2 Organisational Learning Facilitators

Organisational Learning (OL) cannot be created or eradicated by varying external stimuli (the economic environment) alone. OL is stimulated by environmental changes and internal organisational and individual factors in a complex and reciprocal interaction. In chapter 1 it was shown that as the economic environment constantly evolves, the organisation, to remain competitive, is required to be dynamic in its learning. Organisational Learning Mechanisms (OLMs) are required to give structure to that learning. However, learning may also occur without structures.

In the literature on OL a number of authors have proposed various actions of best practice as alternatives to OLMs. These actions, which were referred to as Organisational Learning Facilitators (Tarrini, 1998), are focused on what people actually do and combine both cognitions and behaviours in order to facilitate learning (Argyris, 1994; Villinger, 1996). On this basis it is suggested that the nature of these OLFs is that of competencies because a competency is about behaviourally defined characteristics which underpin performance across a range of tasks and describe *how* individuals should behave in order to bring these objectives to fruition. Organisational Learning Facilitators (OLFs) are those cognitions and behaviours which are necessary to drive OLMs, which in turn drive OL in order to build, maintain and develop a Learning Organisation (Tarrini, 1998).

The key to an understanding of OLFs as competencies is the recognition that they should be underlying characteristics or psychological constructs, expressed in observable behaviour and action. In this, they resemble personality, ability, motivation or knowledge characteristics, all of which are expressed in behavioural terms. Sparrow & Bognanno (1993, p. 58) stated that competencies are super-ordinate and inclusive constructs, and as such "draw on all these psychological attributes" together. To be usable and measurable, competencies

have to be defined, described and assessed in terms of the behaviours that constitute them.

The OLFs have been presented in the literature in various ways with no theoretical or empirical basis. Many of the propositions are anecdotal and referred to as best practice for competitive advantage as a result of improved organisational performance (Tsang, 1997). No empirical research is available to demonstrate that these best practice actions (OLFs) are related to, or predict, organisational performance.

A competency-based approach to this research has been taken, therefore, because it has the potential to offer a clear and integrated set of dimensions against which present Organisational Learning performance of individuals, departments and the organisation can be measured. Whether this is related to competitive advantage or an organisation's financial performance is less clear and beyond the scope of this research. There is no clear empirical research to date that relates OL best practice behaviours directly with organisational performance. However, as it has been discussed in chapter 1, there is research showing that High Performance Work Practices (HPWP) are related to organisational success. For example in the research reported by Huselid *et al* (1994), Huselid (1995), Huselid & Becker (1996) and Huselid *et al* (1997).

As OL is considered to be a HPWP then it follows that it should be related to organisational success. The current OL research only anecdotally claims that OL will result in competitive advantage and higher organisational performance. The OL literature also suggests that being a Learning Organisation or applying OL would improve organisational commitment. Again, these claims are anecdotal and there is no empirical research demonstrating that OL is related to or indeed predicts organisational commitment. For example, Domsch & Harms (1997) suggest that implementing Organisational Learning improves the levels of organisational commitment, but they do not provide any research to suggest that this is the case. It is known, that in addition HPWPs, levels of organisational

commitment are related to organisational performance (e.g. Bhuian & Shahidulislam, 1996; Suliman & Iles, 2000). It is hypothesised, therefore, that OL may be able to predict organisational commitment and therefore may have some effect on organisational performance. This argument will be developed later in this chapter and subsequent chapters. In order that researchers can claim that OL results in organisational performance it is important to clearly identify what are the factors claimed to facilitate OL in the current literatures. Further, it is important to operationalise these factors according to what they mean to an organisation. That is, how does an organisation define these factors? Are all these factors relevant to the organisation on which this thesis is based?

Twenty core OLFs recognised as best practice by various authors such as Gephart, Marsick, van Buren, & Spiro (1996), Iles (1997), McGill *et al* (1992), Senge (1990), Ulrich, Jick, & von Glinow (1993), were identified and are described below.

