

Exploring Service Sector Employees' Perceptions Of The Learning Organization In Estonia

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The authors set an objective to study how service organizations' employees perceive the characteristics of the learning organization. Regardless of education and length of employment, majority of the respondents believe that they are working in the organization that has ca 60% of the characteristics of the learning organization defined by the model. The authors make consequences that business environment has strong impact on the developments of the learning organization concept.

Field of Research: Service, Learning Organization, Human Resource Management

1. Introduction

Being innovative and creative is the responsibility of the whole staff and allows organizations to adapt to changes in the market, technology and competition (Senge 1990; Watkins and Marsick 1996). Training is necessary but not always the key when the atmosphere for growth and development is not provided. Building a learning organization can merge people and systems enabling not only to survive but create a type of organizational culture that supports personal development and earns profit to the company. An assessment instrument with six characteristics was developed. The characteristics were chosen following exploration of the learning organization literature whereas the work of Watkins and Marsick, Senge, Garvin, De Geus, Pedler et al. served as a model. The Likert scale questionnaire with 40 statements was compiled and a study carried out among Estonian enterprises.

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2. Literature Review: The Concept Of A Learning Organization And The Service Sector

New technology has led to considerable changes in the nature of services and in the development of new services. Government policies, social changes, business trends, advances in information technology, internationalization and globalization are forces that determine the basis for competition. (Lovelock and Wright, 2001). The willingness and ability of managers to respond to changes affecting the service sector determine whether their organizations prosper. The innovative service organization thrives on change and on the creative strategy necessary to make it happen (Fisk et al., 2004) Along with marketing strategies all members of service organizations should be able to answer the question of what business they are in and how their processes create satisfaction to their customers and to all parties involved including themselves. Here the concept of a learning organization offers a lot of ideas of organizational development. Although numerous theorists have written about it there is not yet a consensus on the definition. Definition provided by Pedler et al. (1991) states that it is “an organization that facilitates the learning of all its members and continuously transforms itself”. Watkins and Marsick (1992) suggest that “it is an organization that is characterized by total employee involvement in a process of collaboratively conducted, collectively accountable change directed towards shared values or principles”. According to Senge (1990) it is: “an organization where people continually expand their capacity to create 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”. A similar trait in different definitions is that the learning organization is a proactive organization, which leverages learning of all its members in order to enhance collective capability to change.

Some scholars (DiBella and Nevis, 1995) share the viewpoint that, learning happens in any organization and therefore any type of organization can be a learning organization – businesses, educational institutions, nonprofits, community groups. The others (Senge, 1990; Pedler et al., 1991; Garvin, 1993) agree that learning organizations have certain characteristics or necessary conditions. According to Calvert et al. (1994), Watkins and Marsick (1993) these characteristics are:

- They provide continuous learning opportunities.
- They use learning to reach their goals.
- They link individual performance with organizational performance.
- They foster inquiry and dialogue, making it safe for people to share openly and take risks.
- They embrace creative tension as a source of energy and renewal. They are continuously aware of and interact with their environment.

In Senge's (1990) view system thinking is the cornerstone of a learning organization as it integrates all other disciplines (personal mastery, mental models, shared vision, team learning) into a coherent body and, people should learn to realize how their company works as a whole and how their actions are contributing/blocking its developments.

It is evident that creating a learning organization which exists without individual learners is impossible. Mumford (1994) believes that a learning organization depends absolutely on the skills, approaches and commitment of individuals. Argyris and Schön (1996) point out that an organization can only accumulate knowledge through the actions and capabilities of the individuals which make it up. According to Watkins and Marsick (2003) continuous learning on individual level is necessary but not sufficient to influence change as learning should be captured and embedded in ongoing systems. The lack of proper systems is a source for problems; in Scholtes's (1997) view majority of problems within organizations originate from systems, processes and methods and not from workers. Staff efforts are in vain if the system does not support their activities. When learning is embedded in systems, structures, strategy, routines and prescribed practices, it guides the actions and learning of others (Crossnan et al., 1999). People learn from others – through their involvement with the others they identify opportunities, communicate and work gets done. The learning organization enables networking and collaboration valuing open and casual conversations. People benefit from their own and other people's experience, whether it is positive or negative. (Allen, 1996) Consequently in the framework of organizational goals it is essential to see interrelations between systems and people. However, without a shared goal the relevant processes become more mechanical than creative.

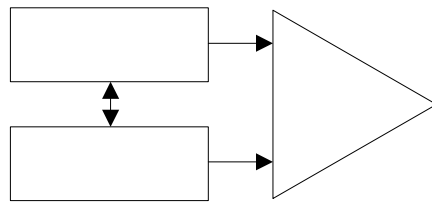


Figure 1. Fundamentals of learning organization (Scholtes, 1997 compiled by the authors)

One of the favourable factors in a learning organization is believed to be a flexible structure (Senge, 1990; Pedler et al., 1991; Handy, 1992), which enables involvement of all employees in decision making and strategy developments. Handy (1992) emphasizes that people can sense true freedom and contribute to change only in case they can make decisions themselves. One of the benefits of flexible structure is that it enables people to learn skills and acquire knowledge beyond their specific job requirements. Flexibility allows people to move freely within the organization and perform other roles and tasks, exercise judgement and add their personal touch. According to Antonacopoulou (1998) and Kandampully (1998) by adding personal touch employees do not only enhance the quality and value of the service they extend, they also establish strong relationships and bonding with the customers they serve internally (i.e. their colleagues and the organization) and externally (i.e. their customers).

