Organizations as Learning Systems

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"How would I know a learning organization if I stumbled over it?"

The recent decline of well-established firms and the perceived need for corporate renewal has fueled a growing interest in the topic of organizational learning. But what exactly *is* a learning organization and what are the characteristics that define it? The answer to that question will have a tremendous impact on how organizations go about creating learning environments within their companies—and the eventual success or failure of those efforts.

Using field observations and studies of other companies, we have developed a model that describes what we believe are the critical factors that are essential for understanding and enhancing the learning capability of any organization.

This model is only a first step toward creating a set of criteria that organizations can use to evaluate their strengths and weaknesses as learning systems. The hope is that as organizations discover how to manage the learning process more explicitly, they can design their own blueprints for learning.

Learning Systems

So how *would* you recognize a learning organization if you stumbled over it? Suppose we have two companies, A and B, who are both attempting to enhance organizational learning. Company A, a service provider, spends a lot of time scanning the industry for ways to improve, invests heavily in team learning, and has a workplace that is generally described as "open" and "aligned." The employees work in tightly-knit groups; learning is very informal. Company B, a manufacturing giant, spends its money on formal employee training programs such as Total Quality. It encourages continuous improvement through controlled experiments that value incremental gains over transformational learning. The company is very inwardly focused—almost obsessive—and learning is centered on individual improvement. So, which one is a learning organization?

Actually, both are; they are just developing their learning in different ways. The organizations we studied shared a set of 10 common factors—including environmental scanning (Company A) and an experimental mindset (Company B)—that either promoted or inhibited learning. We termed them "facilitating factors" because we believe they are crucial to the success or failure of a company's attempt to improve its capacity to learn.

We also noticed differences in the ways the companies *approached* their learning. For example, some companies focused on incremental improvements in manufacturing (like Company B), while others focused on breakthrough learning in marketing or service quality (such as Company A). We refer to these stylistic differences as "learning orientations." Learning orientations do not necessarily determine the quality of learning, but they describe how or where the learning takes place. Together, the facilitating factors and learning orientations describe an organization's overall learning system.

Facilitating Factors

Maximizing learning within the organizational setting is not a haphazard process. Some policies, structures, and processes do seem to make a difference in how well an organization learns. In the companies we studied, we identified a set of 10 facilitating factors that we feel are essential to organizational learning. A company can assess the extent to which it is promoting learning by determining its level of investment (low, medium, high) in the following areas:

Performance Gap. Without feedback indicating gaps between targeted outcomes and actual results, performance can stagnate or decline. To counteract that tendency, organizations need to make concerted efforts to identify and correct performance gaps—in both good times and bad.

Scanning Imperative. Scanning the marketplace can help an organization learn about successes within the industry. Benchmarking, scenario planning, and anticipating new trends in the market can stimulate and give direction to organizational learning efforts.

Involved Leadership. Leaders must not only help develop an organization's vision, but also engage in hands-on implementation of that vision. Through direct involvement that reflects coordination, vision, and integration, leaders can provide a powerful role model of active learning that will help sustain a company's efforts.

Initiators of Learning. While involved leadership sets the stage for learning, successful organizational learning efforts require more than one "champion." The greater the number of "gatekeepers" who bring knowledge into the system and advocates who promote a new idea, the more rapidly and extensively the learning will spread.

Experimental Mindset. If learning comes through experience, it follows that the more one participates in guided experiences, the more one learns. Therefore, venturing into uncharted waters —and experiencing the failures that may occur—is an important part of organizational learning.

