

Towards a Learning Organization: The Strategic Building Blocks

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October, 1997

In order to address the other questions mentioned earlier about how to build learning organizations, over eighty published articles and books on the learning organization were reviewed. My involvement with nine different organizations in helping them measure and build their learning capability has also provided additional insights (Goh & Richards, 1997). Information from interviews, discussions with senior managers and focus groups with employees were also used as part of this review process.

The objective of this paper is similar to the tradition of human resources practices research, that is, to identify a bundle of managerial practices and organizational processes that differentiate these learning companies. Current research show that there are identifiable bundles of human resource management practices that are linked to organizational performance (Pfeffer, 1994). Selected literature from this area was also reviewed to provide further insights about managerial practices in a learning organization.

A Matter of Perspective?

A premise of our approach is that all organizations can learn. Some learn better than others and survive while the more successful learners thrive. Those that fail to learn will eventually disappear (Nevis, Dibella & Gold, 1995). However, the role of leaders in organizations is to set the necessary conditions for the organization to develop an effective learning capability. That is, managers need to take strategic action and make specific interventions to ensure that learning can occur (Shaw & Perkins, 1991). For example, introducing mechanisms to facilitate the transfer of knowledge between work teams and

developing a widely shared vision supported by employees can influence the learning capability of an organization.

This normative perspective suggests that there is a profile or set of internal conditions that are required for an organization to become a learning organization. This paper will identify and describe a set of managerial practice attributes or strategic building blocks of a learning organization. In addition, the paper will discuss the supportive organization design needed and the required competencies of employees as key foundation building blocks of a learning organization.

Strategic Architecture of a Learning Organization

David Garvin (1994), suggests that it is time to move away from high aspirations and mystical advice to managers and move on to clearer guidelines for practice and operational advice. He argues that we need to inform managers on how they can build a learning organization. Successful learning companies like Honda, Corning and GE have managed their learning capability to ensure that it occurs by design rather than by chance. These companies have implemented unique policies and managerial practices that have made them successful learning organizations.

In essence, being a learning organization requires an understanding of what are the strategic internal drivers needed to build a learning capability for the organization (Stata, 1989). This paper synthesizes the descriptions about management practices and policies that have been alluded to in the published literature describing learning organizations. Only those mentioned repeatedly by many writers were considered as differentiating

management practices of an effective learning organization. From this review, it is argued that learning organizations have the following core strategic building blocks:

1. Mission and Vision - Clarity and employee support of the mission, strategy and espoused values of the organization

2. Leadership - Leadership that is perceived as empowering employees, encouraging an experimenting culture and showing strong commitment to the organization.

3. Experimentation - A strong culture of experimentation that is rewarded and supported at all levels in the organization.

4. Transfer of Knowledge - The ability of an organization to transfer knowledge within and from outside the organization and to learn from failures.

5. Teamwork and Co-operation - An emphasis on teamwork and group problem-solving as the mode of operation and for developing innovative ideas.

Although presented as separate dimensions, they are interdependent and mutually supporting conditions in a learning organization. It is further argued that an “organic” organization structure where job formalization is low and the acquisition of appropriate skills and knowledge by employees are additional building blocks essential to a learning organization. These additional elements are the supporting foundation for the achievement of the above core strategic building blocks. Figure 1 illustrates the new organizational

archetype and the strategic and foundation building blocks of a learning organization. Each one of these strategic building blocks are now discussed in more detail.

