CHAPTER 1

INTRODUCTION

A significant shift has taken place in the relative importance of the factors of production. Earlier the three main factors of production were land, labour and capital. In recent years labour and in particular intellectual labour, has a much more powerful influence on production. Many authors like Drucker (1969) and Handy (1989) have argued that people are now the core assets of organizations.

In an ever-changing environment, where it is very difficult to predict the future (De Geus, 1988) and there are continuous technological changes (Dodgson, 1993) the concept of learning organization (LO) and organizational learning (OL) (Senge, 1990; Pedler, 1992) has developed as a source of competitive advantage and intellectual capital (Kanter, 1989; Senge, 1990 and Appelbaum, 1997). Since an organization’s learning depends on a number of organizational conditions such as climate, culture, structure, methods of innovation and so forth, it is very difficult to copy than other organizational resources such as technology. Some authors have claimed that learning may even be the only sustainable competitive advantage (De Geus, 1988 and Stata, 1989) since it is not readily imitable and creates organization’s ability to be prepared to respond and change rapidly. The other advantage of promoting organizational
learning in the search for sustainable competitiveness is the great impact that rapid technological changes are having on organizations, highlighting the need for a flexible and multi skilled work force. It has become essential for the individuals at all levels of organizational hierarchy to learn new and different ways of reacting to competitive pressures.

The unequivocal view among academicians and practitioners is that organizations must be able to learn. Management researchers have started acknowledging that people and learning are key determinants of organizational success.

1.1 THE CONCEPT OF LEARNING

The earliest reference to ‘learning’ as given by Garratt (2000) is in Durham Cathedral, as part of an eighth century quotation from Saint Cuthbert. Learning originated with the Indo-European leis, a noun meaning, ‘track or furrow’. To learn came to mean gaining experience by following a track presumably for a lifetime (Kleiner, 1994). Learning is a continuous effort towards self-improvement. According to Collins COBUILD Dictionary (1999), ‘learning’ is defined as ‘the process of gaining knowledge through studying’.
As given by Senge (1994) in his 'Fifth Discipline field book', the following Chinese characters represent the word learning.

The first character means to study. It is composed of two parts: a symbol that means to accumulate knowledge, above a symbol for a child in a doorway. The second character means to practice constantly and it shows a bird developing the ability to leave the nest. The upper symbol represents flying the lower symbol, youth.

For the oriental mind, learning is ongoing. "Study and practice constantly", together suggest that learning should mean "Mastery of the way of self-improvement". The importance of learning was first put forward by a Chinese philosopher, Confucius (551 - 479 BC), "Without learning, the wise become foolish; by learning, the foolish become wise. Learn as if you could never have enough of learning, as if you might miss something". He believed that everyone should benefit from learning.

As given by Garratt (2000) learning is accumulation of, reflection upon, and use of the complex attitudes, knowledge and skills by which an individual or group acquires the ability to actively adapt to their changing
environments. According to Sanchez (2001), learning is the process that results in a change in knowledge—i.e. a change in our beliefs about casual relationships in the world and our organization. Learning occurs through a process of “internal simulation” that draws on past experiences in trying to understand the significance of current events and to predict future events and circumstances. This internal simulation is an exploration of possible cause and effect relationships carried out within the current content and limits of each person’s interpretive framework.

Learning is primarily regarded as a process of knowledge transfer between a sender and a receiver (Harkema, 2003). It is acquiring and developing new knowledge, attitude and skill.

In the field of instructional psychology, De Corte and Weinert (1996) pointed out: When looking for the common theoretical spirit of the ‘new learning theory’ (Brown 1994) and its various instructional tools, an understanding of learning as an active, constructive, self-directed, situated and social interactive process emerges. Learning is further seen as the acquisition of socially shared knowledge through guided participation, co-operative work in communities of learners and/or self-regulated learning activities. Learning is active, constructive, goal-oriented, cumulative, self-regulated, situated and collaborative. Learning is active and constructive; learners are not passive
recipients of information. They are sense makers who actively construct their knowledge and skills through interaction with the environment and through organization of their own mental structures. This means that acquiring new knowledge and skills is a mindful activity, which requires effort and cognitive processing from the learner. Learning is goal oriented. Effective and meaningful learning is facilitated by an explicit awareness of orientation toward a goal. Learning is cumulative, which stresses the important impact of learner’s formal and informal knowledge. Learning is self-regulated. This refers to the meta-cognitive nature of effective learning. Learners manage and monitor their own knowledge building and skill acquisition. Learning is situated and collaborative. This stresses the idea that ‘learning essentially occurs in interaction with social and cultural contexts and artifacts’ (Collins et al, 1989).

