

THE ROLE AND IMPORTANCE OF ORGANIZATIONAL LEARNING

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Abstract: Organizational learning is one of the main prerequisites for establishment and development of the value of the modern organizations. The creation, retention and the transfer of knowledge within the organization is the basis of the organizational learning. The global constant changing environment undoubtedly creates new conditions for success of the companies worldwide. The availability and the fast spread of information creates new environment for the companies and organizations. The modern economy has set new imperatives for success – the flexibility, innovations and good knowledge transfer within the organizations are very important for development and productivity. Organizational knowledge and intellectual capital are considered as one of the vital and most crucial strategic assets for success and sustainability of organizations in the competitive business environment. Therefore, the knowledge of individuals has inevitably become as important as other financial and physical assets of the organizations. Effective knowledge management requires knowledge, contributing for the key processes development and organization's activities, to be available for the right people at immediate practical use in time. Thus, knowledge management represents a systematic approach towards searching and using the knowledge on behalf of creating values. In relation to this, it is more than clear that knowledge management and organizational learning are two very similar concepts that cannot exist one without other. Organizational learning supports knowledge management and vice versa.

Keywords: organizational learning, knowledge management, knowledge creation, knowledge transfer

1. INTRODUCTION

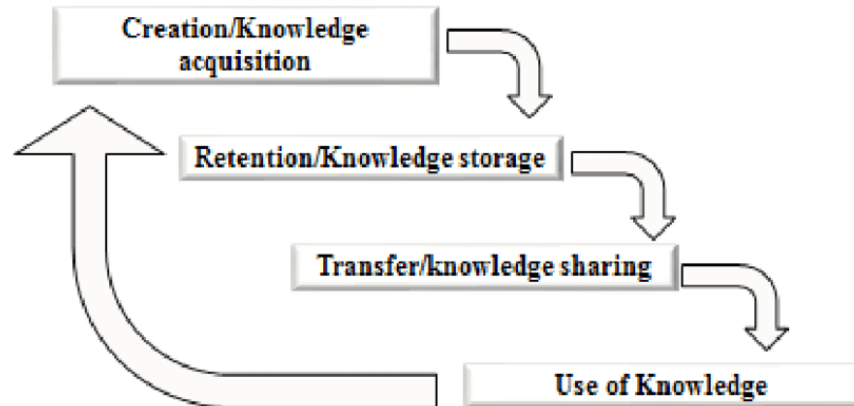
Organizational learning is the process by which an organization improves itself over time through gaining experience and using that experience to create knowledge. The knowledge created is then transferred within the organization. The creation, retention and the transfer of knowledge within the organization is the basis of the organizational learning. Organizational learning is important for all companies, as the creation, retention and transfer of knowledge within the organization will strengthen the organization as a whole.

Organizational learning is a relational concept and a social construct, intrinsically bound to the environment, involving interaction among individuals or between individuals and organizations. A learning culture can be represented as a range of complex relationships such as person-to-person relationships. Learning needs to be captured, realized, transformed and re-used in order to be productive within organizations,. This requires relationships within an organization that supports all types of learning across the organization. This paper argues that a learning culture is a set of relationships and behaviors within an organization that transform tacit into explicit knowledge.

Knowledge is not a homogenous resource. Although it is related to data and information, knowledge is different from these constructs. Data are a set of defined, objective facts concerning events, while information is a value-added form of data that adds meaning through contextualization, categorization, calculation, correction, or condensation (Davenport & Prusak, 2000). Knowledge is the applied version of information, a combination of information within experience, framing, value, contextualization, and insight. Experience is knowledge that is generated through exposure to and application of knowledge. Knowledge originates within and is applied by units of an organization to evaluate and utilize experience and information effectively. Knowledge can become embedded within repositories, routines, processes, practices, tools, and norms, depending on the relationship between information, experience, and knowledge (Argote, 2011). It is through this reflection of both process and outcome that learning will occur. In addition to those actions, there are three key processes that occur in organizational learning:

- Knowledge creation
- Knowledge retention
- Knowledge transfer

Figure 1: Processes of Knowledge Management



Source: Sequeira, Bernardete & Marques, João. (2011). Knowledge Management in Tourism Organizations: Proposal for an Analytical Model.

It is important that the organization ensures that the knowledge gained from this process is retained within the organization and that it is transferable. Knowledge retained by individuals cannot be properly retained, as individuals can leave, taking their knowledge with them. Embedded knowledge can be kept within the organization and shared with all individuals.

In order to define organizational learning it is important to understand the essence of creating a learning culture within an organization. This type of learning benefits both individuals, teams, and the organization as a whole. There are also positive intra-organizational benefits to this approach.

2. WHY IS ORGANIZATIONAL LEARNING IMPORTANT?

According to Peter Senge, adapting to environmental changes is not enough to survive and flourish in the economic jungle. Organizations have to anticipate and learn from change. The essential idea is problem solving, as against the traditional organization designed for efficiency. In a learning organization all employees look for problems, such as understanding the unique requirements of customers. Employees also solve problems, by finding novel, innovative and creative ways to meet the demands of customers. The theory of organizational learning focuses on the creation of knowledge and the use of that knowledge within an organization. The key aspects of organizational learning theory are that learning happens when people interact while finding and solving problems.

