management

CONTENTS

The Learning Organization: Model of Organizational Structure or the Characteristic of the Organization

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The paper draws on the dilemma of whether a learning organization is a new model of organizational design, or is just a composite of certain characteristics which need to be developed in the existing and, within literature and practice, known models of organizational structure. The author approaches this dilemma by trying to explain the concept of organizational learning, on which the phenomenon of learning organization is based, the learning types and processes, and consequently suggesting in that way a logical conclusion. The starting point of the paper is that the construct »learning organization« refers to the description of the characteristics of the model, and not on the model per se.

Introduction

The subject "the learning organization" is ever more present in the national literature in the field of organization and management. As knowledge has become a superior resource that will, according to some researchers, soon take its place in the companies' balance sheets[1], the concept of organizational learning and the design of the learning organization based upon it have become a real challenge for doctorands, postgraduates doing their masters degree and those with the masters degree achieved, but for conslutants and managers as well. Such an interest in this topic is undoubtedly a good sign, since it proves that there is awareness of the importance of learning, however, evident is a certain confusion in the interpretation and understanding of this issue. The dilemma that is ever more present at expert seminars and in open students' works defences at various study levels is: well then, what is the learning organization – a new model of organizational structure or a property a model should have or develop. In this sense, some other important questions emerge: can a learning organization be presented by an organizational chart, which has so far been the only known way of presenting an organizational model, or does a knowledge and learning era offer new mechanisms, such as social networks that are presented by the number and the density of communications among organizational parts, management positions or members of a team[2]. In case the learning organization is not a specific model of organizational structure, do the structures differ according to the extent to which they are appropriate/inappropriate for learning, that is, are some structures a barrier to organizational learning?

Some authors maintain that the centralized structure blocks learning since it stresses the importance of the sequence of events from the past, whereas a somewhat more decentralised structure leaves more space for creativity and experimenting, which naturally leads to the conclusion that hierarchy is not a suitable learning environment. Some research, however, show that effective and long-term learning is as possible in hierarchal bureaucratic societies as in decentralized structures, which challenges the above conclusion that hierarchy is not a suitable milieu for learning and gives support to those authors that claim that the learning organization is not a specific model of organozational structure, but a model characteristic[3]. The differences among the authors are logical and result from a rigidity of a bureaucratic structure that gives major resistance to change; however, this does not mean that changes are not possible in bureaucratic structures, that is, that bureaucratic organizations do not learn. On the contrary, it only needs to provide the conditions for learning and adapt the learning process. The key issue is how to teach bureaucracy and at the same time retain a necessary level of hierarchy which is synonymous to order, discipline and efficiency. Bureaucratic structures are formalized and structured according to the rules, therefore strict rules form a kind of internal equilibrium. Nonaka maintains that bureaucracy learns best if this equilibrium is upset. In order that bureaucratic organizations shoiuld learn, it is important that self-awareness of the necessity to learn be developed to a greater extent than it is today.[4]

The starting premise in this work is that the "learning organization" is not a specific model of organizational structure, but a characteristic of a model that can be manifested in different forms (functional, divisional, network, matrix model, etc.). If we adopt the view that the learning organizations are flat (non-hierarchal), without rules or procedures, with despecialised executives, as some authors maintain, we will inevitably come to the conclusion that 90% among hierarchal and regulated organizations do not learn, that is, that they are non-learning organizations, which would be absolutely incorrect. The structure of an organization is important in its learning, however, there are other conditions besides the structure that are to be met, and they also affect the employees'

behaviour: motivation, carrer management, the learning climate and culture, leadership, etc.

This author plans to, first, explain organizational learning and the learning process, then to define the concept of the learning organization, and, finally, to try to solve the above dilemma.