2.1.1 Shared Vision

Shared Vision refers to the company's success or failure in communicating a picture of the future it wants to realise (Senge, 1990). Ulrich *et al* (1993) suggested a shared mindset where there should be a culture focused on learning capability to represent Shared Vision.

2.1.2 Creativity

Creativity is an OLF that indicates an organisation's capacity to apply original, imaginative and useful ideas in order to solve problems and improve processes. Creativity is also used as an indirect indicator of the organisation's willingness to take commercial risks, to experiment with ideas and to innovate (Iles, 1997; McGill *et al*, 1992).

2.1.3 Trust and Openness

Iles (1997) suggested that Trust and Openness was part of shared vision. McGill *et al* (1992) further suggested that Trust and Openness was a management behaviour only. It should be noted that in OL, all OLFs must be valued by all employees at all levels to ensure effective OL. Ulrich *et al* (1993) agreed that this was the case under their description of shared mindsets (the sharing of ideas across boundaries) and governance (actions that shape the organisation structure, decision-making processes and communication efforts). Gephart *et al* (1996, p. 39), argued that "trust and openness encourages enquiry and dialogue needed to challenge assumptions", and was a key process of individual learning (Argyris, 1994).

2.1.4 Questioning Everyday Routines

Questioning Everyday Routines indirectly explored the willingness of the company to improve its processes and systems continuously as well as their subsequent outcomes (Ulrich *et al*, 1993). Ulrich *et al* (1993) also suggested that a failure to challenge everyday routines indicated the presence of high levels of bureaucracy. Some authors suggested that Questioning Everyday Routines was also an indicator of trust and openness (Gephart *et al*, 1996; Iles, 1997) and Support (Gephart *et al*, 1996; Iles, 1997; Ulrich *et al*, 1993).

2.1.5 Cross-functional Learning Teams

The presence of Cross-functional Learning Teams is an indication of the organisation's willingness to seek information (Gephart *et al*, 1996; Nonaka, 1991) and its desire to learn by means of a flexible workforce (Iles, 1997). They imply boundary spanning, defined as characteristic of "companies [that] generate ideas by governing outside their boundaries and learning what other companies do" (Ulrich *et al*, 1993, p. 63). In this context, however they refer to intracompany learning, the capacity to learn from others.

2.1.6 Open Communication

Open Communication is one of the most important OLFs in the development of OL and a Learning Organisation. A thorough account is given by Argyris (1994). Learning cannot occur unless information and ideas are shared across any one of a number of boundaries (Ulrich *et al*, 1993) as other OLFs indicate, namely sharing information I and II, described in 2.1.7 and 2.1.8 below.

2.1.7 Shared Information I

Shared Information generally examined communication effectiveness, specifically the capacity for intracompany learning and horizontal communication where information was shared by personnel within the department and across functional units (Ulrich *et al*, 1993).

2.1.8 Shared Information II

Shared Information II continues the themes of Shared Information and Communication. Shared Information II examined the extent to which information was shared across geographic boundaries. For example, it asked whether, in global organisations, there was a global exchange of information (Ulrich *et al*, 1993). It also examined whether information was shared up and down the hierarchy or beyond at least one level in the organisation (Ulrich *et al*, 1993). Shared Information may also highlight the existence of a distinction between line and staff (Mcgill *et al*, 1992).

2.1.9 Team Learning

Team Learning was defined as "the ability for individuals collectively to produce extraordinary results and allow individual members to grow more rapidly than they could otherwise" (Senge, 1990, p. 10). Team Learning may be more important in a company than individual learning because without it the organisation would not learn (Senge, 1990,).

2.1.10 Experimentation of New Ideas

Experimentation of New Ideas is associated with innovation and commercial risk taking (Ulrich *et al*, 1993). It is also an indicator of competitiveness. Experimentation of New Ideas explored the willingness to innovate and to try new ideas, as well as the capacity to change and to focus on differentiation strategies rather than cost strategies (Ulrich *et al*, 1993).

