

STRATEGY AS A LEARNING PROCESS IN THE LEARNING ORGANIZATION

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Abstract

A **learning organization** is one that constantly provides its employees timely access to relevant, practical information that can empower them to improve both individual and organizational performance. It involves creating a culture where learning is embedded and it is communicated to and understood by all that there is a place to seek information.

The process of building a **learning organization** unleashes individual creativity, and fosters collective learning, which is crucial for encouraging, and developing innovation and rapid responsiveness to global competition.

In short, a learning organization is continually getting 'smarter' because learning is planned, systematic and in alignment with the organization's strategic goals.

Adopting a sustained culture of learning enables an organization to maintain a competitive advantage in times of change and to inspire its workforce to achieve greater results and improved quality. An organization can also draw on a learning culture to encourage innovation or manage change.

In particular, organizations they find themselves in a competitive environment characterized by rapid change. Any competitive edge depends on its ability to deal with change more effectively and more rapidly than its competitors. It is no longer appropriate for managers to take all the responsibility for implementing organizational change in response to rapid and complex changes within the environment.

Strategy is an integral part of the learning process for a learning organization because it focuses on the organization's development of core competencies, both in the present and in the future. It also focuses the learning process on the desired future position that the organization would like to be in.

The company's vision is central to defining and developing the organization. Business strategies should be strongly driven by its vision and mission. The importance of the vision is strongly emphasized in team meetings, regular feedback sessions to staff and other types of communications. The vision and mission should be developed after extensive consultation with employees, including a competition within the company to find the best mission statement.

Key Words:

Learning , strategy, organization culture, vision, mission, knowledge, learning culture.

Creating a learning organization

The conception of a learning organization is an attempt to create more human and participative work environment in a modern organization with a culture and structure that provide more flexibility and innovation, required for successful operating in today's fast-changing business environment. The potency of the learning organization consist in the matter that it tries to enfold into integrated system very different aspects of organizational sciences and human behavior. Learning organization should not be taken as a ready concept for organizational improvements but rather as an ideal to be achieved. It provides a picture of how things could be within an organization.

The challenge for most organizations is the transition from a traditional to a learning organization. How does one initiate the process of modifying organization values, having organization members “unlearn” the old ways of doing things, and convincing them to embrace a culture that is committed to change, innovation and continuous improvement? The key is a well thought out strategy, that is based on an in depth understanding of the culture, values, market position, and knowledge base across the organization.

The McKinsey 7-S Framework¹ provides a systems view for describing the major differences between a traditional view of an organization and a learning organization. In the McKinsey 7-S Framework, seven key elements of an organization, namely, the structure, measurement system, management style, staff characteristics, distinctive staff skills, strategy/action plan, and shared values are identified. The first six elements are organized around the organizations shared values. However, Hitt adds an eighth element — synergistic teams — that he describes as the ‘missing link’. It is this element that Hitt regards as being at the core of the learning organization. Synergistic teams provide the means for the members of the organization to learn together, developing collective intelligence that is greater than the sum of the intelligence of the individual members. Table below illustrates the characteristics of the traditional view of an organization and the characteristics of a learning organization.

Table 1. Eight Characteristics of the traditional organization and learning organization

Element	Traditional organization	Learning organization
Shared values	Efficiency Effectiveness	Excellence Organizational Renewal
Management style	Control	Facilitator coach
Strategy/Action plan	Top down approach Road map	Everyone is consulted Learning map
Structure	Hierarchy	Flat structure Dynamic networks
Staff characteristics	People who know (experts) People who learn	Knowledge is power Mistakes tolerated as part of learning
Distinctive staff skills	Adaptive learning	Generative learning
Measurement system	Financial measures	Both financial and non-financial measures
Teams	Working groups Departmental boundaries	Cross functional teams

¹ www.valuesbasedmanagement.net/methods

Before a learning organizations can be implemented, taking into account the following can make a solid foundation²:

