered in the article, companies understand the hinder points in any of the three blocks, and consequently can improve them towards becoming a better learning organization. This article can be handy especially for small or medium sized organizations to achieve learning organization concept.

One of the important vague points in this article is the difference between learning organization and organizational learning. Some scholars believe that learning is equivalent to competitive advantage. Organizational learning is linked to new knowledge development, and said that can change the behavior within an organization. Organizational learning can occur at any level and with different speed in an organization. Based on literature review, there are two main differences between organizational learning and learning

organization. First, it should be noted that learning organization is a form of organization, whereas organizational learning is the process of learning in an organization. The second main difference is that learning organization is the result of hard-work and goal planning to achieve such concept, while organizational learning happens everyday in an organization, only the degree and depth changes and can be planned (Ortenblad, 2001).

There are certain principles that companies should follow for successful learning organization implementation. In one study, five principles were defined; understanding the people's capabilities, potential, and goals, understanding the people's beliefs, working in a group and effective team collaboration and learning, working based on mutual goal, dream and desires, and ability to look at the organization as a whole.

Another study by Garvin (1990) states that successful learning organizations are powerful in five areas; problem solving, test and experiment, correcting past mistakes, benchmarking their progress, and effective and efficient knowledge sharing.

Problem solving: this ability is significantly related to improving quality. Systematic problem solving is solving a problem by using scientific methods, and using relevant data. Systematic problem solving is based on Deming's cycle of "Plan, DO, Check, and Act" and usually solves the problem by creating a hypothesis. Systematic problem solving means solving the problem in hands by using relevant data, rather than pushing the right answer. Experts use statistical tools such as diagrams, charts, regression, and pies to evaluate the situation in hand and find the best solution.

Test and experiment: successful learning organizations involve continuous knowledge seeking and sharing. Knowledge comes from testing the data. Testing is usually used to improve and develop the company's current activities. In this context it is different from systematic problem solving, which tries to solve a problem in hand. These experiments can be for designing a new product, developing the current product, or enhancing the service. For example, Apple Inc. performs tests for each of its products to offer most innovative and practical gadgets.

Correcting the previous mistakes: well-known philosopher George Santayana says those who do not learn from the past mistakes, often repeat them. Unfortunately this is the story of many organizations. Learning from the past experience is an important part of a learning organization. Reviewing the past failures and successes not only help the organization to create a better understanding of its potentials and improvement paths, but also improves the employee's participation and loyalty towards organization mission. A study of 150 companies showed that they used the knowledge from the past failure experiences to achieve success. A good example of learning from past is IBM. IBM's 360 series that were one of the most popular computers were actually designed and created based on a failed project.

Benchmarking the path: knowledge comes from internal and external sources. A successful learning organization is the one that uses and manages both. Benchmarking companies' efforts is a good way to evaluate the improvement. Benchmarking with other players gives the company this opportunity to understand its position in comparison with similar companies. Learning from outsiders can be even from a company in a completely different field.

Knowledge sharing: a learning organization facilitates knowledge transferring and sharing among its different parts. The hold idea behind knowledge sharing is that knowledge this share of knowledge should be done at the lowest time, and effort. Many companies use Information Systems to facilitate knowledge sharing. Reports and written documents are another form of knowledge sharing. Such reports provide a good history of company's activities and also can be used for future employees reference and training purposes. Multimedia forms are also another common way of knowledge sharing, including videos, clips, and documentaries (Garvin, 1990).

Application to Organization:

This section takes a look at Apple Inc. as practical example of learning organization. in 2010, glassdoor.com, a popular website surrounding organizations, and their employees' opinion about them ranked Apple Inc. as one of the top 50 places to work from employees' perception. One of the main reasons that Apple Inc. is known as a learning organization was Steve Jobs. Steve Jobs was a charismatic, transformational leader that was well known for his understanding of employee empowerment, and innovation. The next factor the fact that Apple Inc. has an environment that support learning. In 2009, Apple Inc. was the winner of the Global Most Admired Knowledge Enterprises. At Apple Inc. training is highly essential. Apple Inc. employees receive continuous training after getting the job. Brainstorming, innovation, new ideas, and new technology are the crucial fundamental keys for companies like Apple. Apple Inc. truly understands that in the current business world, competitive advantage comes from successful administration plans.

In the recent years, Apple Inc. used learning organization concept to enhance the market position of its subsidiary in Japan. Until 1989, Apple Japan possessed less than 1 percent of Japan's personal computer market. When Apple headquarters decided to improve their share in Japan market, the first step was changing the company's president. The new president, moved Apple Japan slowly to become more active in Japan market, and by the end of 1995 Apple Inc. reached over \$1 billion annual sales, and almost 15% market share. But how

did this happen? In 1989, Apple Inc. started asking for professional consultancy from Arthur D. Little, a well-known consultant in information technology, company improvement, and restructuring organizations. Apple Japan asked D. Little a plan to penetrate the Japanese personal computer market that was already flourishing with famous Japanese brands. What D. Little proposed was well-designed plan that included brand reposition, increase the number of distributors, enhance customer management, and learning organization concept.

