Chapter-1: Introduction

Business organizations are grappling today with multiple challenges such as agile technology, dealing with diverse work force, globalization, competition, fluid business dynamics and managing talent. Every organization is in the same race of competition.

The constant is changing, every one there in the space is trying to be a first mover, competition is cut throat and in such a demanding, overwhelming and fluid environment to have sustainable growth, being profitable, having a competitive edge and bringing value to all the key stake holders is a mammoth goal.

The world is moving at a fast speed and we have a global environment to deal with today. Industry boundaries are disintegrating. The governed businesses are becoming disruptive in nature. New business models are being adopted. **The learning speed of organizations has to be much faster than the speed at which change occurs in the universe**, else there is a threat to the organizations and chances of they losing the competitive race is high.

*“The only sustainable competitive advantage is an organizations ability to learn faster than the competition” says Peter Senge,* which is so true. The organization’s ability to forecast appropriately, know the customer needs proactively and their readiness to meet the customer demands are the only factors which will enable the organization to lead.

The ecosystem in the organization has to be redesigned which may include the learning culture it promotes, the approach it takes in documenting the learning’s and sharing the knowledge and best practices and most importantly accept failures and allow people to learn from the failures rather than reprimanding them for the mistakes. This will enable the organization to inculcate psychological safety and build confidence within the employees and make them feel much stronger and connected with the organization.
Any profit making organization aims at four basic success factors revenue growth and sustainable profit, competitive advantage, brand image and customer delight. The business scenarios are agile, success comes through easy adaptability to the new environment. This calls for organization’s preparedness. One can’t continue to operate in the legacy pattern.

Globalization demands change, inclusivity, awareness, continuous learning, unlearning and agility. It also leads to cultural diversity and challenging facts such as dealing with Gen-Y population and by 2020 there would be four generations working together which if not dealt with proactively may lead to a disaster. Organization’s strength is its talent, culture and systems that are built proactively to address scalability.

The challenges can be resolved strategically & tactfully by adopting the Learning Organization as a tool and making it as the DNA of the organization. Unfortunately organizations do not organically become Learning Organization (LO) unless a challenge or an external trigger forces the organization to become a Learning
Organization. Learning Organization as a concept has been there from 1990 and many industries have leveraged the same and derived business benefits. The literature states although the concept was invented in early 1990 by Peter Senge in the USA, it gained popularity only in late 2001. There are some obvious reasons for this, such as the Learning Organization concept was abstract at the inception stage. It had a rich philosophy, grand themes but the details of practice were completely missing. It was a perception that, to become an LO was the responsibility only of the CEO and the top management executives rather than people who were working at the grass root level and were near to the reality.

The detailed prescriptions for action were completely missing. It demanded adaptability and preparedness and the readiness for the same was missing in many organizations. The standard tools and processes to implement the LO disciplines were completely lacking. It was important to know the meaning of LO, to understand the management and to measure the impact and effectiveness of the same. This was clearly lacking and thus the delay in embracing the concept.

It has matured over years and geographically this is a well-established framework but in certain industries and not all. The Literature review and statistical data shows that Manufacturing industries have many strong case studies and a few Service industries have shown progress in this area but it’s relatively slow and comparatively less in number.

Organizational learning has been the base for thinkers of Learning Organization concept. They have taken inputs from organizational learning building blocks. The organizational learning concept always have given importance to isolated collection and analysis of the process of individual and collaborative learning within the organizations as against literature on Learning Organization has an action orientation with some specific tools.1
1.1 Let’s look at what a Learning Organization is?

A **Learning Organization is an organization** that is best at two things: forming, acquiring, interpreting, percolating, transferring, retaining and reusing the knowledge, and second is adopting, implementing and modifying its behavior to respond to new knowledge, learning’s and insights acquired.

Learning organizations primarily works with ideas. They brain storm, think differently and come up with new ideas, percolates them to the entire organization, and keeps them supported through robust policies and processes. Learning Organizations adopt and implement the learning. They are agile and absorb the new learning’s to implement the change says David Garvin, a professor in Harvard Business School.

**Interrelated components of an Effective Organization**

![Interrelated components of an Effective Organization](image)

*Figure 2: Interrelated components of an Effective Organization*

*Source- Slideshare.com- Bersin and Company*

Learning Organization was conceptualized by Peter Senge in 1990. He defined a Learning Organization as “Organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of
thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.”

Peter Senge’s Learning Organization

The Learning Organization is an organization that reflects on its past and envisages a big picture of how they can benefit from the new ideas. They strive for continuous improvement. It’s a conscious effort that they take to implement the change.

