LEARNING ORGANIZATIONS AND SUSTAINABLE COMPETITIVENESS

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DECLARATION

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ABBREVIATIONS

IO	Industrial Organization
IT	Information Technology
KBV	Knowledge-Based View
MIS	Management Information System
OD	Organizational Development
PAR	Participatory Action Research
PCG	Primary Care Group
RBV	Resource-Based View
U.S.A.	United States of America

ABSTRACT

This article is a conceptual study of the learning organization, which is believed to facilitate sustainable competitiveness. The article examines the various definitions given to the learning organizations by various writers and the characteristics that are pertinent in learning organizations.

A historical perspective of learning organizations is provided. A critical review and synthesis of literature is done on the learning organization as a means to build and maintain sustainable competitive advantage. The article examines the various theories in creation and maintenance of competitive advantage, which include Porter's five forces model, the resource-based view and the knowledge-based view. The usefulness of being a learning organization as a way to respond to strategic change is highlighted.

A critical review is done of the disciplines in building the learning organizations as propagated by Peter Senge, which other writers have also evaluated and commented on. The core disciplines include personal mastery, mental models, team learning, shared vision and systems thinking.

The article considers learning within organizations as ultimately tied to culture and structure. Various cultural and structural aspects that promote learning organizations are highlighted. Case studies of three organizations have been used to show the application of the concept of learning organizations. The article finally provides the research context for learning organizations and the expected future directions.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Organizations operate in a world full of ever increasing challenges caused by high levels of environmental turbulence. A clear concept of corporate strategy and strategic planning requires on going surveillance of the changing environment, objective analysis of strengths and weaknesses of the firm and a carefully managed process of marching up the firms' capabilities with the changing opportunities (Webster et al, 1989). Learning in organizations is therefore paramount. Organizations seek to learn what is required to enhance their capability to cope with the changing environment. The resource-based view (RBV) required firms to compete based on their unique or distinctive capabilities, competencies and resources capabilities (Hoskisson et al, 1999).

The importance of learning was first put forward by a Chinese philosopher, Confucius (551-479 BC). He believed that everyone would benefit from learning, "without learning the wise become foolish, by learning the foolish become wise", "Learn as if you could never have enough of learning, as if you might miss something" (Chau,1996). Here we see that Confucius statement ties up well with the need for the current organizations that seek to continuously learn to cope with the dynamic environmental changes.

Marz et al (1999) have observed that some employers see workers as being conservative and difficult to change. The corporation, which is able to quickly learn and innovate in their work, will be able to change their work practices to perform better in the constantly changing environment. Change is now measured in terms of months, not years as it was in the past. Business re-engineering used to concentrates on eliminating waste and not on working smarter and learning (Marz et al, 1999).

Collecting and evaluating information on competitors is essential for successful strategy formulation (Daniel et al, 1993). It is necessary for a firm to learn what the competitors do better and seeks ways of even being better or doing things differently but producing better results. Good competitive intelligence in business, as in the military, is one of the keys to success. The more information and knowledge a firm can obtain about its competitors, the more likely it can formulate and implement effective strategies (Daniel et al, 1993). Major competitors' weaknesses may represent external opportunities, indicating where a firm may want to learn, perfect itself and remain unreachable. On the other hand major competitors' weaknesses may represent threats and indicating what needs learning and improvement to be able to be competitive (Daniel et al, 1993).

The basic rationale for learning organizations is that in situations of rapid change only those that are flexible, adaptive, and productive will excel. For this to happen, it is argued, organizations need to discover how to tap people's commitment ad capacity to learn at all levels (Senge, 2000).

Once a firm defines its objectives and its strategies all work done should be in support of these strategies to ensure the objectives are achieved effectively. It is important that effective coaching takes place to ensure all people in the organization have learnt and have a good clear understanding of what is expected of them, to achieve the expected objectives (Treacy and Wiersema, 1997). Once employees clearly understand the direction the organization wishes to take then in determining their developmental plans they consider the areas in which they need to learn in order to carry out the plans they have to achieve the outputs expected of them as contribution to overall strategy implementation.

1.2 THE MEANING OF LEARNING ORGANIZATION

Sandra Kerka remarked in 1995 "there is not...a consensus on the definition of a learning organization". Indeed little has changed since. Garvin (2000) recently observed that a clear definition of the learning organization has proved to be elusive. A number of writers have however provided the definitions below.

Senge (1990) defines learning organizations as organizations where people continually expand their capacity to create the results they truly desire, where new and expensive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning to see the whole together. According to Peddler et al, 1991 a learning company is a vision of what might be possible, it is not brought about simply by training individuals; it can only happen as a result of learning at the whole organization level. A learning company is an organization that facilitates the learning of all its members and continuously transforms itself. Karash (1995) specifies that a learning organization is one in which people at all levels, individually and collectively, are continually increasing their capacity to produce results they really care about. According to Watkins and Marsick (1992) learning organizations are characterized by total employee involvement in a process of collaboratively conducted, collectively accountable change directed towards shared values or principles. McGill et al (1992) describe the learning organization as a company that can respond to new information by altering the very programming by which information is processed and evaluated.

A learning organization is one that seeks to create its own future; that assumes learning is an ongoing and creative process for its members; and one that develops, adapts, and transforms itself in response to the needs and aspirations of people, both inside and outside itself (Navran Associates Newsletter, 1993).

We can see much that is shared as well as some contrasts in the definitions above. Pedler et.al appear to approach learning organizations as something that is initiated and developed by senior management - they involve a top-down, managerial imposed vision (Hughes and Tight, 1998). This can be contrasted with more "bottom-up" or democratic approaches such as that hinted at by Watkins and Marsick (1992). Some writers have looked to the learning company, but most have proceeded on the assumption that any type of organization can be a learning organization. A further crucial distinction has been reproduced from the use of theories from organizational learning. This is the distinction made between technical and social variants (Easterby-Smith and Araujo, 1999). The technical variant has looked to interventions based on measures, such as the learning curve (in which historically data on production costs is plotted against accumulative output of a particular product). There is a tendency in such approaches to focus on outcomes rather than the processes of learning. The social

view of the learning organization looks to interaction and process - and it is this orientation that has come to dominate the popular literature.

What learning organizations do is set us free because employees no longer have to be passive players in the equation; they will learn to express ideas and challenge themselves to contribute to an improved work environment by participating in a paradigm shift from the traditional authoritarian workplace philosophy to one where the hierarchy is broken down, and human potential is heralded. Learning organizations foster an environment wherein people can "create the results they truly desire," and where they can learn to learn together for the betterment of the whole (Rheem, 1995).

The perfect learning organization is not an attainable goal; it is merely a desirable concept: there is not correct implementation of the learning organization. Every organization can continuously adapt and adjust and some will be better learning organizations than others, but every one of them has something new to learn (Marz et al, 1999). A learning organization is just a means to a business goal, created to improve productivity and most importantly profit. Quite how long this philosophy will remain fashionable is unknown. What is certain is that for any company in today's global market place continuous change and adaptation is the only way to survive (Marz et al 1999).

1.3 LEARNING ORGANIZATIONS AND ORGANIZATIONAL LEARNING DISTINGUISHED

Organizational learning is an area of knowledge, within organizational theory, that studies models and theories about the way an organization learns and adapts (Kim, 1993). In organizational development (OD), learning is a characteristic of an adaptive organization, that is, an organization that is able to sense changes in signals from its environment (both internal and external) and adapt accordingly. OD specialists endeavor to assist their clients to learn from experience and incorporate the learning as feedback into the learning process.

Studies of organizational learning can be distinguished from studies of a related concept, the learning organization. The latter, in general, uses the theoretical findings

of organizational learning and other work in organizational development in order to come up with specific recommendations about how to create an organization that continuously and effectively learns (Kim 1993).

Several models have been proposed that facilitate understanding of organizational learning. Chris Argyris (1992) distinguishes between single-loop and double-loop learning, related to Gregory Bateson's concept of first and second order learning. In single-loop learning, individuals, groups or organizations modify their actions according to the difference between expected and obtained outcomes. In double-loop learning the entities (individuals, groups or organization) question the values, assumptions and policies that led to the actions in the first place; if they are able to know and modify those, then second-order or double loop learning has taken place. March and Olson (1975) attempt to link up individual and organizational learning in their model. Individual beliefs lead to individual action, which in turn may lead to an organizational action and a response from the environment which may advice improved individual beliefs and the cycle then repeats over and over, learning occurs as better beliefs produce better actions.

Kim (1993), as well, in an article entitled "The link between individual and organizational learning" integrates Argyris, March and Olson and another model by Kofman into a single comprehensive model; further, he analyzes all the possible breakdowns in the information flows in the model, leading to failures in organizational learning; for instance, what happens if an individual action is rejected by the organization for political or other reasons and therefore no organizational action takes place?

1.4 A HISTORICAL PERSPECTIVE OF THE LEARNING ORGANIZATION

Until the 1900s major research into 'the art of learning' had not started. In the 1950s the concept of systems thinking was introduced but never implemented. Gould-Kreutzer Association, Inc. defined systems thinking as "A framework for seeing interrelationships rather than things; to see the forest and the trees" (Azzorpardi, 2007). Organizations need to be aware of both the company as a whole as well as the

individuals within the company. Up until the introduction of this concept, companies concentrated on their own needs not the needs of their workers (Azzorpardi, 2007).

In 1947 Macys Conference was organized by Margaret Mead, Gregory Bateson and Lawrence Kubie which brought "systems thinking" to the awareness of a cross disciplinary group of key intellectuals. System thinking, which was effectively introduced in the 1950s tried to change the managerial view so that it included the ambitions of the individual workers, not just the business goals (Keen et al, 1978). One of the systems used was called the Decision Support Systems (DSS). This was for the use of corporate executives to help them make decisions for the future (Turban et al, 2004). It was in fact the building of the models, which defined the systems that benefited the management rather than the system's operation. This was because the building of the model focused on what the business really was and the alternatives available for the future (Keen et al, 1978).

