

## THE KEY TO ORGANISATIONAL CHANGE: A REVIEW OF ORGANISATIONAL LEARNING

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### Abstract

Organisational Learning (OL) is a learning process that involves the acquisition of knowledge among the stakeholders within an organisation at individual, group, and organisational levels in order to achieve the goals of the organisation (Popova-Nowak & Cseh, 2015; Ege, et al., 2017). OL earned its importance in human resource literature as a result of the increasing popularities of Organisational Change, Knowledge Management and Learning Organisation studies since the 1990s (Ortenblad, 2013; Ege, et al., 2017; Ragmoun, 2017). OL is critical in contemporary and future organisations, including e-businesses that operate in ever-changing, highly dynamic and uncertain business environments (Ortenblad, 2013; Lewis, 2014; Maditinos, et al., 2014; Deloitte University Press, 2017).

This paper aims to examine concepts and practices of OL for their theoretical soundness and practicality in business enterprises. By reviewing the conceptual framework of OL published between 1970 and 2018, in terms of the nature of OL models, applications, issues faced, and the research methods used (e.g., Jenkin, 2013; Popova-Nowak & Cseh, 2015; Ege, et al., 2017; Hong, et al., 2017), the updated understanding of OL and their implications for further research and practice will contribute to the academic and research communities, human resource professionals and managers in contemporary organisations.

**Keywords:** Human Resource Development, Learning Organisation, Organisational Change, Organisational Learning.

### 1. Introduction

Organisational learning (OL) refers to the learning process that involves the acquisition of knowledge among the stakeholders within an organisation at individual, group, and organisational levels in order to achieve the goals of the organisation (Popova-Nowak & Cseh, 2015; Ege, et al., 2017). OL has continued to earn its importance in human resource and organisational change, as well as in psychology related literature as a result of the increasing popularities of Organisational Change, Knowledge Management and Learning Organisation studies since the 1990s (Ortenblad, 2013; Ege, et al., 2017; Ragmoun, 2017).

### 2. Research Problem

Given the wide range of OL literature, one would question if there are essential elements of OL models that are commonly found by researcher and practitioners, and what would be the “best” approach for studying and practising OL.

In an attempt to answer the above questions, this paper aims to review the conceptual frameworks of OL by analysing and evaluating 1) the nature of OL, 2) its applications and research methods

used, as well as 3) issues faced by OL researchers and practitioners for their theoretical soundness and practicality in business enterprises.

### **3. Methods**

Although the initial intention was to review the OL literature published between 1990 and 2018, it was found through research that the roots of some contemporary OL concepts and models can be traced back as early as the OL literature published in the 1970s (e.g., Argyris, 1977; Argyris & Schön, 1978). Therefore, this study reviews OL literature published between 1970 and 2018 using textbooks, journals, reports, and search engines and database, such as ProQuest, Elsevier and Emerald. Keywords such as “organisational learning”, “organisational learning models”, “organisational learning literature review”, and “applications of organisational learning” were applied in online literature research. The findings are classified into the 3 major aspects as mentioned above.

### **4. Review of the Relevant Literature and Data Analysis**

A review on OL literature indicates the need to understand what is learning at a workplace, namely OL. Cognitive and behavioural approaches are two general approaches for studying OL (Scott, 2011; Odor, 2018). On one hand, cognitive approach suggests that learning occurred when a person was aware of the change in his or her assumptions, views and mental models, even if they may not necessarily change his or her behaviour (Huber, 1991; Scott, 2011). On the other hand, researchers who support the dual cognitive-behavioural approach argued that OL is the dynamic interplay between cognition and behaviour application, in particular, when engaging in a social setting such as an organisation (Wenger, 2009; Scott, 2011). These approaches have theoretical and practical implications on the development and practices of OL in an organisation.

These implications are reviewed in light of: 1) the nature of OL, 2) OL applications and research methods used, as well as 3) OL issues faced by OL researchers and practitioners, so to obtain an updated understanding of OL.

