



## LEARNING ORGANIZATION AND COMPETITIVE ADVANTAGE-AN INTEGRATED APPROACH

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### Abstract

The major purpose of this conceptual paper is to integrate the view points of different researchers about leaning organization and competitive advantage and then to develop a proposed model of Learning organization. After the in-depth study of literature we concluded that learning organization is an organization which learns through its members individually and collectively to create competitive advantages by developing a facilitative system through the process of self-development and information sharing by empowering the employees.. The paper also finds some critical factors which must be present in the organization to become a learning organization. These factors are Innovation, facilitative leadership, self-development, empowerment, and information sharing and collective collaboration. The paper tried to explain the similarities and differences among the previously available models of learning organization and proposed a new theoretical model for LO.

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## 1. INTRODUCTION

In this dynamic business era organization needs to change, learn and implement those changes to get success, without learning the companies and individual repeat the old practices and when there is no change in process or actions the success is either fortuitous or short-lived. The concept of learning organization has gained importance over the past years as a source of competitiveness. Learning organizations are those organizations which continuously keep on learning to attain desired result and competitiveness. LO facilitates learning of all its members and this aim is to continuously transform itself (Pedlar *et al.*, 1991) in line with the environment needs. It is note-able that learning organization and organization learning are two different concepts and in the past different researchers used these two approaches as synonyms of one

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another. In the operation of this paper, these two need to be treated separately as explained below.

Different researchers have defined difference between organizational learning (OL) and learning organization (LO) where OL is refers to activities within the organization and learning organization is the form of organization. Organization represents the process by which an organizations change and can be changed and whereas the term learning organization implies the active promotion and organization of learning activities (Finger & Woolis, 1994). LO is an organization which learns through its members individually and collectively to create competitive advantages by effectively handling internal and external generated change.

LO helps to achieve competitive advantages (Popper & Lipshitz, 1998). In this dynamic business environment all industries and organization experience change and this change is whether driven by competitors, customers suppliers or technology and to remain in the industry organization are required to continuously learn to cope up the change. The ability to learn quicker as compared to your competitors might be the only competitive advantage.

Learning organization (LO) is an organization that assists the learning of its individuals and constantly changes itself. Learning Organization enables organizations to remain or achieve competitive advantages in the business environment. A number of researches have done on learning organization. Different researchers have described different models and characteristics of learning organizations on behalf an organization is known as a learning organization such as researcher who defined five principles model of learning organization (Senge, 1990). According to another researcher who described different characteristics of learning organization (Marquardt, 1996). According to researchers who also offered a model of learning organization comprise on eleven characteristics (Pedlar *et al.*, 1991). Moreover, different researchers proposed different models of learning organization such as (Huber, 1991; Kerka, 1995; Phillips, 2003; Slater & Narver, 1995) and lot of other researchers have done work on learning organization in different time of period.

### 1.1 Objectives

This research paper intends to identify the factors of learning organization and to understand how learning organization could be source of competitive advantages. A secondary purpose of this conceptual paper is also to propose a theatrical relationship of various factors that create a learning organization. In doing so the paper will endeavor to answer the following questions;

- 1- How Learning organization is a source of competitive advantages?
- 2- What makes a learning organization?

## 2. METHODOLOGY

This study is totally based on existing literature. The main purpose of this paper is to integrate the viewpoints of different researcher and to make a conclusion on the basis of the literature. Initially the research in conducted by the use of Google scholar search engine with the keywords of “Learning organization”, “Organizational Learning”, “learning organization and competitive advantages” as well as “LO vs. OL” to understand the basic information about terminologies. Furthermore, different research papers are searched and collected by using same key words from Emerald, science direct, Jstore and Ebscohost and did a detail review of each paper. Secondly, information is also gathered by analyzing books of different researcher especially (Senge, 1990) book of five principles. Total number of articles which were considered for this study was 48 and then we short listed most appropriate and relevant articles, which were 26.

### 3. LITERATURE REVIEW

#### 3.1. Learning organization definition

The learning organization is an organization, where member of the organization constantly put efforts to enhance their capacity and capability to generate desired outcomes and new patterns of thinking are fostered, members go together and constantly learn to see the whole together (Senge, 2004). The concept of learning organization comes under two wide categories, first category treats learning organization as a variable that can be intended to an organization and which has a vital impact on outcome of the organization. In second type of category learning organization is accounted as metaphor to explain an organization (Garavan, 1997). Learning organization is a result of a holistic learning at all level of the organization; it cannot be brought about simply by providing trainings to the members. It is something beyond the training of the individuals, Pedlar also advocates this point as, LO is an organization that assists the learning of all its members and continuously transforms itself (Pedlar *et al.*, 1991). Learning organization is all about collectivism and shared values or principles. (Watkins & Marsick, 1993; Jones, 1995).