One benefit of DSS was that it made implicit knowledge explicit. This makes extra knowledge available to the organization and will allow the organization to learn better because explicit knowledge will tend to spread faster through an organization. In this respect DSS can be considered as an additional method of communication in organizations. This systems tool was predicted to be necessary for every executive desktop but this did not happen (Keen et al, 1978).

In the 1970s the same idea was renamed organizational learning. One of the early researchers in this field was Chris Arygris from Havard. He published a book on the subject in 1978, but even with this published information on the concept it still wasn't physically taken on by any companies (Abernarthy, 1999).

In the 1980's companies discovered learning as a new source of competitive advantage (Senge, 1992). This lead to 'capabilities-based' competition, which included the capability of learning and arising from learning. Many people, like Peter Senge who is one of the modern day gurus, have continued a long this line of research. Information on the topic has been passed on to various companies, which are now trying to become learning organizations (Senge, 1992).

In the world today organizations operate in a dynamic environment with an increased pace of change. This has driven them to seek to become learning organizations. If the change over to a learning organization happens overnight the environment around the workers will be complex and dynamic. There will be agitations and confusion, which means learning, may not take place because of the chaos caused. It can therefore only be introduced into a company that is prepared to reach a balance between change and stability, that is, a balance between the old and the new (Scon, 1983). Organizations must interact with the environment so that the environment must be suitable for that interaction (Scon, 1983).

1.5 TYPES OF LEARNING IN ORGANIZATIONS

There are two types of learning in organizations namely adaptive learning and generative learning. Adaptive learning is about copying and the current view of organizations is based on it. According to Senge (1990) increasing adaptiveness is only the first stage but companies need to focus on generative learning or double-loop learning (Argyris, 1992). Generative learning emphasizes continuous experimentation and feedback in an ongoing examination of the way organizations go about defining or solving problems. Generative learning, which requires new ways of looking at the world, is about creating and therefore requires systemic thinking, shared vision, personal mastery, team learning and creative tension.

Adaptive learning or single-loop learning focuses on solving problems in the present without examining the appropriateness of current learning behaviors. Adaptive organizations focus on incremental improvements, often based upon the past track record of success. They do not question the fundamental assumptions underlying the existing ways of doing work (Argyris, 1992). To maintain adaptability organizations need to operate as experimenting or self-designing organizations. They should maintain themselves in a state of frequent, nearly continuous change in structures, processes, domains and goals.

1.6 INTER-ORGANIZATIONAL LERANING

Inter-organizational learning is a significant type of learning that may enable organizations to become more competent. Organizations may learn from other firms through various strategic alliances and joint ventures.

Besides the explicit strategic and operational motives for alliances between firms learning in order to obtain certain competitive edge in the market place serves as a primary motivation for alliance. Alliances evolve over time and metamorphosize as partners learn (Lei, Slocum and Pitts, 1997). Competencies change and goals are redefined, thus the potential for learning also changes. Alliances facilitate the learning in learning organizations and are "relatively enduring inter-firm cooperative arrangements, involving flows and linkages that utilize resources and/or governance structures from autonomous organizations, for the joint accomplishment of individual goals linked to the corporate mission of each sponsoring firm" (Parkhe, 1993, p794). Alliances are vehicles of opportunity and create a laboratory for learning (Inkpen, 1994)

Inter-organizational learning, also referred to as collaborative learning (Hardy et al, 2003), may immensely multiply the advantages of a learning process. It requires a networked of special interactions. Alliances between firms grow over time and learning occurs throughout the evolutionary process. Initial motivating conditions for exploring partnerships generate adaptive learning capacities in firms and those lead to greater responsive abilities to meet now conditions encountered at each phase (Doz, 1996). Learning capacities will accumulate over time and permit more efficient and diverse learning as partnerships progress. A number of authors (Reich/Menkin, 1986; Hamel, 1991) have argued that the Japanese are particularly good at learning from their partners. This could have accounted for the dramatic growth in Japanese foreign direct investment in the U.S compared with European investments.

In Springfield, Missouri two churches, Calvary Temple and Parkcrest Assembly are combining efforts to create a learning organization (Hamel, 1991). They have united their resources of land, congregations and finances. They have created a step process plan considering all angles and problems that might arise. The greatest organizational

learning tool they have is trust and united mission and this is facilitating learning inter-organizationally as ideas are freely shared. They have a common goal, common direction and are creating together, concentrating on building aspects that unite them rather than those that divide them. Both churches have increased efficiency which they mutually agree arise from learning from one another as ideas are shared.

Organizations have come to rely on alliances with key players in the marketplace as strategic ventures for maintaining a competitive advantage. These key relationships can help foster learning organizations, thus giving an edge over the competition and this serves as a primary motivation for alliance formation. Short-term and long-term strategic planning can flourish when collaborative partnerships with suppliers, customers and competitors take place and organizations learn from one another. Daft (2005) characterized effective learning organizations as those that have permeable boundaries, that is organizations that will often link themselves with other businesses providing each organization with a larger access to information about current needs and directional trends in industry.

Companies can mutually learn and benefit by coming together and sharing in a mutually beneficial marketing strategy. Advanced circuit technologies in Nashua, New Hampshire formed a coalition of 10 electronic firms to jointly market non-competing products. Each company still conducted its own business but as a coalition they could bid for projects larger beyond what they could deliver as individual companies. Each of them could offer the same information in relation to their marketing strategy. Such alliances are beneficial for all parties if there is a substantial transfer of knowledge, transformation of that knowledge into usable information within the broader organization and synthesis of new knowledge that is the direct result of the knowledge sharing that comes about as a result of the alliance.

In global competition not all firms are equally endorsed in various skills and collaboration may provide an opportunity for one to internalize the skills, of the other and therefore improve its position within and without the alliance. Gary Hamel (1991) carried out a detailed analysis of nine international alliances which yielded a fine-grained understanding of the determinants of inter-partner learning. The goal of the research was to understand the extent to which and means through which the

collaborative process might lead to a reapportionment of skills between partners. The research objective was theory development rather than theory extension. The study found that in competitive collaboration asymmetries existing within the alliance result in a shift in relative competitive position and advantage between the partners. These asymmetries result in a change in relative bargaining power within the alliance. The determinants of learning were found to be intent, transparency and receptivity. Whether an organization becomes a learning organization but no longer needs from partners depends on the depth of learning that has taken place.

1.7 CHARACTERISTICS OF THE LEARNING ORGANIZATION

Most of the conceptualizations of the learning organizations seem to work on assumptions that learning is valuable, continuous, and most effective when shared and that every experience is an opportunity to learn (Kerka, 1995). The following characteristics appear in some form in the more popular conceptions: Learning organizations provide continuous learning opportunities, use learning to teach their goals, link individual performance with organizational performance, foster inquiry and dialogues, making it safe for people to share openly and take risks, embrace creative tension as a source of energy and renewal, are continuously aware of and interact with their environment (Kerka, 1995).

A "learning organization" is a firm that purposefully constructs and maximizes organizational learning (Dogson, 1993). The concept of learning organization is increasingly becoming popular since organizations want to be more adaptable to change. Learning is a dynamic concept and it emphases the continually changing nature of organizations. Just as learning is important for the growth of individuals, it is equally important for organizations. Since individuals form the bulk of the organization, they must establish the necessary forms and processes to enable learning in the organizational in order to facilitate change.

Those who work in learning organizations are "fully awakened" people. They are engaged in their work, striving to reach their potential, by sharing the vision of a worthy goal with team colleagues (Dogson, 1993). 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 (Dogson, 1993). Working in a learning organization is far from being a slave to a job that is unsatisfying, rather, it is seeing ones work as part of a whole, a system where there are inter relationships and processes that depend on each other. Consequently awakened workers take risks in order to learn and they understand how to seek enduring solutions to problems instead of quick fixes. Lifelong commitment to high quality work can result when teams work together to capitalize on the synergy of the continuous group learning for optimal performance. Those in learning organizations can serve others in effective ways because they are well prepared for change and working with others (Dogson, 1993).

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CHAPTER TWO

SUSTAINABLE COMPETITIVE ADVANTAGE AND COMPETITIVENESS IN LEARNING ORGANIZATIONS

2.1 COMPETITIVE ADVANTAGE

Strategic management has evolved and reached a point where its primary value is to help the organization operate successfully in a dynamic, complex environment, (Hunger and Wheelen, 2002). Inland Steel Company in U.S.A for example, uses strategic planning as a tool to drive organizational change. Managers at all levels continually analyze the changing Steel industry in order to create or modify strategic plans throughout the year. To be competitive in dynamic environments, corporations have to become less bureaucratic and more flexible. In stable environments, which are not common today, a competitive strategy simply involves defining a competitive position and then defending it. However, because it takes less and less time for one product or technology to replace another, companies are finding that there is no such thing as a permanent competitive advantage (Hunger and Wheelen, 2002). Many agree with Richard D'Aveni (1994), in his book "Hyper Competition," that any sustainable competitive advantage lies not in doggedly following a centrally managed 5-year plan, but in stringing together a series of strategic short-term thrusts (as Intel, in U.S.A, does by cutting into the sales of its own offerings with periodic introductions of new products).

The above means that corporations must develop strategic flexibility, that is, the ability to shift from one dominant strategy to another. Strategic flexibility demands a long-term commitment to the development and nurturing of critical resources. It also demands that the Company become a Learning Organization, that is, an organization skilled at creating, acquiring and transferring knowledge and at modifying its behavior to reflect new knowledge and insights (Hunger and Wheelen, 2002). Learning Organizations avoid stability through continuous self-examination and experimentations with people at all levels, not just top management, need to be involved in strategic management, in scanning the environment for critical information, suggesting changes to strategies and programs to take advantage of environmental shifts, and working, with others to continuously improve work methods, procedures and evaluation techniques (Hunger and Wheelen, 2002). Xerox Company

uses the method of training all employees in small-group activities and problems-solving techniques. This way desirable skill to increase effectiveness and maintain competitive position may be passed on among employees. The more multidimensional a firms competitive advantage is and the more each dimension of competitive advantage is based on unique or complex bundles of organizational capabilities rather than individual capabilities, the more difficult it is for a competitor to diagnose the determinants of the firms success (Hunger and Wheelen, 2002).

