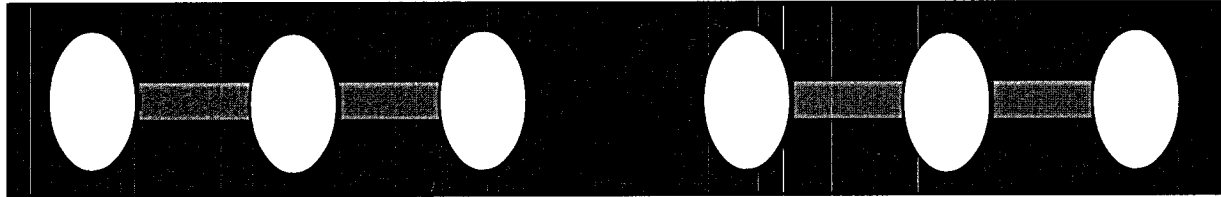


Toward a Learning Organization: The Strategic Building Blocks

Swee C. Goh, *Faculty of Administration, University of Ottawa*



The literature on organizational learning has been elusive in providing practical guidelines or managerial actions that practicing managers can implement to develop a learning organization. Some of the questions raised by managers about the concept of a learning organization are as follows: What is a learning organization? What are the payoffs of becoming a learning organization? What should I do to encourage organizational learning? How do I know if my company is a learning organization? What are the characteristics of a learning organization and how do I sustain one? Is there an implementation strategy? Clearly a discussion with a managerial perspective on how to build a learning organization is lacking in the literature.

To answer the first and most frequently asked question, "What is a learning organization?", we need a definition. The following definition best reflects the conceptual approach of this paper:

A learning organization is an organization skilled at creating, acquiring and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights (Garvin, 1993).

This working definition is only a starting point. More important is the need to explain how to become a learning organization, not what it is. This paper will develop an organizational archetype of a learning organization to focus on some of the details of how to build one.

Before getting to this, we need to answer a second frequently asked question which is, Can a learning organization improve my bottom line results? A manager promoting the concept should be ready to answer this question. One approach is to ask whether the organization is looking for a short-term or long-term results.

Organizational learning is a long-term activity that will build competitive advantage over time and requires sustained management attention, commitment, and effort. A list of companies frequently cited as learning organizations confirms this fact. These companies include Motorola, Wal-Mart, British Petroleum (BP), Xerox, Shell, Analog Devices, GE, 3M, Honda, Sony, Nortel, Harley-Davidson, Corning, Kodak, and Chaparral Steel. Not only have these organizations maximized their competitive positions in good times, they have been carefully nurtured in turbulent times. As a result, these companies are envied by their competitors (de Geus, 1988; McGill, Slocum & Lei, 1993; Leonard-Barton, 1992).

Studies have shown that long-term investments in these companies would have given an investor spectacular returns. More to the point, these companies were built to last and have been managed effectively since their founding (Collins & Porras, 1994).

To address the other questions mentioned about how to build learning organizations, over 80 published articles and books on the learning organizations 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 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 shows that identifiable bundles of human resource management practices 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). 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 a set of internal conditions is required for an organization to become a learning organization. This paper will describe a set of managerial practices 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 practices and operational advice. He argues that we need to inform managers 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 the strategic internal drivers needed to build a learning capability (Stata, 1989). This paper synthesizes the description of management practices and policies alluded to in the literature about 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 Cooperation** — An emphasis on teamwork and group problem-solving as the mode of operation and for developing innovative ideas.

Although presented as separate dimensions, these building blocks are interdependent and mutually supportive conditions in a learning organization. It is further argued that an “organic” organization structure, where job formalization is low, as well as the acquisition of appropriate skills and knowledge by employees are also essential additional building blocks. These additional elements are the supporting foundation for the achievement of the core building blocks in the list. 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 is now discussed in more detail.