A Learning Organization is an organization that unlearns and learns and encourages learning across the organization. It provides the required ecosystem to nurture the LO culture. Their endeavor is to continuously learn, collaborate and build collective intelligence. This leads to building a knowledgeable workforce. A shared vision is created to ensure every member of the organization is aligned to a common goal.

Figure 3: Learning Organization Discipline

Source - The Fifth Discipline by Peter Senge
1.2 Need for being a Learning Organization (LO)

Organizations gain the tendency to lose their learning capacity as they grow. There is rigidness reflected in the way the organization operates and also the way they think, act and perform. The agility quotient of organizations reduces. Every organization strives hard to keep their global competitive position in the global marketplace. It’s a herculean task for any organization to maintain its market position at the top in the rapidly changing environment. Only Learning Organizations can sustain in such turbulent environment as they enhance their capability to change, learn, adjust and adapt. A Learning Organization can learn faster than the competition and thus gets a competitive edge over others.
**Figure 5: The Learning Organization Components**

*Source* - [http://ideasmakemarket.com](http://ideasmakemarket.com)

HBR defines a Learning Organization as an organization having the ability to create, acquire and pass on the knowledge to the organization as a whole. A Learning Organization is one which learns faster, applies the learning and embrace new way of working.

Effectively dealing with **ambiguity**, beating the **competition** and **sustaining profitable** growth is a distinguished characteristic of a Learning Organization (LO).

Though LO is fundamentally a proven enabler and driver for business efficacy, it isn’t an inherent part of all the business organizations. The point here is why wait until the crisis occurs and times are turbulent, why not a proactive approach and efforts towards being a Learning Organization and leveraging its strength to enable business efficacy.

It has to become DNA of any organization, be ready for the competition and demand ahead of the curve. LO primarily is a tool and one has to understand its features, benefits and then apply it within the organization. It has to be tried and tested first and then eventually will gain maturity to drive business results.

The leadership or the management team has to assimilate this concept, believe in it, drive it and percolate within the organization. An organization can never become a
Learning Organization unless every employee of the organization from top to bottom appreciates this concept, perceives, practices it and implements to see the results of this concept.

It is a change management for every one and thus has to be patiently and progressively percolated to the entire organization.

Learning Organizations are always ahead of their competition. They continuously bring in innovation, new business models, create demand for their innovative offerings, create new products and offer new services and unmatchable value to the customers and stake holder. Isn’t this directly proportionate to the Business growth, profitability and competitive advantage for any organization?

There are various view points on the LO discipline such as when business dynamics are fluid Learning Organization is hard to implement as a strategy and thus not practiced by all organizations and industry is what the literature review states.

Moving forward becoming a Learning Organization will be the way to gain competitive advantage for any organization.

Ray Stata, CEO of Analog Devices from 1971 to 1996, a semiconductor company based out of Massachusetts, USA and having its India footprint at Bangalore mentioned that organizations would get a competitive edge only if they are continuously and speedily learning new things and getting adapted to the same. It is possible to duplicate products or a service offering or even a successful process but the learning and knowledge acquired by organizations can never be duplicated. The attitude and the speed with which they learn and implement new learning’s can never be duplicated or competed with.

The Toyota Way is another interesting story and an ideal example of how they embraced the Learning organization discipline and reached the peak when other automobile companies were struggling to beat the competition.
Toyota does things differently one is through kaizen methodology which is about continuous improvement and the other is through empowerment of their people.

In Toyota’s learning culture as soon as a team is nearing towards their goal, the goal is changed. It is their culture to create new challenges and extrapolate the team potential. They believe in deep reflection and derive learning’s from there.

This is to break the complacency syndrome. The entire team is directed to focus on room for improvement and identify the gaps that hinder excellence.

There was a time when Toyota faced serious problems due to the unintended acceleration of some vehicles, they took this as a challenge and an opportunity to reflect on their entire production process, understand the issue, learn from the mistakes and thus came up with new enhanced quality standards in everything they did from the design of vehicles, the engineering process, to the manufacturing of parts. This is a classic case of companies learning from a crisis situation, and exceeding the quality standards beyond imagination. It’s Toyota style of achieving perfection.

Toyota continues to apply lean thinking to its manufacturing operations. For example, the model changes which happen about every four to eight years require tremendous effort—changing all the stamping dies, the welding points and locations, the painting process, the assembly process, is a mammoth task. Toyota has reduced it all by half the time it used to take earlier.

The researcher has a point of view here on the “Toyota Way” example, while manufacturing sectors have shown successful implementation, It’s hard to find Learning Organization implementations in IT and ITES industries, and the point over here is does the industry matter and if yes why? Thus the objective here is to study the inherent characteristics of Manufacturing and Service based industries, draw a parlance between the two industries, compare & analyze the environment in which they work and understand the factors that helps some become a Learning Organization while hinders the other industries and thus the solution to be proposed.