2.2 CREATING AND MAINTAINING OF COMPETITIVENESS AND COMPETITIVE ADVANTAGE IN LEARNING ORGANIZATIONS

In dynamic environment in which organizations operate they seek to respond to changes in order to remain competitive. Learning is regarded as important in as a strategic advantage in the highly competitive global market place (Twomey, 2002). Organizations therefore seek to be learning organizations so as to continuously maintain or enhance their competitiveness. For organizations to be competitive it means they have to be innovative, be able to change and have speed in the market place (Twomey, 2002). Senge et al (1994) said if there is one single thing a learning organization does well it is helping people to embrace change. Therefore creating a learning organization is both strategically and motivationally desirable and contributes to the competitiveness of the firm. As organizations learn and become innovative, enhance their ability to change and the speed with which they are able to adjust as the environment changes they enhance their ability to create and maintain sustainable competitive advantage and superior performance (Twomey, 2002).

Day and Wensley (1988) say that potential sources of advantage are superior skills learnt and sustainable resources. Prahalad and Hamel (1990) suggest that firms combine their resources and skills into core competencies, loosely defined as that which a firm does distinctly well in relation to competitors. An organization must therefore continuously learn and establish sustainable competitive advantage by combining skills and resources in unique and enduring ways. By combining in this manner, firms can focus on collectively learning how to coordinate all employees' efforts in order to facilitate growth of core competencies.

Below is an examination of various perspectives from which creation and maintenance of competitive advantage has been viewed. They give an indication of areas in which learning organizations may be required to perfect their learning in order to maintain their competitive advantage. These views include the five forces model of competition (Porter, 1980), The Resource-Based View of the firm (Barney, 1991), and Knowledge-Based View (Hoskisson, 1999).

2.2.1 Porters Five Forces Model

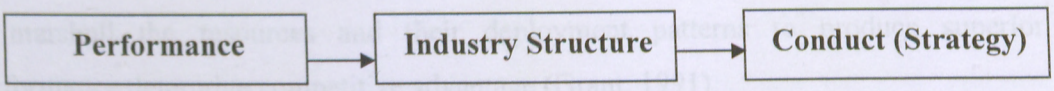
Porter (1980) employed concepts of industrial organization (IO) economics, market power and profitability as well as a large member of case studies to build a framework for explaining individual firm performance. For the last twenty years Porters "Five forces" model has dominated the application of SWOT framework. The "Five forces" model substituted a structured, competitive economic environment in which the ability to bargain effectively in the face of competitors, customers and suppliers was considered paramount. According to Porter (1980) the five forces that impinge on a firm's ability to earn profits in an industry and therefore determine the attractiveness of participating in that industry, are:-

- the bargaining power of customers
- the bargaining power of suppliers
- the threat of substitute products, and
- the strength and nature of traditional rivalry among firms in the industry
- the threat of new entrants

Porter's five forces model assumes that firms are structured in a manner that could enable them to dictate terms to suppliers and customers and create barriers to new entrants. Strategy was therefore a matter of choosing an appropriate industry and positioning the firm in that industry according to a genetic strategy of either low cost or product differentiation. Porter's theory assumed firms in an industry structured themselves to enable collusion and monopoly profits to be earned by firms in an industry. The assumption was that profits were made depending on the overall pattern of relationships among firms in the industry and not the firms themselves. If an industry was structured with sufficient barriers and other impediments to competition then all firms would get excess profits.

The description above is referred to as the Industrial Organization (IO) paradigm and was developed to address the issue of competitive advantage and company performance (Bain, 1968: Porter, 1980). This paradigm, unlike the views developed later, states that a firm's performance in the market place depends on the industry environment in which it operates. According to Porter (1981) the IO model is formulated on the basis that industry structure determines the behaviour or conduct of firms whose joint conduct them determines the collective performance of the firms in the market place (Bain, 1968). The diagram below shows the relationship described above.

Figure 1: Industrial Organization Paradigm



Source: The Contributions of Industrial Organization to Strategic Management (Porter, 1981)

In the IO model, performance refers to a locative efficiency (profitability), technical efficiency (cost minimization) and innovativeness; conduct refers to the economic dimensions of a firms strategy or the firms choice of key decision variables; while industry structure was defined as the relative economic and technical dimensions of an industry in which competition occurs.

Porter's ideas and the IO model regarded as the external view of competitive advantage came under criticism for addressing the profitability of industries rather than individual firms and therefore did not help particular firms identify and leverage unique and sustainable advantage (Wernerfelt, 1984; Barney, 1991). It's underlying economic theory assumes that the characteristics of a particular firm do not matter in the case of profitability (Conner, 1991) and that even from simple observation firms differed in the same industry despite similar threats and opportunities (Rumelt et al, 1994).

2.2.2 The Resource-Based View

Since the early 1980s there has been a diversion towards considering internal resources and capabilities as the primary source of competitiveness (Barney, 1991). This view is referred to as the resource – based view (RBV) of the firm or the internal view of

competitive advantage. Wernerfelt (1984) and Barney (1991) developed the resource-based theory around the internal competencies of firms and turned the interest of strategic management towards the inside of the firm. According to RBV Competitive advantage is rooted in a firm's assets that are valuable and inimitable. The new perspective expected firms to compete based on their unique or distinctive capabilities, competencies and resource capabilities rather than on the products and services derived from those capabilities (Hoskisson et al, 1999). The RBV theories were referred to by Hoskisson et al, 1999 as swinging of the strategic management pendulum back to starting point theories of Ansoff (1965), Chandler (1962) and Penrose (1959). This is because RBV theories, like the earlier theories gave importance to internal theories and capabilities of the firm. A firms capabilities or competencies and management ability to marshall the resources and their deployment patterns to produce superior performance determine competitive advantage (Grant, 1991).

RBV builds on but does not replace the external perspective (Collins and Montgomery, 1995). Barney (1991) also noted that by nurturing a firm's resources and internal competencies and applying them to an appropriate external environment, a firm can develop a viable strategy. It is important for a firm to utilize its resources to exploit opportunities and hedge against threats in its environment for it to remain competitive.

A firm's resources and capabilities which are more controllable can be seen as a platform from which the firm derives various products for various markets. Products and markets may change from time to time but the firm's capabilities are more enduring. Therefore, creating strategy based on unique resources and capabilities provides a more long-term view of strategy, which is more sustainable in the competitive, dynamic and uncertain environment in which firms operate. Competitive advantage based on resources and capabilities is therefore more sustainable than that based on product and market positioning.

In the 1990s the RBV became more specifically focused on intellectual resources such as learning capabilities, intellectual Capital and knowledge (Nonaka and Takeuchi, 1995; Spender, 1996).

In 2002 McEvily and Charkravathy carried out a study to verify the resource-based claims that intrinsic characteristics prevent imitation and thereby prolong exceptional performance. They concluded that if a firm was able to continuously and quickly learn, adapt and provide unique requirements of stakeholders in a manner that could not be immediately imitated then they could out perform competitors. Complexity and tacitness of technological knowledge are useful for a firm's major product improvement that can be kept away from imitation or can delay imitation.

2.2.3 Knowledge-Based View

The Knowledge-Based View (KBV) is an extension of the resource- based view. It advances the critical role of internal resources and focuses on differentiated knowledge inventories as a basis for competitive advantage (Hoskisson, 1999). Writers on the knowledge-based view all considered knowledge as a strategic resource and the gathering of knowledge as building of strategic capability (Conner,1991; Grant, 1996; Kogut and Zander, 1993; Leonard-Barton, 1992; Liebaskind, 1996; Spender and Grant, 1996; Teece et al, 1997 and Winter, 1987). It is important to note, however, that while unique knowledge is necessary, it is not a sufficient condition for the existence of firms.

Grant (1991) states that a firm's knowledge about routines and processes that define the distinctive way of doing things inside the organization and the knowledge of customer needs and suppliers strengths among many others is critical to competitive advantage and superior performance. A widely shared view in the strategic management literature is that performance differences between organizations are a result of their different stocks of knowledge and their differing capabilities in developing and deploying knowledge.

The knowledge-based view is still in its infancy (Choo and Bontis, 2002). The KBV is silent about organizations as systems that integrate the use of all kinds of physical, financial and human resources and along with literature on knowledge management emphasizes the organization as a site for development, use of knowledge and other forms of intellectual resources to create competitive advantage (Choo and Bontis, 2002). The dynamic environment in which firms operate today has raised a lot of interest in the continuous learning and gathering of knowledge in organizations, where

learning is a continuous process. Organizations must recognize that it is impossible to gather once the knowledge that is required and acquiring knowledge through experience takes time (Sanchez, 1995). Firms are limited in how much they can accelerate their learning. They are recognizing that the long learning lead time necessitates bench marking, strategic alliances and other forms of external ventures as potentially quicker means of gaining access to the full range of knowledge resources that are needed within their businesses (Choo and Bontis, 2002).

2.3 THE RELATIONSHIP BETWEEN PORTERS FIVE FORCES, RBV AND KBV AND EMPIRICAL TEST CARRIED OUT

Sheehan and Foss carried out a study in year 2007 that extends Priem and Butler's (2001) critique of the RBV literature in light of Porter's activity based framework. Priem and Butler (2001) argued that the RBV lacked prescriptive dimension and does not address value creation. The study by Sheehan and Foss aimed to argue that a Porterian activity analysis with a focus on activity drivers could remedy. The study found that although resource based logic had been gainfully applied in many fields other than strategy, because it lacks the concept of activities, the paper argues that it has not reached its full potential in the field of strategy. It is suggested that formally including the concept of activities and activity drivers addresses the prescriptive shortcomings of the RBV. It was also suggested that the findings implied that Porters activity drivers are "levers" that managers could manipulate to improve firm value creation in two ways. Firstly, using the activity drivers to improve efficiency and effectiveness of individual activities and secondly the fit at the level of the firms activity set could be improved. This study was one of the first attempts to address prescriptive shortcomings of the RBV using Porterian activity lens.