#### **4.1 The Nature of Organisational Learning**

The understanding of OL has developed from earlier studies on personal learning experience to the contemporary understanding of the learning process to acquire, transfer, store, and retrieve knowledge within an organisation at individual, group, and organisational levels (Castaneda & Rios, 2007; Popova-Nowak & Cseh, 2015; Ege, et al., 2017; Geppert, 2018). Along this line, the five principles of Learning Organisation suggested by Peter Senge (2006), namely system thinking, personal mastery, mental models, building shared vision, team learning, appear to play a major role in the understanding of OL.

##### **4.1.1 Organisational Learning Capacity, Innovations, Mechanisms and Processes That Affect Knowledge Generation and Integration Within an Organisation**

A majority of the OL frameworks measured the capacity of an organisation to learn, namely Organisational Learning Capacity (OLC) (Morgan & Turnell, 2000; Onağa, et al., 2014; Thomas, et al., 2017). OLC involves the factors that facilitate the processes to generate, acquire, disseminate, and integrate information or knowledge through learning as an individual and as a learning community within an organisation (Morgan & Turnell, 2000; Onağa, et al., 2014; Thomas, et al., 2017). Examples of these multi-dimension factors include:

- Commitment to learning, shared purpose, open-mindedness, comparative learning capabilities, organisational memory, customer orientation, and competitor orientation (Morgan & Turnell, 2000);
- Knowledge sharing, dialogue, participative decision-making, managerial commitment, experience and openness, knowledge transfer, and risk taking (Onağa, et al., 2014).

OL Care said to correlate positively with the firm performance and innovativeness (Onađa, et al., 2014; Thomas, et al., 2017), such as *behavioural, product, process, market, and strategic innovativeness* (Onađa, et al., 2014).

In addition, the mechanisms and processes that may affect knowledge generation and integration within an organisation appear to influence the degree of OLC in the organisation (e.g., Morgan & Turnell, 2000). Some of these mechanisms include market-orientation (Morgan & Turnell, 2000), organisational culture (Joseph & Dai, 2009; Griffin & Gully, 2017; Huczynski & Buchanan, 2017), information technology and infrastructure for communication and knowledge generation and integration (Raymond & Blili, 2004; Thomas, et al., 2017), human resource strategies including training and work design and resources required for learning (e.g., Noe, 2017; Huczynski & Buchanan, 2017), learning capability (Morgan & Turnell, 2000; Onađa, et al., 2014; Thomas, et al., 2017), power and politics (Griffin & Gully, 2017; Huczynski & Buchanan, 2017) that may affect learning interests, processes, capabilities and outcomes in an organisation. This leads to the next discussion that centralises on the relationship between the learning interest of a learning actor and OL.

#### **4.1.2 Learning Actor, Learning Interests and Organisational Learning**

Although an organisation is said to be a social entity that is goal-oriented and intentionally structured (Daft & Samson, 2015), the goals of an organisation emerge from shared and competing interests, knowledge and learning among the key stakeholders (Bjerg Hall-Andersen & Broberg, 2014). However, how key stakeholders, such as managers and employees, develop *shared interests* may differ (Field, 2017). Unlike North America where human resource strategies are used to develop *shared interests* through formal and psycholo-cultural contracts (Field, 2017), the employers and employees in countries that are heavily influenced by industrial relations approaches, such as UK and Canada, may seek to resolve conflicts of interests using collective bargaining approach (Newman & Newman, 2015). In other words, OL may be affected by both the internal and external business environment where an organisation operates.

When the *sense of individual identity and interests* are different from the *shared interests* of other stakeholders within an organisation, an individual may not necessarily focus his or her attention to learn or convert what has been learned to the next levels of learning, namely *group learning* and *organisational learning* (Field, 2017, Bjerg Hall-Andersen & Broberg, 2014).

This indicates that OL is contextualised as it involves *learning actor(s)*. Therefore, the research findings of OL derived from the feedback from different levels of managers or individual employee within an organisation in a specific industry and location have to be interpreted more cautiously and cannot be generalised to other contexts. In line with this, the following section reviews one of the key considerations in the study of OL, namely the knowledge domains that a learning actor acquired through a learning process, either individually or collectively.