This research is to address why, how and what needs to be done for organizations to achieve the mammoth goal of staying ahead of the competition, having a sustained and profitable growth year on year, in short achieving the capacity to achieve the
desired results, the business efficacy by being a Learning Organization irrespective of industry and businesses they operate into.

Here the researcher would like to define the term Efficacy. ‘Efficacy’ is different from ‘Efficiency’ and this need to be clarified here to set the stage clear for further discussions.

‘Efficacy’ is the capacity of a business to achieve desired results and bring effectiveness in the way business functions to meet the business goals. Whereas ‘Efficiency’ is the level of skills applied to perform a task.

The present work has focused on how Learning Organization framework can be implemented and its components can be mapped to the business efficacy parameters to achieve the desired business results. The whole idea was to build a tool which would be a simplified mapping of Learning Organization disciplines stating clear actionable to achieve the desired business results.

The study has aimed to target on two major types of industries namely, Manufacturing and Services, understand the inherent characteristics of the respective sectors and develop a re-engineered model of Learning Organization framework which is industry agnostic. The very reason for this is multiple successful implementations of learning organization disciplines in the Manufacturing industry and the idea is to study and analyze their actions and see how they could be replicated in a Service industry environment. Embracing change has to be a culture and a supportive ecosystem to harness this strategic tool is to be created.

A Learning Organization is affluent at creating, acquiring, and transferring knowledge across the organization and adapting quickly to the change. They are quick in implementing new learning’s and insights. Agility becomes a core value of the organization as employees get tuned to new ideas and strive hard to enhance products and services.

In a Learning Organization, people are recognized for their skills, values, and work. Inclusive culture is prominently seen and employee opinions are considered valuable.
Collective intelligence through collaborative learning and sharing of best practices is encouraged. The organizational ecosystem is supportive to new learning’s, making mistakes and learning from them and implementing the skills acquired to enhance services or products and bring innovation to the customer which in turn increases the business efficacy.

In a Learning Organization, learning takes place everywhere, at the individual level, at the group level, and at the organizational level.

There are fundamentally two types of learning namely, maintenance and anticipatory learning. Maintenance learning is knowing efficient ways of doing the current job. This is essential but has short-term focus. The anticipatory learning is acquiring new knowledge and implementing the same to add value to the current work done.

A Learning Organization encourages anticipatory learning which is participatory, and engages individuals across the organization to explore alternatives, share ideas, and contribute the learnings to achieve business goals.

It thrives on inclusive culture where in every individual in the organization is considered important and his voice is heard, he is allowed to voice out his opinions and suggestions and they are considered while taking a decision. What it does is, it builds inclusivity culture within the organization and gives confidence to the employees, inculcates the sense of belongingness within the employees and aligns them to the organizational goal. This strengthens the efficacy of the organization and builds capacity to achieve the desired result.

The Non-Learning Organizations view mistakes as an individual failure to be fixed. To succeed and grow, however, organizations need to change this culture so that successes are emphasized and rewarded. Mistakes are not reprimanded but considered as means to reflect on what went wrong and find better ways to accomplish the tasks. They are treated as opportunities to learn and scale up. Learning is all about action and implementation resulting into business impetus, goals and growth.
Effective learning is what makes Learning Organizations stronger.

**The Learning Organization concept is a tool** for leaders, managers, and teams which they can **use to enable business efficacy and achieve business outcomes**. The LO disciplines if implemented appropriately will strengthen the organization’s capability to succeed in turbulent times.

Learning Organizations encourage the employees to enhance their skill and competency. The associates thus are enabled to be agile, adaptable and fast in embracing change irrespective of the area they work in and mobilize within the organization for different functions, roles and projects. Learning Organization demands a cultural shift in way the organization as a whole operates.

The inter department barriers are reduced and there is a cohesive culture with a common goal in mind as they share experiences, knowledge, and best practices. Creativity and out of box thinking can flourish as employees are encouraged to take risks, make mistakes, get into unchartered areas and try new things. This gives a competitive edge to the organization.

Communication across the organization should be transparent and free flowing. Due to this the trust factor increases and belongingness and commitment is assured from every member of the organization. LO strengthens the inter department communication and sharing of best practices. New problems and new challenges can be addressed quickly and resolved with speed and efficiency by doing this. In case of any crisis situation the entire organization unitedly works towards finding solution to the problem. The problem then doesn’t remain at the top management level but becomes every employee’s problem and together they fight the crisis situation as a collaborative and cohesive team.

The debate is that Learning Organization is a philosophy which works in specific environments and not at all places. For the sake of this research scope we have taken two types of industries, Manufacturing and Services, the literature review clearly showcased that manufacturing industries have seen tremendous benefits which have enabled them to achieve business goals and growth while services industries,
especially if we consider IT Service industries have no solid examples of being a Learning Organization and enabling business efficacy.

