

MEASURING ORGANIZATIONAL LEARNING PROCESS

Mohammed Asim Burney
The Research Institute
King Fahd University of Petroleum & Minerals
Dhahran, Saudi Arabia

ABSTRACT

At the onset of the twenty-first century with the evolution of the socioeconomic environment of business, one of the key characteristics of the debate in the advanced economies is the rising emphasis on a knowledge-centered culture in which learning is central to the survival and growth of all organizations. Many experts argue that the only sustainable advantage an organization will have in the future is its ability to learn faster than its competitors.

A learning organization moves beyond simple employee training into organizational problem solving, innovation, and learning. Expensive programs are not necessary to start or sustain a learning organization transformation.

To ensure that learning process is effective and positively impacting the bottom line of an organization, it should be measured. However, measuring the learning process is at best cumbersome as opposed to training because of the complexity, variability, and interaction of several qualitative factors. The paper explores methods for evaluating the training and learning that occurs within a organization to ensure that training budgets are prudently used and organizational performance is optimized.

Key words: learning, training, organization, performance, management, and knowledge transfer.

INTRODUCTION

In today's rapidly changing business environment, the ability of the organizations to adapt is considered to be the main factor in its survival and competitive success (for example, Stegall, 2003; Kapp, 1999; West, 1994). Yet, adaptation to current problems and change is unlikely to prove sufficient; it is now suggested that companies need to develop proactive strategies so that future trends and environmental conditions can be predicted and continuous modifications made (Senge, 1990). Contemporary literature encourages the manager to practice new ways of thinking that place learning at the center of the organization and encourage employees to develop their potential (Phillips, 1996; Ezzamel et al., 1994).

By early 1990s, we progressed to using teams as the unit of analysis for training programs. We began to concentrate on team learning, in which individuals discover ideas together. We stopped calling interventions "courses" and started calling them "workshops" and "team-building experiences."

Although firms that implement training programs increase productivity by an average of 17 percent (Bartel, 1995), yet unfortunately, few firms emphasize knowledge, innovation, or learning. Bassi et al. (1996) found in their study that employers spend one-ninth as much on formal training as they do on durable equipment purchases. The average number of training days per employee is a mere three. And, that the United States spent less than 2 percent of its total payroll wages on training expenditures in 1995.

Yet, training merely transmits existing wisdom and information from executives and privileged specialists down to the unenlightened masses.

Historically speaking, in the 1970s, we developed a course or program—so many hours of seminar or self-instruction, involving skills that needed to build on one another. We did this by inventing entire curricula, with the emphasis on reinforcement, sequence, system benefits and successive approximation. Courses and curricula remain staples of training. However, in the twenty-first century, the only sustainable competitive advantage will be an organization's ability to learn faster than its competitors (Kapp, 1999). We will need to devote energy to another level of complexity: culture change and corporate alignment. Our aim is to get the whole organization to refocus its norms and behaviors on critical issues such as customer service and quality improvement. In other words, the whole organization has become the unit of analysis for learning.

Organizations that place a high value on organizational learning have achieved dramatic results. Laser Drive, Inc., a Pittsburgh-based manufacturer, used learning organization techniques to achieve a market share of 70 percent. Motorola, whom, Fortune characterized as the “gold standard of corporate training”, estimates that for every dollar spent on problem solving and statistical process control training, \$30 is returned to the corporation (Peters, 1991). Several companies have reported a training return on investment of more than 1,000 percent (Phillips, 1996). More firms need to be aware of the tremendous potential of focusing on learning and training within their organizations. Application of learning organization concepts and corresponding disciplines is also viable in the public sector, particularly when executive commitment is realized (Hassounah, 2001).

A study by the Washington, D.C., Brookings Institution revealed that 60 percent of an organization's competitive advantage is derived from internal advancements in knowledge, innovation, and learning (Carvenale, 1992). Training and Development Journal (1996) reported the following results in a learning company: Employee productivity increased 113 percent, absenteeism fell by 58 percent, scrap reduced by 50 percent, market share rose from 17 to 40 percent, and the on-time delivery rate became the highest ever.

The literature is abundant about the benefits of institutionalizing learning in organizations, yet it hardly suggests adequate tools and techniques to monitor the learning process. Contrary to the training process, the problem of measurement of learning is compounded due its process complexity, variability, and interaction of several qualitative factors. This paper explores methods for evaluating the training and learning

that occurs within a organization to ensure that training budgets are prudently used and organizational performance is optimized.