- Organizations must be aware that learning is necessary before they can develop into a learning organization. This may seem to be a strange statement but this learning must take place at all levels not just the management level. Once the company has accepted the need for change, it is then responsible for creating the appropriate environment for this change to occur in.
- Centralized, mechanistic structures do not create a good environment. Individuals do not have a comprehensive picture of the whole organization and its goals. This causes political and parochial systems to be set up which stifle the learning process. Therefore a more flexible, organic structure must be formed. By organic, it means a flatter structure, which encourages innovations. The flatter structure also promotes passing of information between workers and so creating a more informed work force.
- It is necessary for management to take on a new philosophy; to encourage openness, reflectivity and accept error and uncertainty. Members need to be able to question decisions without the fear of reprimand. This questioning can often highlight problems at an early stage and reduce time consuming errors. One way of over-coming this fear is to introduce anonymity so that questions can be asked or suggestions made but the source is not necessarily known.
- Leaders should foster the systems thinking concept and encourage learning to help both the individual and organization in learning. It is the leader's responsibility to help restructure the individual views of team members. For example, they need to help the teams understand that competition is a form of learning not a hostile act.
- Management must provide commitment for long-term learning in the form of resources. The amount of resources available (money, personnel and time) determines the quantity and quality of learning. This means that the organization must be prepared to support this.
- The locus of control shifts from managers to workers. This is where the term Empowerment is introduced. The workers become responsible for their actions; but the managers do not lose their involvement. They still need to encourage, enthuse and co-ordinate the workers. Equal participation must be allowed at all levels so that members can learn from each other simultaneously. This is unlike traditionally learning that involves a top-down structure (classroom-type example), which is time consuming.
- Companies can learn to achieve these aims in learning labs. These are small-scale models of real-life settings where management teams learn how to learn together through simulation games. They need to find out what failure is like so that they can learn from their mistakes in the future. These managers are then responsible for setting up an open, flexible atmosphere in their organizations to encourage their workers to follow their learning example.

Learning organization has become a topical descriptor for many organizations in recent years, especially in the wake of a more global, technology-based and fast-paced marketplace. A learning organization is described as one that is able to inspire commitment, and cultivate a culture of discovering and acquiring knowledge and experience for continued growth, development and success. The organizational learning process requires relatively permanent change in behavior that results in continuous capability to adapt and change as the market, clients or environment demands. To achieve this challenging status requires a strong commitment from senior leadership and often a significant shift in organization culture. One of the greatest challenges in moving toward the learning model is convincing and enabling employees to develop new ways of thinking about how things are done, or can be done. To be a learning organization also requires an open culture where information is willingly shared, interdependence is high, collaboration is the norm, and achievement of the organization mission or vision is pursued with cooperation and open-mindedness.

The process of building a learning organization unleashes individual creativity, and fosters collective learning, which is crucial for encouraging, and developing innovation and rapid responsiveness to global competition. In short, a learning organization is continually getting 'smarter' because learning is planned, systematic and in alignment with the organization's strategic goals.

² www.hrfolks.com

The key components of building a learning organization include³:

- Conducting an organizational assessment, with particular focus on culture, leadership, and the organization's tolerance for change.
- Creating a strategic plan to both frame the gap between where it is now and where it wants to be and to guide decision making throughout implementation and into the future; making sure that this plan is aligned with the organization's mission, vision, and values.
- Documenting knowledge through job audits or other collection methods.
- Designing standard operating procedures and work instructions to make knowledge portable.
- Aligning performance and training initiatives so that each worker can improve skills and knowledge and contribute more fully to the organization.
- Implementing supporting technology for easy access and future changes.
- Continuously evaluating progress toward strategic objectives.

Characteristics of learning organization

Logically, a commitment to such a challenging level of functioning, must offer significant outcomes or benefits. The learning organization has some distinct advantages, the most significant being the ability to respond to major change much more quickly than a more traditional organization. As well, learning organizations are more likely to embrace processes of systematic problem solving, and to focus on creating new ideas and solutions to optimize outcomes, versus the more traditional approach of trial and error or committing to approaches that have worked in the past. A typical learning organization will learn from past experiences and history, but utilize that experience to pursue more enlightened and future directed outcomes. The flexibility and adaptability inherent to a learning organization is driven by the rapid and efficient internal transfer of knowledge. The open culture and communication processes that are indicative of a learning organization are the enablers in this internal knowledge transfer. Knowledge sharing encourages motivation and commitment from employees, by encouraging employee involvement in the process of creating and developing a learning culture, and by providing continuous constructive feedback.