Organizational learning theory stresses the importance of development of a learning culture within an organization. According to this theory, organizations should:

1. Develop a culture that prizes knowledge sharing
2. Take time to learn the lessons that failure can teach
3. Encourage employees of all levels to continue their education on a regular basis
4. Allow individuals and teams to challenge the status quo of the organization

The importance of organizational learning is shown by the various benefits that occur in organizations that develop a learning culture:

1. Increased employee job satisfaction
2. Lower turnover rates
3. Increased productivity, profits and efficiency
4. Developing leaders at all levels
5. Enhanced adaptability throughout the organization

When organizations dedicate time and resources to developing a learning culture and implementing organizational learning, they are more competitive. This increased ability to react quickly to fast-changing market conditions is just one of the reasons why organizational learning is important.

An organization that embraces the lessons that can be learned from failure and studies its own processes will be an organization that contains more knowledge about best practices, and will be much more able to adapt.

By creating an environment where all employees are teachers and students, there is an equal exchange of information that allows each person to contribute in a substantial manner.

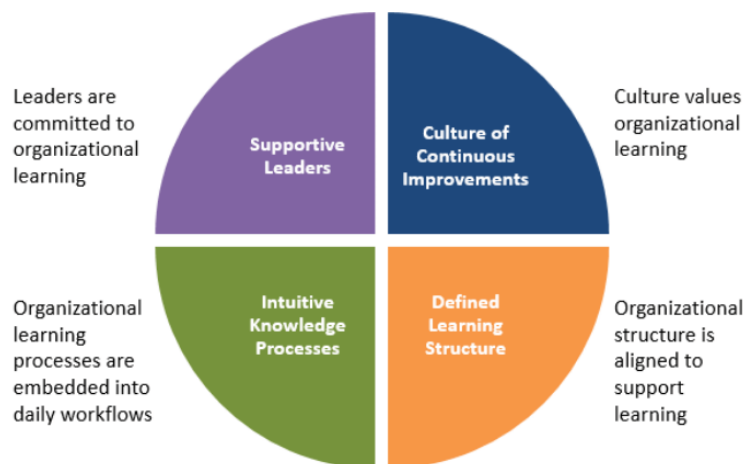
3. IMPORTANCE OF LEARNING ORGANIZATION IN THE 21ST CENTURY

Learning organization means “organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together” (Senge, 1990, p. 3). From this definition we can understand that learning organization is a team and organizational process rather than individual and it is a continuous never ending process. It is essential for a learning organization to make creative and better ways of learning and improving its performance. It becomes a part of the continuous process of sharing information with people and the environment, and exchanging and disseminating information. A learning organization is entirely different from a traditional organization as it has the capacity to make changes continuously. The theory of organizational learning stresses the importance of policies and procedures inside the organization in response to the outside consequences even though they are positive or negative the firm learns from its experiences. Learning has only very little to do with getting information, rather it is merely a process for enhancing capacity. Learning is for making new kinds of developments that the organization could not achieve in the past (Lassey, 1998). The principle assumption of learning organization, therefore, is that if learning from the part of individuals is improved, organizational performance also will improve. Senge (1990) identified five disciplines which are essential to the development of learning organizations in his opinion. These disciplines are the distinguishing factors behind the learning organization and a traditional organization. Those disciplines are personal mastery, mental models, shared vision, team learning and system thinking. Personal mastery tries to acquire the academic expertise and efficiency that they got from their activities and experiences. Mental model focuses on an individual’s basic world view, which is reinforced by structures, experiences, cultures and belief systems. This model guides and directs people as they make decisions, and are used to filter ideas and possibilities. Shared vision is the collective perspectives of employees and evolves from their understanding of the organization’s mission. In traditional organizations, shared vision is not commonplace, because little or no effort is made to internalize or understand the firm’s mission. Shared vision is, however, a cornerstone of learning organizations because it requires a common view of learning by all types of members from top to bottom in an organization. This discipline also helps the organizations allocate its various kinds of resources towards its objectives (Beiske, 2007).

Team learning enables the members of an organization in expanding their perspectives, fostering their knowledge, deepening their comprehension power and will make a better sense of self. Team learning helps employees improve collaboration, communication and co-operation, as well as view other organizational members as learning resources (Pettingar, 2002). In the case of system thinking, the members of a learning organization have to think in a strategic way about every aspects of an organizational life, which include the organization’s role in achieving its business objectives, its mission and strategy, and its structure, culture and managerial practices. Thus, a learning organization as it continuously examines the external and internal pressures, influence every part of the organization it proves helpful. Moreover, system thinking requires reflectivity on the part of leaders, managers and employees for the purpose of improving understanding and action.

Figure 2 shows the elements of learning organizations, which are: supportive leaders, culture of continuous improvements, intuitive knowledge processes, and defined learning structure.