Danny Miller carried studied a number of firms and showed how some of them were able to build not so much on resources and capabilities as on asymmetries. These are typically skills, processes or assets that a firm's competitors do not and cannot copy at a cost that affords economic rents. They are rare, hard or impossible to imitate and are non-substitutable. By discovering and reconceptualizing these asymmetries, embedding them within a complementary organizational design and leveraging them

across appropriate market opportunities, many firms were able to turn asymmetries into sustainable capabilities.

Hood and Young (1979) contend that Porters five forces that may give a nation competitive advantage (Porter, 1990 and 1991) and supporting resources available to industries, including government policy and chance combine to influence superior financial performance of firms in a country. Resource-based view may also inform issues relating to international marketing strategy. According to Hood and Young (1979), the superiority of Japanese firms in product miniaturization is related to the pressures in physical space in Japan and the development of resource configurations that produced dramatic positive impact on international competition for example in The United States of America.

As seen in the foregoing RBV is seen as complimentary to Porter's five forces model. RBV provides an important supplementary perspective to Porters five forces as it brings in the question of whether or not firms have the capacity for international expansion and whether unique country specific resources will enable them to attain competitive advantages abroad. Both the RBV and Porters five forces have been accused for presenting a very static view of what is essentially a dynamic process (Dickson, 1996). The world is dynamic and resources that contribute to a superior position may not remain unique or sufficient to maintain a superior position. Porter's five forces model also needs to recognize the dynamism in the environment in which firms operate. Heterogeneity in supply and demand is a virtuous cycle with no clear beginning or end as firms respond to changing demand by experimenting with new ways of serving customers (Dickson, 1992). The knowledge-based view (KBV) in strategy have largely extended resource-based reasoning by suggesting that knowledge is the primary resource underlying new value creation, heterogeneity and competitive advantage (Barney, 1991; Grant, 1996; Kogut and Zander, 1993). Firms must seek to continuously learn and acquire knowledge which is a resource that will facilitate value creation if they would like to acquire and maintain a competitive position in the dynamic environment in which they operate (Teece et al, 1997). Opening up the knowledge and capabilities of individuals involved provides a starting point for creation of new value. Knowledge is therefore seen as one of resources referred to under RBV and the KBV comes in to cover for the failure of the static nature of RBV

and promotes understanding of the external environment in which Porters Five Forces are considered. The discussion above shows that KBV is also complimentary to the RBV and Porters five forces Model.

While it is possible to distinguish a hierarchy of resources, capabilities are the most potent sources of competitive advantage (Collins, 1994). However any capability is likely to be superseded by higher level capability required as circumstances change and this calls for continuous learning and knowledge gathering both at individual and at organization level to maintain superior capability (Dickson, 1992).

To date the bulk of the contributions in the area of Porters five forces model, RBV and KBV have been of a conceptual nature. Recently studies have been done with a view to extend these theories beyond the boundaries of the firm (Maijoor and Van Witteloostuijn, 1996), with others focusing on specific resources such as Research and Development (Helfat, 1994). However these studies have been diffuse in their hypothesis, methodologies and findings. Core propositions relating resources and management choices and competitive advantage are yet to be validated. A number of factors such as unobservable variables and capabilities have tended to be tacit and to have causal ambiguity (Helfat, 1994). Given this empirical difficulty Collis,1994 proposes the need to seek to understand those resources that are difficult to measure by adopting approaches and methodologies that may help fill the empirical void in RBV and KBV (Biggadike,2005). It would also be useful to carry out studies to establish which of the three theories explains greatest variance and what other factors are useful in determining a firm's competitiveness.

2.4 STRATEGIC CHANGE

Changes in the environment motivate significant organizational change. Strategic change takes place where organizations respond to external changes and adapt to new environmental realities. Accordingly, the strategy an organization uses is an indication of how an organization relates to its environment and is therefore a key consideration in understanding organizational change. Learning is a key component in facilitating strategic change, which is a key part of organizational adaptation. This aspect is critical in the dynamic environment in which organizations operate and seek to remain

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competent (Senge, 1990). The rational and the cultural schools of thought have emerged to explain the occurrence of changes. The rational school proposed that when environmental changes occur strategists recognize available options, evaluate them and take decisions, which may require learning to adapt.

The cultural school advances the view that strategic change occurs as a result of changes in the formula that managers use to construe or understand their environment (Garvin, 2000). Environmental change does not necessarily lead to strategic change. Change is driven by what managers perceive to be beneficial realignment and cannot occur unless managers have a change of mindset and begin to see this beneficial realignment.

Since the role of humans as individuals and as a group in learning organizations is central in taking decisions or taking actions to adapt to positive change it is also important that a strategy to manage the role of human resources in learning and adapting to change be in place (Hunger and Wheelen, 2002).

In 2002 Professor Ewan Ferlie carried out a research with the aim of establishing organizational factors that support strategic learning and change. He carried out a qualitative study designed to investigate learning and change processes in organizational systems. Two 'intervention' Primary Care Groups were supported in the development and use of participatory action research (PAR) methods designed to stimulate change and learning in complex systems. The study combined participative action strategies with structured comparative study and obtained survey data. The findings were that factors which facilitate learning and changes in organizations include reliable structures and an enabling vision that give people confidence about direction, external facilitators which are useful in as much as they help leaders to think clearly, seize opportunities and adapt previously successful models to the local context. The study also found that low morale was brought about by an overly fast pace of change, insufficient experience and organizational infrastructure as well as the challenges and factors such as financial deficits. These findings were used to draw generalized conclusions yet only primary care groups were used in the study.

CHAPTER THREE

DISCIPLINES IN BUILDING LEARNING ORGANIZATIONS

3.1 CORE DISCIPLINES IN BUILDING THE LEARNING ORGANIZATION

Peter Senge's 1990 book "The Fifth Discipline" popularized the concept of the learning organization. Peter Senge's vision of a learning organization as a group of people who are continually enhancing their capabilities to create what they want has been deeply influential. He came up with five disciplines he sees as central to learning.

According to Peter Senge the dimension that distinguishes learning organizations from more traditional organizations is the mastery of certain basic disciplines or component technologies. He says there are five core disciplines in building the learning organization. These include:-

- Personal mastery
- Mental models
- Team learning
- Shared vision
- Systems thinking

Kerka (1995) commented that the five disciplines that Peter Senge identified are the keys to achieving the characteristics that appear in some form in the more popular conceptions of a learning organization. Like Senge other organizational development practitioners such as Chris Argyris, Juanita Brown, and Charles Handy have in common a belief in the ability of people and organizations to change and become more effective, and that change requires open communication and empowerment of community members as well as a culture of collaboration.

3.1.1 Personal Mastery

Personal mastery applies to individual learning and Senge says that organizations cannot learn until their members begin to learn. Personal mastery has two components. First, one must define what one is trying to achieve, that is, a goal. Second, one must have a true measure of how close one is to the goal. (Senge, 1990). In personal mastery

the goal or what one is trying to achieve is further away in distance than the three to five years required to achieve long-term goals. It is the vision one has that requires lifelong learning and continually trying to improve. Senge refers to the process of continual improvement as generative learning. The gap that exists between where one is currently functioning and where one wants to be is referred to as 'creative tension' Creativity results when one is so dissatisfied with the current situation that one is driven to change it (Senge, 1990).

Another aspect of personal mastery is that one has a clear concept of current reality without liaises or misconception. An accurate view of reality will enable one to see constraints that are present. The creative individual knows that life involves working within constraints and will not waver in trying to achieve the vision. Creativity may involve using the constraints to one's advantage. Handy has a similar concept in his 'Wheel of Learning'. The metaphor of the wheel makes one think of something moving. What keeps the wheel moving is:-

Subsidiarity: Giving away power to those closest to the action

Clubs are congresses: Places and opportunities for meeting and talking

Horizontal career: Tracks that rotate people through a variety of different jobs in the new, flattered organization

Self-enlightenment: Individual responsibility for his own learning

Incidental Learning: Treat every incident as a case study from which learning can occur

The driver of the wheel should be the leader of the organization who sets the example for others to follow (Handy, 1995).

Individuals who practice personal mastery experience other changes in their thinking. They learn to use both reason and intuition to create. They become systems thinkers who see the interconnectedness of everything around them and, as a result, they feel more connected to the whole. It is exactly this type of individual that one needs at every level of an organization for the organization to learn (Senge,1990). While traditional managers think they have to have all the answers, their job is to help unleash the creative energy in each individual. Organizations learn through the synergy of the individual learners (Senge, "The reader's New Work", 1990)

3.1.2 Mental Models

Much of the work involving mental models comes from Chris Argyris and his colleagues at Harvard University. A mental model is one's way of looking at the world. It is a framework for the cognitive processes of our mind. It is a framework for the cognitive processes of our mind and so determines how we think and act. There are various mental models. Senge, 1994 describes one example of a mental model as a situation where winning means the act of bringing down ones partners. Most people struggle against their partner to win. Argyris contends that these people have a flawed mental model. An alternative mental model would present a framework where both partners could win. If they stop resisting each other they can work together, the end result being that they can both win and they can win many more times than if they were working against each other (Senge, 1994). Argyris says that everyone has theories of action "which are a set of rules that we use for our own behaviors as well as to understand the behaviors of others, However, people do not usually follow their stated action theories but rather behave in a way that can be called their 'theory-in-use'(Argyris, 1992), which is usually:-

- to remain in unilateral control,
- to maximize wining and minimize losing,
- to suppress negative feelings, and by which people mean defining clear objectives and evaluating their behavior in terms of whether or not they have achieved them.