³ Raelin J., Does action learning promote collaborative leadership, Academy of management learning & education, 2006

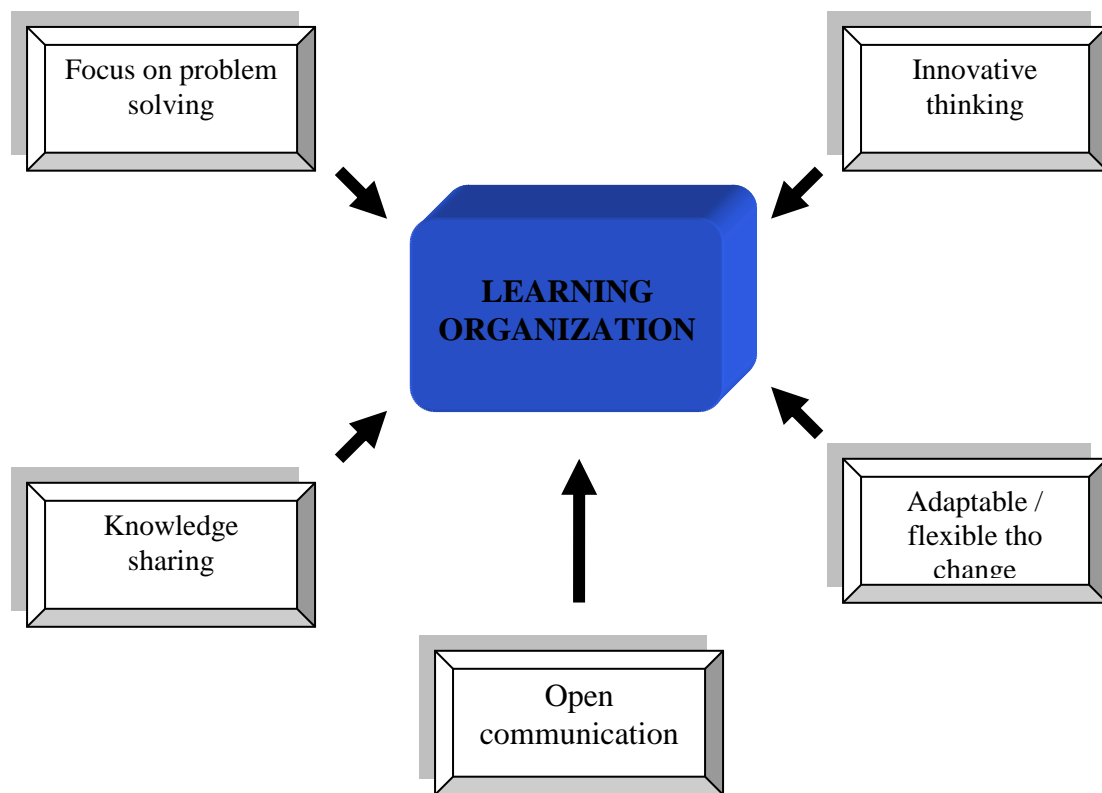


Figure 1. Characteristics of a learning organization⁴

Organizations learn. Just like individual people, organizations sense circumstances within their environment and they respond. They observe the results of their responses and remember the results, along with information gathered from other sources, for reference in designing future responses. This process of sensing, responding, and observing/remembering goes largely unnoticed by the individuals working within the organization due to the complexity of the "anatomy" of organizations. But consciously or not, effectively or not, all organizations are doing these activities over and over.

Establishment of a multi-dimensional management development program is essential for successful implementation of a learning organization culture. The two major dimensions of the program would be: a formal management development process with a consulting focus, to prepare managers for their next promotion level, while strengthening performance in their current position and; a dynamic and substantive coaching program developed for each level of management. Both dimensions of the management development program would be aligned with organization mission, vision and goals, and would include a concerted focus on interpersonal skills development, in the learning organization milieu. An evaluation of developmental initiatives, and particularly the management development/coaching process, is necessary, to ensure that the "learning organization concept" is well entrenched within the organization.