Figure 2: Elements of a learning organization



Source: Stanford Social Innovation Review

4. IMPORTANCE OF LEARNING ORGANIZATION IN THE 21ST CENTURY

As the world is changing day by day, each generation has to adapt and make changes in a very limited time. Thus continuous learning is essential for survival and success in today's world. Technological change is having a tremendous impact on all our lives. Today, society is far more sophisticated than the world in the earlier days. As technological changes are in a fast manner, it becomes more difficult to predict the future developments and plan for the future changes (Gilley, 2000). In order to cope with the changing world we have to change our activities and ideas according to the changing world. Successful people have the ability to and are prepared to change and adapt. All successful people are learners; likewise successful organizations too are learning organizations. Learning organizations alone can make improvements and they never become stagnant. Although organizations are learning and adapt to change they are so slow in making changes. Successful organizations consider change and development as the most important factor which determine their success (Gilley, 2000). Learning organizations have the capability to control the external pressures rather than be a slave to it. If an organization is a learning organization it will reduce the staff turnover and it will become more attractive to potential employees. Learning process will enable the organization to respond to the changes and new situations more quickly than its rivals. The ability of the organization to focus on organizational goals and secure staff commitment to their achievement will lead to far greater efficiency and a better quality of product or service. The popularity of learning organization is increasing day by day.

Learning organizations have some mutual characteristics. These organizations consider each and every employees with the same concern, respect and caring attitude within the organization through which their external behavior to the southwest customers. Learning organizations have better team spirit than their competitors and the company gives consideration for employees than customers. The companies are also engaged in providing its employees plenty of information that will help them to understand their company, mission, customers and its competition. Furthermore, through continuous learning, company's employees productivity increases and it is able to maintain a proper number of staffs. The companies are making creative and innovative changes in improving the effectiveness for the highest quality of customer service delivered with very friendly and warmth manner.

5. ROLE OF HRM IN A LEARNING ORGANIZATION

HRM is a term generally used to describe all those activities in an organization related to recruitment, selection, designing work, training and development, appraisal and remuneration, direction, motivation and controlling of workers. HRM includes the framework of philosophies, policies, procedures and practices for the management of the relationship that exists between an employer and worker (Wilton, 2010). From the overall activities of HRM, we can see learning and development is also important activity of HRM in an organization. It helps in identifying the team and organizational development requirements of an individual for designing, implementing proper training and development methods and evaluating the training and development interventions. HRM is not only the job of HR specialists but it also requires the involvement of both senior and line managers in the process of successfully developing and implementing policies and practices. To make the learning process very effective the outcomes should be evaluated frequently and make necessary changes and improvements wherever it require (Robbins, 2009). A good culture is one in which the members of the organization are aware of their needs and requirements in the organization and will perform well in order to achieve the objectives of it. Such a culture lead an organization to make high performance in the areas like productivity, quality, levels of customer service, growth, profits and in the case of a profit making organization it will also increase the shareholder value. There should be a unique culture for every member in an organization which develops a good organizational culture. It is the duty of HRM to develop a good culture in an organization empowered with good policies and practices by learning the external and internal changes (Price, 2000). As HRM plays a vital role in the major functions of an organization, such as planning, organizing, directing and controlling, it should make continuous learning for the overall development of the organization.

5.1. Challenges to HRM in enhancing learning organization

The learning organization is actually a concept based on the human asset philosophy or the Harvard model of HRM. It makes the main challenge to HRM in learning organizations. There are many factors such as external and internal factors which will influence the environment of an organization. The main challenges that are faced by HRM are:

- Technological developments - as there is an increase in the technological developments the HRM department has to retrain and upgrade its employees.
- Globalization - as the industries are expanding its business to foreign countries the HR managers should have the knowledge about the employees and company's needs in the foreign market. They are also needed to learn the local language of the foreign country.

- Socio-cultural factors - organizations are working in a society and it is for the society. So it should take utmost care in taking any business action upon the society. It should not hurt the beliefs, morals, ethics, customs and values.
- Workforce diversity - there are diverse kind of employees like young and highly educated people, female employees, married female workers etc. and there should not be any discrimination among them.
- Management of human relations - the new young workforce is more intelligent and conscious than their predecessors. So it becomes more tough while motivating and creating employee commitment.

Even if these challenges exist in the learning organization, they will not have a much deeper effect in those organizations because the learning organizations are ready to make changes and improvements. But to make changes and improvements, the managers should have to make greater effort and have to improve themselves at various levels.

6. CONCLUSION

Organizational learning is the process by which an organization improves itself over time through gaining experience and using that experience to create knowledge. The knowledge created is then transferred within the organization. The creation, retention and the transfer of knowledge within the organization is the basis of the organizational learning. Organizational learning is important for all companies, as the creation, retention and transfer of knowledge within the organization will strengthen the organization as a whole.

With this report it can be concluded that the concept of learning organization is becoming popular in the 21st century. As the world today is changing continuously the importance of continuous changes and improvements in the organizations are becoming essential. HRM has to make necessary changes by learning culture and it has to ensure the development of the organization. The HRM models used by different organizations are different. HRM in a learning organization has to face many challenges mainly in controlling and directing the new young employees as they possess more potentialities than their predecessors.

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