1.2 THEORIES OF LEARNING

The behaviouristic theory of learning played a major role during the 1930s and the 1950s. At that time the change in observable behaviour was the focus of research, but with the learning treated mainly as a black box. Within stimulus-response-model researchers investigated whether laws could be derived from observable stimuli and responses of the organism. The theory of behaviourism is divided into classic and operand conditioning.
Classic conditioning: Means the research of born and bred behaviour. The best-known research example originated from the Russian scholar Pavlow, who succeeded in replacing a "born reaction" (watering of the mouth) of a dog, which was triggered by an "original stimulus" (offering of food), with a "conditioned reaction", caused by a "neutral stimulus" (sound of a bell).

With the concept of operand conditioning, especially Skinner explored the ties of born and/or socially acquired reactions to stimuli through positive reinforcement. The question was whether usual reactions are changeable by positive incentives.

With the help of cognitive theories, whose most important exponent was Piaget, the black-box view of the learning objects was abandoned. As a result, consciousness and its imminent cognitive processes inside the individual were emphasized. The possibilities of action, as well as the change of cognitive structures (thinking and problem solving abilities) of man, were investigated. Cognitive theories form the scientific background of individual learning.

1.3 NEED FOR LEARNING ORGANIZATION

The realization which came through the work of Peters and Waterman (1982), who gave that customer service, corporate culture, vision and productivity through people are the means to achieve excellence. This increased stress on
behavioral issues rather than industry analysis and structure has been the main theme in management thinking during the 1980s and 1990s. It is in this climate that the concept of a learning organization has arisen to meet a clear need. We are no longer lodged within the confines of trainers seeking to make management development programs more effective. We are operating within a corporate culture that values both change and learning. The organization should be able to provide support to individual efforts to development of self and other, change management by various resources, which include commendation of senior managers on public occasions to the availability of basic resources needed for learning. In the introduction to her report the learning organization, Graham(1996) writes that for several decades the world's most prescient observers of societal change have predicted the emergence of a new economy in which brainpower, not machine power, is the critical resource. Continuous learning is about sensing and responding to the changes in the external and internal worlds of the organization to ensure the survival and development of the energy niches, which support it.

The royal society for the encouragement of arts (CSA, 1995) stressed the importance of learning in order to create tomorrow's companies. It specially focused on people by writing that people includes realising the creativity and learning potential of all people with whom the company has
contact, not just employees. "Participating in exploring the future of work, on the basis that successful companies can only flourish in a successful society. Individual knowledge construction occurs through processes of interaction, communication, negotiation and collaboration, especially through participating in cultural activities and practices. According to Resnick (1987), effective learning out of school is much more conceptualized and collaborative than learning in school.

Most learning - for good or for bad - takes place in everyday life and work social situations. In other words, most of our learning is informal learning taking place in a variety of social contexts. Consequently, unless the social systems - the families, communities and organizations - in which people live and work provide an environment for developing their potential and resourcefulness, then the lifelong learning goal cannot be achieved. Learning from an economic, human and social point of view has to be embedded in the fabric of all work organizations. The European Commission's (2001) communication states "it is essential to promote actively the development of learning at the workplace and for enterprises and other organizations to become learning organizations".

The political educational goals of "lifelong learning" and the creation of "knowledge societies" or "knowledge economies" can only be
attained if the organizations in which people work are also organizations in
which they are learning. So, work organizations must become, at the same time,
learning organizations.

The six main antecedents of organizational learning and learning
organization as identified by Denton (1998) in his book ‘Organizational
Learning and Effectiveness’ are:

1. The shift in the relative importance of the factors of production away from
capital towards labour, particularly intellectual labour. The longest chapter
of In Search of Excellence is devoted to ‘Productivity Through People’
(Peters and Waterman, 1982), while in A Passion for Excellence one of the
three ‘secrets of long term excellence’ is to make ‘full use of the abilities of
every company employee’ (Peters and Austin, 1985). This theme of people
as a key factor of production, as a critical success factor and a key source of
sustainable competitive advantage, is revisited in Peter’s books. In
Liberation Management, Peter (1992) argues that the people are the key
driving forces in a company.