Training Versus Learning

In a learning organization, learning occurs as part of work, often between peers and co-workers. Responsibility for learning belongs to many different stakeholders: individuals, teams, management, and the organization as a whole. The responsibility for training is usually delegated to the HRD department and management. Training is organized with a specific agenda; learning is more fluid. Training usually requires materials and the skills of another person; learning can be done by one person without materials-for example, by someone reflecting on his or her actions.

Moreover, in learning organizations, much of the training focuses on soft-skills as opposed to hard-skills. Hard skills or technical skills such as computer usage or machine operation are important but do not provide a sustainable competitive advantage. Hard skills become obsolete and are typically not transferable from one situation or project to another. Training in problem solving, decision-making, leadership, and needs analysis provide skills useful in a variety of circumstances and are easily transferable. Non-learning organizations spend all their time and money on hard-skills training and ignore the more important soft-skills.

For example, choosing a new enterprise resource planning (ERP) system is a multi-million riyal decision impacting the entire organization for the next five to ten years, yet few selection committees receive any training in team building, decision making, needs assessment, or any other soft skills. Not only will soft-skills training improve and simplify the ERP implementation but also, once learned, soft-skills are transferable to other corporate improvement projects.

Therefore, training does not disappear in a learning organization; it only becomes one of several modes of learning. As work becomes the primary learning vehicle, trainers become learning facilitators. They acquire a strategic role with the responsibility to tie learning to the organization's goals and improve performance.

Hence, trainers' career development should emphasize facilitation, on-the-job learning, reflective thinking, performance analysis and intervention, and opportunities to learn about new technologies. With those new skills and tools, trainers and other performance professionals can help their organizations maximize learning at all levels by:

- Creating forums for people to share learning and best practices
- Promoting employees that demonstrate a capacity to learn
- Developing performance appraisals that assess learning activities and outcomes
- Enabling people to take responsibility for their own learning budgets and opportunities

- Rewarding people for being flexible, taking risks, and sponsoring new initiatives.

IMPLEMENTING THE LEARNING ORGANIZATION CONCEPT

The idea of building a flexible, profitable learning organization appeals to executives seeking an advantage in today's competitive environment. Senge (1994) proposed the Fifth Discipline Model that outlines five areas, or disciplines, necessary for an organization to be classified as a learning organization: personal mastery, mental models, shared vision, team learning, and systems thinking.

To implement these five disciplines, an organization must commit resources to learning, establish a learning infrastructure, institutionalize learning, appoint a corporate learning officer (CLO), and conduct extensive soft-skills training.

Once the direction and due resources are set towards implementing the learning organization concept, the organization must implement an evaluation program to measure the effectiveness of the learning process. A good evaluation program ensures that the training within the organization is effective and positively impacting the bottom line.

MEASURING THE LEARNING PROCESS

Gordon (1992) quotes Joe Harless, head of the Harless Performance Guild of Newnan, and a member of Training Magazine's Human Resources Development Hall of Fame, as questioning: Want to teach problem solving in a way that really makes a difference? Or decision making? Or critical thinking? Or leadership? Or any other "covert" skill that is dark and mysterious and not at all like an "overt" skill? He suggests you start by clarifying the performance outcomes you are really after: "Solve problems involving what? Make decisions about what? Think critically about what? Lead whom to do what?"

Let your instruction follow from those kinds of questions, Harless argues, and you can achieve performance improvements in the neighborhood of 85 percent. Teach any of those skills as generic topics, and you'll be lucky to see a 15 percent improvement in job performance.

Gordon (1992) argues that there can be thousands of performance measures, yet they boil down to four main techniques along which the performance can be objectively measured and improved:

- Selection/Assignment: You can hire people with particular skills, knowledge or characteristics, and assign or reassign them to particular kinds of jobs.
- Information: You can give people information bearing upon the challenges they face. This information can come in the form of performance feedback, training, job aids, on-the-job coaching, specifying what "successful performance" is, allowing access to relevant data about the organization and its competitors, and so on.

- Environmental: You can change something about the work, as opposed to something about the worker: Redesign the job, redesign working relationships (for example, form cross-functional teams), provide different tools, remove hazards, eliminate constraints to good performance, and so on.
- Motivation/Incentives: You can give people reasons to want to do a good job: Pay them well, provide opportunities for advancement, change the kind of feedback you give them, let them choose which tasks or projects to work on, explain to them why it's important that they do something in a certain way.

In this context, Campbell and Cairns (1994) have developed a diagnostic instrument with the aim of measuring the level of change and the degree to which companies have moved towards becoming learning organizations.

Campbell and Cairns (1994) called the instrument “Behaviorally Anchored Rating Scales (BARS)”. BARS is a well-substantiated method in the human performance analysis literature that is both objective and systematic while incorporating the inherent judgmental aspects of such a task. In essence, BARS develops a survey instrument that examines behaviors displayed in an organization by comparing them with a range of predetermined behaviors. The outcomes are then displayed on a Likert-type scoring scale to provide a measurement of the gap between actual and desired performance.