This research would be focusing on what are the Learning Organization characteristics, understand what is that manufacturing sector has done and is doing and adopt the same to see how services or for that matter any other sector or industry can benefit by being a Learning Organization.

The building blocks of Learning Organization concept are the five “learning disciplines”. To expand on them, in Peter Senge’s words they are: Shared Vision, Personal Mastery, Team Learning, Personal Mastery and Mental Models.

**Learning Organization Disciplines**

<table>
<thead>
<tr>
<th>Discipline</th>
<th>Description</th>
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<tbody>
<tr>
<td>Personal Mastery</td>
<td>Individual commitment to the process of Learning</td>
</tr>
<tr>
<td>Mental Models</td>
<td>Unlearn unwanted values, Learn new and applicable values</td>
</tr>
<tr>
<td>Shared Vision</td>
<td>Vision owned by all levels, create focus and energy for learning with goal Congruence</td>
</tr>
<tr>
<td>Team Learning</td>
<td>Accumulation of individual learning , when shared together becomes team knowledge</td>
</tr>
<tr>
<td>Systems Thinking</td>
<td>Interdependence among all functions, having a holistic view</td>
</tr>
</tbody>
</table>

*Figure 6: Learning Organization Disciplines*

*Source-The fifth Discipline by Peter Senge*

**Personal Mastery:**

Learning to expand our personal capacity to create the results we most desire, and creating an organizational environment which encourages all its members to develop themselves toward the goals and purposes they choose is personal mastery.7

Organizations need employees who can balance passionate aspiration along with awareness and understanding of organizational vision and goal.
It is all about examining the reality, leading the personal change, handling the change and emotions that one goes through, learning at all levels and continuously learning. It is about curiosity an individual possess to learn the unknown and master it.

Figure 7: Personal Mastery

**Mental Models:**

Mental Models is all about reflecting, continually clarifying, and improving our internal pictures of the world, and seeing how they shape our actions and decisions. Our assumptions are generally biased based upon a convenient slice of information that we pick up from the whole incidence and we thus make decisions and this restricts our mental models. Organizations need the ability to conduct their business with reflection, inquiry and a holistic approach.

We generally take actions based on our belief, we adopt the belief about others, draw conclusions, we then make assumptions based on the meanings added, selectively choose the data or information we desire and take decisions. This may restrict our decision making ability and due to mental models already formed, chances are high we may take biased or conservative decisions. This is also known as reflexive loop of thinking.

Mental models are formulated through first impressions that we create and thus making us judgmental about a person or a situations based on which we take our actions.
**Shared Vision:**

Shared Vision is about having a common vision that an organization envisages collectively. It’s a collective vision of the management and the employees. It is about building a sense of commitment in a group, by developing shared images of the future they seek to create, and the principles and guiding practices by which they hope to get there.

Shared vision is co-created between the organization and the employees. It is achieved through transparency in communication and percolating the information at all levels from top to bottom. Leaders of the organization need to create a vision through storytelling and setting directions for the entire organization.

**Team Learning:**

Team Learning is defined as transforming conversational and collective thinking skills, so that teams can reliably develop intelligence and ability greater than the sum of individual member’s talents.

Organizations need to nurture the culture of team spirit and team bonding.

Reinforcing the learnings, sharing and collaboratively enhancing the group competency and knowledge is essential for the organizational development. Reflection and introspection plays an important role when the team is learning and getting ready to implement the learning.

**Systems Thinking:**

It is a method of thinking and medium for describing and understanding the forces and the interrelationships lead to the behavior of systems. This discipline is about holistic thinking, dwelling deeper in a situation, understanding the situation and taking appropriate decisions after root cause analysis.

This discipline helps us to see how to change systems more effectively, and to act more in tune with the larger processes of the natural and economic world. Organizations need the conceptual ability to recognize interdependencies and understand the short versus the long-term dynamic of all change.
System’s Thinking is all about examining, questioning, polarizing, taking multiple perspectives, modeling and then evaluating the model to see the impact of the action with a holistic perspective.

The results are not evident in these as the in-depth learnings result into deeper understanding and clarity rather than tangible outcomes.9

Employees are the core components of any organization. An organization is a reflection of how its employees think and interact. Learning in organizations means new experiences and experimentations, the experiences further converge into knowledge and are accessible to all in the organization.10

Such Learning Organizations are created when members of the organization think differently, work together, reflect divergent thinking, draw conclusions cohesively and implement the idea.

The Learning Organizations are safe place to take risks, make mistakes, and learn from them.

While the above model was being studied, the researcher wants to make a point here that there are numerous merits in the Learning Organization concept. There are many success stories of real time implementation of LO.

