Organisational Learning

By Velma Lee of Birmingham Business School (vlresearch@yahoo.com)

Organisations today are confronted with increasing changes arising from global competition, introduction of new technologies, shortened product lifecycles, and political and social pressures. To remain sustainable, organisations must learn to anticipate changes such as those involved in technology advancements and customer requirements. Then they must respond rapidly to avoid vulnerable obsolescence. As De Geus (1988) argues, the only sustainable source of competitive advantage is the ability of the organisation to learn faster than its competitors.

What is Organisational Learning?

Organisational Learning (OL) is a concept dating from the early 1960s. The discussion was mainly focused on the decision-making process and how organisational members would change their behaviour to adapt to environmental requirements. From the mid-seventies, OL started to return, initially through the writings of a small number of authors such as Argyris and Schon, Ducan and Weiss, March and Olsen. By the nineties, OL had become increasingly debated by economists and organisational studies' practitioners and scholars.

The notion of OL is defined in a wide variety of ways by researchers. Most of the academic definitions relate to those factors which influence or impede organisational adaptation or concern the process of acquiring, generating and applying new knowledge. These definitions see the outcome of organisational learning as the acquisition of a new competence (ie, an ability to apply new knowledge to enhance the performance of an existing activity or task or to prepare for new circumstances). As Child (2002) put it, an organisation that is effective at learning will be skilled both at creating, acquiring and transferring knowledge, and at modifying its behaviour to reflect this new knowledge and insight

What are the key issues in Organisational Learning?

The focus of OL research ranges from content (what is learned) to process (how it is learned) and covers both theory (that, is underlying explanations of OL) to the practical application of OL. Recent research direction has emphasised, however, the nature and location of OL as a main area for further contribution to the field. Companies which are exemplar learning organisations require an empowered workforce which is able and motivated to acquire and share knowledge.

What is best practice in Organisational Learning?

The focus of best-practice thinking in OL at present is the area of learning from customers. In General Electric, for instance, board members are required to visit customers on a regular basis prior to board meetings to better understand needs in the field. Other companies involve customers to be co-producers of knowledge in co-creating new products. Often, customer feedback is described as being a far better source of customer insight and innovation than the traditional "research and design" approach to new product development. For these reasons, many organisations are systematically tapping into their "lead user" segment to learn and anticipate latent customer needs. However, as customer segmentation becomes multi-faceted , one of the challenges in leveraging customer knowledge is in *integration*. In other words, integrating customer information from various sources and making it available in a unified system. This appears to be key in tapping the knowledge gained from customers.

What are the implications for practitioners?

The implications for practitioners of research into organisational learning can be summarised in the following bullet points:

- OL is a fundamental source of sustainable competitive advantage, perhaps the only one.

- Organisations must take deliberate steps to facilitate OL.

- Different styles or strategies of OL may be optimal in different organisations.

- Learning from customers is an especially important aspect of OL.

- Integrating customer information into valuable insight is a key challenge.

Key further reading

- Argote, L. (1999). *Organizational Learning: Creating, Retaining and Transferring Knowledge.* Kluwer Academic Publishers.

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- Dierkes, M., Antal, A.B., Child, J. and Nonaka, I. (2001). *Handbook of Organizational Learning and Knowledge,* Oxford University Press.

- Matthing, Jonas (2004). 'New service development learning from and with customers' *International Journal of Service Industry Management.* Vol. 15, issue 5, p 479-99.