2. The increasing acceptance of knowledge as a prime source of competitive
advantage. It was Bacon, who first described knowledge as power, and this
has never been truer than in today’s information age. The original Latin
phrase nam et ipsa scientia potestas est literally translates as ‘for also
knowledge itself is power’. Organizations with the ability to learn will have a source of power. Drucker (1992) has been at the forefront in documenting the elevation of knowledge to the central position it occupies in business today, saying ‘knowledge is the primary resource for individuals and the economy overall’.

3. The increasingly rapid pace of change in the business environment. Since 1990s companies are spending lots of money to initiate and manage change and trying to benefit from change. Following a survey of approximately 12,000 managers from twenty-five countries for the Harvard Business Review World Leadership Survey, Kanter (1991) concluded that change is now an integral and accepted part of corporate life.

4. Increasing dissatisfaction among managers and employees with the traditional command-and-control management paradigm. In 1970, Toffler presaged the dissatisfaction, uncertainty and worry felt by many business people today. In recent years employees are dissatisfied with the existing management paradigm and its inability to cope with the changes that have already taken place. This dissatisfaction is one of the key drivers of the development of the organizational learning.

5. The increasingly competitive nature of the global business environment. In ‘When Giants Learn to Dance’ Kanter (1989) says that winning in the new
‘Corporate Olympics’ requires: Faster action, more creative maneuvering, more flexibility, and closer partnerships with employees and customers than was typical in the traditional corporate bureaucracy. A learning organization would certainly be likely to possess some of the characteristics that Kanter describes: the creative maneuvering, the flexibility and the partnerships with employees.

6. The greater demands being placed on all businesses by their customers. The rising power of consumers and the increasing demands they are making on companies constitute the final antecedent of organizational learning.

1.4 GENESIS OF LEARNING ORGANIZATION

As given by Garratt (2000) in his book “The Learning Organization” by the end of the Second World War the work of Reg Revans, Fritz Schumacher, and Jacob Bronowski under the supervision of Sir Geoffrey Vickers formed the Intelligence Unit of the newly nationalized National Coal Board in the UK. They created at individual, workgroup and organizational levels a system of ‘action learning’ process - the engine that drives the learning organization. Their design for dynamic learning processes were influenced also by a fundamental rethinking of economics, which led later to the publication of the influential text
Small, is Beautiful (Schumacher, 1993). Their use of small self-managing groups, the rigorous collection of statistical data and the power generated by tapping the group's positive energies for and commitment to change was not recognized at that time as the intellectual breakthrough in organizational learning, thought and practice, that it was. Similar processes were developed, but in a more limited way, by Juran and Deming's work on quality assurance and statistical methods in Japan during the late 1940s. Whereas Revans' work led to 'learning circles' the Japanese Productivity Council, allied to Juran and Deming's work, led to the explosive development of 'quality circles'.

The following timeline (1938-1999) of learning organization appeared in May 1999 issue of Fast company magazine, in connection with an interview with Peter Senge.

In 1938 in his book Experience and Education, John Dewey publicizes the concept of experiential learning as an ongoing cycle of activity. In 1940s the Macy Conferences featuring Margaret Mead, Gregory Bateson, and Lawrence Kubie introduced "systems thinking" to a cross-disciplinary group.

1946 - Kurt Lewin, founding theorist of National Training Laboratories, proposes the idea of a "creative tension" between personal vision and a sense of reality. 1960 - The Human Side of Enterprise by Douglas McGregor is published.
1961 - Jay Forrester publishes Industrial Dynamics. This book, the first major application of system dynamics to business, describes the turbulence within a typical industrial value chain.

The promising start was followed in 1960s and 1970s for the development of organizational learning ideas. In 1963, Cyert and March observed that organizations adapt over time, a behavior pattern that they termed 'organizational learning'. Their work influenced many writers who defined organizational learning in their own ways.

In 1978, Argyris Schon published organizational learning, 'A theory in Action Perspective'. Argyris and Schon (1978) were particularly important in developing the work on learning as new insights or new knowledge, building on their distinction between single-loop and double-loop learning. By 1982, Chakravarthy was arguing that organizational learning was really about the process of adaptation and that adaptation is a key part of strategic decision making.