Toyota, GE, NTT data, Dr. Reddy’s, Tata Motors and HPCL are a classic example of real time implementation of Learning Organization concept to name a few.

They practiced the LO disciplines and could see phenomenal business results. For example, Toyota’s sales increased by 21% when they enhanced their quality standards post the problem they faced of rejection of their vehicles due to unintended acceleration. They analyzed the situation and came up with high quality standards which resulted into increased sales for them. They learnt from their mistake and made a difference.11

However, there is a deeper need to understand that environments vary in their very nature of their business although the objectives and goals remain the same, being profitable and having a competitive advantage.
The researcher feels that there has to be direct co-relation established between Learning Organization disciplines, actual actionable and business efficacy parameters.

Not all organizations would inherently have the DNA to become a LO or reflect LO.

Therefore the current state of every organization has to be studied and analyzed and the Learning Organization concept has to be slowly and uniformly implemented in the organization at the right time with a right buy in and right ecosystem.

Industries differ in their inherent natures based on the product or services they offer. Readiness and maturity of the organization also play an important role before the Learning Organization (LO) disciplines are implemented especially when the organization is embarking on the LO journey for the first time. Thus the process has to be thoughtfully and cautiously implemented to ensure that it succeeds and also sustains in the long run. This entails a lot of ground work to be done in a systematic order.
Learning organization has to be used as a strategic tool for enabling business efficacy. The researcher has focused on the essential ground work required, the actual actions and the checklist which directly maps to the disciplines of Learning Organization and then formulated a re-engineered model to be practically implemented to enable business efficacy and thus result into productivity, efficiency and growth for the organization irrespective of the industry thus making it industry agnostic.

The researcher is of the opinion that if Learning Organization disciplines are well understood and imbibed by the organization it could prove to be an effective tool to achieve business efficacy.
Business Efficacy Enabled by LO

Figure 9: Business Outcomes achieved by implementing LO

Source - Self developed Model-

Researcher is of the opinion that while the Learning Organization discipline is a foolproof model, and there are multiple successful implementations in some industries, there is a need to design a ready tool which can be used by organizations across industries to be a Learning Organization. They should be able to identify actions to do and parameters to measure which will tell them how far they are in the journey of being a Learning Organization and measure the benefits that they have been getting by implementing LO.

1.3 Building Blocks of Learning Organization

- Informal learning culture
- Reward and recognition policy
- Allowing people to make mistakes and learning from them
- Creating a conducive environment for continuous learning
- Having a robust knowledge management system
- Inclusive culture is a must and employees must be engaged through transparent communication
- Learning should be practiced from top and should be promoted by the leaders of the organization
1.4 Key benefits of being a Learning Organization

- Improved Organizational Performance
- Improved Knowledge Management
- Increased Collaboration and Team Spirit
- Enhanced Learning Culture

To summarize, Learning Organization is a concept which is tried, tested and implemented by several organizations. There are clear evidences of how LO has enabled business outcomes in a positive manner.

While the concept is conceptually explained in detail, organizations see practical challenges while implementing as they do not understand where to begin the journey of becoming a Learning Organization. There is enough work done to prove the “what” part of LO and its advantages but organizations struggle to implement and reap the benefit of LO tool and thus the “how” part needs to be looked at.

There is need for a model which serves as a ready reckoner for organizations to guide them in becoming a Learning Organization. According to the researcher LO can be implemented by small and big organizations and irrespective of the industry and domain that they operate in. Probably it would be necessary to look at the inherent nature of the industry and apply the LO disciplines suitably in a tweaked manner to get the business benefits.

The researcher understands that every industry is different and will have their own set of challenges but LO can be used as an effective tool for most of them to achieve business efficacy.

They need to adapt the LO disciplines and practice them in small ways step by step until it becomes the DNA of the organization. It’s a process that the organization has to go through by adapting small bytes of LO disciplines, making people comfortable and moving on to the next level.

Organizations need to be competent and sense the changing environment to focus on the right areas. They need to align and mobilize the entire organization towards strategic focus and need to continuously learn from the market trends, the customer demands, the failures and success stories. Learning Organization disciplines will
enable all of this and will become a vital element for organization’s growth and success.

It is inevitable for every organization to choose the path of being a Learning Organization in order to sustain in the industry and have year on year growth and profitability.

For a decade now businesses are going through typical challenges in areas such as innovation, attrition control and lacuna of skills at the organization level creating barrier for them to stay ahead of curve.

While there could be multiple issues and challenges, the most concentrated area is “People” or “Talent” in the organization. Talent if nurtured and handled with care becomes an asset for the Organizations and if not taken care can become the asset for competitors.

