

# Diagnosics of learning organisation – test of a diagnostic tool

## *Diagnostika učící se organizace – test diagnostického nástroje*

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**Abstract:** Based on extensive literature review, the characteristics of a learning organisation are depicted as a starting point to define a pragmatic tool to assess the level to which an organisation meets the individual characteristics of learning organisation. The tool is designed as a matrix combining eight characteristics of learning organisation with four improvement levels including feedback loop. This tool has been tested in 9 organisations and the examples of information gathered through this exercise are provided and discussed.

**Key words:** learning organisation, organisational learning, diagnostic, questionnaire

**Abstrakt:** Na základě extenzivní literární rešerše jsou definovány základní charakteristiky učící se organizace, které slouží jako východisko pro navržení pragmatického nástroje pro ohodnocení úrovně naplnění charakteristik učící se organizace v konkrétních podmínkách. Diagnostický nástroj formou matice kombinuje dvě perspektivy: charakteristiky učící se organizace a úrovně zlepšování včetně zpětné vazby. Tento diagnostický nástroj byl testován v 9 organizacích a ukázky informací, které lze tímto postupem získat, jsou uvedeny a komentovány.

**Klíčová slova:** učící se organizace, organizační učení, diagnostika, dotazník

## INTRODUCTION

Academics and managers have studied the phenomenon of organisational learning for a number of years (e.g.: Argyris 1982; Hayes et al. 1988; Jones and Hendry 1992; Levitt and March 1988; Schein 1993; Senge 1990; Stata 1989; Daft, Wieck 1984; De Geus 1997; Kiechel 1999; Pedler et al. 1977; Revans 1998; Schein 1990; Tichá 1998). In the world of rapid change and unambiguous signals, the capability of organisations to understand their environment and adjust accordingly becomes a central point of interest of theoreticians and managers.

Intangible resources such as knowledge within organisation are of key importance for competitive advantage, because these are difficult to imitate. Resources providing competitive advantage are generally considered strategic. Learning how and why is an inner capability of organisation, which requires the use of various intangible resources. Learning how involves various routines and is typical for imitation and error-correcting processes. It is thus collective the capability to mobilise human resources to accomplish new tasks, to repeat processes and to organise systems and structures for dissemination of routines. Similarly, learning why is based on the application of routines characterised by questioning systems and contexts. It is the capability characterised by intelligent application of diagnostic tools, which leads to development of new models, and these are implemented with the use of processes of learning how.

## MATERIAL AND METHODS

This article builds upon the vast literature available on the topics of organizational learning and learning organisation (both terms are used interchangeably) with the aim:

- to derive characteristics of a learning organisation
- to design a diagnostic tool to gather information for assessment of defined characteristics of learning organisation (in particular circumstances)
- to test the designed tool in selected – pilot – organisations.

The designed tool to diagnose the status of an organisation from the perspective of a learning organisation – a questionnaire – has been distributed in 9 organizations where 66 managers at the top and middle level at their respective organisations filled 66 questionnaires. The data gathered have been processed and tested for statistical reliability. The way of data processing and interpretation is an integral part of the diagnostic procedure and will be discussed in more details below.

## RESULTS AND DISCUSSION

### **Characteristics of learning organisation defined**

Organisational learning is a tool for adaptation to change, elimination of errors and knowledge mainte-

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Table 1. Dimension of an organisation's learning capacity and its characteristics