Another early reference to the learning organization was included in Peters and Waterman’s 'In Search of Excellence: Lessons from America’s Best-run Companies' (1982). Probably the first publication with the phrase 'learning organization' in the title was Hayes, Wheelwright and Clark’s Dynamic Manufacturing: 'Creating the learning Organization' (1988), although there are
many references to ‘organizational learning’ which pre-date this. In 1989 the Center for Organizational Learning was formed at MIT, with Senge as director and with Ed Schein, Chris Argyris, Arie de Geus, Ray Stata, and Bill O'Brien as key advisers. The term ‘learning organization’ was popularized by Peter Senge in his best-selling 1990 book on the subject, ‘The Fifth Discipline: The Art and Practice of the Learning Organization’. Over 7,50,000 copies of the fifth discipline were sold in the decade following its publication.

1994 - The Fifth Discipline Field book was published. Its authors include Charlotte Roberts, Rick Ross, Bryan Smith, and Art Kleiner (who serves as editorial director).

1995 - Working with Dee Hock, the Organizational Learning Center began a two-year process of building a consortium called the Society for Organizational Learning.

1997 - The Society for Organizational Learning was formed.


2000’s-The concept of Chief Learning Officer has emerged to create an organization that is constantly learning and growing. Much as the chief financial officer is in charge of the company’s fiscal resources and the chief technologist handles systems, the chief learning officer, or CLO, is responsible
for the process of managing and expanding the intellectual capital. Intellectual capital ranges from patents and brands to the implicit know-how of an organization's business. The CLO is in charge of the corporation's quality of collective thinking. He or she is responsible for maximizing the organization's intelligence and commitment. Many organizations like Coco-Cola and Dell computers have CLO as in charge of learning in their organizations. Another development is the concept of e-learning or online learning. The use of learning portals is basically to provide corporation professionals with one central place courseware on a variety of topics. It facilitates communication and gathers and provides community knowledge in on demand situation. The various portals available are trainingnet.com, Click2learn.com, knowledgeplanet.com, trainseek.com, learningcircuits.com etc.

1.5 ORGANIZATIONAL LEARNING (OL) AND LEARNING ORGANIZATION (LO) DEFINED

A statement of the exact meaning of a concept is deemed as definition. It is a logically arranged statement based on which the subject is further dealt with to present paradigms to solve problems in a given control. Various authors defined organizational learning in different ways based on their perceptions and
understandings of the subject. Some of the noteworthy definitions in the literature are mentioned here.

Organizational learning is concerned with improving the behaviour and capability of individuals so that the organization can more effectively respond to its environment. It is a time-honored process that involves changing individual and organization behavior. (Murray and Donegan, 2003). This definition concentrates on changing the behavior of individuals but does not mention how it can be done.

The following definitions explain how the behaviour can be changed. Edmondson and Moingeon (1998) defined OL as a process where members actively use data to guide their behavior in such a way as to promote the ongoing adaptation of the organization. While Levitt & March (1988) see OL as learning and encoding inferences from history into routines that guide behavior. Huber(1991) also reinforces this by defining OL as an entity that learns, if through its processing of information the range of its potential behaviors is changed, while Fiol and Lyles (1985) explain OL as the process of improving actions through better knowledge and understanding. A pioneer in organizational learning Argyris and Schon (1978) suggested that organizational learning is a process in which members of an organization detect error or anomaly and correct it by restructuring organizational theory of action,
embedding the results of the inquiry in organizational maps and images. Mc Gill et al (1992) define OL as the ability of an organization to gain insight and understanding from experience through experimentation, observation, analysis and willingness to examine both successes and failures. According to Kolb (1984) OL occurs in an organization in which the individuals consciously interact with others through the process of education and as a result of experience. Glynn et al (1992) reinforces this by defining OL as the process whereby organizations understand and manage their experiences. The common factor in all these definition is change of behavior through analysis of past experience. An exhaustive definition is given by Cunningham and Iles (2002). According to them OL takes place when all the people investigate internal and external relationships, processes and behaviour on a continuous basis, learning from past success and failure and using the shared knowledge and skills of all the people to pursue a common goal thus adopting to changing markets and creating the organization’s own future.

Some management researchers have given OL as the acquisition and generation of knowledge that is useful in making decision in organization (Miller, 1996 and Rosengarten, 1999). Dixon (1994) gives OL as the intentional use of learning processes at all levels of organizations continuously to satisfy the stakeholders. The term stakeholders include employees, employers, suppliers,
product users as well as the shareholders. Saban *et al* (2000) describes OL as the capability, which enables an organization to acquire and process new information on a continuous basis to elevate knowledge and improve decision-making.