Many researches of learning organization place a central meaning on teamwork benefits as by working in teams, knowledge can be shared. Key areas of teamwork relying on Chang (1994) are effective communication, active

listening, willingness to understand team members' mental models, ability to solve conflicts, diversity of team members and motivating climate. Allen (1996) has emphasized that every team member cannot and is not expected to know everything about the job however sharing common knowledge is important for the completion of a job. Outstanding element of a learning organization is effective communication e.g. vertical, horizontal, formal, informal influences perceptions of participants and therefore affects the overall performance. Communication between and across all layers of the company gives a sense of coherence, making each individual a vital part of the whole system, thus employees perform better as they feel more a part of the company (Allen, 1996; Watkins and Marsick, 1996). Key words of the communication flow are transparency, openness, constructive feedback and free access to information.

The same importance is also put on communication with all parties interested, e.g. suppliers, customers, shareholders and local communities. Garvin (1998) has stressed that sometimes the most interesting ideas can be generated from outside the immediate working environment. Most of the learning organization concepts bring forward the understanding that learning always involves making mistakes and errors. As long as organization attempt to make changes, mistakes and errors are natural elements of a process. Mistakes and errors, though almost inevitable and often times costly, can also provide valuable experience from which to learn (Akbar, 2003; Nonaka and Takeuchi, 1995; Starkey, 1998). Giving service employees permission and encouragement to work creatively in accordance with the mission is in the customer's best interests. Management responsibility is to support employees' efforts and treat employees as the management require the customers to be treated.

3. Methodology and Research Design

In order to diagnose the current situation in terms of the learning organization in Estonia, the authors set an objective to study how employees of service organizations understand the characteristics of the learning organization being represented in their environment. An assessment instrument with six characteristics (vision and strategy, information flow, learning climate, teamwork, people, change) was developed (see figure 2). The characteristics were chosen following exploration of the learning organization literature whereas the work of Watkins and Marsick, Senge, Garvin, De Geus, Pedler et al. served as a model. Each characteristic feature was described and significant keywords were brought forward. In order to test the validity of the questionnaire the assessment tool was reviewed by the academics and practitioners within the field. Relevant suggestions were accepted and a pilot study, which led to minor corrections, was conducted.

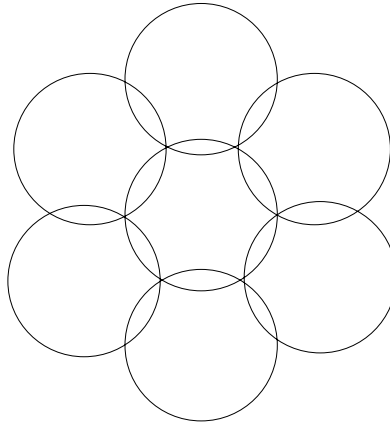


Figure 2. Model of learning organization (compiled by the authors)

The Likert scale questionnaire with 40 statements was compiled and a study carried out. The respondents were asked to express their opinion on a five-point scale. The questionnaire also included 8 social demographic questions (field of business, location in Estonia, size of a company, position held, years in a company, education, sex, age). The questionnaire was carried out in 2006–2007 and in this article we give attention only to respondents (226) from service sector. The data were processed using MS Excel. In this view the article explores more the findings related to the above named features bringing out also the demographic data like, respondents position, working length in their organization and size of the company. From the correlation analysis, it was observed that biggest number of correlations (33) was found between the characteristics groups: Developing Vision/Strategy and Information Flow and Information Flow and Developing Learning Climate.

As for positions the most significant differences occurred. Managers gave only positive answers to six statements and they with middle managers gave most negative answers (50%) to the statement: “In my organization feedback questionnaires are circulated among cooperation partners”. According to the specialists’ opinions they did not feel being involved in decision making processes. Most positively assessed statement among specialists was: “I take my failures as a chance to learn from my mistakes” and “I feel being recognized by my colleagues”. Majority of immediate employees did not feel involved in decision making processes (35.7%), but gave most positive answers to same statements. When reviewing results across length of work, it turned out that people with work length in their organization below one year gave all positive answers to the statement: “I feel being recognized by my colleagues” and the people with working length over 10 years to statement “I take my failures as a chance to learn from my mistakes”. Most of the negative answers (50%) were given by the people with working length 6–9 year to the statement “My organization’s motivation system enhances self-development”. As for the size of a company, respondents from micro companies (1–9 people) gave all positive answers to the statement “I take my failures as a chance to learn from my mistakes”; small-sized company (10–49 people) and middle-sized company (50–249 people) respondents gave all positive answers to the statement: “I feel

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being recognized by my colleagues”. There were no statements that had only positive answers among the large-sized company (250+ people) respondents. Most of the negative answers of the respondents from large-sized company representatives regarded the statement: “I am involved in the decision-making processes of my organization”.