2.1.11 Systems Thinking

Systems Thinking indicates that employees have a conceptual framework that sees all parts of the company as interrelated and affecting each other (Senge, 1990). Systems Thinking is necessary for the development of a Learning Organisation and essential if the organisation is to achieve a high level of OL (Senge, 1990).

2.1.12 Feedback

Feedback is associated with communication (Argyris, 1994) in that it is part of a communication system (Iles, 1997). Feedback involves the promotion of learning, together with the willingness to learn (Lipshitz *et al*, 1996) and to encourage people to contribute to the running of the company (Gephart *et al*, 1996).

2.1.13 Empowerment

Empowerment is associated with teams that manage their daily practices collaboratively (Dovey, 1997). Appelbaum & Gallagher (2000) suggest that Empowerment contributes to the Learning Organisation and that it leads to a culture of shared power.

2.1.14 Continuous Learning

Continuous Learning is defined as the willingness to seek information for better knowledge and understanding, in order to inform future decision-making and action, and promote continuous improvement and competitive advantage (Hosley *et al*, 1994; McGill *et al*, 1992; Slater & Narver, 1995; Stata, 1989; Ulrich *et al*, 1993).

2.1.15 Responsibility for One's Own Learning

Responsibility for One's Own Learning is defined as the provision of opportunity for employees to manage their own learning independently within the organisation (Argyris, 1994).

2.1.16 Use of Information for Competitive Advantage

Use of Information for Competitive Advantage refers to the belief and perception of employees as to the use of information (whatever it may be) which may confer competitive advantage, that is, enable the company to get ahead of competitors and so add to share value (Hosley *et al*, 1994; Slater & Narver, 1995).

2.1.17 Continuous Employee Development

Continuous Employee Development examines an organisation's commitment to the provision of learning for continuous improvement and competitive advantage (Argyris, 1994; Iles, 1997; Gephart *et al*, 1996; Ulrich *et al*, 1993).

2.1.18 Knowing the Underlying Cause of Problems

Knowing the Underlying Cause of Problems employs the principle of double-loop organisational learning to improve or change an organisation's culture or assumptions, and to help it to re-evaluate its objectives (Argyris & Schön, 1978). Understanding the process that leads to a problem is crucial to its solution.

Knowing the Underlying Cause of Problems was recommended in the literature as best practice (McGill *et al*, 1992).

2.1.19 Competitor Awareness

Competitor Awareness implies the belief and perception of inter-company learning (Iles, 1997; McGill *et al*, 1992) and boundary spanning. Competitor Awareness was recognised by Ulrich *et al* (1993, p. 63) as possessed by companies that generate "ideas by governing outside their boundaries and learning what other [competitors] do... from which the potential for benchmarking exists in order to overcome the 'not invented here' syndrome".

2.1.20 Personal Mastery

Personal Mastery was defined as "a special level of proficiency in which individuals become committed to their own life long learning" (Senge, 1990). It is suggested that it is linked to, and interacts with, Continuous Learning and Continuous Development.

The OLFs described above have behavioural aspects that are observable and measurable. A competency-based approach to this research, therefore, has been taken because it has the potential to offer a set of dimensions against which the present Organisational Learning performance of departments and the organisation can be effectively measured. Moreover, Allen & Meyer (1990) in their research on organisational commitment identified some antecedent variables similar to those identified in the OL literature in order to achieve and sustain organisational performance. These antecedent variables identified by Allen & Meyer (1990) include Feedback, Participation, Education and Self-investment. Those in the OL literature that are identified as being similar are Empowerment, Competitor Awareness (relating to Feedback), Continuous Learning, Responsibility for One's Own Learning and Continuous Employee Development (relating to Education and Self-investment). As discussed earlier in

this chapter, it follows therefore, that these OLFs identified in the literature may be related to, and predict, organisational commitment.