Requisite Variety. Investments in experimentation go hand-in-hand with a pursuit of varied organizational skills and competencies. An organization that supports variation in strategy, policy, process, structure, and personnel is more flexible when unforeseen problems arise. Requisite variety opens the
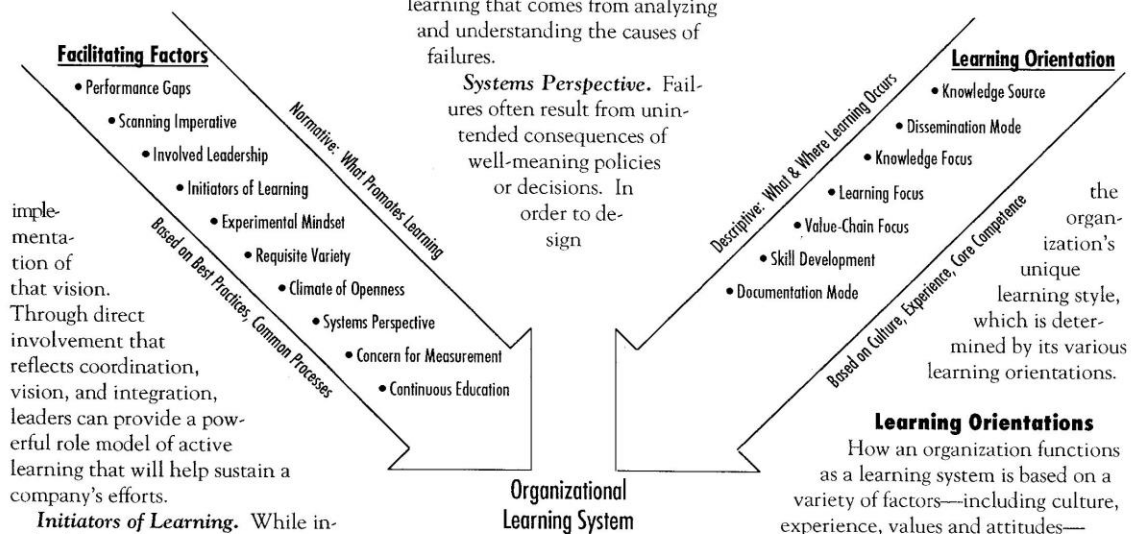
door to more options and provides new avenues for learning and experimentation.

Climate of Openness. A willingness to take risks and explore new areas will more likely occur in an organization that fosters a climate of openness. This includes the freedom to express divergent views—which encourages multiple perspectives on an issue—and also to acknowledge mistakes. The organization can then benefit from the rich learning that comes from analyzing and understanding the causes of failures.

Systems Perspective. Failures often result from unintended consequences of well-meaning policies or decisions. In order to design and implement effective strategies, managers need to look at their organization and its environment as a unified system. A systems perspective deepens the learning process by revealing how our actions create our reality, while illuminating high-leverage options for creating long-term change.

Concern for Measurement. Rigorous analysis is an essential part of the learning process, as evidenced by the importance of metrics in Total Quality efforts. Effective experimentation requires a set of well-developed methods for measuring gaps between expected and actual performance, and for designing effective action based on those results.

Continuous Education. Ultimately, learning is built upon a commitment to lifelong education at all levels of the organization. The presence of traditional training and development activities is

not enough; it must be accompanied by a palpable sense that one is never finished learning and practicing.

The goal is not to be "the best" in all of the facilitating factors. Rather, focused investments in particular areas that fit the company's overall learning strategy will be more effective than a scatter-shot approach. Determining the most important areas for investment, however, requires an understanding of the organization's unique learning style, which is determined by its various learning orientations.

Learning Orientations

How an organization functions as a learning system is based on a variety of factors—including culture, experience, values and attitudes—which determine where learning takes place and the nature of what is learned. Each of the learning orientations listed below consists of two opposing poles. Most organizations fall somewhere along the continuum between the two. For example, in the area of skill development, some organizations focus primarily on individuals, while others promote team skills. The collection of the preferences in each area forms an overall pattern that determines a given organization's learning style (see "What is Your Company's Learning Style?").

Knowledge Source (internal vs. external). Does an organization develop new knowledge internally, or does it seek inspiration through ideas developed externally? The distinction is often thought of as the difference between innovation or imitation. In the U.S. there has been a tendency to value the innovative approach more highly and to look down on those who seem to be

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- Scanning Imperative
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- Climate of Openness
- Systems Perspective
- Concern for Measurement
- Continuous Education

Normative: What Promotes Learning

Based on Best Practices, Common Processes

Learning Orientation
- Knowledge Source
- Dissemination Mode
- Knowledge Focus
- Learning Focus
- Value-Chain Focus
- Skill Development
- Documentation Mode

Descriptive: What & Where Learning Occurs

Based on Culture, Experience, Core Competence

Organizational Learning System

"copiers." The Japanese, however, have proven that organizations can successfully pursue a strategy of adopting other people's ideas, incrementally improving them, and making them better than the original.