A learning organization is described as one which consciously manages its learning processes through an inquiry driven orientation among all its members (Kim, 1992), which provides stimulating climates for its members in which they continually strive for new approaches to the acquisition of knowledge (Baker and Camarata, 1998), which learns and continually transform itself to better manage knowledge and empowers people within and outside the company to learn as they work (Marquardt, 1996)

Denton (1998) gave that learning organization should be able to generate new ideas and in general, to be “Creative”. A comprehensive definition is given by Senge (1990). He explains LO as an organization in which 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. Marsick and Watkins (1999) defined LO as a living, breathing organism that creates the space that enables people and system to learn, to grow and to endure. All these definitions emphasize on having a right climate for people to learn and
increase their capacity. As given by Karash (1995) LO is one in which people at all levels, individually and collectively are continually increasing their capacity to produce results they really care about.

LO facilitates and allows participative and innovative development with and between people and institutions commercially, technologically and socially (Lessem, 1991). According to West (1994), LO helps in successful adaptation to change through learning. In LO the learning strategy is considered core competence of all operations (Rowley, 1998), and it facilitates the learning of all its members and continuously transforms itself (Pedler, 1991).

1.6 LEARNING ORGANIZATION EXPLAINED

The range of definitions demonstrates that there is no widespread agreement about what learning organization is, but we can draw some conclusions about learning organization. A learning organization should be able to continuously generate new ideas, try different solutions to its problem. It should not only be able to generate the ideas but also be able to put into practice those ideas also. It is the process of evaluating, selecting and implanting those ideas, which characterize a learning organization (Denton, 1998). It promotes learning among its employees but more importantly, is an organization that itself learns from that learning (Evans, 1998). It is an organization skilled at creating, acquiring and
transferring knowledge and at transforming itself to reflect new knowledge and insights (Garvin, 1993). It learns powerfully and collectively and is continually transforming itself, to better collect, manage and use knowledge for corporate success. It empowers people within and outside the company to learn as they work (Marquardt, 1996). It continually improves by rapidly creating and refining the capabilities needed for future success (Wick, 1993).

Learning organization responds to changes in the environment by proactive organizational learning (Tjopenkhama and Wogrum, 1996). Argyris and Schon (1978) stress that the shift from single loop learning to double loop learning and deutero learning makes an organization a learning organization. In single loop learning the system is concerned with detecting and correcting errors without changing the system of operation. Double loop learning is not only detecting errors, but also finding solutions outside the current ways of thinking, while deutero learning involves changing the way of thinking about error detection and solution, a process that can be referred to as learning to learn.

Though LO depends on individual learning but it is actually the task of learning organization to integrate individual learning into organization learning. LO should be able to focus on valuing, managing and enhancing the individual development of its employees (Scarborough et al, 1998).
In LO open communication, creating shared meaning and understanding among the members are critical. Learning organization work on the assumption that learning is valuable and that every experience is an opportunity to learn. An organization that learns and encourages learning among its people and promotes exchange of information between employees creates a more knowledgeable workforce. This produces a very flexible organization where people will accept and adapt to new ideas and changes through a shared vision (Kerka, 1995).

Organizational factors such as working conditions, management styles and employee relations play an important role in shaping learning specific to each organization. We must be able not only to transform our institutions in response to changing situations and requirements; we must invent and develop institutions, which are learning systems that is to say, systems capable of bringing about their own continuing transformation (Argyris and Schon, 1978).

A learning organization is one where learning occurs at all levels be it individual, team or organization supported by organization’s policies and infrastructure. The organization has not only to provide the necessary infrastructure but also its vision and policies should be such that it automatically encourages learning at all levels of the organization from top hierarchy to bottom. It should be clear to all the members of the organization that they
should continuously strive to learn new things and generate new ideas. The policies, climate and the top management should be conducive for learning.

According to the author of this thesis, "A learning organization is one in which learning is encouraged through participative and flexible systems, strategies and structures with free flow of information and a climate which fosters learning, thereby enhancing the individual and organization competency".