People act in this manner to avoid embarrassment or threat. According to Argyris most people practice defensive reasoning and because people make up organizations, those organizations also do the same. Therefore, at the time the organization is avoiding embarrassment or threat, it is also avoiding learning, yet learning only comes from seeing the world the way it is (Argyris, 1992). Argyris believes we arrive at our actions through what he calls the 'ladder inference'; first, one observes something, for example a behaviour, a conversation, an event and that becomes the bottom rung of a ladder. One then applies his or her own theories to the observations and that results in the next rung on the ladder. Subsequent rungs on the ladder are assumptions we make, conclusions we draw, beliefs we come to have about the world, and finally the action we decide to take. As we climb up the ladder we are becoming more abstract in our thoughts. Flawed mental models may cause people to make mistakes in this process of

abstraction and they may end up with inappropriate actions, the entire process then becomes a loop. We generalize our beliefs and assumptions to the next situation and encounter and use them to filter the data we are willing to consider. Hence every time we start up the ladder for a new situation, we are handicapped from the beginning (Argyris, 1992; Senge, 1994). Argyris believes that people can be taught to see the flaws in their mental models. One way to do this is to practice seeing the situation as it is even if bad and not being afraid to see the truth and rather than waiting to see what happens, learning from it and taking the right action on time to move from the disastrous situations.

Argyris (1992) maintains that true learning occurs when issues are seen in their correct perspective. As a culture we have to learn to say what we think and to take criticisms without being on the defensive. People and organizations learn by recognizing mistakes and correcting them. No progress can be made if we pretend that mistakes never happened. An organization needs 'actionable knowledge'. This is Argyris phrase for a new set of mental models, which would be validated through research and would then be a series of if-then statements that would say something like "..... if you act in such and such a way, the following will likely occur.....". These models are also referred to as system archetypes.

3.1.3 Team Learning

A team refers to "People doing something together" (Robbins and Finley, 1995). Team learning is viewed as 'the process aligning and developing the capacities of a team to create the results its members truly desire (Senge, 1990). It builds on personal mastery and shared vision but these are not enough. People need to be able to act together. When teams learn together, Peter Senge suggests, not only can there be good results for the organization; members will grow more rapidly than could have occurred otherwise.

The discipline of team starts with 'dialogue', the capacity of members of a team to suspend assumptions and enter into a genuine 'thinking together'. To the Greeks dia-logos meant a free flowing of meaning through a group, allowing the group to discover insights not attainable individually. It also involves learning how to recognize the

patterns of interaction in terms that undermine learning (Senge, 1990). When dialogue is joined with systems thinking, Senge argues, there is the possibility of creating a language more suited for dealing with complexity and of focusing on deep-seated structural issues and forces rather than being diverted by questions of personality and leadership style.

A fundamental belief in organization development is that work teams are the building blocks of organizations. A second fundamental belief is that teams must manage their culture, processes, systems and relationships if they are to be effective. Theory, research and practice attest to the central role teams play in organizational success. Teams and teamwork are part of the foundation of organizational development (French and Bell, 1995). Team building is one type of process intervention Teams and work groups are considered to be the "fundamental units of organizations" and the key leverage points for improving the functioning of the organization (French and Bell, 1995).

Characteristics of Successful Teams

Larson and LaFasto (1989) looked at high performance groups as a championship football team and a heart transplant team and found eight characteristics that are always present. These are:-

1. a clear, elevating goal,
2. a result driven structure,
3. competent team members,
4. unified commitment,
5. a collaborative climate,
6. standards of excellence,
7. external support and recognition,
8. principled leadership (Larson and LaFasto, 1989; French and Bell, 1995).

Lippit 1982 maintains that for a group to become a high performance team it has to operate on four levels; organizational expectations, group tasks, group maintenance, and individual needs. Maintenance level activities include encouraging by showing regard for others, expressing and exploring group feeling, compromising and admitting

error, gate keeping to facilitate the participation of others and setting standards for evaluating group functioning and production (Lippit, 1982)

Lippit defines teamwork as the way a group is able to solve its problems. Teamwork is demonstrated in groups by:

(a) the groups ability to examine its processes to constantly improve itself as a team. This is characterized by group interaction, interpersonal relations, group goals and communication.

(b) the requirement for trust and openness in communication and relationships. This is characterized by a high tolerance for differing opinions and personalities (Lippit, 1982).

Team Building and Team Learning

Peter Senge considers the team to be a key learning unit in the organization. The learning organization is a recent concept in organizational development. According to Senge, the definition of team learning is"..... the process of aligning and developing the capacity of a team to create the results its members truly desire. It builds on the discipline of developing shared vision. It also builds on personal mastery, for talented teams are made up of talented individuals (Senge, 1990).

Dialogue is the first among the components of team learning that Senge describes. He draws from conversation with David Bohm, a physicist, and identifies the following three conditions that are necessary for dialogue to occur.

(a) all participants must "suspend their assumptions;"

(b) all participants must "regard one another as colleagues;" and

(c) there must be a facilitator (at least until teams develop these skills)" who holds the contacts of the dialogue".

Bohm asserts that "hierarchy is antithetical to dialogue and it is difficult to escape hierarchy in organization".(Senge, 1990). Suspending all assumptions is also difficult, but necessary to reshape thinking about reality.

In the 1980s Motorola University's (MU) Jeff Oberlin, Director of Emerging Trends, studied how they could change from traditional classroom methods of instructions and find creative ways to help their new associates world-wide to become productive members of a team, consistently share messages about how they should do business, the core values of Motorola and the tools and techniques that should be used. He examined MU's methods of spreading information, delivering training and determining new and better ways of providing Motorola worldwide with the knowledge and skills required to meet the ever-changing demands of the industry.

Before a team can learn it must become a team; B.W Tuckman (2003), a psychologist, identified four stages that teams had to go through to be successful. They are:

1. Forming: When a group is just learning to deal with one another; a time when minimal work is accomplished.
2. Storming: A time of stressful negotiation of the terms under which the team will work together; a trial by fire.
3. Norming: A time in which roles are accepted, team feeling develops and information is freely shared.
4. Performing: When optimal levels are finally realized – in productivity, quality, decision making, allocation of resources, and interpersonal interdependence.

According to Tuckman, no team goes straight from forming to performing. "Struggle and adaptation are critical, difficult, but very necessary parts of team development" (Robbins and Finley, 1995). Senge's characterization of dealing with conflict draws on Chris Argyris, who writes about how even professionals avoid learning using entrenched habits to protect themselves from the embarrassment and threat that comes with exposing their thinking. The act of encouraging more open discussion is seen as intimidating, and they feel vulnerable (Argyris, 1992). The missing link for Senge is practice. Team learning is a skill that can be learned. Practice is gained through dialogue sessions, learning laboratories and micro worlds (Senge, 1990).

Juanita Brown, organizational development "strategist," looking back on groups with which she has worked recounts those experiences where team building turned into

team learning. She draws inspiration from community development movement and from the stud of voluntary organizations. Roots of this are found in the work of M. Scott Peck, 1990.

The executive director of San Francisco Foundation, a founder of worthy causes throughout the bay area wanted to shift the role of the Distribution Committee from administrative decisions to policy making, involve the community in a dialogue on project, directions and then published explicit grant guiding in a newsletter. He hired Juanita Brown as a long-range planning consultant and he conducted a systems dynamics training session led by Peter Senge in 1986. Six commitments to community input sessions were held to open the foundation to new ideas. It was heard that the foundation did not belong to the distribution committee or to the staff; it belonged to the community and community members wanted "damn good care" taken of it. They came to think of the foundation as a kind of community development bank. They learned that every meeting agenda is subjected to change; that they had too much structure and that people can learn from each other (Sibbert and Brown, 1986).

Brown expressed her belief in the importance of dialogue as follows: "Strategic dialogue is built on the operating principle that the stakeholders in any system already have within them the wisdom and creativity to confront even the most difficult challenges. The community of inquiry can extend beyond employees to include unions, customers, suppliers, and other stakeholders, becoming a dynamic and reinforcing process which helps create and strengthen the community of commitment which Fred Kofman and Peter Senge emphasize lie at the heart of learning organizations capable of leading the way toward a sustainable future" (Bennett and Brown, 1995).

Evaluation

While much anecdotal evidence exists, there remains lack of a clear understanding of how to really describe and measure team learning. As Senge stated: "Until we can describe the phenomenon better, team learning will remain mysterious. Until we have some theory of what happens when teams learn (as opposed to individuals in teams learning), we will be unable to distinguish group intelligence from 'group think' when individuals succumb to group pressures for conformity. Until there are reliable

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methods for building teams that can learn together, its occurrence will remain a product of happenstance" (Senge, 1990).

What is often measured is productivity, because high or low productivity has a direct effect on wages, the cost of products, the consumption of resources to produce goods, the quality of work life and the survival and correctiveness of industries and of individual firms. However, these studies only evaluate productivity at the individual level (Pritchard, 2006). Goodman et al suggest that "if we want to understand how to design more productive groups, we need to move to finer-grains models that link group design and productivity changes".

3.1.4 Shared Vision

A shared vision begins with the individual vision in something that one person holds as a truth. Shared vision of an organization must be built of the individual vision of its members (Senge, 1990). What this means for the leader in the learning organization is that the organizational vision must not be created by the leader; rather, the vision must be created through interaction with the individuals in the organization. Only by compromising between the individual visions and the development of these visions in a common direction can the shared vision be created. The leader's role in creating a shared vision is to share his/ her own vision with the employees. This should not be done to force that vision on others but to encourage others to share their vision too. Based on these visions, the organization's vision should evolve (Senge, 1990).

According to WordNet, a vision is a vivid mental image. In this context vivid means graphic and lifelike. The vision is often a goal that the individuals want to reach. In systems thinking that goal is most often a long-term goal, something that can be a leading star for the individual (Senge, 1990). An organization cannot change overnight from having a vision that is communicated from the top to an organization where the vision evolves from the visions of all the people in the organization. An organization will have to go through major changes for this to happen. In developing a learning organization the same tools as before would be used but on a much broader scale. While it is not a must that each individual shares the rest of the organizations visions, the individuals who do not share the visions might not contribute as much to the organization. Senge (1990) stresses that for a shared vision to develop members of

the organization must enroll in the vision. Through enrollment the members of the organization choose to participate.

When an organization has a shared vision, the driving force for change comes from what Senge calls "creative tension." Creative tension is the difference between the shared vision and the current reality. With truly committed members the creative tension will drive the organization towards its goals.