1. Clarity and Support for Mission and Vision

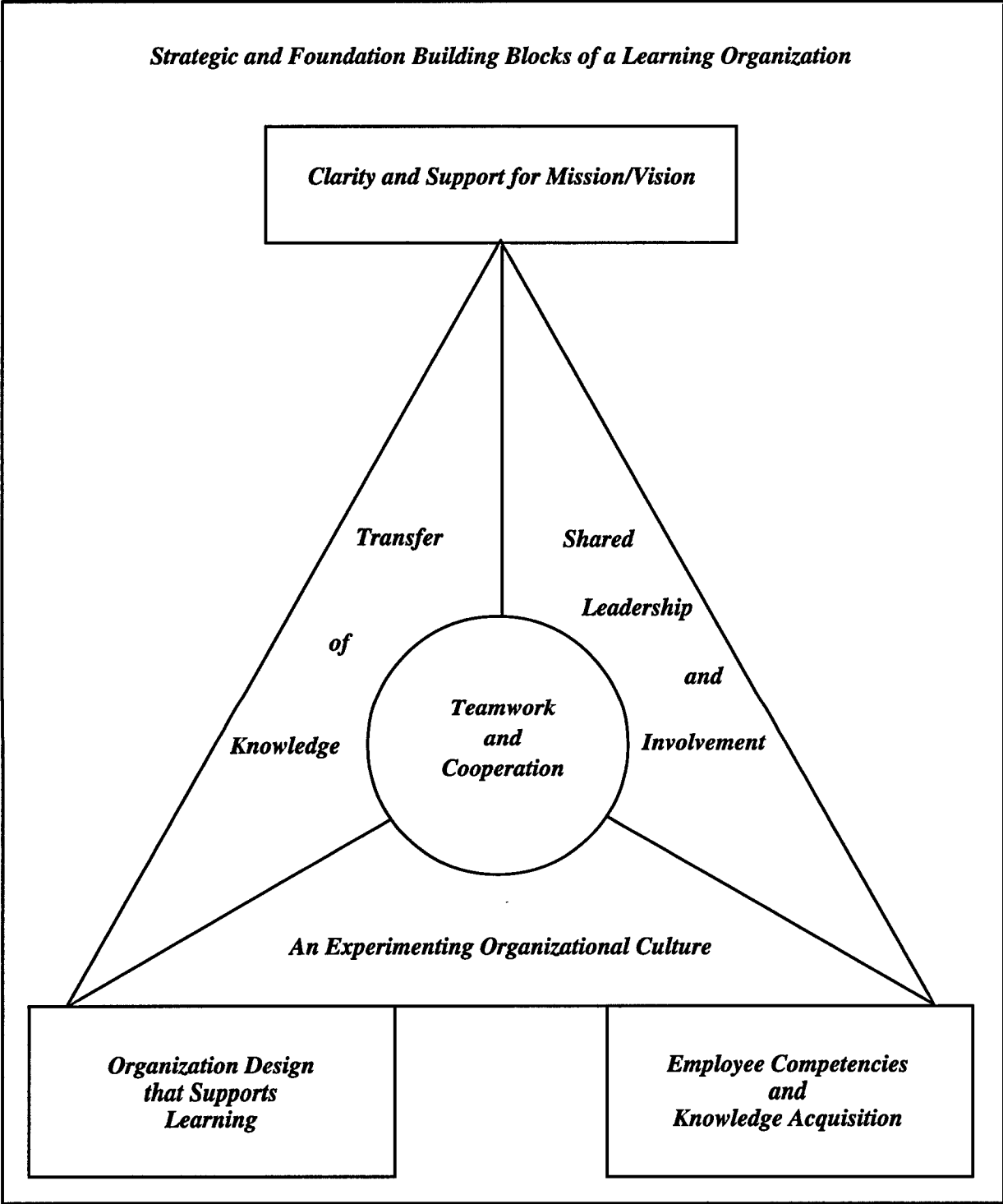
A learning organization is one where employees are empowered to act based on the relevant knowledge and skills they have acquired and information about the priorities of the organization. According to Senge (1990), information about the mission of an organization is critical to empowering employees and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

Having a clear mission 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 they will feel more capable of taking initiatives. A clear understanding will mean actions that are aligned 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 and creating employee commitment to achieving it.