According to 2014 INC 500 CEO Survey done from fastest growing private companies in the USA, the biggest challenges that leaders face are attracting and retaining skilled employees(50%), staying focused(20%), creating culture of innovation(18%), remaining competitive(7%) and dealing with rapid technological change(5%).

Today’s competitive environment poses unique challenges to organizations and thus strategic learning becomes the vital element for an organization’s growth and success. Organizations need to **innovate, adapt** and be **proactive** in their service and product offerings. They need to align to the emerging trends of the market and the customer demand. Speed and early adoption of new learnings are inevitable. Organizational culture plays a vital role to retain talent and attract intellectual talent.

Learning Organization disciplines presents a holistic solution to most of the problems that current organizations are facing and thus continuous learning needs to become the DNA of the organization. The paradigm is shifting and Learning Organization disciplines take the center stage today.
**Characteristics of Learning Organization**

<table>
<thead>
<tr>
<th><strong>Industrial Paradigm</strong></th>
<th><strong>Learning Paradigm</strong></th>
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<tbody>
<tr>
<td>• Target focused</td>
<td>• Vision focused</td>
</tr>
<tr>
<td>• Focus on competition</td>
<td>• Focus on collaboration</td>
</tr>
<tr>
<td>• Market Dominance</td>
<td>• Market Creation</td>
</tr>
<tr>
<td>• Shareholder returns</td>
<td>• Customer Satisfaction and delight</td>
</tr>
<tr>
<td>• Individual focused</td>
<td>• Team focused, promote collective learning</td>
</tr>
<tr>
<td>• Process oriented behavior</td>
<td>• Enable Initiative and explore</td>
</tr>
<tr>
<td>• Power of position and designation</td>
<td>• Power of knowledge</td>
</tr>
<tr>
<td>• Use information to control or command</td>
<td>• Use information to empower</td>
</tr>
<tr>
<td>• Governance through rules and procedures</td>
<td>• Governance through vision, culture and technology</td>
</tr>
</tbody>
</table>

*Figure 10: Industrial vs. Learning Paradigm*

*Source: slideshare.net*
Learning Organization – Maturity Model

Figure 11: High-Impact Learning Organization Maturity Model
Source-Bersin by Deloitte

Being a Learning Organization reflects a belief in a value creating business model that is based on knowledge and unique capabilities of that organization. LO showcases an open and transparent organization which has built its contextual knowledge and values. It is important for organizations to keep doing a litmus test to ensure they are truly a learning organization.
ATD, Association for Talent Development has a criterion for selecting Best Learning Organizations which are as follows:

- Learning has an organization-wide role to play—involved in the executive team, creating solutions to business issues, and setting organizational strategy.
- Learning is considered as one of the important components of the value system—learning opportunities for employees, senior management involvement, learning for growth of the organization, and innovation.
- Learning enables individual and organizational performance—alignment with the business, enhances productivity and efficiency, measurement of the effectiveness of learning, and success with non-training solutions for business needs.
- Strategic investment is made in learning and performance initiatives and in building a robust learning ecosystem.13

1.5 Important traits of a Learning Organization

Organizational performance, innovations that the organization brings in their service or product offerings aligning to the customer need and demand, learning opportunities that they provide to their employees, type of strategic investments
they make, emphasis on **solutioning and consultancy** provided to the business, **number of repeat business orders, increased list of customers, enhanced productivity, high efficiency and speed, increase in profitability** and **curtailed attrition percentage** are some of the traits of a Learning Organization and key indicators to label an organization as a Learning Organization.

Organizations need to transition from being conservative to having an agile, open and forward looking culture. The study states that Organizations which are successful and able to deal with all the above challenges are those who have taken a systematic approach to focus on the talent within the organization. They practice the Learning Organization disciplines of Personal Mastery, Mental Models, Shared Vision, Systems Thinking and Team Learning.

Learning Organization (LO) is a powerful enabler to bring business value is a myth is what organizations perceive. Business does not appreciate and thus do not proactively work towards being one. Learning Organization is tool which helps an organization absorb shocks that are created by the short term market bumps.

By nature LO disciplines should be an inherent part of organizational culture and system and should continuously evolve. Organizations fail to understand these basics and give a secondary treatment to the same, as a consequence lag the competitive race and are not able to put their strength to bringing in business efficacy.

Readiness to tide against dynamic business environment can be easily achieved by proactively practicing Learning Organization disciplines, working towards being one and evolving continuously.

While some industries such as **manufacturing** have understood in a hard way from the **Toyota case** which was then losing their market shares to US companies such as Ford and GE and also to players like Honda, which shook their comfort and thus went on to becoming a Learning Organization, evolved over years and continue to sustain their profitable growth, **services industries** have a long way to go in adapting the. There are a couple of them who have tried being a Learning Organization although could not evolve and sustain.
Services are commoditized and there is no uniqueness in the business deliverables therefore being ahead of the curve, adopting innovative product and services offerings is the need of the hour.

