CHAPTER THREE

BACKGROUND

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OUTLINE PLAN OF THE

STUDY
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3.1 BACKGROUND:

Globalization is a cascade of change. For sustainable development of any organization this change means some systematic developments, some positive outcomes to synchronize with the context. In order to cope with the change situation the organization must identify and utilize its potentialities and to develop its capacity, in such a manner that organization must focus on fast, creative and performance oriented sustainable development. This transformational process for change and adaptation of activities for development by learning through the process of information sharing, knowledge management, transfer of training, implementation of new ideas etc, is termed by many researchers as Learning Organization (Dogson, 1993; Pickard, 1998; Hosley et al., 1994; Argyris and Schon, 1978; Senge, 1990; Burgoyne, 1992; Swerienga and Wiersma, 1995). The importance of learning process in the strategy came about as a result of the increased pace of changing environment, competitive and complex opportunities of organization.

Learning organizations is described as, “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” (Senge, 1990). From Attiwood and Stwart (1989), developing organization means learning organization and employees are basically learners. They jotted down the current ideas of human resource development as, empowerment, accreditation, creativity, team effectiveness, linking learning to work. Lassey (1998), suggested that, a learning organization understand that its future is dependent upon the abilities of all its people, recognizing the different ways of learning by the people, encouraging learning, innovation and contribution. Gravin (1993) defined learning organization as “an organization skilled at creating, acquiring and transferring knowledge and modifying its behaviour to reflect new knowledge and insights”. In view of Senge (1990), learning organization is founded by five significant factors such as, Personal Mastery: of seeing reality objectively, Mental Models: influence of understanding of the reality oriented action, Building Shared
Vision: genuine commitment to excel and learn, Team Learning: transmit thoughts for the betterment, System Thinking: for implementation of theoretical concept in practice. According to him learning organization is related to structure, information system, human resource practice, leadership, organizational culture etc. In addition to this, learning organization do not happen automatically, but require a deep commitment of employees to build required skills throughout the workplace (Johnson, 1998). Besides, attitudes, tasks and skills (norms), learning organization as described by Rampersad (2003), depends upon sharing of the knowledge among employees, mobilizing the knowledge of employees, collaborative action for transfer of knowledge and resources. On the basis of the above mentioned facts it is found that learning organization dimensions are related to both personal and organizational factors. Such organizations are more concerned about their human capital; therefore they seek to establish a cultural environment that stimulates the development of people.

Scullian and Linchan (2005), indicated that in the changing scenario, the key to competitive advantage lies not just in the professional quality of staff, which its competitors have as well, but in having staff who are prepared to go the ‘extra mile’ through a feeling of teamwork, individual responsibility and empowerment of the group members, and realising personal creativity or innovative work behaviour (to idea generation, idea realisation and idea implementation) to complement professional expertise. Kontoghiorghes, Awbrey and Feurig (2007), mentioned, that the focus on learning gives rise to cognitive approach, in which individuals’ beliefs and insights are viewed as critical influences on organizational effectiveness. According to them learning organizations are “communities of commitment” not just collections of individuals to learn but learning in a team. So the learning organization demands team cohesiveness and commitment of employees. Various factors contribute to team cohesiveness: inspiring goals, goal clarity, confronting problems, openness to feedback, competence, trust, supportive leadership, and management of power to ensure its equitable distribution (Pareek, 2004). The term commitment in this context is the positive attitude towards own job as well as organization (Robbins, Judge, Sanghi, 2007). It refers to the psychological bond of an employee to an organization, the strength of which depends on the degree of employee involvement, employee loyalty, and belief in the values of the organization.
Generally, the learning organization development in the change situation is not only
directed to those with potential, but also related to a ‘people friendly climate’ and
such situations only possible if climate of organization is able to utilize the
potentially of the human resources focusing on organizational learning development.
Study of University of Luton (2001) highlighted organizational learning is a
transformational process which seeks to help organization development and use
knowledge to change and improve them on an ongoing basis. Climate is the process
of quantifying the “culture” of an organization (Payne, 2008). Anderson and King
(1993), suggested certain dimension of organizational culture and climate which are
directly related to facilitate the support for ideas and willingness to tolerate the failure,
challenge, freedom and constructive controversy, risk taking norms etc among
employees. Accordingly all these factors are facilitating the climate for the
development of learning organization in the face of changing environment, and
competitive market, evolving nature of complex opportunities, etc.