#### **4.1.3 Learning Within and Across Knowledge Domains**

Inspired by the work of Michael Polanyi (1966) on the difference between tacit knowledge and explicit knowledge, the investigation on OL often leads to the question on which types of knowledge can be acquired by a learning actor. According to the SECI Process of Knowledge Spiral Model suggested by Nonaka & Takeuchim (1995), tacit knowledge and explicit knowledge are generated through a spiral learning process that involves internalisation, socialisation, externalisation, and combination. While individual learning leads to the acquisition of tacit knowledge, group learning transfers tacit knowledge to explicit knowledge through sharing and negotiating ideas and practices (Nonaka & Takeuchim, 1995; Bratianu, 2010; Onađa, et al., 2014). Organisational learning institutionalised explicit knowledge through the development of shared work processes, methods, techniques, tools and routines (Lave & Wenger, 1991; Jenkin, 2013).

Investigation on learning modes lead to another question on the difference between implicit learning and explicit learning (Deshon & Alexander, 1996) and the role that they play in OL. Along this line, most of the OL literature involved *explicit learning* process to acquire, transfer, store, and retrieve *task-related knowledge* within an organisation at an individual, group, and organisational levels (e.g., Bjerg Hall-Andersen & Broberg, 2014; Onađa, et al., 2014). Very few researches focused on the acquisition of *emotion- and social-related knowledge* which are equally critical for *implicit and explicit learning*, as well as adaptation within an organisation (Tan, 2011). In addition to implicit and explicit learning, some early OL frameworks emphasised on other learning modes, such as *the use of single-loop and double-loop learning* by an organisation to fit to its business environment (Argyris & Schön, 1978). Although *triple-loop learning* was added to the study of learning modes at a later stage, some researchers proposed a more cautious review of how it works (e.g., Tosey, et al., 2012). In addition to the above, issues on *transfer of learning* inspired by Noe's work (2017), including near and far transfer (Tan, 2011; Noe, 2017) and motivation to transfer (Gegenfurtner, et al., 2010) lead to the question on to what extent that these factors may affect OL.

In other words, OL is suggested to be dynamic, integrated, multi-level learning processes that engage individual and other learning actors in integrated individual learning and group learning (Scott, 2011). The above findings indicated that knowledge domains and learning modes play an important role in the understanding of OL.

#### **4. 2 Applications of Organisational Learning and Research Methods Used**

In view of the importance to test the theoretical frameworks of OL in an organisation, OL was examined in a wide range of public and private sectors including:

- manufacturing industries, such as construction materials production, plastic manufacturing, metal, packaging, food and beverage production, agricultural products processing (Hong, et al., 2006; Onađa, et al., 2014) as well as small and medium-sized enterprises (SMEs) based supply chain (e.g., Thomas, et al., 2017);
- service industries, such as hospital (Dijkstra, et al., 2006), higher education (Zgrzywa-Ziemak, 2015), insurance (Field, 2017; Geppert, 2018), banks and other financial sectors (Morgan & Turnell, 2000; Onađa, et al., 2014), professional services, such as scientific research and support (Tan, 2011);
- engineering (Bjerg Hall-Andersen & Broberg, 2014); and
- e-businesses including small and medium-sized enterprises (SMEs) relevant to sub-contracting firms (Raymond & Blili, 2004).

Most of the research focused on meta-analysis or conceptualised analysis of OL frameworks using qualitative, quantitative, or mixed methods, including case study (Thomas, et al., 2017; Geppert, 2018), comparative study between high and lower business performance firms (Morgan & Turnell, 2000), and surveys (Onađa, et al., 2014), across a wide range of sectors mentioned above.

#### **4.3 Issues Relevant to the Study and Practice of Organisational Learning**

The review of OL literature indicates the following issues relevant to the study and practice of OL.

##### **Complexity of OL**

OL is a complex study and practice as it involves:

- *learning actor(s)* at individual, group, organisational levels (e.g., Field, 2017)

- using different *learning modes* (e.g., single and double-loop learning suggested by Argyris & Schön, 1978; triple-loop learning in Tosey, et al., 2012; implicit and explicit learning in Deshon & Alexander, 1996)
- *and learning interests* that directed the focus of learning actor(s) (Field, 2017)
- in *dynamic, integrated, multi-level learning processes* (e.g., internalisation, socialisation, externalisation, and combination suggested by Nonaka & Takeuchim, 1995)
- to generate *knowledge within and across knowledge domains* (e.g., tacit knowledge and explicit knowledge suggested by Nonaka & Takeuchim, 1995; different knowledge domains when engaging in engineering design by Bjerg Hall-Andersen & Broberg, 2014; task, emotional and social related knowledge in Tan, 2011).
- *transfer of learning* across knowledge domains (Dienes & Altmann, 1997), the difference between near and far transfer (Tan, 2011; Noe, 2017), and the motivation to transfer (Gegenfurtner, et al., 2010).