These OLFs were explored further in order to operationalise them in terms of what they mean to British Airways' employees. It is also necessary to empirically derive a clear and integrated set of dimensions in order to measure Organisational Learning climate within the company and then to test the hypothesis that OL predicts affective and continuance organisational commitment. A third study to explore the links between OL and organisational performance *per se* was desirable, but due to the constraints on the research it was not possible to do so. As suggests in chapter 1, the operationalisation and empirical derivation of these OL dimensions are important in order to avoid the anecdotal claims that have been made so far in the literature. A brief outline of the competency approach for OL and the potential related issues are described below.

2.2 The Application of the Competency Approach for OL

To date the only reference to competencies in the literature on Organisational Learning or Learning Organisations are those that take a business approach. Pavitt (1991) proposes firm-specific competencies and suggests that development in an organisation is specific, cumulative and differentiated. Prahalad & Hamel (1990, p. 82) suggest the concept of core competencies, which they describe as "the collective learning in the organisation"; the process involves the harmonisation of streams of technology, the organisation of work and the delivery of value, together with commitment to working across functional boundaries. Hitt (1996; p. 19), posed the question "what distinctive competences are developed in a learning organization", but unfortunately did not suggest what these competencies might be. Dunphy, Turner & Crawford (1997; p.9) suggested that "...competencies, both personal and corporate, are the key characteristic of the learning organization". Dunphy *et al* (1997) did not suggest what the competencies required to achieve OL might be. More recently, Drejer & Riis (1999) have argued that most competency definitions in the literature are based on

functional characteristics. That is, they asked how a competency contributes to competitive advantage. Cairns (1998) argued that critical organisational OL competencies should be developed to achieve competitive advantage, and that the list should not be exhaustive.

2.3 Issues with the Competency Approach

The dimensions used in managerial assessment often provide practical examples of managerial competencies. Robertson, Gratton & Sharpley (1987) identified a number of competencies. Sackett & Dreher (1982), Fletcher & Dulewicz (1984) and Robertson *et al* (1987) question how well these behaviourally based competencies stand up to practical application, particularly in the area of individual and team development.

Sparrow & Bognanno (1993) suggested that the problem may be exacerbated by the labelling of competencies and the clustering of behaviours. Labelling is a *post hoc* tool that allows hundreds of effective behaviours to be classified into simple groupings. There are two ways of clustering the behaviours. First, by means of content or deductive validity. Here meaningful groupings are formed, based on the judgements of knowledgeable individuals experienced in techniques such as performance appraisal or job analysis. Second, by means of construct or inductive validity, whereby groupings are formed based on statistical clustering and/or the creation of internally consistent behavioural scales.

With this in mind, the development of the competencies for Organisational Learning is based on that described by Sparrow & Bognanno (1993) above. The development of competencies for Organisational Learning must apply to an organisational context and should be specific, observable, measurable and realistic (Jacobs, 1989a; Thornton & Byham, 1982). They must be specific so that they are directly related to Organisational Learning. They must be measurable so that either individuals, teams, or the organisation, or a combination of all three can be assessed to establish how effective the organisation is with regards to

Organisational Learning climate. Furthermore the employees of an organisation should agree as to what the competencies mean to them in their own organisation and how these should be defined using the organisation's language. Currently Organisational Learning Facilitators identified in the literature are theoretical, are not derived empirically and not drawn from a case study approach. It was, therefore, an objective of this research to operationalise these within a particular organisation and to then empirically derive some core Organisational Learning competencies specific to the participating organisation.

The research undertaken here, as will be discussed in more detail thereto, developed OL competencies unique to British Airways and not for any other organisation. This approach has been taken following Easterby-Smith's (1997) argument that numerous attempts have taken place to develop single and generalised best-practice frameworks, but are flawed because not all components of them apply to all organisations and should, therefore, be developed for each organisation.