⁴ D. Horton , B. Duggan and Adriana Hess, Originally published in the *Business Voice*, January-February, 2005

Strategy formulation

A strategy can be thought of in either of two ways: as a pattern that emerges in a sequence of decisions over time, or as an organizational plan of action that is intended to move a company toward the achievement of its shorter - term goals and, ultimately, its fundamental purposes. In some organizations, particularly those in rapidly changing environments and in small businesses, strategies are not planned in the formal sense of the word. Instead, managers seize opportunities as they come up, but within guidelines or boundaries defined by the firm's strategic direction or mission. In those cases, the strategy reflects the insight and intuition of the strategist or business owner, and it becomes clear over time as a pattern in a stream of decisions.

Strategy formulation, the process of planning strategies, is often divided into three levels: corporate, business, and functional. One of the most important roles of corporate - level strategy is to define a company's domain of activity through selection of business areas in which the company will compete. Business - level strategy formulation pertains to domain direction and navigation, or how businesses should compete in the areas they have selected. Sometimes business - level strategies are also referred to as competitive strategies. Functional - level strategies contain the details of how functional resource areas, such as marketing, operations, and finance, should be used to implement business - level strategies and achieve competitive advantage. Basically, functional - level strategies are for acquiring, developing, and managing organizational resources. These characterizations are oversimplified, but it is sometimes useful to think of corporate - level strategies as "where to compete," business - level strategies as "how to compete in those areas," and functional - level strategies as "the functional details of how resources will be managed so that business - level strategies will be accomplished."

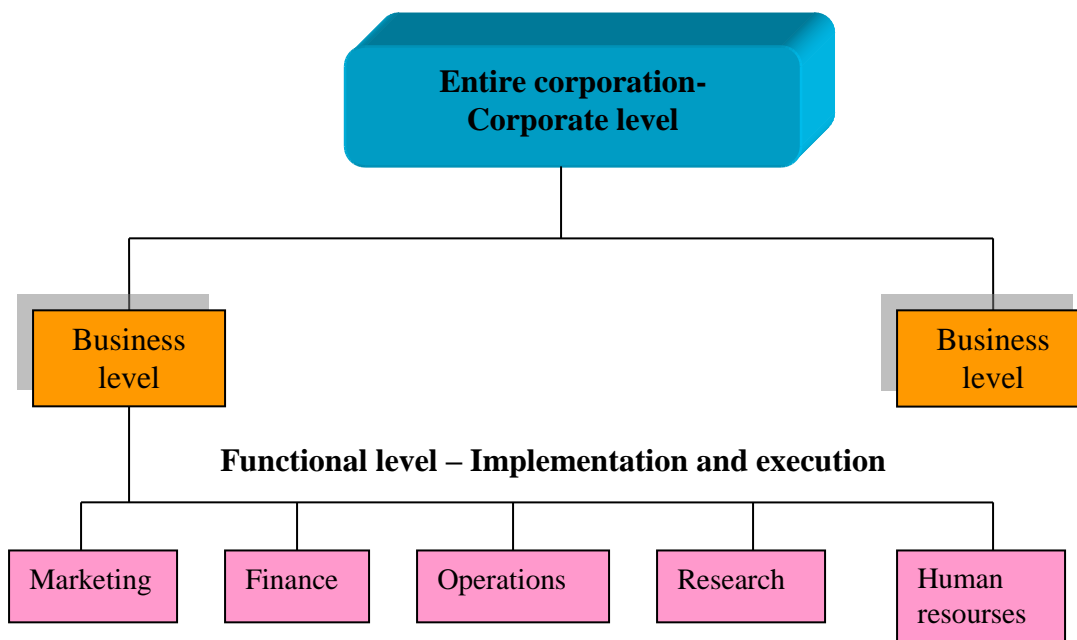


Figure 2. Strategy formulation in a organization

Corporate - level decisions are typically made at the highest levels of the organization by the CEO and/or board of directors, although these individuals may receive input from managers at other levels. If an organization is involved in only one area of business, then business - level decisions tend to be made by these same people.