3.1.5 Systems Thinking

"Systems thinking" is an original and powerful paradigm that was injected by Peter Senge in his book "The Fifth discipline," (1990) which brought him firmly into the limelight and popularized the concept of the learning organization. Systems thinking is a paradigm premised on the whole. According to Senge (1990), formerly used problem solving methods involved breaking a problem into components, studying each part in isolation and then drawing conclusions about the whole. This sort of linear and mechanistic thinking is becoming increasingly ineffective to address modern problems (Kofman and Senge, 1995). This is because today most important issues are interrelated in ways that defy linear causation. Also, circular causation where a variable is both the cause and effect of another has become the norm rather than the exception. Thus non-linear and organic thinking commonly referred to as systems thinking must be given way as it acknowledges the primacy of the whole.

The defining characteristic of a system is that it cannot be understood as a function of its isolated components. First, the behavior of the system is that it cannot be understood as a function of its isolated components. The behavior of the system does not depend on what each part is doing but on how each part is interacting with the rest. Second, to understand a system we need to understand how it fits into the larger system of which it is part. Third and most important what we call the parts need not be taken as primary. In fact how we define the parts is fundamentally a matter of perspective and purpose not intrinsic in the nature of the 'real thing' we are looking at (Kofman and Senge, 1995). The subject of systems thinking suggests that to succeed in anything that is interdisciplinary, as is the case in organizations, it is important to see the interconnectedness (Provan and Milward, 1995).

Cavaleri, (1994) proposes that the dominant forms of systems thinking are hard, soft, cybernetic, servo-mechanistic and integrative. He believes that that the soft form of systems thinking is the necessary form for a warning organization and yet most Western organizations conduct their business using hard systems thinking such a operations research and systems analysis. It is important to see the whole picture because , with the advent of systems modeling and simulation an organization may think they are truly utilizing systems thinking but may be capturing the detailed complexity that form the system and leaving the critical simple facts (Wolstenholme and Stevenson, 1994). Often detailed complexity may not, for instance, capture the dynamic complexity that is at work in complex social systems that largely reflect the complexity of the environment in which organizations and the individuals in it find themselves. (Kim, 1993).

Senge (1990) identified some learning disabilities associated with the failure to think systemically, namely:

- "I am my position"
- "The enemy is out there"
- "The illusion of taking charge"
- "The fixation on events"
- "The parable of the boiled frog"
- " The delusion of learning from experience"

Each of these contained a distinct message but they illustrate how traditional thinking can undermine learning by following up on one example or "fixation on events". Fragmentation has forced people to focus on snapshots to distinguish patterns of behaviour in order to explain past phenomena or predict future behaviour. However events do not dictate behaviour but are the product of behaviour (Senge, 1990). What cause behaviour are the interactions between the elements of the system. Statistical models may explain the past or predict the future but may not say much about changes made in a system until new data can be collected and a new model is constructed. Basing problem-solving upon past events is, at best, a reactive effort. However, system modeling is different in that once the behaviour of a system is understood to be a function of the structure and of the relationships between the elements of the system, the system can be artificially modified and through simulation, we can observe whether

the changes made results in the desired behaviors. Therefore, systems thinking, coupled with modeling, constitutes a generative rather than adaptive learning instrument. Generating learning cannot be sustained in an organization if people's thinking is dominated by short-term events. If focus is put on events, the best that can be done is to predict an event before it happens so that we can react optimally. But we cannot learn to create (Senge, 1990).

Once we embrace the idea that systems thinking can improve individual learning by inducing people to focus on the whole system and by providing individuals with skills and tools to enable them to derive observable patterns of behaviour from the systems they see at work, the next step is to justify why systems thinking is even more important to organizations of people. Here, the discipline of systems thinking is most clearly interrelated with other disciplines, especially with mental models, shared visions and team learning.

Patterns of relationships (or systems) are derived from people's mental models, their perceptions about how the relevant parts of a system interact with one another. Although in nature different people have different perceptions about what the relevant parts of any system are and how they interact with one another, if learning at an organization level is to take place individuals in that organization must be willing and prepared to reveal their individual mental models, contrast them to one another, discuss the differences and come to a unified perception of what that system really is (Senge, 1990). This alignment of mental models is referred to as shared vision, people learn from one another in the process of sharing their different perspectives. It is important to observe that every organization has unique qualities and unique individuals that require unique actions even when working together (Day, 1994). Also people learn together by submitting their shared vision to testing. When complex dynamics exist, a robust shared vision allows organizational members to examine assumptions, search for leverage points and test different policy alternatives. This level of learning usually requires simulation, which is a much more socialized systems technique. If, however, the problems faced by the organization are among commonly observed patterns, which have been previously studied, archetypal solutions may be available to deal with them (Kofman and Senge, 1995).

3.2 ACHIEVING THE PRINCIPLES OF A LEARNING ORGANIZATION

It is important to start by creating a timeline to initiate the types of changes that are necessary to achieve the principles of a learning organization. A number of stages may then be used. The first stage is to create a communications system to facilitate the exchange of information, the basis on which any learning organization is built (Gephart, 1996). The use of technology has and will continue to alter the workplace by enabling information to flow freely and to "provide universal access to business and strategic information"(Gephart, 1996). It is also important in clarifying the more complex concepts into more precise language that is understandable across departments (Kaplan, 1996).

The second stage is to organize a 'readiness questionnaire', that is, a tool that assesses the distance between where an organization is and where it would like to be, in terms of the following seven dimensions. "Providing continuous learning, providing strategic leadership, promoting inquiry and dialogue, encouraging collaboration and team learning, creating embedded structures for capturing and sharing learning, empowering people toward a shared vision, and making systems connections" (Gephart, 1996). This is administered to all employees or a sample of them, and will develop an assessment profile, used to design the learning organization initiative (Gephart, 1996).The third stage is to commit to developing, maintaining, and facilitating an atmosphere that garners learning. Fourth is to create a vision of the organization and write a mission statement, with the help of all employees (Gephart, 1996). Fifth is to use training and awareness programs, to expand employees' behaviors to develop skills and attitudes needed to reach the goals of the mission statement including the ability to work well with others, become more verbal, and network with people across all departments within the organization (Navran, 1993). Sixth is to "communicate a change in the company's culture by integrating human and technical systems" (Gephart, 1996).

The seventh stage is to initiate the new practices by emphasizing team learning and contributions because they will become more interested in self-regulation and management, and be more prepared to meet the challenges of an ever-changing workplace (Gephart, 1996). The eighth is to allow employees to question key business practices and assumptions. The ninth stage is to develop workable expectations for future actions (Navran, 1993). The final stage is to remember that becoming a learning

organization is a long process and that small setbacks should be expected. It is the journey that is the most important thing because it brings everyone together to work as one large team. In addition, it has inherent financial benefits by turning the workplace into a well-run and interesting place to work; a place, which truly values its employees.

In 1989 Apple Japan hired a consultant, Arthur D. Little, to study the firm and advise them in order to increase its efficiency and presence in the market. He advised them that they should reposition the brand, expand the range of distributors, expand the range of distributors, improve customer management and introduce the concept of the learning organization to the workplace. As advised, in order to implement learning organization techniques Apple Japan tackled the five disciplines: Team learning, shared vision, mental models, personal mastery, and systems thinking. The reorganization resulted in marked improvement, with market share growing to 15% in 1995 from 1%in 1989 and annual sales grew $1.3 billion in 1994 from $ 520,000.

In 2005 Cynthia C. Pierce carried out a study on the School of Information and Library Science, a public Library. The study examined the practices of the public library system operating as a learning organization. The Library based its practices on the five disciplines described by Senge: Personal Mastery, Mental Models, Team Learning, Shared Vision and Systems Thinking. Eight managers participated in detailed reviews, while 94 employees completed questionnaires designed to elicit information about their experiences and perceptions of working in a learning organization. The Library had made a strong commitment to staff development and learning was a hallmark of the library's operation. These reflected managers' understanding that an organizations ability to serve its users and to thrive in an ever-changing environment is based on its ability to learn and that learning begins with every individual employee. While respondents offered unique perspectives on the details of the Library's functioning there was a general consensus that it was a successfully working as a learning organization.

Professor Ahmed bin Othman and Abdul Mutalib bin Leman carried out a study in 2005 on what is a learning organization, how learning organizations learn and how to develop a learning organization. The study was done at Kolej Universiti Teknologi Tun Hussein Onn, Joho. The objective of the study was to identify the components of that underpin the development and operation of a learning organization. The research

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instrument used was based on the work of Anona Armstrong and Patrick Foley of Victoria University, Australia and which identified four facilitating mechanisms: the learning environment, identifying learning and development needs, applying learning in the workplace (Armstrong and Foley, 2003). The study found that the results obtained were comparable with the study conducted by Armstrong and Foley except under learning application suitability where the Cronbach's alpha was lower than the cut-off point. From this perspective it was felt that if that particular scale could be improved then it would be possible to provide a valuable framework to design and analyze the values and structures supporting learning organizations and monitor their progress.

3.3 LEADERSHIP

The very first thing needed to create a learning organization is effective leadership, not based on traditional hierarchy, but a mix of different people from all levels of the system to lead in different ways (Senge, 1996). The role of the leader in the Learning Organization is that of a designer, teacher and steward who can build shared vision and challenge prevailing mental models (Senge, 1990). He /she is responsible for building organizations where people are continually expanding their future (Watkins and Marsick, 1992). Effectively leaders are responsible for learning.

Learning organizations, therefore, require a new view of leadership (Senge, 1990) that centers on subtler and more important tasks. This is unlike the traditional view where the leader sets the direction, makes key decisions and energizes the staff from an individualistic and non-systematic worldview. The traditional view is based on assumption of people's powerlessness, lack of personal vision and inability to master the forces of change and deficits (Senge, 1990). Literature on learning organizations that adopt learning culture characterize the leader as a coach, a facilitator and a guide (Earnest and Gunderson, 1998).

The new view sees the leader as being responsible for taking a stand for building learning organizations where all people expand their capabilities to understand complexity, clarify vision, improve shared mental models and are responsible for learning (Senge, 1990). Barry (1991) identifies personal behaviors required for shared

leadership model to succeed as envisioning, organizing, spanning to outside groups and individuals and being social.