Figure 1: THE NEW ORGANIZATIONAL ARCHETYPE



2. Shared Leadership and Involvement

In a highly competitive environment, employees are encouraged to take calculated risks, to deal with uncertainty, and to innovate. Such an environment requires a shared leadership style in a nonhierarchical organization. Managers are seen as coaches, not controllers; level or rank is not as important as the ability of the individual to contribute to the organization's performance. Leaders need the skills to facilitate change. Leaders should also be able to provide useful feedback to employees and teams to help them identify problems and opportunities. Leadership in a learning organization means involving employees in decision-making. Leaders should also be willing to accept criticism without being overly defensive and to learn from it.

Nortel has frequent training sessions and workshops that include all levels of employees. The sponsoring senior manager for the workshop is always present. These managers will participate fully in the workshop, interacting with employees during activities in the session and soliciting ideas and input from them. This sends a powerful signal to employees of the nonhierarchical and shared participative leadership being practiced at Nortel. 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 use it to capitalize on new opportunities open to the organization. This requires questioning 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 try new ideas. Obviously a 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 they can be transferred to the immediate job by the employee. It is even better if this knowledge can also be transferred to other parts of the organization to solve problems and energize creative new ideas. Learning from past failures and talking to other staff members about 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 allow them to happen. Part of this knowledge transfer involves learning successful practices from other organizations and competitors as well.

Xerox and AT&T 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 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, and their products or services.

5. Teamwork and Cooperation

Without doubt a key strategic building block for a learning organization is an emphasis on teamwork. By working in teams, employees bring their collective skills and knowledge to bear on problems and to develop innovative ideas for the organization. To be effective, 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 for many activities so that they can be rotated to different teams. At the Honda plant in Alliston, a human resources 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. First, there has to be an effective organization design that is aligned with and supports these building blocks. Second, 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 organic, flat, and decentralized, with a minimum of formalized procedures in the work environment. Some research has supported this finding: organizations with a strong learning capability tend to have low scores on formalization in their organization structure. These research results clearly show a negative relationship between formalization and learning capability (Goh & Richards, 1997).

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

• Employee Skills and Competencies

The literature on learning organizations frequently asserts that these organizations strongly emphasize the training and skill development of their employees. However, the training is not in the traditional mode of individual job-focused skills. Learning organizations invest 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 team or work unit (Mohrman & Mohrman, Jr., 1995).

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 start their training of employees more toward behavioral skills and less toward technical skills that have a short shelf-life (Kiernan, 1993).

Xerox is a good example of this. It 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 on a problem-solving process that is applied throughout Xerox. Increases in employee skills and competencies in these two areas have had an enormous impact and have produced gains for Xerox in 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.

To move in the direction of this new organizational archetype, a measurement process is needed 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 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 the skill development program also need to be assessed and evaluated to ensure that they are aligned and provide support to the strategic building blocks. Following these assessments, the organization can then design a series of intervention

strategies to increase the overall strength of these building blocks, so it can move closer to the archetype described in this paper. Obviously, the intervention strategies should be tailored to the circumstances and constraints facing the organization and to 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 organization's performance improvement after the interventions have taken place. There should be measurable improvements in service delivery, successful innovation of new products, product quality, and other tangible gains (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 building blocks and supporting foundations need to be present or to be implemented to have a learning capability. However, if this idea of a learning organization is to take hold in organizations and gain credence and support by practicing managers, it must also have an impact on organizational performance.

The archetype presented in this paper describes the specific strategic and foundation building blocks and measurement and intervention processes that are required to become a learning organization. This should 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.

Dr. Goh focuses on the measurement and implementation of organizational learning in public and private sector organizations and also on the management of large-scale organizational transformations; he has published in several journals, including the Academy of Management Journal and International Journal of Management.

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