1. Organizational learning

Organizational learning is a new concept in management; it emerged in the late 1970s and in the early 1980s, aiming to provide explanations to the phenomena that resulted from new trends in organizations. The traditional practice of leading companies, to invest into the competences of an individual and favour the function of research and development was destined to fail with the emergence of Japanese companies that based their achievement on an integral process of learning and development of all their employees. Long periods of stability have shown to last due to the lack of competition rather than to creative efforts of managers and experts on research and development. It was for these reasons that in the 1980s and 1990s, in the course of transformation and restructuring of these companies, the development managers and the experts in IT sector were increasingly made redundant.[5] The concept of Organizational Learning and the concept od the Learning Organization based on it links learning to the organizational (enterprise) performance. According to this concept learning is a process of critical importance for the organizational survival and success. Basic to this concept is the pledge for radical changes in the behaviour of managers and employees in organizations, the changes that will result in the change of the organizations themselves, in that they should be transformed from low level performance organizations into the high level performance ones. Essentially, the organizational learning concept supports and generates ample changes in the company. Therefore organizational learning is often classed in management literature among the concepts of organizational changes (of restructuring and revitalisation of the company).

In the literature on organizational behaviour the organizational learning is related to new trends in the organization as well as to the need to explain new complex phenomena, such as leadership, organizational culture, teams and teamwork, making the employees independent etc., that are to support organizational learning. Here organizational learning is perceived as a generator of the changes of *cognitive and behavioral nature*, as a motive force creating enthusiasm and innovation and change-bound organizational competence. The organizational behaviour theory knows a relation between *the individualized and the organized learning concepts*. Analogous to the individualized learning concept, which explains that learning is a process in which an individual's behaviour continually changes, the changes resulting from the experience and new knowledge acquisition, we can claim that organizational learning is a continual process of change that means promotion, innovation and improvements in production, services, customer service and other sectors, these changes being a result of experiences and new knowledge acuired by an organization.[6] The knowledge remains within the organization regardless of the changes and the fluctuation of the employees.

All the processes in organizations are assumed to be the learning systems.[7] Hence, o*rganizational learning can be defined as a continual process of creating and improving the organization's (enterprise's) capability of changing*. The organizational learning concept promoted continual learning that includes both learning from one's own experience and from the experience of the others. The idea is that the people in organizations be inspired to continuously learn, explore, experiment, research and change opinions, attitudes and approaches to the phenomena and problems in the organization. Thus they develop their abilities to anticipate the customers' needs and the competition's intentions, as well as to listen to the consumers and meet their expectations. The organizational learning concept enriched the language of management with terms such as: systems thinking, creative dialogue, team learning, and gave birth to a new perspective for understanding the managerial role. Managers are advised to abandon the "problem solving" approach (manager is the one who solves the problem) and to perceive themselves as people who constantly remodel the organization. The organizational learning concept suggests a type of learning (generative learning) different from the one that is taken to be the manager routine (adaptive learning). [8]

The learning era in management is considered to have started in 1990, with the appearance of Peter Senge's book (Sloan School of Management, MIT) symbolically titled "The Fifth Discipline", in which the author describes the five new "competence technologies", by which the "organizations of control" can grow into the learning organizations. Systems thinking, personal skills, mental models, participation in vision shaping and team learning are the basic dimensions in shaping the organizations believing in the power of learning.[9] Senge's work was a good starting point in understanding the concept and in affirming the organization as a learning system. The Sloan School of Management was the site where the Organizational Learning Center – OLC – was established – the world's best known centre that attracts researchers from numerous universities and business schools. Their empiric research into organizations

worldwide enabled them to describe the learning organization, to identify its key characteristics, to differentiate between organizations that learn in a proper way from those that learn in a wrong way, to suggest organizational design and the culture that will facilitate learning and, on this basis, to create a model of the organization as a learning system. Our further discussion on this topic will be based on the OLC research.