Therefore, gaps of learning, including learning interests, learning mode, knowledge, transfer of learning should be included in the study of OL. Although multi-dimensions of OLC were applied in some conceptual and empirical research (Morgan & Turnell, 2000; Onađa, et al., 2014), limited investigation was found on the integration of some, if not all, of the above elements in an OL model. Therefore, it is not surprising that some studies found the inconsistencies between OL and organisational performance (Zgrzywa-Ziemak, 2015).

### **Contextual Nature of OL**

Based on the research reviewed, a majority of the research on OL was conducted in a specific organisational setting, location and/or national context such as China, Japan, Germany, Spain, Turkey, Nigeria, United States of America, United Kingdom, Australia, New Zealand (e.g., Nonaka & Takeuchim, 1995; Morgan & Turnell, 2000; Chiva, 2004; Dijkstra, Wensing, Thomas, & Akkermans, 2006; Hong, et al., 2006; Tan, 2011; Onađa, et al., 2014; Field, 2017; (Hong, et al., 2017; Geppert, 2018; Odor, 2018).

OL is a contextualised study and practise as it involves:

- changes that involve the *degree of uncertainty* (Daft, 2010) and *complexity* (e.g., Stacey, 1996; Lane & Down, 2010) in business environments. For example, market-based OL research in Morgan & Turnell (2000).
- mechanisms and processes that affect OL including market-orientation (Morgan & Turnell, 2000); organisational culture (Joseph & Dai, 2009; Griffin & Gully, 2017; Huczynski & Buchanan, 2017); information technology and infrastructure for communication and knowledge generation and integration (Raymond & Blili, 2004; Thomas, et al., 2017), human resource strategies including training and work design and resources required for learning (Noe, 2017; Huczynski & Buchanan, 2017), learning capability (Morgan & Turnell, 2000; Onađa, et al., 2014; Thomas, et al., 2017), power and politics (Griffin & Gully, 2017; Huczynski & Buchanan, 2017) that may affect learning processes, capabilities and outcomes in an organisation.
- cross-cultural factors in terms of how national and international culture may affect the assumptions, beliefs, and behaviour of OL among diverse workforce in contemporary organisations (Hong, et al., 2006; Hong, et al., 2017). This implies the theoretical and practical soundness in applying an OL model across nations.

This implies the theoretical and practical soundness in applying an OL model to measure business and work performance across organisations, industries, and countries.

Although a wide range of theoretical and empirical research were conducted in a specific context (e.g., an organisation, a location, a country, a short time-frame when a study of OL took place), insufficient study has been conducted to understand the changing nature of OL in different contexts overtime.

## **Conclusion**

Given the complexity and contextual nature of OL, multidisciplinary studies including business and management (e.g., organisational change and development, human resources), psychology (e.g., learning psychology, cognitive psychology, behavioural psychology, industrial and organisational psychology, and social psychology), learning science and philosophy are essential for the study and practice of OL models. This implies that the theoretical soundness and practicality of an OL model depend on how well the model addresses the complexity and contextual nature of OL in terms of scope and depth. The multi-dimensions and multi-level processes of OL call for the use of cognitive-behavioural approaches in the study and practice of OL.

As a majority of the theoretical and empirical research on OL was conducted in western countries, it raises the needs to examine OL in Asian countries and multinational corporations (MNCs). Therefore, it is suggested to conduct longitudinal, multidisciplinary and cross-national studies from a wider range of sectors and stakeholders to understand learning at individual, group, and organisational levels.

By reviewing the conceptual framework of OL published between 1970 and 2018, in terms of the nature of OL related models, applications, research methods used, and issues faced, the updated understanding of OL and their implications for further research and practice will contribute to the academic and research communities, human resource professionals and managers in contemporary organisations.



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