In order to implement learning organization techniques, Apple used the Senge's five famous learning organization disciplines; team learning, shared visions, mental models, personal mastery and system thinking.

In terms of team learning, Apple Japan improved the teamwork and training for team members. Apple also encouraged its employees to make training and team learning as the main theme of their meetings. By doing this, all employees were able to share their ideas and visions towards the mutual goal. Prior to these changes meetings and group work were the basis of Apple Inc., however after the changes in company perspectives more time was consisted to the group meeting, group brainstorming, and team learning. The result was increased understanding of the company procedures, goals, and vision. Another positive outcome of team learning and team training was increase in each employee's input in their tasks. Consequently, employees' performance boosted and company's sales increased.

The next step, was creating a shared vision. One of the most important factors in accomplishing any group-based goal is achieving the mutual understanding and establishing the idea of same goal among the members. The next important thing is that the vision should be clear, achievable, and understandable for all the members. In case of Apple Japan, company announced its new agenda to improve learning in the company. All the employees became familiar with the learning company concept. Company provided details of the improvements, through communities, brochures, and agendas. As a result, all the employees understood what they are going to achieve and a shared vision was established.

Creating a mutual mindset was another major change in Apple Japan. In each organization, every employee has his own mental model. One of the important steps to become a learning organization was aligning the employee's mental model into a mutual line. A major advantage for Apple Japan was improving the efficiency of the learning process, and turning among employees. After a while, the training programs of Apple Japan showed higher results, and employees tend to improve faster towards organization goals.

In terms of personal mastery, Apple Japan managers encouraged their staff to become more challengeable. For example, more challengeable goals were set for each team, and in the team training, the sessions were designed in a way that encourage employees by offering non-routine examples.

One of the difficult parts for Apple Japan was creating systematic thinking within the organization. Apple Japan had the goal of creating a systematic thinking that involved all the previous factors, and brought them to action. As a result, employees became able to be more involved in decision-making and goal setting. Under this theme, employees were encourages to take part in planning while considering the benefits for company as a whole, not their own desires. The pace of change at Apple Japan was steadily and slowly. As a famous quote says, patience is the key.

Learning at Apple Inc:

Apple Inc. uses learning cycle in all its subsidiaries. Learning cycle consists of four stages; generate, integrate, interpret, and action. Diagram below shows the learning cycle at Apple Inc.

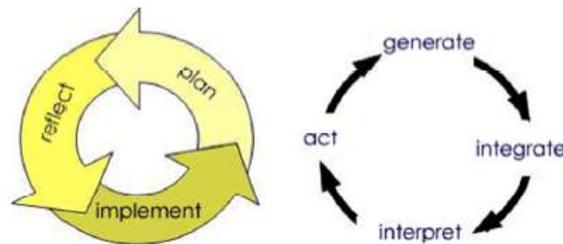


Diagram 2: Apple's Learning Cycle, Source: (Fotovati, *et al.*, 2012).

At the first stage, Apple collects data in a continuous form. For example, in product development section, designers are encouraged to bring up any new ideas, and any new information. Apple Inc. promotes innovation and creativity among its employees, which improves by access to relevant information. The next step is analyzing all the data gathered. By doing this, the data from supposedly irrelevant sources link and bond connection and form information. For example, in order to improve product development Apple Inc., gathered data from various sources; employees ideas, competitors moves, new technologies on hand, and R&D developments.

At the third stage, Apple distributes the knowledge among employees. Apple Inc. performs it via its high tech Information System. By doing this, all the employees gain access to relevant information, which helps them

to improve their outcomes. This step involves high interaction among employees, while respecting each other's boundaries, differences, and freedom. Criticizing is welcomed and employees are free to express their opinion. For example, any employee from any level can bring out an idea about improving the company.

At the fourth step information is interpreted. This means that company interpreted the analyzed data and information into knowledge that its employees can use to enhance their performance towards organization goals.

The well designed monitored, developed and up-dated learning process, impressive leaders like Steve Jobs who encourage innovation and creativity, and are true models of charismatic leadership, consulting great advisors to overcome business difficulties, patience and steady movement in the way of improvement, benchmarking the improvement, continuous learning, and encouraging training, knowledge, and innovation, openness to criticism, and understanding organizational learning have made Apple Inc. as a true example of successful learning organization.