2. Types of organizational learning

All organizations are considered to be learning systems, however, they differ from one another in accordance to the way they learn, that is, the method they use to adapt to the changes in the environment. Some organizations learn in that they correct the existing behavioral practices, others completely abandon old practices and embrace new ones. Some learn exploitatively, others learn exploratively.[10] Both start from their own past experience, from the experience and practice of similar organizations, and evaluate their competences for changing their behaviour. In their well-known book, "Organizational Learning: A Theory of Action Perspective" (1978), the early researchers in this field, Chris Argyris, professor at Harvard Graduate School of Business, and Donald A. Schön, professor of Massachusetts Institute of Technology, explain that there are two levels of learning, a single-loop learning, based on the ability to detect and correct the errors in activities, within a set of hypotheses, which is classed as adaptive learning, and a double-loop learning, based on the ability to chech the validity of fundamental hypotheses, which is classed as generative learning.[11] The *adaptive learning*, or the one-loop learning is the one in which the organization adapts its behaviour to the changes in the environment, in that it undertakes slight interventions within its existing strategy, design and culture, in order to adapt. The result of adaptive learning is a reactive organizational behaviour, which means that the organization adapts after the changes in the environment have already taken place. Such organizations learn by using the others' good experiences to correct some dimensions in the existing structural and behavioural model, e.g., they reduce the level of formalization and delegate the authority to junior managers as well as to non-managers, so that the problems might be solved where they emerge. The *generative learning*, or the double-loop learning, is actually a two-fold learning: rejecting the old and learning the new. Senge defined this process as "learning to learn". This is a delicate process that consists of rejecting the already learned and adopting the new, which means the change in the peoples' minds, the change in their attitudes, premises and value systems. The generative learning is a cognitive effort related to the processes of invention, imagi-

nation and creation. In organizations, the generative learning results into deep, ample and radical changes. It generates the change in the basic characteristics of the organizational model itself.

The contribution to the development of the organizational learning concepts also came from the Japanese author Ikujiro Nonaka who, jointly with Tekeuchi, developed (1995) a model of organizational learning which explains the process of conversion of one form of knowledge into another: implicit and explicit knowledge. The subjective or implicit knowledge can be transformed into the explicit knowledge through the externalization process. In this way the subjective, personal, or implicit knowledge is converted into a certain form of procedures, rules, instructions, i.e., into the explicit knowledge of an organization, and then the explicit knowledge can in turn be converted into the implicit knowledge, via an internalization process. The internalization forms that appear most frequently are *learning through practice, employee education and trainings*. Nonaka and Tekeuchi explained two other processes of knowledge conversion: the socialization process which deals with the transfer of implicit knowledge from one member of the organization to another; and the combination process, which includes combining and systematizing of explicit knowledge, to be disseminated throughout the organization. According to this model, the knowledge creation and organizational learning are conducted via an endless spiral of socialization, externalization, combination and internalization.[12]

The generative learning outputs are innovation and change, which means that generative learning equals creativity. The creative skill is reflected in discovering and valuating the factors that generate organizational life, and the processes that the organization values most. The contents of generative learning, according to Senge, is made up of generative talks that move the boundaries of valuating the existing (what an organization is) to anticipating what an organization may become. Creativity requires both emotional and cognitive energies to create a positive image of the desired future. Hence organizational learning is generative learning, and includes five new learning technologies:[13]

- *Systems thinking* brings systems perspective into the perception of phenomena and processes in an organization. It is essential that the organization is observed as a whole, not in terms of isolated parts. When people in an organization are taught to *understand the organization as a whole entity* or as a system built up of interdependent and interrelated parts, they will be able to learn from the cause-consequence relations which make up their organization's method of functioning.
- *Personal skills* are developed by training em-

ployees. The learning organization develops a practice of permanent learning, both on the basis of the results achieved and on the basis of errors made. The perceptive competence of the people in an organization leads to a permanent challenging of their own attitudes, to learning and to changes in behaviour.

- *Mental models* are personal images or pictures people have about the world, the processes and the phenomena. These are gathered knowledge and experiences acting from behind, subconsciously, and affect the individual's behaviour in the organization. People change their images of the phenomena and processes in the organization when they learn something different from what they knew, or have different experience. Working together people learn from one another and modify their mental models.
- *Participating in vision creation (mutual vision),* means education and training employees to understand the idea and develop awareness of its benefits. To become supporters and promoters of the vision, the employees should be included into its creation.
- *Team learning* is a synergy effect of team work that improves the way of thinking, the change of mental models, abandoning of prejudices and stereotypes. Teamwork encouraged dialogue, arguing and generating unique solutions.
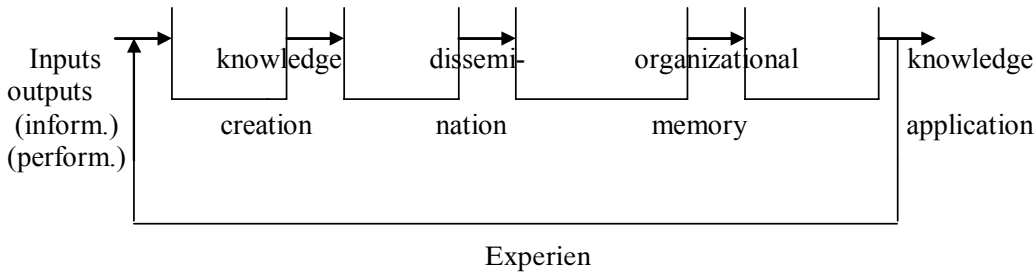
The organizational learning concept contributed to the rise of *intrapreneurship* which is reflected in the willingness of people in organizations to collaborate within work groups and teams, to share knowledge and experience in their interaction, to learn and develop their com-