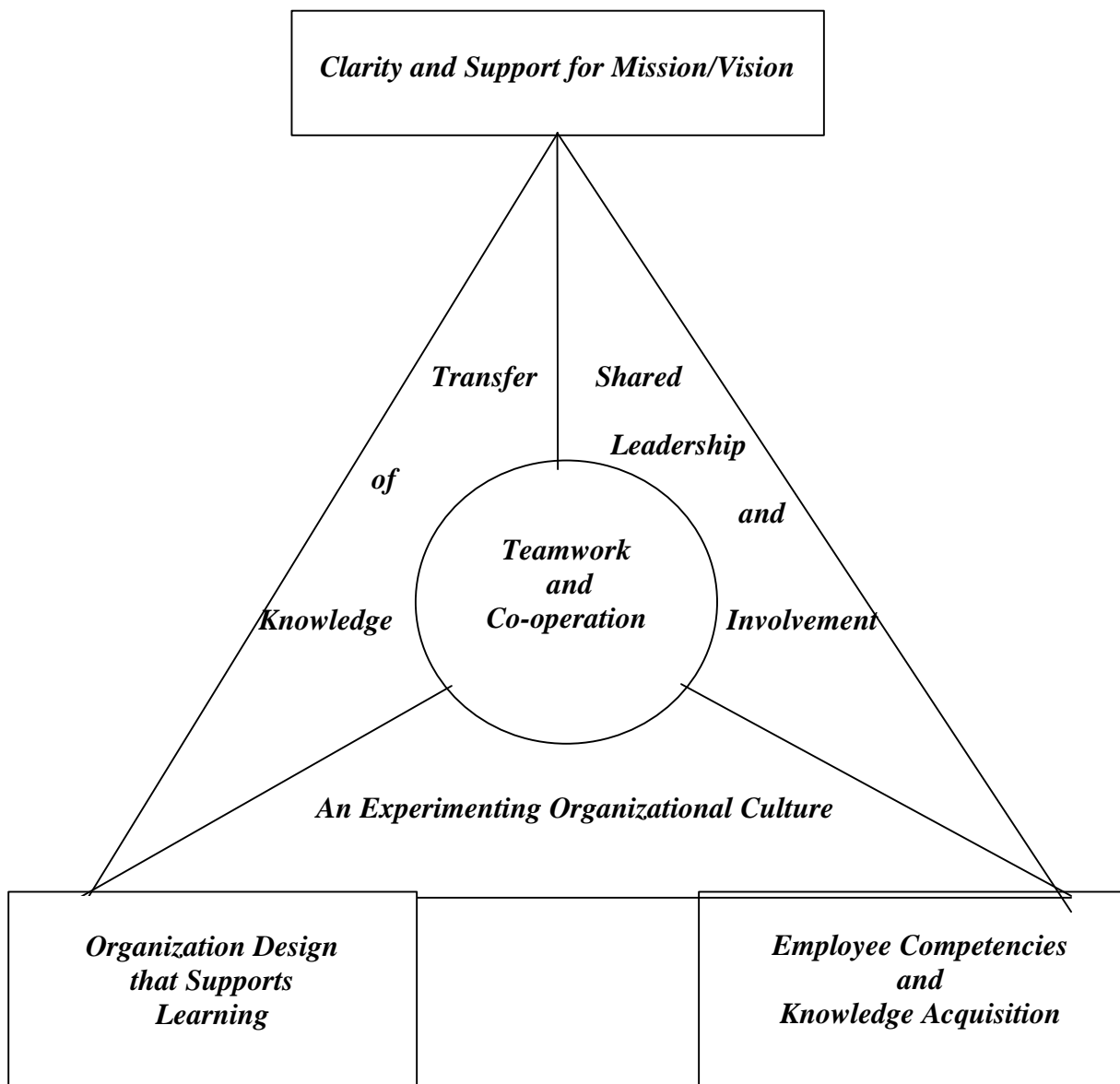
1. Clarity and Support for Mission and Vision

A learning organization is one where employees are empowered to act based on the relevant knowledge and skills they have acquired and information about the priorities of the organization. According to Senge (1990), information about the mission of an organization is critical to empowering employees and developing innovative organizations. Without this key piece of information about where the organization is headed, people will not extend themselves to take responsibilities or vent their creative energies.

Having a clear mission and vision that is supported by employees is therefore a critical strategic building block of a learning organization. If this is widely shared and understood by employees then they will feel more capable of taking initiatives. A clear understanding will mean actions that are in alignment with the organization's goals and mission. GE and Motorola are good examples of companies where senior managers and the CEO spend considerable time articulating a vision for the company and creating employee commitment to recognizing and achieving it. As a result they are frequently cited as innovative learning companies.

