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**DOCTORAL THESIS**

***„ROMANIAN COMPANIES TOWARDS LEARNING ORGANISATION***
***PHILOSOPHY"***

**<u>SUMMARY</u>**

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The *learning organization* is a new management approach that continues the ideas developed in the past in connection with the integration of *learning* in organizational system. The difference, this time, is related to the orientation of the organisation towards continuous learning, a process which results in significant competitive advantages. Learning becomes an operating mode for all individuals within organisation, regardless of age or hierarchical rank. The new philosophy adopted by the company can guarantee the success of organizational change.

The learning organization is an organization *with a strong philosophy for anticipating, reacting and responding to change, complexity and uncertainty*.

The concept of the learning organization has gone through many changes, combinations, permutations, both in terms of *theoretical development and practical application attempts*.

There are also many attempts to define the learning organization, **but less consensus in developing a clear definition of this concept.**

There are still questions to be answered: *What is the learning organization? Is it a real solution for the transformations we are going through? How do we evaluate the learning organization? What is the nature of the relationship between dimensions of learning organizations and organizational performance?* Certainly myths and realities remain to be

explored.

In the literature, some researchers (Argyris and Schon, Senge, Huber) approached the subject *from a mental level,* but did not offer *an experimental model*. However we appreciate that, an experimental model, the most popularized, which represents the building of a learning organization is the model of Peter Senge. (Senge, 1990) identified five basic disciplines needed to build the learning organization. These disciplines are: *systems thinking, personal mastery, mental models, building a shared vision and team learning*. Other researchers have completed the five disciplines model proposed by Senge, offering *tools* for achieving organizational learning desideratum.

Although some authors have proposed different models for building a learning organization and guidance in achieving this goal, there are great difficulties in transposing the concept of learning organization into practice,  idea supported even by the promoter of the concept, Peter Senge. This aspect is even justified by the majority of the research conducted, which have a profound philosophical emphasis, addressing general issues, but not offering more "courageous" details for implementation into practice.

A major challenge for the research conducted by theorists and practitioners is to establish relationships between the characteristics of the learning organization and organizational performance.

**The purpose of the study**: is to define the relation between learning organisation dimensions and performance, offering a practical framework for Romanian companies to adapt to *learning organization philosophy.*

*Thus, to achieve the purpose set, we define the following objectives:*

O1  *Identifying steps towards learning and learning processes within organizations*

O2  *Defining the main pillars to support the learning organizations dimensions development*

O3  *Analysis of the specific indicators for measuring the performance of the companies*

O4  *Highlighting the relationship between learning and performance*

O5  *Establishing a general framework to support the management of the Romanian companies in implementing the concept of learning organization into practice by identifying models emphasizing organizational learning and proposing alternatives for change and transformation*

To initiate action designed to achieve the objectives and to anticipate the links between applied research variables, we formulated the following hypotheses:

**H1:** *There is a positive relationship of dependency between the dimensions of a learning organization and organization performance*

H2: *There is a direct positive relationship between the learning and transfer of knowledge and corporate financial performance*

H3: *There is a direct positive relationship between teamwork and efficiency of internal processes within companies*

I4: *There is a direct positive relationship between leadership and employee empowerment and customer satisfaction*

I5: *A strong organizational culture stimulates learning processes and innovation.*

Good knowledge of research methodology allowed us the selection and exploitation of *methods, techniques, processes and tools* that are appropriate to the nature, purpose and objectives of the proposed research. No constructive approach can be carried out without recourse to method and methodology.

Thus, the *pragmatic interdisciplinary model* is the reference model, suitable for this research, a holistic approach, proposing a synchronic approach. In the orientation of the research we exploit also *constructivist methodological system* that allows the recourse to the phenomenological approach and to *quantitative-interpretative composite approach*.

From research strategy formulated we mention the dominant *qualitative approach* with determination, analysis and *quantitative developments*, often needed, giving relevant and accurate elements for interpretations provided. These two approaches (quantitative and qualitative) are complementary, drawing a *mixed ethical-emic perspective*. The use of *inductive-deductive mixed reasoning* completes the proposed framework.

Referring to the sampling, *proportional stratified random sampling* is used. The necessary research data are collected through *observation*, which allows deriving new information, and *questionnaire-based survey* that provides data collection on reality investigated.

The essential characteristics of the questionnaire developed / adapted resulted from the purpose of the research, its specific objectives, target population, the supportive conceptual framework. It is very important to use or adapt existing instruments or create new instruments. After studying the existing instruments and their suitability to the needs of the proposed study, we decided to adapt an existing instrument.

For data processing and analysis, the entire scientific journey capitalizes proper methods of mixed qualitative-quantitative approach. Qualitative approach helps us to enter the privacy of real structures through interpretation, explanation, understanding, thus being possible to generalize by recourse to induction. Through comparative analysis we interpret various theories formulated by specialists, researchers and academics, and concrete situations in the management of Romanians companies, to highlight and explain the research findings related to the topic.