1.7 COMPETENCY

For the last two decades organizations are implementing competencies but now a whole industry has developed around competencies as witnessed by the number of articles on competency. The common set of criteria for competency provides an opportunity to agree to a common language for describing effectiveness of an organization and an opportunity to achieve a high level of consistency when assessing performance (Whiddett and Hollyfordge, 1999). Philosophically, the competency movement finds its roots in the writings of Taylor(1911). His espousal of the "one best way" of fulfilling a task, thus improving efficiency and increasing production, together with his functional view of management led ultimately to the development of the competency approach (Raelin and Cooledge, 1995; Grugulis, 1997 and Sandberg, 2000). At a simplistic level,
competency models seek to identify the ideal combination of skills, knowledge, attitudes and experience, the possession of which enables employees to become high performers with the potential to add value to the organization (Gorsline, 1996). Faced with volatile and increasingly demanding business environments, every organization is faced with the task of carefully examining itself and assessing its competency to compete and achieve success in its chosen field and market place (Stuart and Lindsay, 1997). As given by Hirsh and Strebler (1994), Competences are positively associated with superior performance. Many companies have set out to identify generic list of competencies for their own organizations and through their use, they hope to develop, harness and direct the capabilities necessary for effective organizational performance. The observation by Dunphy, Turner and Crawford (1997), that industry specific capabilities increase a firm's capacity to exploit a new technology suggest that core competencies increase a firm's competitive advantage. The Concise Oxford Dictionary of Current English (Sykes, 1987) defines "competency" and "competence" as: ability (to do, for a task); sufficiency of means for living, easy circumstances; legal capacity, right to take cognizance (of court, magistrate, etc.).

Chambers Twentieth Century defines competency as fitness, efficiency capacity, and sufficiency (Baker et al, 1997). Ewens (1977) suggests
That competency is what the Greeks called 'arête', "a power which has been trained and developed so that it has become a characteristic of the person or organization that has it". The definition of competency in English and American dictionaries convey the notion of an adequate supply or sufficiency; a capacity to deal adequately with a subject; a quality or state of being functionally adequate or of having sufficient knowledge, judgment, skill or strength.

"Competency" can be used in two quite different senses. First, it has been used to denote sufficiency. A competent person or organization has the set of attributes (normally skills and knowledge) which match the attributes required to perform a specified task. An alternative sense is capability: competencies being the kinds of skills and/or knowledge that an individual or organization possesses in a specified area of performance (Baker et al, 1997).

As given by Murray (2003) broad competencies that help to define the organization's potential to improve performance in any organization are:

(1) **Individual or Personal Competencies:** Those competencies that comprise of personal attributes, skills and behaviors.

(2) **Organization competencies:** Those competencies defined by processes, systems, and practices (e.g. training methods, performance appraisal reviews, motivation techniques, change programs, technical processes), that enable any firm to turn personal competencies into organization-wide competencies - they
may also be transformational by allowing the firm to change and grow simultaneously.

1.8 INDIVIDUAL COMPETENCY

The term competency has been defined in the literature from several different points of view. It was originally used in the field of education to describe trainee-teacher behaviors (Bowden and Masters, 1993). It became widely known in the management field through the work of Boyatzis (1982) and is referred to as Personal Competency or Management Competency or Occupational or job Competency. They are the abilities, values, personality traits and other characteristics of people that lead to superior performance. Competency not only includes these capabilities and traits but also the ability to put the skills and knowledge into practice. It is those aspects of the jobs, which an individual can perform, with competency, referring to a person’s behavior underpinning competent performance.

A job competency is an underlying characteristic of a person that results in effective or superior performance in a job (Klemp, 1980). Boyatzis (1982) expands this definition to include a motive, trait, skill, aspect of one’s self-image or social role, or a body of knowledge, which he or she uses. Personal or core competency is any knowledge skill, trait, motive, attitude, value
or other personal characteristic essential to perform a job (Bratton, 1998). According to Hunt and Meech (1999,) in competency the focus is not on the task as such but the underlying ability, the set of a person’s skills, knowledge and personal characteristics. Competency is a characteristic of an individual that has been shown to drive superior job performance (Hay, 1990). Competence, by definition, is tied to a position or role. The ligatures binding the two are abilities, knowledge, skills, judgment, attitudes and values required for successful functioning in the position or role. That is, possession of the critically required abilities, knowledge, judgment, skills, attitudes and values – and proficient use of the same – is what yields competence in an individual (Ewen, 1977). According to Parry (1996), competency is a cluster of related knowledge, skills, and attributes that affects a major part of one’s job (a role or responsibility), that correlates with performance on the job, that can be measured against well-accepted standards, and that can be improved through training and development.