4. Discussion

The aim of developing a learning organization is to create competitive advantage through people. Garvin (1993) has suggested that learning at operational, policy and strategic levels needs to be conscious, continuous and integrated; and that management is responsible for creating an emotional climate in which all staff can learn continuously. The results of the survey show that most respondents perceive the characteristics of the learning organization climate in their working environment. Strong correlations between group I (Developing Vision and Strategy) and group II (Information Flow) confirm theoretical viewpoints of importance of involvement and free flow of information (Senge, 1990; Garvin, 1993). Correlations between groups Information Flow and Developing Learning Climate reinforce the theoretical view of Allen (1996), Watkins and Marsick (1996) on the importance of transparent communication in turning individual learning into organizational learning.

Many authors consider the importance of employees being directly involved in the decision-making processes. (Garvin, 1993; Goh and Richards 1997; Handy, 1992; Nonaka and Takeuchi, 1991; Pedler et al., 1991; Senge, 1990. The conducted research shows that most respondents (53.3%) feel being involved in decision-making processes and are aware of their organizations' vision (78.3%). Thus it can be concluded that management has, in most cases, been able to create systems and approaches (see Sholtes, 2001) that allow employees to take part in strategic discussions. Involvement by professions shows that immediate employees feel less involved. The authors believe that in a situation where the Estonian entrepreneurial landscape is characterized by lack of qualified workforce, including specialists (Estonian Entrepreneurship Policy 2007–2013), involving the existing ones in the strategy development process is a real challenge for executives today. Particularly in service sector, the people, who develop personal contacts with customers, can bring valuable ideas into the strategy developments and in addition, understanding the whole makes the work more meaningful.

Constructive feedback has an important role in developing the learning ability which is closely connected to the development of the whole organization. Relying on the answers given it can be concluded that employees receive feedback in a suitable form. Feeling of being recognized by the colleagues satisfies one of the strongest needs that people have. The learning organization is proactive and given the importance of being able to predict changes, it is essential to gather information from all stakeholders and interest groups. Lawless, Allan and O'Dwyer (2000) call it realistic and future-oriented learning. Researchers Lyman (1991) and Pande, Neuman and Cavanagh (2000) have emphasized the importance of client feedback. Analyzing the answers, it seems that organizations gather client and employee feedback but are less interested in the opinions of cooperation partners.

Considering the search of innovative approaches in today's society it is quite noteworthy that most respondents feel that their organizations encourage employees to make proposals for improvement which – when possible – are also implemented. Although employees' proposals are implemented, in characteristics group VI (Changes) almost half of the respondents admit that in their organizations changes are introduced only under extreme circumstances. This may mean that for respondents changes mostly mean an external force serving to improve their own working process. As to team-building, most respondents perceive trust between colleagues and admit the acceptance of different opinions. The importance of team-work is emphasized by Watkins and Marsick (2003). Senge (1990), Pedler et al. (1991), Garvin (1993), DiBella and Nevis (1995) stress the need for sharing knowledge, accepting different opinions and communication that would enhance cooperation. Middle managers considered trusting relationships and the acceptance of different opinions less important or were uncertain of them being represented in their organization. Majority of respondents (84.2%) admit their awareness that success is linked to cooperation. However the current survey does not shed a light upon the willingness to contribute to cooperation.

Another factor in the learning organization theory is the ability of an individual to knowingly pay attention to his or her integral self-development. Results related to this part of the model show that people do perceive themselves as self-developing learners. They also have time to contemplate their goals in life. It is surprising that 10% of the respondents say they do not develop themselves knowingly and persistently. Middle managers have less time for themselves and they are less eager to admit the positive effect of the existing motivation system on their self-development. It seems that the lives of middle managers are controlled by strong time pressure and the results also show that they are dissatisfied with their organizations' motivation systems. Mistakes and errors occur in the daily work of any organization. The ability to learn from mistakes and drawbacks is also emphasised by Gibb (1997), Deakins and Freel (1998). The results of the study reveal that failures as a way of learning from mistakes are regarded positively mostly by immediate workers in all fields of activity.

5. Conclusion

The authors conclude from the current study that regardless of education and length of employment, majority of the respondents believe working in the organization that has ca 60% of the characteristics of the learning organization model. The respondents' understandings differed mostly across positions. A favourable factor influencing the perceptions can be positive business climate as according to the Statistic Estonia, the country experienced super fast economic growth in 2006 and 2007 (11.2% and 7.4%) being among the fastest in the European Union. The conducted survey is a first stage of a broader study. Additional research is needed to qualitatively assess how for example Senge's disciplines are perceived in practice.

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