| Characteristics applying to...                   |                       |  |   |   |   |
|--|-----------------------|--|---|---|---|
| Dimensions                                       | Entire Learning Cycle | Generation Step  | Integration Step  | Interpretative Step   | Action Step   |
| <i>Individual learning capacity</i>              | System thinking       | <ul style="list-style-type: none"> <li>- Capacity to assimilate new information</li> <li>- Capacity to enter into contact with environment</li> <li>- Self-observation</li> <li>- Attention</li> </ul> | <ul style="list-style-type: none"> <li>- Multi-skilling</li> <li>- Openness</li> <li>- Capacity to integrate new information</li> </ul> | <ul style="list-style-type: none"> <li>- Creativity capacity to think (analytical, synthetic, abstractly, etc.)</li> <li>- Empathy</li> <li>- Tolerance</li> <li>- Courage</li> <li>- Humour</li> </ul> | <ul style="list-style-type: none"> <li>- Capacity to transfer</li> <li>- Enthusiasm</li> <li>- Capacity to take responsibility</li> <li>- Openness to change</li> </ul> |
| <i>Collective learning capacity</i>              | Team capacity         | <ul style="list-style-type: none"> <li>- Multi-functions</li> <li>- Helpfulness</li> </ul>   | <ul style="list-style-type: none"> <li>- Multi-functions</li> <li>- Helpfulness</li> </ul>  | <ul style="list-style-type: none"> <li>- Capacity to dialogue</li> <li>- Capacity to face the conflicts</li> <li>- Diversity</li> </ul>   | <ul style="list-style-type: none"> <li>- Capacity to implement</li> </ul>   |
| <i>Structural learning capacity</i>              | Decentralization      | <ul style="list-style-type: none"> <li>- Flat hierarchies</li> <li>- Integrate staff into line</li> </ul>  | <ul style="list-style-type: none"> <li>- Flat hierarchies</li> <li>- Integrate staff into line</li> </ul>                               | <ul style="list-style-type: none"> <li>- Small organisational units</li> <li>- Frequent interactions</li> </ul>   |   |
| <i>Cultural learning capacity</i>                | Problem solving       | <ul style="list-style-type: none"> <li>- Concern for measurement</li> <li>- Active attitude towards information</li> <li>- Openness towards the outside</li> </ul>                                     | <ul style="list-style-type: none"> <li>- Transparency</li> <li>- Trust</li> <li>- Culture of continuous information</li> </ul>          | <ul style="list-style-type: none"> <li>- Culture of dialogue and communication</li> <li>- Openness to multiple perspectives</li> <li>- Spirit of comparison and competition</li> </ul>                  |   |
| <i>Learning capacity of organisation of work</i> |                       | <ul style="list-style-type: none"> <li>- Monitoring feedback loops</li> <li>- Self-correction experimenting</li> </ul>   | <ul style="list-style-type: none"> <li>- User-friendly information media</li> <li>- Job-rotation limit specialization</li> </ul>        | <ul style="list-style-type: none"> <li>- Task force, work in teams</li> </ul>   | <ul style="list-style-type: none"> <li>- Decentralised control</li> <li>- MBO</li> <li>- Few specifications</li> </ul>  |
| <i>Leadership learning capacity</i>              |                       | <ul style="list-style-type: none"> <li>- Give responsibility for information generation</li> </ul>   | <ul style="list-style-type: none"> <li>- Integrate staff into line</li> <li>- Reward for pertinent information</li> </ul>               | <ul style="list-style-type: none"> <li>- Egalitarian conditions+</li> </ul>   | <ul style="list-style-type: none"> <li>- Coaching</li> </ul>  |

nance. The speed how a business is able to learn is becoming a source of competitive advantage. Organisational learning, however, is also possible to be described as a process of developing competence from resources. To identify more precisely the process as well as approaches of various organisations to organisational learning, it is necessary to determine criteria – learning organisation characteristics. This inductive process was chosen with the aim to describe through elements and relationships among them the system as a whole.

It is extremely difficult, if not impossible, to precisely define the Learning Organisation. Handy (1978) defines five major attributes:

- It has a formal way of asking questions, seeking out theories, testing them and reflecting on them
- It is properly selfish, clear about its role, its future and its goals, and is determined to reach them
- It is constantly re-framing the world and its part in it. (Quality Circles at their best are an example of such recurrent re-framing)
- It cultivates the concept of negative capability, where disappointment and mistakes are accommodated as a part of the learning whole
- It is a caring organisation, in that it wants everyone to learn, and it bends over backwards to make that obvious

The following writers namely used to derive the basic characteristics of learning organisation: Marquardt and Reynolds (1994), Senge (1990), Pearn (1995), Watkins and Marsick (1993), Graham (1996), Pedler et al. (1997) and Tobin (1993). It is not surprising that each of the writers has his own understanding of learning organisation. The nine basic characteristics of learning organisation is an attempt to generalise their approaches to diagnose the process of organisational learning.

M. Finger and S.B. Brand (Easterby-Smith 1999) made an effort to summarize the dimension of an organisation's

learning capacity and its characteristics in their article *The Concept of the "Learning Organisation" Applied to the Transformation of the Public Sector: Conceptual Contributions for Theory Development* – see Table 1.

This lastly mentioned work has been a starting point for defining the following set of characteristics of the learning organisation:

- Capacity to monitor continuously and in real-time the external environment
- Capacity to identify, monitor, assess resources and search for new ones
- Capacity to analyse and develop internal resources
- Capacity to analyse and in accordance to needs change the internal environment of an organisation
- Capacity to formulate challenging visions, strategies and goals
- Capacity to accumulate, share, and re-use knowledge and experience (both internal and external)
- Capacity to synthesise flexibly and creatively the above capacities and mobilise them to joint actions
- Capacities to create, provide, and receive feedback at all levels of organisation.