Proactive mechanism of implementing and being a Learning Organization by the Services industry could have enabled quantum leap in achieving business efficacy which ultimately boils down to profitable growth year on year and competitive advantage through operational excellence.

Services sector keep saying that the business dynamics are fluid and the environment is agile, customer demands are ever changing and thus implementing the LO model invariably becomes difficult. The whole problem statement is about businesses not being challenged enough on profitability percentage year on year. Learning Organization demands change management and change always brings discomfort along. Organizations which practice reflective practices continue to learn and adapt only flourish. They continue to evolve and sustain the growth.

Many organizations target for a year on year planned growth and have been unsuccessful in achieving their targets as there is no holistic view of organization dynamics taken into consideration. Transparency in communication, inclusive culture is missing in action, goal congruence is never given importance, study of as is state and learning from the past is not documented and reflected upon, innovation doesn’t seem to have a room, mistakes and failures are reprimanded, holding information to self or a closed group becomes a bottle neck and thus continuous learning culture is not reinforced. These are some of the areas which create a remarkable negative impact on the overall organizational performance. The result is lack of trust, no bonding, no common goal and no belongingness and finally attrition.

If we closely look at the practical challenges listed these could be addressed by mapping Learning Organization disciplines.
Business dynamics are fluid and organizations continue to operate in a legacy model which is the key reason why there is a challenge in meeting business goals.

The business needs to build its efficacy to achieve the targeted goal and thus Learning Organization concept has to be adopted which directly addresses the five elements which any business organization would have to inculcate in order to be successful.

The constant is changing and there is no intelligence in waiting until the crisis occurs and times get turbulent, proactive actions are the only way to beat the turbulence and thus every organization should implement the disciplines of Learning Organization.

Businesses are failing as they do not easily learn and unlearn, do not adapt to the new disciplines, do not build a solid ecosystem, do not practice people management differently and they continue to run in the same race where stalwarts have made their place and kept no room for new entrants.

The reality is that some organizations have started understanding the concept, appreciate the same but do not know where to start from, while some of them are completely unaware of their blind windows and lacuna and there are a handful of
them who have understood, implemented and operating on the same principles and these organizations are progressing exponentially with sustained profitability and result into eating up the larger pie of business.

The gap is clearly the change management quotient required by organizations, the ability to embrace new methodologies and innovations, the maturity required to retain talent and build a stronger organization through its culture.

Though foundationally strong, advantages of being Learning Organization is not universally experienced in all industries and business, study states that learning organization culture doesn’t work when the business dynamics are fluid. While business and industries are benefitting in some sectors such as manufacturing and product companies, the other industries such as the service sector don’t have many implementations of Learning Organization culture.

Not many examples of Learning Organization case studies in IT services organization is a prominent observation. There is a need to build a simplified, standard Learning Organization model contextual to business efficacy parameters such as profitability, growth, value to stake holders, competitive edge and delighted and growing base of customers. There is a need to build a re-engineered Learning Organization model which will map the direct actionable to the fundamental disciplines of Learning Organization. The model will enable organizations to successfully implement the Learning Organization culture with ease.

1.6 The Problem Statement

1. Many organizations today do not seem to have an understanding and awareness of Learning Organization concept, and some do find this to be a mammoth task and next to impossible as there are so many organization dynamics that needs to be changed and readiness for change is missing and thus we don’t see many implementations of the same especially in the IT and ITES sector and similarly in the services sector.

2. Organizations do not have a ready tool which they can refer to and know exactly what they need to do to leverage the Learning Organization discipline
benefits. The tool needs to be industry agnostic and should co-relate to any business environment irrespective of size of the industry which can enable business efficacy and bring in business impetus and growth.

3. The bias towards success, bias towards action, bias towards fitting in, and bias towards experts are some of the factors why organizations don’t learn.

4. Organizations do understand the LO disciplines but have not been considering it as one of the fundamental pillar and strategic weapon to develop business efficacy. They don’t use LO as a medium for their growth strategies. Learning always happens in pockets and is at the discretion of need being generated by the business. While times have changed and the need for learning has to proactively emerge at the individual level with the aim of readiness for the future.

None of the organizations develop organically into learning organizations; they are triggered to become one. As organizations grow, they lose their capacity to learn because the company policies, processes and individual thinking become rigid. When problems arise, the solutions are mostly quick fix and not a permanent solution and this is termed as single loop learning. As a result of quick fix solutions without root cause analysis the problems re-occur.

There are no practices of documenting the learnings, the success or the failure stories and thus reinventing takes too much of time leading to loss of opportunities and thus missing business goals. Today, globalization expects organization to be agile culturally and operationally. Adaptability and continuous learning are the only two ways for leading the competitive race.