Recently, complexity of such evolutionary process is more prominent in current
banking process, due to globalization and establishment of Basel Committee on
Banking Supervision by a group of countries where the primary objective is to improve
banking regulations and supervision system. Not only that the situation has became
more complex and competitive as the present world of bank has been ruptured by the
forces, due to

1) Abolishment of regulatory barrier and allowing non-bank financial institution,
thereby creating competition.

2) Introduction of new technology which has opened up new options for product
and delivery developments but at the same time it has increased the expenses of
banks.

3) Current trends of customer sophistication that has undermined many of the
traditional assumptions about stable relationships as well as has affected the
expected level of profit of bank.

Under such changed situations, the banks are forced to generate their human capital so
that they can adapt more easily to new situation by reframing its own experience and
learning from that process. In the face of new challenges and paradigm shift of objectives the bank management is responsible for creating an emotional climate in which all staff can learn continuously to create and redefine capabilities required for their future success and as a consequence the banks are in desperate need to develop and to facilitate the climate of learning organization.

Accordingly, in responding to the situation the present researcher has interested to identify the facilitating on inhibitory factors (personal and situational) of learning organization dimensions of banks. As a step in this direction, a research proposal to study the nature of learning organization dimensions of public and private sector banks as perceived by the bank officers has been framed with the following research objectives.

3.2 TITLE OF THE STUDY:
The Learning Organization Dimensions Of Public And Private Sector Banks As Perceived By The Bank Officers.

3.3 OBJECTIVES:
To identify the learning organization dimensions as perceived by the bank officers and to adopt learning organization scale for the bank officers.

1. To ascertain the nature of the perceived learning organization dimensions among the bank officers of public (nationalized) and private sector banks.

2. To ascertain the nature of selected organizational variables (organizational climate and team cohesiveness) as assessed by the bank officers with respect to their perceived level of learning organization dimensions (high and low) of banks (public and private sector).

3. To ascertain the nature of selected personal variables (innovative work behaviour, commitment and learning behaviour style) as assessed by the bank
officers with respect to their perceived level of learning organization dimensions (high and low) of banks (public and private sector).

4. To ascertain a relationship among the sets of test scores of the respondent group to confirm an assumed relationship among the perceived level of learning organization dimensions, selected organizational variables (organizational climate and team cohesiveness), and selected personal variables (innovative work behaviour, organizational commitment and learning behaviour styles) of the officers of the banks (public and private sector).

HYPOTHESES:

H₁: The nature of perception of learning organization dimensions of the officers of the public (nationalized) and private sector banks reveal dissimilarities.

H₂: Irrespective of type of banks (public / nationalized and private) the nature of organizational climate of the bank officers varies with respect to their perceived level of learning organization dimensions (high and low) of banks.

H₃: Irrespective of type of banks (public / nationalized and private) the nature of organizational team cohesiveness of the bank officers varies with respect to their perceived level of learning organization dimensions (high and low) of banks.

H₄: Irrespective of type of banks (public / nationalized and private) the nature of innovative work behaviour of the bank officers varies with respect to their perceived level of learning organization dimensions (high and low) of banks.

H₅: Irrespective of type of banks (public / nationalized and private) the nature of organizational commitment of the bank officers varies with respect to their perceived level of learning organization dimensions (high and low) of banks.
\( H_6: \) Irrespective of type of banks (public / nationalized and private) the nature of learning behaviour styles of the bank officers varies with respect to their perceived level of learning organization dimensions (high and low) of banks.