This research is divided into three parts, organized into seven chapters, the last chapter is dedicated to the conclusions and directions for future research. The structure on three parts arises from the need for analysis on three levels: first we need a proper definition of a learning organization and learning process, we need a well-founded definition of the learning organization (Part I); the second problem is the need for better tools to assess learning in organizations to demonstrate that results have been obtained (Part II); thirdly we need clearer guidelines for practice (Part III).

To achieve the goals and objectives formulated, the three critical issues were achieved; these are essential for the implementation and directing the concept into practice.

1. **The approach to learning process within organizations gave more meaning to our research and better outlined the learning organization dimensions.**

Learning organizations do not appear automatically, but require a strong commitment to developing the skills needed in the workplace, and this commitment, on the long term, should start from the top of the organization. The extent of learning process should be managed at different levels within the organization, the learning organizations are based on their own experiences and transforms themselves. Learning, therefore, is made up of several different components and requires a special management. Processes that take place within an organization, such as communication, decision-making and learning must be managed successfully.

2. **Development and implementation of a suitable instrument to assess the level of learning in organizations, which also demonstrated that, in fact, results were obtained.**

After an extensive analysis of the available instruments *(9 instruments, including Complete Benchmark Learning Organization, The Learning Audit, Organization Learning Capability Assessment, the Learning Organization Questionnaire Dimensions of etc..)* we developed a questionnaire consisting of two parts: the first part is an adaptation, an extension of the model originally developed by Senge (1990) and the model developed by Watkins and

Marsick (1992) investigating the 6 key dimensions of learning organizations *(systemic thinking, shared vision, teamwork and collaboration, leadership and empowerment organizational culture and learning environment and knowledge transfer)* and the second part of the questionnaire investigates organizational performance through four *performance* indicators (in accordance with *balanced scorecard: financial performance, processes within the organization, customer satisfaction/client orientation, learning/development/innovation).*

In order to investigate the relationship between *learning organization dimensions* and *performance,* the tool developed (consisting in 51 items) was applied within pharmaceutical companies in Romania (a sample of producers and distributors of drugs, mainly, but also multinational companies with factories in Romania). 309 valid questionnaires were obtained. The results obtained in this environment draw relevant conclusions, constituting a starting point for businesses practice.

Thus we have observed that these companies have taken important steps toward learning organization model (obtaining a global average of 4.989), but reached levels that differ from one key dimension to another. The highest level was recorded for *system thinking* dimension, with an average of ($\bar{X} = 5.349$), while the *leadership* dimension obtained the lowest level ($\bar{X} = 4.726$), however, above scale average.

The results emphasize the ability of employees to see the whole, to see interrelationships, to see how the organization they belong analyse its own world. The *systemic thinking* supports the identification of "the structures" behind complex systems and decisions related to important changes.

On the other hand, the results reinforce the idea that leaders of learning organizations must have both research and advocacy skills. Leaders in learning organizations require a shift on more subtle and important tasks, so their role is changing. Learning infrastructures integrating effectively work and learning do not occur suddenly, they develop over time, due to some leaders who understand in depth and undertake an open and iterative design process.

Furthermore, there is need to strengthen the organizational culture, for better adaptation, cooperation and learning among members. Organizational learning acts as a catalyst for the implementation of an organizational culture of learning and this learning culture systematically improve organizational learning. Certainly organizational learning is directly and positively related to organizational culture.

The overall performance of the companies surveyed is appreciated as high demonstrated by the overall average ($\bar{X} = 5.079$). The scale which has achieved the highest

average is the *financial performance*, with an average of (5.553), and the last ranks *customer satisfaction* with an average of (4.603), however, above scale average.

Most of the variables of the *six dimensions of learning organization* had moderate to strong positive relationship with all indicators in the four performance scales, validating the research hypotheses.

3. ***Clearer guidelines for practice were given, a more operational advice, to build a learning organization.***

Organizational learning includes complex activities that need to be managed effectively. Successful companies are the products of carefully cultivated attitudes, commitments and management processes. They have evolved slowly over time. Three basic pillars are shaping the learning organization: a suitable environment for effective learning processes, clear and concrete learning processes and procedures, and leadership that reinforce learning.

The first step is to create an environment that encourages learning. There should be time for reflection and analysis, for strategic planning thinking, to analyse customer needs and to invent new products. Another important step is to open borders and stimulate the exchange of information and ideas. This could be done through different meetings, conferences, involving project teams, or across organizational levels and linking the company to customers and suppliers.

Once managers have established the open and friendly environment, they can create different programs or events with explicit learning objectives, which can take different forms. Strategic revisions are initiated to examine the changing competitive environment and company product portfolio, examine technology and market positioning. The large, cross-functional processes are subject of audit, to examine the "health" of the processes and the delivery systems. Reports of internal benchmarking identify and compare the successful activities of the organization. Study missions are carried out to better understand the performance and distinctive competencies of the company. Symposia may meet customers, suppliers, independent experts or internal groups to facilitate the exchange of ideas and to learn one from another.