#### 3.2. Learning organization Vs organizational learning

Organization learning refers to activities within the organization where as a LO is the form of organization (Garavan, 1997). Organizational learning represents the processes by which organizations change and can be changed and whereas the term learning organization implies the active promotion and organization of learning activities (Finger & Woolis, 1994). According to another researcher organization learning mainly is a domain of academic (Tsang, 1997). Learning organization is also concerned that how to bring change in the behavior of different members of organization and bring it to more closely with desired state (Tsang, 1997).

#### 3.3. Learning organization & competitive advantages

Learning organization learns through its members individually and collectively to craft competitive advantages by efficiently and effectively managing internal and external engendered change (Senge, 2004). Many researchers advocated the relationship between learning organization and competitive advantage. (Senge, 1990; Brown & Duguid, 1991; Redding & Kamm, 1999).

### 4. MODELS OF LEARNING ORGANIZATION

There are different models, characteristics of learning organization which measure the sort of organization that either it is a learning organization or not? Learning organization is a learning company which facilitates learning activity for all members. Many researchers have attempted to identify the specific components and variables which are associated with LO and they developed different models and several studies which attempted to identify the specific components or dimension of learning organization.

#### 4.1. Pedler, Burgoyne and Boy dell model of learning organization (1991)

There are eleven characteristics of learning organizations (Pedlar *et al.*, 1991)

- 1- A Learning approach to strategy
- 2- Informing
- 3- Participative policymaking
- 4- Internal exchange
- 5- Formative accounting & control
- 6- Boundary workers as environmental scanners
- 7- Enabling structure
- 8- Reward flexibility
- 9- Inter-company learning;
- 10- Self-development for everyone as well as,
- 11- Learning climate

#### **4.2. Bryan T. Philips model**

The ideal learning organizations has different characteristics such as strategic thinking and vision, will, leadership, communication, learning and development, innovation and decision making, change management, intellectual capital and knowledge management, measurement and assessment and rewards and recognition They have also defined that Learning is divided into two main characteristics one is climate and second one is culture (Phillips, 2003).

#### **4.3. Slater and Narver model (1995)**

This model is divided into two portion climate and culture, both are explaining characteristics of the organizational which comprises on LO, where culture describe the values and beliefs which provide norms for behavior in the organization and climate describe that how an organization may work its culture. Overall, they described five elements of LO among those two key components are connected to culture which are entrepreneurship and market orientation and remaining three elements are related to climate which are organic, facilitative leadership and decentralization approach (Slater & Narver, 1995).

#### **4.4. Kerka model (1995)**

The notion of the learning organization seems to work on supposition that learning is important, continuous, and most effectual when it is shared and learning organization have different characteristics of continuous learning such as use learning to reach goals, link individual performance with organizational performance, foster inquiry and dialogue, embrace creative tension as source of energy and renewal, continuous aware and attract with the environment (Kerka, 1995).

#### **4.5. Senge's model of five principles (1990)**

There are five principle of learning organization presented in this model and this model is considered among founders of learning organizations models. There are five principles of learning organization such as Mental Models, Personal Mastery, System Thinking, Shared Vision and Team Learning (Senge, 1990) where Mental principle described that people put aside their old ways of thinking, Personal mastery Learn to be open with others, System thinking understand how their company really works, Shared vision is a form or a plan everyone can agree on and Team learning work together to achieve that vision.

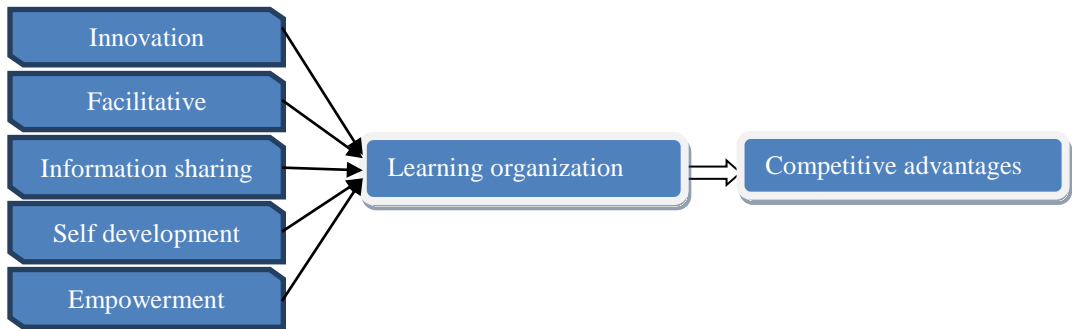
#### **4.6. Huber's model of learning organization (1991)**