Business - level decisions in organizations that have diversified into multiple areas, which are represented by different operating divisions or lines of business, are made by division heads or business - unit managers.

Functional - level decisions are made by functional managers, who represent organizational areas such as operations, finance, personnel, accounting, research and development, or information systems.

Strategy as a learning process

Strategy is an integral part of the learning process for a learning organization because it focuses on the organization's development of core competencies, both in the present and in the future. It also focuses the learning process on the desired future position that the organization would like to be in. Rather than focusing on only one aspect of organizational change, the company should try to develop a dynamic and iterative process aimed at providing the organization with a built-in capacity to change and redesign (itself) continually as the circumstances demand'. This has involved transformational change of the organizational structure, human resource practices, and technology. This means that at all levels of the organization, employees have been, and are, involved in the processes of transformation improvement.

The concept of planning as a learning process is emphasized by Arie de Geus. He refers to the way one of the world's most successful companies, Shell, used the corporate planning processes as a constructive and significant way to promote learning at the strategic and operational levels.

The company's vision is central to defining and developing the organization. It is an articulation of the core competence of the organization. Business strategies should be strongly driven by its vision and mission. The importance of the vision is strongly emphasized in team meetings, regular feedback sessions to staff and other types of communications. The vision and mission should be developed after extensive consultation with employees, including a competition within the company to find the best mission statement. There is particular emphasis on the organization's values.

A process of organizational renewal, started with the implementation of a flatter organizational structure. The process continues through alignment of the organization vision and mission by encouraging individual teams to develop their own purpose (mission statements) that align with the company vision. The implementation of business plans, aimed at moving the company towards its vision, is managed under the umbrella of critical success factors and associated strategies. The critical success factors represent the core competencies associated with a number of key performance measures.

Strategies supporting the critical success factors include:

- the establishment of a working environment attractive to employees;
- taking action to enable employees to develop their full potential; and
- the commitment to developing effective leadership.

This critical success factors is a driver for cross- functional teamwork in the organization. It encourages people from different departments to work together to solve specific problems. Teams are encouraged to take a systems approach to problem solving and to use collective thinking skills to build on the experience and creativity of individuals. There are a number of cases where cross- functional teams have implemented innovative solutions to long-standing problems previously attempted on an individual basis. It is a 'bottom- up process' in which individual teams come together to formulate future plans, based on their understanding of the needs of the business. Individual team plans are then consolidated by the management team, refined and communicated back to individual teams, prior to being finalized at an annual management conference that takes place. The strategic planning process should be reviewed annually and its effectiveness is measured in a survey. The vision, mission, and values encourage a process of personal commitment on the part of the employees. It also develops a collective sense of identity with the organization and its mission.

CONCLUSION

The concept of the learning organization arises out of ideas long held by leaders in organizational development and systems dynamics. One of the specific contributions of organizational development is its focus on the humanistic side of organizations. The disciplines described, differ from more familiar management disciplines in that they are 'personal' disciplines. Each has to do with how we think, what we truly want, and how we interact and learn with one another. There are no true learning organizations at this point. However, some of today's most successful organizations are embracing these ideas to meet the demands of a global economy where the value of the individual is increasingly recognized as our most important resource.

The most significant problem resides at a quite fundamental conceptual level. Through conceiving of the organization as in itself engaging in 'learning', as 'having' an intelligence of its own, he gives it (the organization, that is) an existence in and of itself, an existence beyond the level of the individuals who are the units of its constitution. This is something which is quite different from proposing that the whole is more than the sum of its parts. To clarify, while it is one thing to claim that one cannot properly understand a system if one does not conceive of it as a whole, and that organizational change cannot be reduced to isolated individual actions, it is another implicitly to claim that the organization has an existence beyond the level of human beings. It is almost as if the organization had 'a life of its own'. Such a formulation is highly problematic.

At a more pragmatic level, a major problem with the ideal of the learning organization is that it demands that senior management within organizations have an almost boundless faith in the value of continuous development. Moreover, it gives the practitioner few tools with which to assess the extent to which investment in development has improved organizational competitiveness.

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