Organizations are lagging in the space of becoming a Learning Organization as a result of life being relaxed. Probably they are the only market players in the line of products or services they offer, or have high profit margins, or have no competitors of any consequence and may not have any competitive products challenging them.

There are many organizations who don’t feel the urge to learn and they are happy the way they are and the employees relax and enjoy their good fortune. Very little do they
realize that this is a perfect recipe for disaster as their lack of market sensitivity makes them blind to new challenges, and by the time they wake up to the danger, it is usually too late to respond effectively.

**A classic case of this is Nokia** who was a master player in the field of mobile phones and there was a time when customers only bought mobile phones from Nokia as they were user friendly and economical, this led Nokia to get into a comfort zone and they did not learn any further and when the era of smart phones came in they could not compete and sustain and companies like Samsung washed out Nokia from the mobile phone market.

Some other examples are IBM's missing the turn from mainframes to personal computers and Kodak missing the massive shift from film imaging to digital photography. Fortunately, IBM has recovered and now offers attractive products to the changed marketplace, but Kodak is at risk.

There are some organizations that cease to learn and this is because the top management is happy to be away from the realities of their marketplace. Thus the urge from senior management to learn and innovate is not seen and the organizational growth is stunted. The moment organization stops learning, it is very difficult, to re-instill a learning culture in the organization.

The other reasons for decline in organizational learning can be reverence for products or markets that have been immensely successful in the past but are obsolete in the current market.

Organizations who are happy and contented with their existing services and product offering and who are not aware of the market sensitivity lose their market share to organizations that are continuously learning and innovating to meet the growing needs of the customer.

### 1.7 Objectives of the study
The objective of the research study is to propose a simplified solution to the gap identified in the problem statement and to enable organizations in making this as an inherent element of their system and leverage this as a strategic tool to achieve desired business results.

Therefore building a framework which is simple for organizations to adapt and become a learning organization to leverage the benefits is the single aim. The study states that it’s a science which has to be logically, consciously and systematically embedded in the business system. More and more implementations of Learning Organization examples are to be seen in the next decade.

Thus following are the objectives which the researcher intends to achieve:

1. To understand the importance and advantage of the disciplines of Learning Organization concept and how it enables business efficacy and impact the business results such as Profitability, Sustainable Growth, Competitive Advantage and Organizational Branding quotient of the organization.
2. To study the inherent characteristics of two industries such as Manufacturing and Services sector, draw a parlance between the two and understand how different these two industries and how do they reap the business benefits by adopting the Learning Organization culture and disciplines.
3. To identify if all the Learning Organization discipline impact the business outcomes equally.
4. Alternatively identify which parameters of Learning Organization impact the business outcomes the most.
5. Understand the pain areas of institutionalizing the Learning organization and build a reengineered model of LO which will be industry agnostic and also applicable to most organizations irrespective of their size.

1.8 Scope of the study

- To study the inherent characteristics of manufacturing and service based industries, draw a parlance between the two industries, compare & analyze the environment in which they operate and understand the factors that helps some become a learning Organization while hinders the other industries.
• The organizations selected for this study are Manufacturing and Services organizations in Pune region.

• Detail study of Manufacturing industry and their success achieved by being a Learning Organization, the environment that they operate in, business parameters that they focus on and how do they leverage the Learning Organization culture and sustain the same.

• Detail study of Services industry, their environment, operational parameters, challenges faced by the industry and see how they can be addressed by being a Learning Organization.

• Collect authentic data from organizations in both industries and statistically prove that LO disciplines help organizations to achieve their business goals.

• Enable Organizations to implement the Learning Organization Framework in Manufacturing and Services industry through the re-engineered model.

This research work has primarily focused on how business efficacy can be achieved through implementation of Learning Organization disciplines. Effectively dealing with ambiguity, beating the competition and sustaining profitable growth is an important characteristic of a Learning Organization.

Thus the aim of this research study was to design a re-engineered model of Learning Organization which will be a handy tool for clear mapping of business efficacy parameters and desired results to be achieved through the medium of Learning Organization.

The researcher wants to reinforce that both industries are inherently different especially in terms of the output they generate. Manufacturing industry gives tangible outputs and Services industry gives intangible outputs. Thus the business efficacy degree may differ for both industries and the way it is measured could also differ. Thus the re-engineered model of LO may have to be appropriately mapped.

While the attempt was to do a detail study and design a re-engineered model of LO, the researcher would like to highlight the limitation of the study as follows:
• The study is limited to Manufacturing industry and Services industry in Pune region.
• The study is based on last 20 years data available through literature review.
• The effectiveness measurement of LO implementation is not a part of this research study.