petences in order that they should be included into the unstructured and non-programmed activities in organizations. The intrapreneurs are the people in factories and in workshops; they redefine technological processes, remodel work processes, redesign workposts, improve the quality, increase work productivity etc. Hence organizational learning and intrapreneurship are generating factors in high performance organizations. [14]

3. The organizational learning process

The understanding of the organizational learning process can be facilitated by a system approach, according to which the organization is a complex system consisting of interrelated parts and open to the environmant. Starting from the organization as a learning system we can draw a conclusion that learning is an integrative process permeating the entire organization. The learning process, as well as other organizational processes, follows its own course, which means that organizatinal learning goes gradually, or in phases.

The majority of studies on organizational learning largely deal with the same activities in the learning process, the only difference being that different authors group them differently, therefore literature lists the models of learning process structures in three phases (creation, dissemination, application) or in four phases (acquisition, information distribution, information interpretation, memorizing).[15] Basically, there is no significant difference between these two models, therefore an *integral organizational learning model* can be created and structured into four phases: it starts with the creation of knowledge (1), continues with the knowledge dissemination throughout the organization (2), then knowledge is memorised (3) and finally applied (4), as presented in Figure 1.

Inputs outputs (inform.) (perform.) | knowledge creation | dissemi-nation | organizational memory | knowledge application

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Figure 1: The learning model

Phase one: *knowledge creation* – organizations collect information from internal and external sources, then process and interpret it. Real knowledge is more than the information itself. It incorporates the meanings contained in the information, but also the messages that are not always manifest. Therefore, in creating knowledge it is very important who is the one that interprets the collected information.

Phase two: *knowledge dissemination* – organizational learning is collective learning. Hence the organizational learning process means that knowledge is disseminated throughout organization, it is available to everyone. There are two basic forms of knowledge dissemination in organizations: *formal*, when knowledge is disseminated in a prescribed way, using established methods, manners and means, and *informal*,

when knowledge is shared in informal relations among the employees.

Phase three: *knowledge memorizing* – organizational memory is a critical factor in the organizational learning process. The basic difference between individual and organizational learning is in that *the individual knowledge is the property of an individual, whereas the organizational knowledge is an organizational resource*. Hence the organizational knowldge has to be stored as organizational property. Organizational memory consists of written documents, such as the statute and codes, strategies and plans, decisions, monografies, etc; as welll as unwritten rules of behaviour, such as norms, standards, jargon, style and other elements of organizational culture.

Phase four: *knowledge application* – the knowledge application phase includes the activities of implementation of what is learned. The outcome of this phase should be a change in the behaviour of an individual and the change in the behaviour of the organization, that is, *a general increase of individual and organizational performance*. It is this phase that new experience is formed, to become a useful source of information in the repeated process of learning in the organization itself as well as for other organizations, those that use benchmarking in the learning process. The role of *benchmarking* in the organizational learning concept is to collect useful information on those who are better and who implement superior work proceses. Comparison to others who do their job better and more efficiently is a very popular method of self-evaluation of strengths and competences, and of collecting information and knowledge created by the best and the most successful. Benchmarking is in fact a *comparative analysis* in which an organization compares with the best in the industry and gets information and knowledge about the way the best achieve highest performance and tries to find ways to become a high performance organization.