Researcher proposed a model of learning organization and criticized the (Senge, 1990) model and addressed the weak area of this model by offering four construct of his model which are, information distribution, information acquisition information interpretation, and organizational memory have strong affect over the information sharing (Huber, 1991).

#### **4.7. Marquardt model (1996)**

This model described different characteristics of learning organization such as LO continually transforming for better managing the knowledge, empowering people, utilize technology and also expand learning to better adapt and to be succeed in their changing environment. Indeed, different researchers have identified different models of learning organization.

By the help of literature we also proposed a model of common characteristics of learning organization is given Figure 1.



**Figure 1: Research model**

#### 4.8. Innovation and facilitative leadership

This is a proposed research model of learning organization and according to different researchers there is relationship between each characteristic with learning organization such as, a culture that gives importance to entrepreneurship and innovation and offers the environment in which learning from exploration and experimentation is most likely to take place (Hamel & Prahalad, 1994). Leadership also has relationship with learning organization. Leader's aim is to create a "demand pull" system in which people in the organization want to learn more (Senge, 2004). Moreover, leadership is essential to organizational learning and leaders of learning organizations are facilitators and mentors (Senge, 2004). Furthermore, the role of leaders in learning organization is that of a designer, mentor and of monitor who build a shared vision and challenging mental model. Focal points of facilitative leaders are on developing the people around them. They are skillful at motivating people to want to learn. The authors suggest that transformational leadership transmit the values essential to generate a successful learning organization. As leaders drove the organizations, it is very possible that leadership style, along with the other values and beliefs of the leader, may have marvelous impact on what type of work environment that is created (Cecil & Gobinath, 2005).

#### 4.9. Information sharing

Information sharing plays a very critical role in making an ordinary organization to learning organization and it also requires a free flow between the members of the organization. Leaders play a very pivotal role in providing a ground and environment for transmitting the information (Treleaven, 2004). Peter Senge also advocated the importance of information sharing for the success of the organization (Senge, 1990). Levchuk *et al.* (2007) granting access to the information and providing a favorable environment for information sharing plays a very significant role in the success of every organization.

#### 4.10. Self development

People with high levels of personal mastery are continually expanding their capacity to create their desired future. In doing so, they create the potential for considerable organizational capacity building. Personal mastery is that describes as a one of the core disciplines need to build in learning organization (Senge, 2004). Personal mastery applies to individual learning, and the organizations cannot learn until their members begin to learn (Senge, 2004).

#### 4.11. Empowerment

According to researcher empowerment is believed to be an important characteristic of learning organizations (Goh, 1998; Hill, 1996) and empowerment is the view that operates as an essential feature for an organization to increase its learning capability (Jamali *et al.*, 2006). Empowerment and learning organizations are connected to a certain extent (Garvin, 1985). Similarly, it is found that there is obvious and significant relationship between empowerment and organizational learning (Gardiner & Whiting, 1997). It is also observed that a learning organization is characterized by a flattened organizational structure, thereby empowering employees to make more decisions with minimal formal control imposed on them (Goh, 1998; Pedler, 1995).

## 5. CONCLUSION

It is concluded that the concept of learning organization is a source of competitive advantages by different researches and learning organization is an organization which learns through its members individually and collectively to create competitive advantages by developing a facilitative system through the process of self-development and information sharing by empowering the employees. The proposed model of this research identified the relationship among; empowerment, self-development, information sharing, facilitative leadership and innovation with learning organizations. According to researcher empowerment is considered to be an important attribute of learning organizations and empowerment is the opinion that acts as an essential feature for an organization to increase its learning ability of an organization. Personal mastery or self development is described as one of the core disciplines need to build a learning organization. Information sharing is also very important for an organization to be LO. Information sharing is vital to the success of any organization. Leadership is essential to organizational learning and leaders of learning organizations are facilitators and mentors.

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