Recommendations:

Creating a learning organization is not an easy task, it takes careful planning, massive effort, and continuous improvement. The review of the successful examples such as Apple Inc. and Ford, show that they have built there organization through cultivated attitudes, commitment, wise management, and following steadily and slowly improvement. The slow movement and patience is a crucial factor in building learning organizations, however there are some fast changes that companies can make. These simple changes can change the organization into a more learning enhanced, and developed one.

One of the initial steps into becoming learning organizations is creating and encouraging an environment based on learning. An environment conducive to learning creates better options and improved access to learning tools. Such environment involves offering employees time to reflect and analyze. It encourages them to involve in planning and decision-making processes, and is open to new ideas. A good example is Apple Inc., a successful learning organization that promotes creativity, idea generation, and innovation. Studies show that learning rate decreases when individuals are under rush, or stress. The role of top management in creating an environment that encourages learning is undeniable. In fact, top management level can facilitate employees' access to training, and reduce their busy time and offer learning opportunities with minimum stress of loosing their job. Studies show that employees' tend to not ask about their difficulties at work, as they are afraid that it leads to loosing their job. Companies should create a motivate environment that encourages employees to learn and improve.

Another easy step for companies is adding learning organization elements such as brainstorming, problem solving, experimenting, and learning skills to their agenda. Studies show that employees tend to interact much easier and more positive through brainstorming sessions. On the other hand, such sessions improve their overall understanding of the organization vision.

Benchmarking the path is another important aspect. A successful learning organization knows its current situation, its past experience, and where it will be in future. Like any other goal in an organization, becoming a learning organization needs measuring the success. It is advisable that companies record their performance, and improvements. Benchmarking a company and recording its improvements is a crucial part of becoming a learning organization (Garvin, 1990).

However, comparing with the record is not enough. A successful learning organization compares itself with successful examples in the industry. This means that while a company may seem highly efficient at its learning outcomes, and training programs, it may be at a low position compared to its serious competitors. So it is crucial that companies not only compare themselves with their past, but also compare and benchmark their performance with their competitors'.

What companies should understand is that leadership alone is not enough to make a learning organization. there is need to use the human resources to achieve the organization goals. A successful leader is a true model of desired behaviors in an organization. a successful learning organization comes form open-minded leaders that encourage their employees to critic them and stand hearing negative feedback. A learning organization is based on leaders that patiently listen to their employees' need, ideas, and thoughts (Garvin, *et al.*, 2008).

Companies should encourage their employees to make attempts towards new dimensions, even if they make mistakes. Studies show that learning after making a mistake is one of the most effective types of organizational learning. Postponing punishment, and instead focusing on the source of the failure and improve the future programs is highly recommended.

On the other hand, those rewarding expertise not only encourages them to improve their knowledge, but also insures them that they are important and needed. in the business world today, expertise is needed to survive. Companies that reward their expertise tend to show higher pace in improvement. Reward should not be only financial, offering new positions; more challenging tasks, and creating enhancement opportunities are some good examples. Today, many companies support their valuable human resources to improve their expertise by offering them additional training programs. For example, a company may offer apprenticeship program to its

selected candidates to convert them from junior level management into top-level management. Such investment benefits both employees and company.

Finally, it should be noted that learning is multidimensional. In most of the cases companies tend to improve their performance in a certain area. As an instance, they might encourage new ideas, or offer more time to their employees for feedback and reflection. In reality, learning has various dimensions. In order to become a learning organization, organizations should pay attention to these multi dimensions. The lack of attention to other dimensions and factors usually leads to failure, or low results in an organization. A successful learning organization improves simultaneously in all dimensions of personal mastery, systematic thinking, mental modes, shared vision, and team learning.

Conclusion:

The concept of learning organization is gaining more importance and the number of scholars focusing on it also increases. Learning organization is different from organizational learning. In fact learning organization is based on organizational learning, and several other concepts, and is more vast and practical (Garavan, 1997). Learning in an organization can be tacit or explicit, at the implicit level that happens individually each person has knowledge, wisdom, and information. The explicit learning on the other hand is a result of team training, group discussion, and other forms of training and learning. The idea of learning organization is developing, and improving learning at different levels of an organization. Based on this concept, organization is a system consists of individuals and groups, it is advisable that companies change this perceptive and focus more on individual learning as well. While learning organization is an interesting concept, making a successful change to become one is not as easy as it might appear. However, companies can improve their attempt by making attention to multidimensions of learning organization. Attention to systemic thinking, creating an environment that encourages employees to express their ideas and learn new things, creating a shared vision among employees, assigning leaders that are open to criticism, are willing to listen, and encourage employee empowerment are some of the factors that can lead to a successful learning organization. The current trends in learning organization are innovation, creativity and invention. As a result, offering appropriate learning tools and information systems can massively enhance the learning outcomes.

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