### Tool for diagnosis

The above characteristics are the basis of the diagnostic tool, which combines them with four levels for their improvements:

- Individual level (improvement of personal characteristics, see Senge and his personal mastery)
- Social level (includes improvement on team level as well as soft organisational characteristics such as organisational culture, organisational climate)
- System level (includes improvement of structural characteristics of an organisational system and consequently performance level of an organisation)

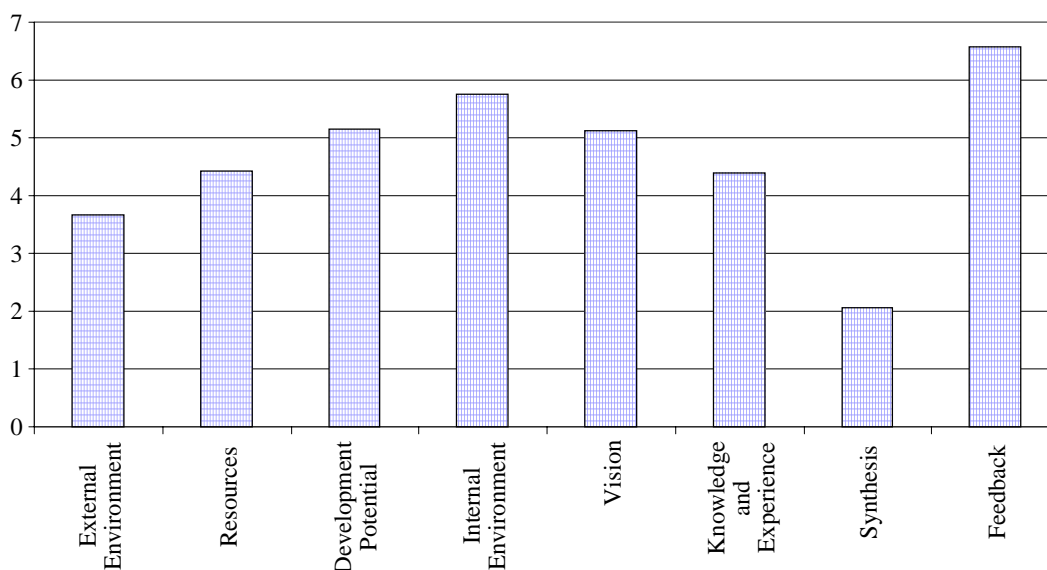


Figure 1. Learning organisation profile – from the perspective of LO characteristics

– Feedback loop (reflects the consequences of both single- and double-loop learning for organisational behaviour).

For the purpose of data gathering, the matrix combining level of improvement in each of the above 8 characteristics of learning organisation is organised to a questionnaire of 59 questions where the answers can be provided on 4-point scale (fully agree, partially agree, partially disagree, fully disagree).

When the data are processed, the following type of information can be arrived at:

- Learning organisation profile from two perspectives:
- Learning organisation characteristics (see illustrative Figure 1)
- Levels of improvement within learning organisation (see illustrative Figure 2)
- Combination of characteristics and improvement levels (see illustrative Figure 3)

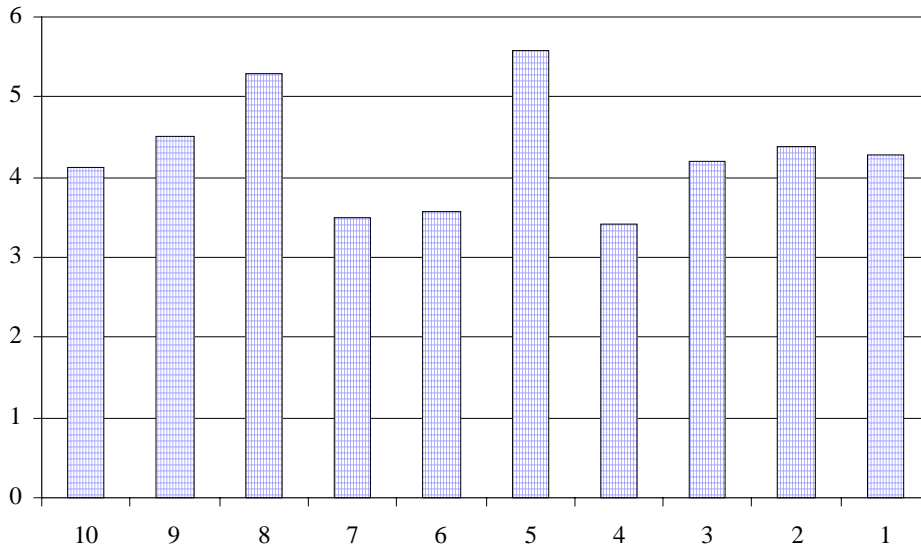


Figure 2. Learning organisation profile – from the perspective of improvement levels