4. The learning organization

Given the definitions of organizational learning and the learning types and processes, it is logical to define the learning organization as an organization that has potentials for organizational learning development and that implements the characteristics of its basic dimensions, such as the level of bihavioral formalisation, the authority centralisation level, the process standardization extent, coordination mechanisms, etc. to create conditions and encourage its employees to permanently learn and improve. The learning organization actively creates, transfers, stores and uses knowledge in order that it should improve its competencies, adapt to environmental changes and achieve superior performance. The learning organization promotes exchange of information among the employees and ensures the conditions for their permanent development and promotion. Thus it reduces rigidity while increasing organizational flexibility, that is, reduces the extent of organizational bureaucracy, which is a key barrier to learning. According to Senge, "The learning organization is one that permanently increases its competence for creating its own future. It does not stop at just mere survival. The aim of the learning organization is not only to achieve the planned business performance, but to achieve a higher level of competencies, primarily of its employees, and then of the organization itself."[16]

Consultants are frequently faced with numerous questions, dilemmas and doubts that people from practice put befor them, such as: "Even if I come across the learning organization, how will I be able to recognize it?" Indeed, this question can be asked by any of us. How will we know that the organization we analyse is the learning organization? Literature brings a variety of descriptions of organizations that can be deemed the learning organizations, or are on their way to achieve this status. Most frequently used are the above quoted Senge's disciplines, such as the test on whether an organization is a learning one or it is on its way to become such. A more pragmatic formula for testing organizational characteristics is provided by the consultants of Sloan School of Management who found that all successful companies use a more or less the same model to develop into a learning organization. Similar to Senge, who in fact belongs to this same school, the consultants, too, focus upon five elements: (1) leader with clear vision; (2) a detailed and measurable action plan; (3) prompt exchange of information; (4) inventiveness; (5) capability of turning activities into results. A formula to create a learning organization (LO) goes as follows:

LO = Leader with vision x Plan/Metrics x Information x Inventiveness x Implementation.

The organizations that are characterised with the five quoted elements are on their way to become learning organizations. In order that they should really become such, each of the elements should be filled with the right contents.[17] Anyway, the focus is upon the organizational characteristics that are reflected in the leader style characteristics, the state of development and maturity to accept authority for disseminating the vision and team work, to change their attitudes, values and mental models, to act in an entrepereneurial manner, by creating new ideas, or new products and services.

After we have learnt how to recognize the learning organization, let's try to answer the question on whether it is a new organizational model or is just a new characteristic to be developed within the model. Here we

will adopt the "frame and picture" metaphor, frequently used in the philosophy of Christianity, especially in the Orthodox tradition, when explaining the religious rites. The frame is the folklore, the picture is the essence or the contents of the rite. The frame without the picture is nothing, however the picture, even if left without a frame, retains its meaning. Similarly, the organizational architecture as a frame is a mere organizational scheme, meaningless until we have seen the organizational picture, made up of processes and systems. Herefore, some attitudes presented in literature must be questioned, since it is an extremely simplified and artificial to *a priori* pronounce some structural models, bureaucracy, for example, as inappropriate to learn. On the other hand, shallow structures are a priori considered appropriate to learn (Figure 2).[18]

Responsibilities for decision making and decision enforcement
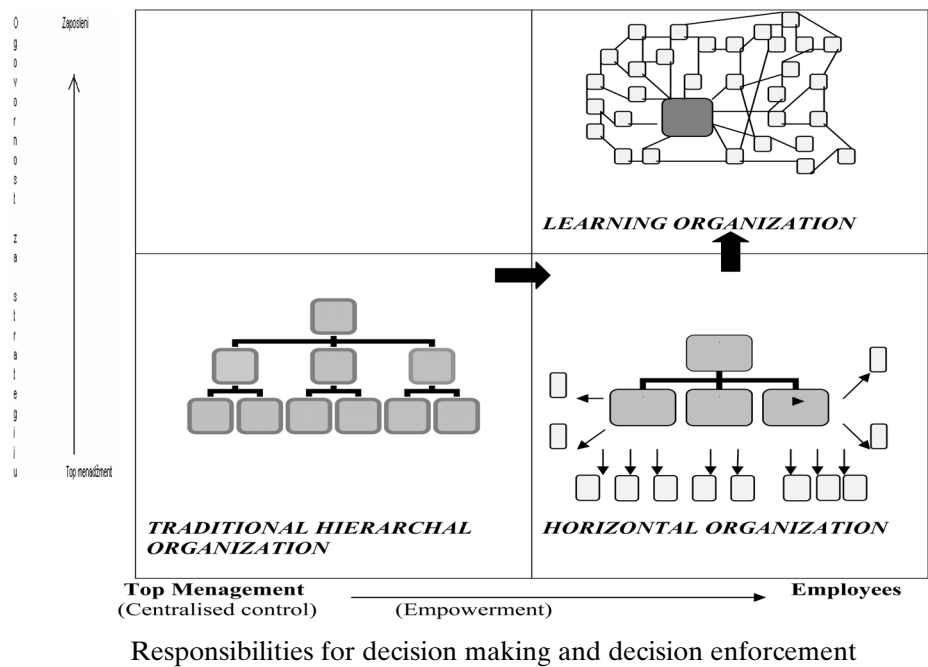
Figure 2: The Learning organization's evolution