The definition of occupational competence provided by the Manpower Services Commission (MSC) (1986) and adopted by Investors in People (1995) was ‘the ability to perform activities in the jobs within an occupation, to the standards expected in employment’. However, the definition also included ‘mastery of skills and understanding’ and ‘aspects of personal
effectiveness'. As Mansfield and Mitchell (1996) note, this definition 'appears to include a mix of modest; work expectations, input measures (knowledge and skills) and psychological attributes'. The MSC definition of competence was subsequently adopted as the official Employment Department approach in defining occupational standards as 'a description of something which a person who works in a given occupational area should be able to do and able to demonstrate' (Training Agency 1988). Hammond (1989) defined competencies as "not the tasks of the job, they are what enables people to do the tasks". Hayes and Wheelwright (1979), saw competence as being more than a combination of ability and willingness to do a task, and defined it in terms of being a number of possibilities; generic knowledge, motive, trait, social role, or skill of a person. Each of these was also linked to the requirement to exhibit superior performance in their completion. This infers that an individual displaying competence should be able to apply his skills and/or abilities to a work activity. Likewise for Burgoyne (1989) tomorrow's managers need higher-order abilities such as 'learning to learn', forecasting and analysis, as well as personal competencies, including diligence, tenacity and integrity. The common theme with such lists of 'meta-competences' (Brown 1993) is that they relate to the cognitive aspects of management concerned with the reflection and ability to cope with uncertainty (Burgoyne and Stewart 1976; Kolb et al, 1986). The Management Charter
Initiative (MCI), 1992 defines competency as the ability of a manager to perform to the standards required in employment. A typical North American definition of competency is, an underlying characteristics of a person casually related to criterion referenced effective or superior performance in a job or situation (Spencers, 1993). In the UK the preferred choice of the Employment Department's Standards Program is "competence". The standards program, however, defines "competence" as “a description of something which a person who works in a given occupational area should be able to do, it is a description of an action, behaviour or outcome which a person should be able to demonstrate” (Training Agency, 1988).

The various salient definitions of personal or individual competency (IC) are summarized below (Garavan and McGuire, 2001):

**Worker- oriented definitions:**

- The behavioral characteristics of an individual that are casually related to effective and/or superior performance in a job. This means that there is evidence that indicates that possession of the characteristic precedes and leads to effective and for superior performance on the job (Boyatzis, 1982).
➤ An underlying characteristic of an individual that is casually related to criterion referenced effective and/or superior performance in a job or situation (Spencer and Spencer, 1993).

➤ A high performance or h-competency is a relatively stable set of behaviors, which produces superior workgroup performance in more complex organizational environments (Schroder, 1989).

**Work-oriented definitions**

➤ Occupational competence is the ability to perform the activities within an occupation or function to the level of performance expected in employment (Management Charter Initiative 1990).

➤ The ability to perform the activities within an occupation (Nordhaug and Gronhaug, 1994).

➤ An action behavior or outcome, which the person should be able to demonstrate (Training Standards Agency, 2000).

**Multidimensional definitions**

➤ The ability to apply knowledge, understanding, practical and thinking skills to achieve performance to the standards required in employment. This includes solving problems and being sufficiently flexible to meet changing demands (NCVQ, 1997).
The skills, knowledge, understanding, qualities and attributes, sets of values, beliefs and attitudes which lead to effective managerial performance in a given context, situation or role (Woodall and Winstanley, 1998).

1.9 ORGANIZATION COMPETENCY

Organization competency (OC) is a set of differentiated skills, complimentary assets and routines, which provide the basis for firm’s competitive capacities and sustainable advantage in a particular business (Teece, 1990). At organization level, competencies have been used to describe organizational strengths or unique capabilities (Hoffman, 1999). Competencies in the organizational context can be defined as a system of technology, human beings, organizational (formal) and actual (informal) elements and the interaction of these elements (Drejer, 2000). According to Sanchez (2001), OC is the ability of an organization to sustain coordinated deployments of assets and capabilities in ways that help the organization achieve its goals. This concept has three essential elements: coordination of assets and capabilities, intention in deploying assets and capabilities to specific purposes and goal seeking as the driver of organizational action. OC is thus a property of an organization that depends on three essential inputs from managers: articulating the general goals of the organization, defining
specific actions that will help the organization achieve its goals, and coordinating the use of resources in carrying out those actions. Organizations try to achieve their goals by building, leveraging and maintaining competencies. Competence building is the process of creating or acquiring new kinds of assets and capabilities for use in taking action and / or of learning how to coordinate assets and capabilities in new ways in taking action. Competence leveraging is the coordinated use of an organization’s current assets and capabilities in taking actions. Competence maintenance is the maintaining of an organization’s current assets and capabilities in a state of effectiveness for use in the actions, which the organization is currently undertaking.