**Contributions and original development**

The portrait of an learning organization designed more than 20 years ago and the case studies within organizations need continuity in analysis. Organizations need a way to diagnose their current status and ways to change, and scholars are seeking better measures for learning to better compare organisations, and to explore the links between organizational

learning and business/company performance.

Summarizing the aspects presented above, we mention the main personal contributions,:

Thus, in **Chapter 1**, I made a summary of the main contributions in the field of learning organization, highlighting the founders of the concept and the main ideas developed. We can say that the concept of learning organization is discussed since the early twentieth century. Although it seems that this concept was first introduced by Garratt in 1987, however, the literature authors whose names have been mentioned repeatedly as " founders" of this concept were: Peter Senge, Chris Argyris, Donald Schön and Margaret Wheatley. Moreover, there presented definitions of learning organizations, often discussed in the literature and summarized in four main approaches: learning -oriented approach , strategy - oriented approach, objectives-oriented approach, and finally, organizational culture oriented approach.

**In chapter 2** we outlined new approaches to learning, proposing fundamental changes in learning methods in accordance with the changes of this century, which will encourage active learning, collaborative learning and organizational learning. These changes require the transition from learning as transaction to learning as a process. Thus, the separation between teacher or trainer and  adult as a trainee is being replaced with dialogue between the parties, to encourage shared responsibility for learning and growth/ development.

**Chapter 3** brings theoretical contributions to understanding the nature of learning, the learning process in organizations (single-loop learning, double-loop learning, or even triple-loop learning), and the alignment of the three levels of learning: individual, group and organizational learning.

**Chapter 4** proposes a shift from the traditional view of organizations, when organization was treated as a monolith which increases progressively, moving from one level of learning to another, to the concept of organization seen as a portfolio of learning, recognizing that organizations can support simultaneously different and multiple learning activities. We approached the organization as a sum of its different parts, each operating at a specific level of learning.

**Chapter 5** is the result of an extensive documentation to substantiate research, starting with a review of the literature, highlighting previous efforts and models of *learning organizations*. We analysed possible indicators for measuring performance within organizations. We developed our own model for the research, integrating actually the key

aspects - learning organization dimensions and indicators for organizational performance measurement, as a result of literature study. For a good foundation of the instrument used in the present research, we presented nine different measuring instruments in the field investigated. Most often, diagnostic tools are the products of different consultants and less the results of scientific research of development and testing. The instrument created and used in this research reduces the remarkable gap between practical work and scientific research in diagnosing learning organizations. The instrument developed can be used successfully in the assessment of learning activities in organizations from Romania.

**In Chapter 6** we presented, as a result of the research, some models proposing directions for action or directions for change, so that organizations can start the transformation. Some models can support the implementation of the learning organization concept into practice. Transforming a company into a learning organization, based on lifelong learning is not a process that can be initiated and carried out spontaneously. Lack of direction or tools for managers to help them to assess whether their teams learn, but also the extent to which learning is beneficial to the organization, determines the need to highlight possible solutions. So we have identified the core components or pillars to support the Romanian companies to adapt to the learning organization philosophy.

### Recommendations for future research

Even if the learning organization dimensions were understood, the link between learning (or lack of learning) and performance remains to be explored. In this area, as elsewhere, research and experimentation are very important.

This study provides a basis or a starting point for future research to examine the causal links between organizational learning practices and companies performance in order to enhance the understanding of the role of learning organization practices in organizational success.

In addition to approaches to organizational learning practices, organizational commitment and organizational performance, it is recommended for this study to be replicated using different approaches and other instruments to study organizational development, innovation and performance, because there were very few studies and research on the effects of organizational learning in the context of companies operating in Romania. All these measures would allow researchers to explore different assessments of organizational learning practices and their level in different companies or, extrapolating, at the level of different fields of activity. Researchers have also suggested a multidimensional

approach and the development of instruments to measure these relationships.

The instrument developed can be applied in different companies and can provide information about how organizations can support learning and to make use of it both at individual and team level and, of course, at the organizational level, to determine if, indeed learning can lead to improved performance.

This questionnaire for analysis of learning organization dimensions, for organizational learning assessment, may be reviewed by a panel of scientists, managers from the private companies and researchers, sociologists. The purpose of this step is to validate the final version of the instrument used in the collection, analysis and interpretation of data on learning organization dimensions and to verify that it is: a clear instrument, specific for cultural context / or business and if uses appropriate language for companies' employees. Also it is necessary to further examine the differences between SMEs in different types of industries and property types, including high-tech companies, consulting firms, joint ventures and non-profit organizations.

Lastly, we encourage future research to be done for further comparisons between organizations, countries, SMEs, which could be explored.

We mention also the need to test the research model using several methods, qualitative research and case studies in order to diagnose the dimensions of a learning organization, the level of learning, organizational practices, empowerment and commitment to the organization and organizational performance, and to further examine, observe and reconfirm the results of this empirical study.

In conclusion, we believe that the work developed generates the possibility to envision new perspectives, to set new goals, to develop new tools/instruments, making a contribution to further research in the field of organizational learning and to the consolidation of any organization path towards its goal to adapt continuous, to transform itself and to reach high performance.