According to Daft, organizations have undergone a certain process of evolution, in three phases: (1) from hierarchally structured systems that built their success upon bureaucracy, in which the responsibility in decision-making and action implementation control is delegated to top management, (2) through hierarchally constituted systems that build their success upon interfunctional teams and training their employees to take over the authority independently, and (3) to organizational systems as learning organizations that base their success upon process teams and upon strategic responsibilitise of the employees. We are justified in wondering how many organizations today have reached the phase (3).

Every organization, according to the "frame and picture" metaphor, is known to be more or less bureaucratic. According to Figure 2, the frame corresponds to phase (1), and the picture is the following: high horizontal and vertical specialisations, standardized processes, formalized behaviour and lack of flexibility. The consequences of such a picture for organizational learning are:[19] any information, however objective, that may endanger the existing hierarchal system is not welcome; certain information, due to its bad flow, most often does not reach the people that would learn most from it; slow implementation of some decisions. When we get to know the bureaucracy picture, we need not necessarily change the frame in order that we change the picture, since changing the frame without changing the picture would not ensure the conditions for the development of a learning organization. Hence we should educate bureaucratic models how to become learning organizations, or, as Senge says, "to learn how to learn". The bureaucracy level should be reduced to increase the learning speed of bureaucracy models and thus maintain hierarchy without which no organization can survive.

CONCLUSION

A scientific field of management and organization is rather prone to the impacts of „fashions". Since the emergence of scientific management up till the present times, literature has marked numerous "revoultionary" inventions, that were never scientifically founded and were never proven in practice. The views presented in this paper rely on the historical development of theories and concepts, not only in the management and organization

sciences, but also in other scientific fields. New concepts stem from the weaknesses of the previous ones, in that they develop new, different approaches to the same problem and become a consistent and complete learning system to represent a new paradigm. It is the same with the concept of the "organization that learns" or the "learning organization". In order to survive, organizations have to change constantly. Nowadays, in an era of informatics and a high rate of change in the environment, when knowledge is doubled on a yearly basis, they have to change even faster. This is the main difference in their learning, and the speed has become their basic characteristics or capacity. Hence it is incorrect to maintain that bureaucratic organizations are non-learning models, while debureaucratized models are the learning organizations. As shown in the above analysis, the model is only a frame, whereas the substance of the model is in the pisture, that is, in the characteristics of the system and the process that are going on within that model (frame). Every organization will be a learning organization if designed in such a way that there are no obstacles to learning and knowledge dissemination throughout the organization, to the information flow, to the employees' satisfaction, to solving problems where they emerged. That means that bureaucratic models cannot survive today with the smae characteristics they had one and a half a century ago, however they do survive with the characteristics that improved their potentials for change and adapting to the environment. Ford Motros Co., an image of "Taylorism" and a synonym to bureaucratic organizations was indeed a learning organization. A century ago, with a change in the working practice, having introduced Taylor's inventions, the process standardization and the assembly line, the company became a paradigm of learning and mass production. Today it is still a learning organization, only, in order to increase its capacity of learning faster and responding to change, it had to improve its bureaucratic structure by building teams. It is with pleasure that the author of this paper states that she is not in the minority, since modern literature lists a large number of authors whose approach to the development of new theories and concepts in management and organization is similar to hers.[20]

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