Figure 1: THE NEW ORGANIZATIONAL ARCHETYPE

Strategic and Foundation Building Blocks of A Learning Organization



2. Shared Leadership and Involvement

In a highly competitive environment, employees are encouraged to take calculated risks, deal with uncertainty and to innovate. Such an environment requires a shared leadership style in a non-hierarchical organization. Managers are seen as coaches and not

controllers, level or rank is not as important as the ability of the individual to contribute to the performance of the organization. Leadership in a learning organization requires leaders to have the skills to facilitate change. Leaders should also be able to provide useful feedback to employees and teams so that it helps them to identify problems and opportunities. Leadership in a learning organization means involving employees in decision-making. Leaders should also be willing to accept criticisms without being overly defensive and to learn from such feedback.

Nortel has frequent training sessions and workshops that include all levels of employees in the organization. The sponsoring senior manager for the workshop is always present at the session. These senior managers will fully participate in the workshop and interact with employees during activities in the session and solicit ideas and input from them. This is a powerful signal to send to employees of the non-hierarchical, and shared participative leadership being practiced at Nortel, where all levels of employees can share ideas and learn together. It also creates a common experience and the development of shared mental models about problems and issues in the organization (Senge, 1990).

3. A Culture that Encourages Experimentation

An important if not essential part of a learning organization is its ability to create new knowledge and to utilize this knowledge to capitalize on new opportunities open to the organization. This requires the questioning of the current status quo and how things are done, which allows employees to bring new ideas into the organization. Managers should

also be willing to encourage individuals and teams to continuously improve work processes and to try new ideas. Obviously a reward system should be in place to reward innovative ideas that work.

The notion of “skunk works,” where time and resources are set aside for employees to engage in creative pet projects are all part of management practice to encourage an experimenting culture. Hewlett Packard and 3M are excellent examples of organizations with an experimenting culture. At 3M, experimentation is not only encouraged but is built into the activities of individual employees in the organization. Such activities include allowing a percentage of work time for employees to pursue an unusual personal project. In the case of Hewlett Packard, time activated obsolescence of products is a strategy used to ensure continuous experimentation, product improvement and the development of innovative new products.

4. Ability to Transfer Knowledge Across Organizational Boundaries

Skill and knowledge acquisition are obviously useless unless knowledge or experience can be transferred to the immediate job by the employee. It would be even better if this knowledge can also be transferred to other parts of the organization to solve problems and to energize creative new ideas. Learning from past failures and an opportunity to talk to other staff members of successful practices or experiences are all part of the transfer of knowledge. Learning organizations not only encourage these practices but also have mechanisms or systems that will allow for this to happen. Part of this

knowledge transfer involves learning successful practices from other organizations and competitors as well.

Xerox and AT&T are organizations that have developed benchmarking processes that are good examples of encouraging knowledge transfer. Both companies have programs that benchmark the managerial practices of the best companies in an industry and their competitors. This approach encourages the transfer of knowledge about what competitors and other companies are doing that could be applied or emulated at Xerox or AT&T. Such benchmarking activities guarantee that they are always learning to improve their management processes, products or services.

5. Teamwork and Co-operation

Without doubt a key strategic building block for a learning organization is an emphasis on teamwork. By working in teams, employees can develop synergy to bring their collective skills and knowledge to bear on problems and to develop innovative ideas for the organization. For effective teamwork to occur, teams should be formed with employees from a variety of functional areas. A cross-functional teamwork environment breaks down the stove-pipe syndrome, especially if employees are frequently rotated among different teams as part of a deliberate career development program and human resource management policy.

Honda is the best example of a learning company with a strong focus on teamwork and cooperation. Employees are cross-trained to do many activities so that they can be rotated to different teams. At the Honda plant in Alliston, a human resource associate can

also work on the assembly line if needed. Problems and work related issues are shared by members of each team every morning to encourage a group problem-solving approach.