Dissemination Mode (informal vs. formal). Does an organization attempt to create a space in which learning can evolve, or does it pursue a more structured approach to learning? In the more informal approach, learning is spread through encounters with role models or as teams share their experiences in ongoing dialogue. A structured approach, on the other hand, relies more on formal education methods and certification of learning.

Knowledge Focus (product vs. process). In accumulating knowledge, does an organization prefer to focus its learning on issues related to product and service outcomes or on basic processes that underlie and support the products? The distinction here is one of being the low-cost producer or focusing on providing exceptional customer service.

Learning Focus (incremental vs. transformative). Does an organization concentrate its learning on methods and tools to improve what is already being done, or on testing the assumptions underlying the processes? Tool- or method-based learning (also called single-loop learning by Chris Argyris), is useful for enhancing the performance of a system. Conceptual (double-loop) learning can potentially lead to discontinuous steps of improvement in which the entire system or process is reframed.

Value-Chain Focus (design/make vs. market/deliver). In what areas of the company or on which core competencies does the organization focus its learning efforts? If personnel and money allocations are continually directed toward one particular area—engineering or production instead of marketing and sales—robust learning will more likely occur in this area.

Skill Development (individual vs. team). In employee development, does the organization place more emphasis on individual skill enhancement or on team learning? While team skills are essential for taking advantage of the diverse knowledge groups can bring to an

issue, this can only occur if continual investments are being made to enhance the knowledge of individual players.

Documentation Mode (personal vs. collective). What efforts does an organization make to retain the knowledge that individuals and groups acquire? At one pole, knowledge is seen in very personal terms, as something an individual possesses by virtue of education and experience. At the other pole, the emphasis is on creating a collective memory through information sharing. As in skill development, organizational learning is enhanced by a continual flow of knowledge from the individual to the collective level.

Once an organization understands its overall learning orientation, it can pursue two avenues for enhancing learning. One is to embrace the style that exists and try to improve its effectiveness. For example, a firm that is more of an imitator than an innovator could accept its orientation with heightened awareness of its value and focus on honing its skills as a fast-follower. The second possibil-

ity is for a company to actually change its learning style by moving toward the opposite pole on the continuum.

Trying to describe an organization's overall learning system is valuable because we can often see better what we want to be by beginning with an understanding of what we *are*. Organizational change often comes more readily if the targets of change first become more aware and accepting of their strengths and weaknesses. In other words, it is important to gain knowledge and appreciation of your organization's assumptions regarding learning, whether you want to build upon them or change them significantly.📁

What is Your Company's Learning Style?

The presence of distinct learning styles in the companies we studied suggest that there is more than one way for an organization to learn. In fact, the term **"the** learning organization" may be a misnomer—there may be many different developmental paths that enhance organizational learning. The folllowing is a description of what we believe may be the predominant learning styles within organizations.

Rugged Individualism. This is the "heroic" learning style reminiscent of John Wayne movies, reflecting some of the basic values of individualistic cultures. The assumption with this learning style is that if you staff your organization with highly intelligent, well-motivated, ambitious people, their individual actions will aggregate into a high-performing unit.

Techno-Analytic. A techno-analytic organization believes that rational, detailed approaches backed by well-organized plans and programs are the best way to ensure learning. This style is often found in engineering cultures and companies based on well-defined technologies that favor analytic modes. The Techno-Analytic style also appears to be accompanied by values of fairness, conflict-avoidance, and the importance of the "best" process.

Traditional. Although this style is similar to the Techno-Analytic, it has some additional characteristics that suggest it is a distinct learning pattern. The major assumption is that the best learning is that which adds to what is already known. Learning from past experience is critical to understanding the present. For ex-

ample, if a system has worked well over time, learning investments should focus on its maintenance and improvement. Discontinuous, radical approaches should be viewed with caution; conservatism is the byword. When it works well, this style builds on solid foundations and passes on those insights which have enduring value.

Communal. The key assumption of the communal style is that the most critical learning in an organization centers around skills for binding people into a collective identity. Valued norms and response modes should be possessed by all members. Although this may be stated as an attempt to achieve a high level of efficiency and effectiveness, there is an implicit, but strongly experienced, assumption that loyalty to the firm is essential.

Evangelical. This style emphasizes change and transformation—to challenge current dogma and go beyond what currently exists. It derives much energy from a vision or from some new internal knowledge, with a few people acting as catalysts for truly discontinuous learning. Missionary zeal appears to be an important aspect of this style.