\( H_7: \) The nature of relationship among the set of test scores for learning organization dimensions, organizational climate, organizational team cohesiveness and selected personal attributes (innovative work behaviour, learning behaviour styles and commitment) of the bank officers with perception of high level of learning organization and that of with the low level of learning organization dimensions, reveal dissimilarities.

### 3.5 VARIABLES

1) **Dependent variables** - Learning Organization dimensions.
2) **Independent variables** - organizational (organizational climate and team cohesiveness) and personal (innovative work behaviour, learning behaviour style and commitment) variables.

### 3.6 SAMPLE:

**a) Sample Unit:**

i) **Banks** - a) **Public sector** – State Bank of India, United Bank of India, Oriental Bank of Commerce and IDBI.

   b) **Private sector** – ICICI bank, Bank of Rajasthan, Federal bank and Axis bank

ii) **Officers** – Officers and Branch Heads covering Banks of Eastern region of India.

**b) Size of Sample:** A total of 300 bank officers (150 from public sector and 150 from private sector banks).
c) Samples Selection Procedure:

A total of 300 bank officers (150 from public sector and 150 from private sector banks) with equiproportionate number of junior and senior cadre, will be selected randomly, by matching and controlling of sample characters (age, sex, qualifications, years of service, experience, technical training attendance etc). The officers will be selected from the various banks of Eastern Region of India with the help of Regional Centers of Banks, Training Institute of Banks and other agencies.

In this respect different training institutes and authorities of the bank to be consulted. The screening of the junior and senior cadre would be followed as per gradation of the respective bank organizations.

3.7 INSTRUMENTS:

3.7.1 Tools Adopted Locally:

(a) Local Adaptation of Inventory for Learning Organization Profile (Udai Pareek, 2002)

(b) Local adoption of Organizational Climate Scale (Gupta and Ray, 2005)

(c) Local Adaptation of Team Effectiveness Assessment Measure (Pareek et al, 2002)

(d) Local Adaptation of Organizational Commitment Scale (O’Reilly and Chatman, 1986)

3.7.2 Tools Developed:

(a) General Information Schedule

(b) Extension and adoption of Innovative Work Behaviour Scale (Janssen, 2000 and Kanter, 1988) for bank employees.

(c) Extension and adoption of Learning Behaviour Inventory (Johnson and Johnson, 1991) for bank employees.
3.8 PROCEDURES:

**Step I:** Selection of samples from banks by matching the sample characteristics.

**Step II:** Construction and local adaptation of tools for test.

**Step III:** Collection of data from sample groups with the help of structured scales through face to face interview.

**Step IV:** Treatment of data for hypotheses testing.

3.9 STATISTICAL TEST:

1. Correlation as per requirement of standardization of the Inventory for Learning Organization Profile, Team Effectiveness Assessment Measure, Organizational Climate Scale, Innovative Work Behaviour Scale, Learning Behaviour Inventory, Organizational Commitment Scale were calculated.

2. Central Tendencies (Mean, Median), standard Score, Dispersion (Standard Deviation, Skewness and Kurtosis) were calculated for the variables and all its components.

3. Then the significant difference of perception on learning organization profile and its eight enquiry areas between the public and private sector bank officers were determined for verification of hypothesis \( H_1 \) with application of ‘t’ test.

4. The significance difference of the bank officers (public and private sector) in relation to organizational variables and personal variables between the officers with perception of high and low perception of learning organization profile were determined by applying 2x2 ANOVA test for verification of hypotheses \( H_2 \) to \( H_6 \).

5. Inter-correlation, Regression and significance of difference between ‘r’ were computed to verify the hypothesis \( H_7 \) and to specify the prediction role of variables.

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N.B.: Approved by the Members of the Ph D Committee in Applied Psychology, Calcutta University, in the meeting held on February, 2009 (Registration No 1162 of 04.04.2009).