The competencies of an organization in what it can do as a result of different resources working together while capability provides coordination between people and other resources that lead to sustainable competitive advantage over time (Prahalad and Hamel, 1990; Grant, 1991). OC is used for the creation or requisition of unique, sale or specialized resources (Masakowski, 1993), where firm take resources into sustainable competitive advantage for above average returns (Barney, 1991). Basically competencies are simply subsets of other resources the firm uses to craft strategies that are realized in advance of them becoming operational (Mintzberg, 1990).
The observation by Dunphy et al (1997) that industry specific capabilities increase a firm’s capacity to exploit a new technology suggest that core competencies increase a firm’s competitive advantage. Core competency refers to that integrated act of core technologies and core skills that provide an organization with its competitive advantages (Baker et al, 1997).

Organization competency requires the organization to focus strategies to the firm’s environment (Hofer and Schendel, 1978). Kim and Arnold (1992) and Vickery (1999) describe OC for which they used the term strategic competence as the goodness of fit between the business strategy adopted by a firm and the requirements imposed by the external business environment. It means the organization should process a high degree of fit between the requirements for organizational success and the ability of the organization to meet these requirements. It is the matching of abilities with requirements.

1.10 RESEARCH OBJECTIVES

1) Identify an instrument to measure learning score as perceived by the employees (LSA), learning score as wanted by the employees (LSB), and Learning Dissatisfaction (LDS) in terms of various characteristics of learning organization.
2) Develop an instrument for research to assess the level of individual competency (IC) in organizations.

3) Identify an instrument to measure organization competency (OC).

4) Measure learning score LSA, LDS, IC, OC in organizations from Manufacturing, Information Technology (IT) and Telecom sectors.

5) Explore whether there are any differences in LSA, LDS, IC, OC among the selected organizations within Manufacturing, IT and Telecom sectors.

6) Examine whether the variance in the dimensions of IC as well as OC can be explained by considering the dimensions of LSA and LDS as independent variables.

1.11 SCOPE

The study is restricted to six organizations i.e. two each from the manufacturing, IT sector and telecom sector. All the six organizations are situated in the same geographical region of Chennai, Tamil Nadu, India. Due to constraint of time and financial resources, it was decided to measure competency on the dimensions common to all the organizations in the different sectors. The aspect of looking into different dimension of competency from different sectors is beyond the scope of the study.
1.12 OVERVIEW OF THE REMAINING CHAPTERS

a. **CHAPTER II: REVIEW OF LITERATURE**

The existing literature including research articles and books in the areas of learning organization, organization competency and individual competency is reviewed. The summary of the review is presented in this chapter. Case studies and empirical studies on learning organization are also presented in this chapter.

b. **CHAPTER III: RESEARCH METHODOLOGY**

The research problem, instruments used and the hypotheses developed are covered in this chapter. The data collection procedure and the methods and techniques that were adopted to analyse the data are discussed. The details of pilot study and main study are illustrated. The profile of the organizations from which primary data collection was done is also presented in this chapter.

c. **CHAPTER IV: DATA ANALYSIS**

The data that was collected from the organizations in Manufacturing, Telecom and IT sectors was analysed statistically in a Personal Computer by using software statistical package SPSS version 11. The hypotheses were tested and the details of the results, which are the outcome of various statistical techniques, are presented here. The results are also systematically summarized in this chapter for easy understanding and for further examination to arrive at logical conclusion at the end of the research.
d. **CHAPTER V: DISCUSSION OF RESULTS**

The results of the statistical analyses are discussed in detail. The relevant references are quoted in the appropriate context. The salient aspects observed in the results are brought out for further examination and scrutiny.

e. **CHAPTER VI: CONCLUSIONS**

Based on the research work carried out and the results obtained, the conclusions are presented in this chapter. The implications, contributions, limitations and scope for further research are discussed in detail.