This scale provides a very clear visual indication to management of which behaviors need to be focused on to reduce the gap between desired and actual performance. In order to increase the validity and communications value of the BARS, the behaviors to be measured should be developed in consultation with the managers involved.

There are many, perhaps an infinite number of measurements that may be taken as suggested by Gordon (1992) above; yet, behaviors that typify learning should only be focused such as:

- Manner in which information is handled;
- Style of communication;
- Manner and magnitude in which changes are made;
- Approach taken to errors and experimentation in actions and decision making;
- Reward and remuneration system.

Campbell and Cairns (1994) suggested that a learning organization has certain behaviors associated with at least eight categories of items, which we have called attributes including communication, learning and innovation, strategic thinking and vision, information, decision-making, managing change, measurement, and reward and recognition. In addition, there are four areas that can be quantified in terms of accessing the benefits of training: time savings, increased productivity, improved quality, and better

employee performance. Next, the selected attributes should be translated into the BARS to be able to measure the behaviors associated with each attribute.

Let us examine an example to clarify the point. In a learning organization the style of communication should be open and cross-functional to maximize the benefits from alternative opinions. These attributes should be converted into BARS, and the situation benchmarked against these BARS. This then would enable the organization to understand the extent of the problem and identify necessary actions to modify the behavior to decrease the gap between the actual and desired behavior.

To sum up, conducting evaluations will focus the offerings of the training programs and learning initiatives, and help shape the learning infrastructure of the organization. It is the job of every person within the organization to help ensure that an adequate learning evaluation program is in place and that it is positively affecting the bottom line.

CONCLUSION

Becoming a learning organization is a journey, not a destination. An organization can transform itself into a learning organization by first understanding the tremendous competitive advantage that can be gained by the transformation. Once the advantage is realized, the organization must appoint a CLO and empower him to develop a corporate learning infrastructure.

Grand, expensive programs are not necessary for the learning organization transformation to begin or to be sustained. Simple, incremental steps toward organizational learning will succeed in helping you and your organization learn faster than competitors and transform your organization into a learning organization.

To ensure that learning process is effective and positively impacting the bottom line of an organization, it should be measured. However, measuring the learning process is at best cumbersome as opposed to training because of the complexity, variability, and interaction of several qualitative factors. The paper has discussed methods for evaluating the learning that occurs within a organization to ensure that training budgets are carefully used, organizational goals are met, and its performance is optimized.

REFERENCES

Anonymous (1996). "Training And Trainers In A Learning Organization", *Training and Development*, Vol. 50, No. 12, 43+.

Bartel, A.P. (1995). "Training, Wage Growth, and Job Performance: Evidence from a Company Database", *Journal of Labor Economics*, 401425.

Bassi, L.J., A.L. Gallagher, and E. Schroer (1996). *The ASTD Training Data Book*, American Society of Training and Development.

Campbell, T. and H. Cairns (1994). "Developing And Measuring The Learning Organization: From Buzz Words To Behaviors", *Industrial and Commercial Training*, Vol. 26, No. 7, pp. 10+

Carvenale, A.P. (1992). "Learning: The Critical Technology", *Training and Development*, pp. s2-s16.

Ezzamel, M., S. Lilley, and H. Willmott (1994). "The 'New Organization' And The 'New Managerial Work'", *European Management Journal*, Vol. 12, No. 4, pp. 454-461.

Gordon, J. (1992). "Performance Technology: Blueprint For The Learning Organization?", *Training*, Vol. 29, No. 5, pp. 27+

Hassounah, J. (2001). "Developing A Learning Organization In The Public Sector", *Quality Progress*, Vol. 34, No. 1, pp. 106-109.

Kapp, K. M. (1999). "Transforming Your Manufacturing Organization Into A Learning Organization", *Hospital Materiel Management Quarterly*, Vol. 20, No. 4, pp. 46-54.

Peters, T. (1991). *Thriving on Chaos*. HarperCollins, New York, NY.

Philips, J.J. (1996). "ROI: The Search For Best Practices", *Training and Development*, pp. 42-47.

Senge, P.M., A. Kleiner, C. Roberts, R. Ross, and B. Smith (1994). *The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization*. Doubleday, New York, NY.

Stegall, M.S. (2003). "Running Like A Bottled Tornado", *Quality Progress*, Vol. 36, No. 1, pp. 45-50.

West, P. (1994). "The Concept Of The Learning Organization", *Journal of European Industrial Training*, Vol. 18, No. 1, pp. 15-21.