As a designer the leader has to define the governing ideas such as the purpose, vision and core values by which people should live. Building a shared vision should take place early as it is imperative for learning. This will make it possible to share leadership and build on each others strengths to create better products (Covey, 1990). The leader designs the learning processes where people in the organization can deal productively with the critical issues they face and develop their mastery.

Stewardship involves a commitment to and responsibility for the share vision of the organization but it does not mean the leader owns it. Leaders have to learn to listen to other people's vision and to change their own where necessary (Senge, 1990). Stephen Covey's, "Seven Habits of Highly Effective Leaders", agrees with Senge's idea of a leaders stewardship role. The habits suggested that show this support include being proactive, beginning with the end or a desired vision in mind, seeking first to understand and then to be understood and synergizing.

As a teacher the leader's first responsibility is to define reality (DePree, 1990). "Leader as a teacher" is not about "teaching" people how to achieve their vision. It is about fostering learning, for everyone. Such leaders help people throughout the organization develop systemic understanding (Senge, 1990).

CHAPTER FOUR

CULTURE AND STRUCTURE IN LEARNING ORGANIZATIONS

4.1 CULTURE

Learning within organizations is ultimately tied to culture (Carley and Hill, 2001). The overall culture of a group is often operationalized as norms (Cooke and Rousseau, 1988); values (Posner, et al.1985; O'Reilly et al, 1991; Chatman, 1991) or the types of stories told (Martin et al, 1983, Gundry and Rousseau, 1994) or using vague empathic terns describing the overall ambience (Deal and Kennedy, 1982; Peters and Waterman, 1982). Each operationalization is an attempt to tangibly represent culture which is defined as "A pattern of basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems" (Schein, 1983). In this sense, culture is the way in which the group responds to change in external and internal environments as well as a framework that guides the way they relate to each other and pass on information. Relationships, as they provide the context for communicating basic assumptions, play an integral role in culture.

The idea of embedding knowledge permanently in an organization and further building on it has given prominence to what has become known as the learning organization (Akella, 2003; Senge,1990) and organizational learning (Akella, 2003; Argyris and Schon 1978, 1983; Argyris,1992; Bierly 111 et al, 2002; Senge 1990). The culture of learning in organizations gained significance in the 1980s and 1990s as organizations struggled to adapt to accelerated change and today learning and management of knowledge acquired is a key activity in organizations Senge 1990, popularized the term "learning organizations" and this is considered a conceptual framework for the organization of the future.

In learning organizations learning is embedded as a culture and Senge, 1990 describes them as places "where people continuously expand their capacity to create results they truly desire, where new and expansive patterns of thinking are matured and where people are continuously learning how to learn together. What is significant is the

increased use of relevant information learned and sharing of knowledge to create new knowledge and develop organizational knowing (Huatari and Livonen, 2003).

Learning is central to success and maintenance of a competitive position. Organizations that will excel in future are those that discover how to tap people's commitment and capacity to learn so that their competence can continually remain relevant even when the environment changes. If the learning abilities of employees are to be improved, management will need to create suitable conditions to influence the individual's mental paradigms, their conceptual framework and their approach towards work and problem solving. An organizational culture for expanding organizational strength then becomes an inimitable strength (Allee, 1997; Barney 1991)

"The who" is an important aspect of learning (Argote, 1999). "Who" one is connected to influences the communication and adoption of culture among organizational members (Hill, 1999). While relationships provide the mechanism by which culture is communicated and adopted, the content of culture is the result of "what" individuals know. The content of culture, the pattern of basic assumptions which individuals use as a framework to interpret events and subsequently guide behaviors in a desired direction motivates the consideration of "the what" in the learning process. Knowledge exists within and between individuals, and thus within and between any group that contains individuals. As individuals learn they alter the distribution of information, that is, the cognitive content, the group's ability to learn and culture. In essence then, when culture is viewed from a knowledge level perspective, all of the other characterizations of culture, norms, values, stories, goals, and ambience are artifacts that emerge from the changing pattern of knowledge and interaction in the organization. Indeed, all social, cultural and individual behaviour emerges out of the on-going interactions among intelligent adaptive agents (Padgett, 1997; Epstein and Axtell, 1997; Kauffman, 1995).

Culture as a pattern of knowledge and interaction is itself a form of distributed cognition (Hutchins, 1991, 1995) and so determines general behaviour as well as changes to specific responses. Consequently, dramatically different behaviour (at both the individual and the organizational level) can result from seemingly innocuous changes in the underlying social knowledge networks and so changes in the underlying

structure and culture of the organization such changes are ubiquitous. However continual change does not imply that we cannot predict the behavior of the organizational system. If we are to understand and predict organizational behaviour then we will need to understand "the who" – social relationships – and "the what" – knowledge – which result in learning. If we are to understand and predict organizational behavior then we will need to understand the socio – cognitive mechanics which bring about the observed change in the meta- network linking "the who" and "the what" (Carley, 2002). The knowledge level approach considers "the who" and "the what" in conceptualizing learning at the organizational levels.

Steps Needed to Create a Culture that Supports a Learning Organization

To compete in this information-saturated environment we are currently living in, it is necessary to try to remain dynamic, competitive, and to continue to look for ways to improve the organization. As David Garvin of Harvard University writes, "continuous improvement requires a commitment to learning" (Garvin, 1994). Change is the only constant we should expect in the workplace, and therefore, we must rid ourselves of traditional, hierarchal organizational structures that are often "change-averse," or undergo change only as a reaction to external events (Johnson, 1993). Learning organizations embrace change and constantly create the reference points to precipitate an ever-evolving structure that has a vision of the future built in. According to Richard Karash learning organizations are healthier places to work because they:

- Garner independent thought
- Increase our ability to manage change
- Improve quality
- Develop a more committed work force
- Give people hope that things can get better
- Stretch perceived limits
- Are in touch with a fundamental part of our humanity -- the need to learn, to improve our environment, and to be active actors, not passive recipients (Karash, 1995).

In the 1980 study by Jeff Oberlin of Motorola University and Director of Emerging Trends more creative ways to make new associates to become more productive team members was sought. It was found that it is important to take various steps to make

effective learning embedded as a continuous practice. His recommendations included the use of CD-ROM, internet applications, wireless data and emerging technologies as the the best way of transferring information. He recommended multimedia training to allow training for all Motorolans world-wide, reduce training times and costs and increase knowledge of the firm. Jeff recommended the building of a research department to continuously to develop and continuously facilitate learning using multimedia. They also recommended the formation of definite learning policies.

Following the study Motorola built a quality culture and developed an internal training system. It also set up corporate wide training plans and training investment policies. The firm has been able to expand its operations in U.S.A, Eastern Europe, South America, and Asia-Pacific region. Many of the managers, supervisors and employees from the various parts of the world have attended diversity training, which they confess has helped them towards achieving their full potential.

In 1989 Yacimentos Petroliferos Fiscates (YPF) faced the challenge of transforming itself from an inefficient state-owned bureaucratic center into an efficient private company that could attract international investment. Arthur D. Little, who were engaged as consultants, studied the firm and advised on reorganizing the firm. They also advised the firm to adapt the concept of the learning organization. It was recommended that everyone in the firm should learn about and participate in the implementation of a measurement system. The firm also redesigned its its organizational structure and culture. Working groups were introduced, employees became better able to evaluate and review performance and learned about current processes seeing what went well. Ideas could then be discussed and perceptions freely aired. Losses of $579 million in 1990 were transformed into profits of $706 million in 1993. The number of staff was reduced from 52,000 to about 6,000.

A Mexican Industrial firm experienced difficulty in socializing the learning process at the organizational level, coordinating different learning strategies and also in integrating knowledge across organizational boundaries. G. Dutrenit then carried out a study in 2000 on learning and knowledge management focusing on technological capability accumulation. He concluded that there is no simple linear progress from the early stages of accumulation of innovative capability and learning to the management of knowledge as an asset.

As Gephart and associates point out, "culture is the glue that holds an organization together"; a learning organization's culture is based on openness and trust, where employees are supported and rewarded for learning and innovating, and one that promotes experimentation, risk taking, and "values the well-being of all employees (Gephart, 1996). Overall, to create a culture and environment that will be the foundation for a learning organization, people must realize the beginning comes with "a shift of mind -- from seeing ourselves as separate from the world to connected to the world" (Senge, 1996); from seeing ourselves as integral components in the workplace, rather than as separate and unimportant.

4.2 STURCTURE

Learning within organizations is ultimately tied to structure. A common conception of structure is in terms of the linkages among personnel; for example the network, the communication network, and advice network, the friendship networks are all part and parcel of the structure of the organization. This conception of organizational structure is based on recognizing that the individuals in the organization are not independent. Social networks, the connections among those individuals, influence individual and group behaviour (MC Pherson, 1983) and serve to constrain and facilitate change. Thus individual agency emerges from, is constrained by and is enabled by this structure.

Any agent that can reposition itself in this interaction-knowledge space has agency. This view of agency draws from the familiar information processing approach (March and Simon, 1958; Simon, 1944; Galbraith, 1973). However it extends that notion by incorporating it in a network framework. This provides grounds for talking about the information that the agents have as including not just the "what" but also their perceptions of who knows who knows who (the cognitive social structure - Krackwaadt, 1987) and who knows who knows what (the transitive memory - Wegner, 1987, 1995; Moreland et al., 1996). Action results from opportunity, and the inter relation among knowledge and capability. An aspect of capability is the passiveness or activeness with which the agent seeks new information.

Whom individuals interact with defines and is defined by their position in the social network. Therefore in order to understand structural learning, it is particularly

important to incorporate a knowledge level approach into our conception of networks within organizations (MC Pherson, 1983).

CHAPTER FIVE

SUMMARY AND CONCLUSIONS

5.1 SUMMARY AND CONCLUSIONS

It is imperative that organizations that want to remain competitive in the dynamic environment in which they operate today should look for ways to continue enhancing their capacity to cope with the change. Organizations seek to be learning organizations as a way to ensure they enhance their capability in accordance with the requirements placed upon them by the fast changes in the conditions under which they operate (Hoeskisson, 1999). Learning enables organizations to become adaptive, flexible, productive, know what competitors are doing and to remain competitive (Senge 2000).