Supporting Foundations

The five strategic building blocks require two major supporting foundations. Firstly, there has to be an effective organization design that is in alignment with and supports these building blocks. Secondly, appropriate employee skills and competencies are needed for the tasks and roles described in the strategic building blocks

Organizational Design

The organization structure of learning organizations has been described in the literature as being organic, flat and decentralized with a minimum of formalized procedures in the work environment. Some research has supported this finding that organizations with a strong learning capability tend to have low scores on formalization in their organization structure. These research results clearly show that there is a negative relationship between formalization and learning capability (Goh & Richards, 1997).

Other researchers (Morhman and Morhman, Jr., 1995) have also found that learning organizations generally have fewer controls on employees and have a flat organization structure that place work teams close to ultimate decision-makers. The implication is that the five strategic building blocks of a learning organization can only operate effectively when the organization is designed as a flat, non-hierarchical structure with minimal formalized controls over employee work processes.

Employee Skills and Competencies

The literature on learning organizations frequently assert that these organizations place a strong emphasis on the training and skill development of their employees. However the training is not in the traditional mode of individual job focused skill training. Learning organizations invest more in training experiences that develop entire teams or whole work units. The training also emphasizes the development of a common experience, framework or theory of action for the entire team or work unit (Mohrman & Mohrman, Jr., 1995).

In order to build a learning capability, all five of the strategic building blocks require specific skill sets for employees and managers. Skill competencies also need to match some of the behavioral skill sets required in a learning organization such as shared leadership, coaching behaviors and providing feedback. Learning organizations also balance their training of employees more towards behavioral skills and less towards technical skills that have a short shelf-life (Kiernan, 1993).

Xerox is a good example of what has just been described. They implemented a group training program for all employees at all levels in the organization called "Leadership Through Quality". The training was focused on learning how to work in teams and a problem-solving process that is applied throughout Xerox. Increase in employee skills and competencies in these two areas have had an enormous impact and gains for Xerox on product quality and customer service.

Measurement and Intervention

Building a learning organization requires an organization to focus on and implement these five major strategic building blocks and to ensure that the two supporting foundations are aligned to facilitate learning. As described, this requires a shift in the cognitive and behavioral skills of managers and employees. Deliberate interventions in the organization design and an appropriate training and skill development program should also be implemented to reinforce employee learning and knowledge acquisition.

In order to move in the direction of this new organizational archetype, a measurement process has to be implemented to diagnose the current learning capability of the organization against these five yardsticks. A survey measure has been developed that can assess organizations on these five strategic building blocks and supporting foundations (Goh & Richards, 1997). Such an instrument can be used as the starting point for determining the existing learning capability of an organization. Results from the survey can also identify the weak strategic building blocks for change intervention.

The current organization design and skill development program also need to be assessed and evaluated to ensure that it is aligned and provides support to the strategic building blocks of a learning organization. Following these assessments, the organization can then design a series of intervention strategies to increase the overall strength of these building blocks. This will enable movement closer to the organizational archetype of a learning organization described in this paper. Obviously, the intervention strategies should be developed and tailored to the circumstances and constraints facing the organization and the assessment results. An example would be the introduction of Lotus Notes to share best practices as an intervention to improve knowledge transfer in an organization.

Lastly, managers should track and measure the performance improvement of the organization after the interventions have taken place. There should be measurable improvements in results such as better service delivery, greater successful innovative new products, better product quality and other tangible gains for the organization (Garvin, 1994). The organization should be re-measured as well to determine whether overall learning capability has also improved.

Conclusion

In summary, the paper suggests that these five strategic building blocks and the supporting foundations are the key factors in this new organizational archetype called a learning organization. These strategic building blocks and supporting foundations need to be present or implemented for an organization to have a learning capability. However, if this idea of a learning organization is to manifest itself in organizations and gain credence and support by practicing managers, it also has to have an impact on organizational performance.

Lastly, the archetype articulated in this paper describe the specific strategic and foundation building blocks, measurement and intervention process that are required to become a learning organization. This will hopefully allow managers to take practical actions, initiatives and interventions needed to build a learning organization and to measure their success in achieving this outcome. Building a strong learning capability is crucial for knowledge intensive organizations and for companies operating in a highly competitive

environment. As stated by Stata (1989), the rate at which individuals and organizations learn may become the only sustainable competitive advantage in the future.

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