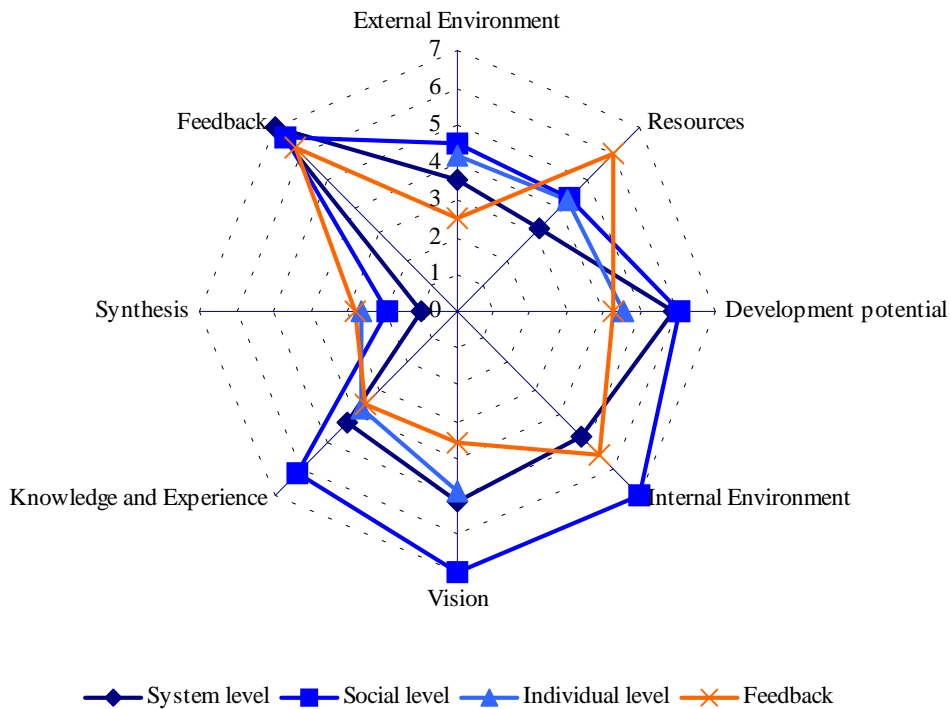


Figure 3. Combination of characteristics and improvement levels

## CONCLUSION

From the above, it should be apparent that best practice in organisational learning requires a high level of performance across a number of characteristics. It requires an integrated policy, which takes account of strategy, structure and culture. At the strategic level the key requirement is for learning to become a specific goal of the organisation. This must be combined with a clear vision of where the organisation wants to go and what it wants to be. This vision needs to be shared throughout the organisation and the employees need to buy-in to the vision. This vision and the organisation's strategy as a whole should be outward looking as most of the drivers for organisational change will come from the external environment.

Structurally, the key attribute of learning organisation is flexibility. This can be achieved through the use of modern organisational methods such as matrix structure, self-managed teams, project teams and networks. Perhaps the most important, however, is a lack of bureaucracy, which is often achieved through downsizing and decentralisation. Where bureaucracy does exist, learning organisation needs informal channels through which the bureaucracy can be bypassed and quick decision made.

Organisation culture is most likely the key determinant of whether the organisation can practise organisational learning effectively. Without a culture that encourages learning and that does not attribute blame to individuals who make mistakes, no organisation will be able to become a learning organisation. The process of socialisation in organisations through which individuals learn to conform to organisational norms and practices, is a major source of learning and the key direct influence of culture on learning process. Indirectly, however, culture has an impact, to varying degrees, on all other aspects or organisational learning.

Inevitably, the actual implementation of organisational learning practices in any organisation will be a matter of improvisation. The characteristics of organisational learning must be broadly defined and left open for interpretation by managers in their particular organisational context. For some managers, organisational learning may be seen more as an inspirational model of what can be achieved given ideal conditions than as a prescription how to manage their business more successfully. This is not to say, however, that the characteristics identified above are not meaningful in the general sense. The value is enhanced by the fact that they have been derived from a broad range of literature and case studies.

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