Various authors have provided various definitions of learning organizations but whether they believe it should be a "top-down" (Hughes and Fight, 1998) or "bottom-up" (Wathins and Marsick, 1992) approach they all believe any organization can be a learning organization. They refer to the involvement of all staff regardless of rank, and see the learning organization as a means to a goal, providing continuous learning opportunities.

Learning in organizations may be adaptive, which is based on past track record and focuses on solving problems in the present and incremental improvements; or they may be generative, which means they emphasize continuous experimentation and feedback in an ongoing basis to define and solve problems based on new ways of looking at the world.

Learning started being given much importance by companies as a way of creating, enhancing and sustaining competitive advantage in the 1980's (Senge, 1992). Firms seek to be learning organization in order to continuously enhance their capability to learn and capability to be more productive as a result of learning. In order to build strategic flexibility, necessary to facilitate the shift from one dominant strategy to another, there must be a long-term commitment to the development and nurturing of critical resources and the company must become a learning organization (Hunger and Wheelen, 2002). Learning organizations facilitate the passing on of desirable skills

that enhance and sustain competitive advantage. The building of competitive advantage has been viewed from a number of perspectives which include Porters five forces model (Porter, 1980), The Resource-based view of the firm (Barney, 1991) and the Knowledge-based view (Horskisson, 1999). Porter's five forces include bargaining power of customers, bargaining power of suppliers, the threat of substitute products, the threat of new entrants and the strength and nature of traditional rivalry among firms in the industry. The theory assumed firms in an industry structure themselves to be either low cost or to attain product differentiation which gives them a superior position compared to others and prevents entry of other firms. Porter's view, regarded as external view of competitive advantage, addresses the profitability of industries rather than the individual firms and is criticized for this. It ignores the fact that firms, even in the same industry differ despite similar threats and opportunities. The theory therefore may not help individual firms much in obtaining and sustaining unique advantage (Rummett et al, 1994). Even in Porter's five forces model it is clear that firms have to learn the behavior of the market and how to act in various circumstances.

The resources – based view considers internal resources and capabilities which are more controllable and enduring as the main source of competitiveness (Barney, 1991). Unlike Porter's five forces this perspective expects firms to compete based on their unique or distinctive capabilities. Resources-based view builds on but does not replace the Porters five forces model (Collins and Montgomery, 1995). The two put together may therefore enable a firm to develop a viable strategy. In the 1990's the RBV become more focused on intellectual resources, such as earning capabilities, intellectual capital and knowledge (Nonaka and Takeuchi, 1995).

Knowledge-based view an extension of the resource-based view is still in its infancy and focuses on differentiated knowledge inventories as a basis for competitive advantage. Unique knowledge and varying stocks of knowledge may be a source of differences in capability between one firm and the other.

Learning is a key component in facilitating strategic change and given the dynamic environment in which organizations operate it is critical that they are well prepared to change when it is necessary. Individuals as well as the entire organization should learn the environment and the necessary changes to make in order to remain competitive.

Peter Senge (1990) identified five core disciplines in building the learning organization as personal mastery, mental models, team learning, shared vision and systems thinking. Kerka (1995) concurred that these characteristics tend to be evident in learning organizations. Personal mastery means an organization can only learn when individuals within the organization learn and this should be continuous. The best mental model, which means ones way of looking at the world, is where all parties win by working together. Team learning is necessary because when team members learn together there can be good results for the organization and also the members grow rapidly. However, dialogue and the process of team building are important for effective team learning and achieving results together (French and Bell, 1995). Shared vision is vision created by compromising between the individual visions and developing these visions in a common direction. The leader, like other employees, shares his vision with the employees and encourages them also to share theirs and so the organizations vision evolves. Where there is shared vision creative tensions, the difference between the shared vision and current reality, will drive the organization towards its goals.

The role of the leader in a learning organization takes a different form from the traditional one which views the leader as one who solely determines the direction the organization should go and gives instructions. The new view, unlike the traditional, sees the leader as the facilitator for building a learning organization where all people participate, expand their capabilities, clarify their vision, share mental models and are responsible for learning. The role of the leader is that of a designer, teacher and a steward (Senge, 1990).

The culture of learning is embedded in learning organizations. Such organizations promote continuous learning, all staff proactively expanding their capacity to produce desired results and to work together, broadening their thinking and also enhancing their ability to use and share information (Huatari and Livonen, 2003). A culture determines the general behavior as well as common changes and is important in the creation of a learning organization.

The structure of an organization determines its success as a learning organization. Structure includes linkages among personnel, the communication network, advice

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network and friendship network (MC Pherson, 1983). Social networks influence both individual and group behavior and facilitate or constrain change. These networks are therefore the channels that facilitate organizational learning and it is therefore important to include a knowledge level approach in designing the structure within organizations.

5.2 THE RESEARCH CONTEXT FOR LEARNING IN ORGANIZATIONS

While a number of studies have been done on learning organizations gaps still remain that give room for further studies in the subject. It would be interesting to find out whether all types of firms are capable of becoming learning organizations and whether learning organizations display other characteristics besides those put forward by Senge, 1990. It would be useful to study the relationship between learning organizations and the various theories of competitive advantage, for instance how learning facilitates application of the various view to be more competitive. Studies could be done to determine the cost of becoming learning organizations and how various types of firms view these costs.

Learning for organizations has emerged as one of the fields attracting considerable recent attention (Dogson, 1993). As such learning for organizations is a contemporary set of ideas and prescriptions of how organizations should be managed. Those ideas as popularized by writers such as Senge (1994); Argyris and Schon (1978); Pedler, Burgoyne, and Boydell (1991) and others, apply the psychological metaphors of learning to organizations and argue that fostering learning in individuals can be transformed into more general improvements that will lead to success and prosperity for organizations. Organizations can be seen to "learn" as the collective patterns of behaviour amongst organizational members change and adapt to their environment.

Increased diversity will be one of the main factors leading to a greater effort of adult education in the workplace in future (Deshler and Hagan, 1990). Research into workplace learning will be essential for people to appreciate the relationship between forces for individuality and empowerment and those directed towards socialization (Deshler and Hagan, 1990). This can be seen to contrast with approaches towards

making an entity a learning organization which emphasize wholesale changes to organizational cultures where the learning of one individual is the source of changes affecting the system, where one persons learning becomes a force for socialization of the other organizational members. Such socialization uses both explicit and implicit social controls to create a degree of social uniformity and conformity at work with the intention of increasing organizational effectiveness, order and consistency (Pascale, 1999). The move towards valorizations of diversity as a workplace issue exists side by side with organizations seeking to increase "sameness" in their organizations through learning, cultural change and socialization practices.

It is interesting to research into how members of an organization can be considered diverse and individual with pressures for organizations to learn to embrace diversity and difference while at the same time encouraging socialization by the consensus of organizational culture with pressures to learn and conform to the need for changing corporate culture for an organization.

5.3 FUTURE DIRECTIONS

If organizations are to become learning organizations, which will be inevitable in future for organizations that want to remain competitive, it is imperative that research will need to be continuously done in areas where adequate research is yet to be done. Examples of areas that will call for further research include establishing the relationship between performance and learning; establishing an appropriate measure for learning and the appropriate level of investment that should be done to facilitate learning; what should be learnt; the best learning strategies and processes that should be used; the connection between changes that occur in an organizations environment, strategies adopted and learning; the possibility of a firm having all the characteristics of a learning organization, the cost benefit analysis of learning on a continuous basis, how to study the environment and establish the need for and timing of any change required. It will be important to study how practitioners can reflect on experience and relate it to the whole system in an organization. The theoretical base of this approach is yet to be developed.

Organizations operate in a world that is getting increasingly dynamic only those organizations that are flexibly, adaptive and productive will excel (Senge, 1990).With the more complex world and the ever increasing competition also expected in future, which D'Aveni, 1994 refers to as 'hyper competition', organizations will have to intensify the measures they will take to ensure they cope. It is argued that in order to cope organizations have to continuously seek to tap people's commitment and capacity to learn at all levels (Senge 1990). Organizations that are continually expanding their capacity to create their future require a fundamental shift of mind among their members.

To enhance learning in organizations the use of information technology (IT) network will have to be installed and continuously enhanced in organizations at all levels. This will facilitate faster communication of information. Information will also be shared much faster among many. E-learning will facilitate learning faster among many. Organizations that wish to be effective learning organizations will have to invest adequately in ensuring adequate information technology equipment. Argyris, 1992 suggests that much of the massive technology of management information system (MIS), quality control systems and audits of the quality control systems are designed for single loop learning. Most organizations create systems of learning that suppresses double-loop inquiry characteristics of learning organizations.

In future for organizations to become effective learning organizations, information technology systems will have to move towards facilitating double loop learning. In learning organizations there may arise the need to question underlying objectives and policies. The workers of today and the future will want to participate and be able to share their ideas. Increased access to the information highway will make information more available and to a wider audience. Barriers to learning such as lack of information and materials will be reduced. With globalization, which has changed the face of competition, it will be possible to quickly get information online and take more informed appropriate action faster.

In future a number of areas will increasingly get more important and therefore there will be more emphasis in improving individuals, teams and the organizations will have to build the capacity of staff to learn and take on board new ideas and methods fast enough to cope with the frequent changes in the environment for example technology,

competition, customer expectations, learning will have to be an integral part of works and teams in the company. Organizations that regard learning as a strategic tool will have to set a side funds and have specific budgets for research into the best ways of doing things and strategic learning.

For most organizations knowledge assets will not only be as important as physical assets but the most important employee will be a knowledge worker. Employees will also be judged on their ability to learn. Organizations will value learning, innovativeness, documentation and sharing best practices between staff and will safeguard them to be passed on to all who may join later (Teece, 2000).

The speed of learning will need to keep increasing to cope with the changes, which are likely to also be more dynamic and complete (Nonaka et al, 1995). A learning culture will help customers and clients understand each other's needs. Businesses will have to continuously learn how to best serve their stakeholders and this is the only way businesses will be able to maintain the loyalty of their clients in the face of many emerging alternatives.

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