Strategic Learning Organization in the Digital Era : The Case Study of D-Corporation

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Abstract

The starting point of knowledge generation and management is the enhancement of learning capability and capacity of organizational members. Organizational change for learning environment should be aligned with the change of organizational strategy, structure and processes. The study employed action learning methodology to constitute learning organization processes. The treatment effect to institute learning organization has been successful thanks to the members' zeal and consensus to change the processes. However, not every learning team has been so successful. Some cases complained time consuming where others expect to be helpful for their incentives. The researchers concluded that the most important point for success of the learning organization project should be the support of top management.

Keywords : Learning Organization, Knowledge Management, Action Learning

1. Introduction

Information and knowledge based society urges organizations to be keener to the knowledge creation and administration. The successful knowledge management is directly related with the creation of competitive advantage. In other words, transition of organizational knowledge resource into the specific action that constitutes competitive advantage is getting more significant factor for success [Kane et al., 2005; Grover and Davenport, 2001; Alavi and Leidner, 1999].

Recently, most organizational processes have shifted from on-going basis to the project basis. The knowledge management in the project basis has more chance to increase the realm of knowledge exposure and knowledge depth [Griffith et al., 2003; Molleman and Timmerman, 2003]. The project based processes increase the chance to incur strategic learning and the strategic learning experiences develop organizational learning culture. We believe the first step for improving strategic competitiveness is to form and constitute team based learning cells.

Senge [1990] defined learning organization that organization members can increase their own ability for creativeness and open attitudes collective desires are cultivated and appreciated in order to learn new things. This infers that organizational culture is the most fundamental factor to generate learning environment. The most failures for learning organizations have been inferred that knowledge development activities are short term oriented and limited to the individual level. Most learning organization projects were not successful to improve long term performance advantage.

As Sayles [1971] advised, project based learning organization process will generate desirable outcomes. Rather that the routine and continuous job based learning process, innovation oriented and project based learning will generate tangible improvements both for organization and members [DeSouza and Evarito, 2004]. Project based knowledge management has an advantage to acknowledge learning performance and knowledge generation level instantaneously. Seeing this advantage, learning organization project should be implemented with success episode and experience based methodology. Moreover, improving members' learning capacity is the first step forward learning organization.

A bottom up approach will be an appropriate methodology for learning organization because it can respond quickly to the change of organizational structure and organizational members. A bottom up approach does not emphasize the contents of learning but learning capability of organizational members. This approach allows continuous learning processes in daily basis. Job processes and assignments will strongly motivate members' learning needs without special treatments. For the success of bottom up approach, the role of facilitator, in other words, learning trigger is extremely important. When the process emphasizes self directed learning but not a traditional education, the facilitator will act as a first step initiator for learning.

The study proposes a pattern structure model of learning that is composed of stepwise ap-

proach such as trigger-facilitation-problem solving-self directed learning. By adopting action learning methodology, we propose a bottom-up approach of institutionalization for learning organization in the field case.

2. Concept of Learning Organization

2.1 Organizational learning vs. Learning organization

Late 1990s witnesses the various efforts to differentiate between learning organization and organizational learning [Ortenblad, 2001]. First of all, where organizational learning is regarded as the sum of learning activities in the whole organization, learning organization is considered as a part of organizational structure [Tsang, 1997].

Secondly, organizational learning emphasizes the natural learning processes in the organization. However, learning organization sees the learning processes need to be specially treated with input of human and financial resources.

Thirdly, organizational learning has been proposed earlier in the academic field first. However, learning organization has been suggested in the practical situation and environment [Easterby-Smith, 1997]. Organizational learning emphasizes organizational structure and practice to induce learning in the organization. Learning organization on the other hand, has been introduced to improve organizational competitiveness and performance [Kontoghiorghes et al., 2005].

The rationale to differentiate organization learning and learning organization lies in the organizational learning capacity improvement and implementation of practical learning. Organizational learning incurs the systematic change of organizational structure and process such as implementation of knowledge management system or reengineering project. However, learning organization project does not require the fundamental shift of change of organizational structure or processes. Treatments can easily be imparted in the level of group, department or branches. The short term based treatment sometimes generates less reluctant attitude to the field managers and employees.

2.2 The Concept of Action Learning

Action learning [Revans, 1982] is proposed to implement learning culture in the group level and to shift the organization into the positive attitude. The advantage of action learning lies in the utilization of structural methods from the problem acknowledgement to the problem solving along with the team members. This method allows the learning attitude to penetrate into the organizational culture without strong resistance among members. Weinstein [1999] proposed that:

"One of the beliefs of action learning is that we learn best when we are committed to undertaking some action; another is that without action, there is no real evidence of learning. Thus, the emphasis in action learning is as much on achieving action as on gaining learning (p. 159)."

The researchers took this as our guiding principle, and tailored our approach to treat the real

cases. Participants were asked to bring current issues to the sets that were related to associating and communicating with members. We also needed an approach to learning, which required active involvement from the learner, including having time to reflect on action and to learn from it. The latter was a part of the learning cycle, which our target group said they made little time for, despite acknowledging its significant benefits when they did.

Comments from participants on action learning programs indicate that it is precisely the element of time that is so crucial [Weinstein, 1999]. By spending more time, we give ourselves the chance to learn, we gain understanding, we consolidate and 'internalize.' We believe that every effective learning set uses coaching as a way of supporting one another, but we did the coaching in a formal way, using a model and reviewing coaching effectiveness, not just relying on the effectiveness of the sets.

Action learning methods are utilized in the various aspects of business environment in Korea including company education, organizational performance enrichment programs, and organizational reengineering projects. SK and Samsung utilize the program for generating strategic decision for foreign investment decision in the executive committee. CJ and LG Electronics adopt the program for job innovation implementation and leadership for mid level managers. Hyundai motor also utilizes the program for benchmarking the foreign competitors for midlevel managers [Park et al., 2006].

Conceptually action learning cycle is composed of four levels [Zuber-Skerritt, 2000]. The first level is acknowledging the problem stage. The problem should be related with team members' job activities and the team members should be equipped with the capability to solve the problem or at least to cope with the problem solving solutions.

Secondly, the problem solving processes should be solvable by team individuals. The individual solutions will be discussed in the team activities. The individual level of solution may or may not be the best solution. Rather the point here is that every member's solution will be structured and ready to be discussed to figure out the pros and cons. The linguistic presentation of solution is important to generate appropriate level of discussions and solutions. Many field managers cry for the presentation part because most of the workers and managers were not trained properly.

Finally team members will figure out the solution for the problem and members will involve the solution process. In this level, the members' initiative for solution is important. If the effectiveness of solution was not satisfactory, the members will find out another solution by themselves.

2.3 Factors of Action Learning

There are six factors for appropriate and effective action learning. Fist of all, we need a problem to be solved. The problem should be shared by team members and relatively important. Secondly we need a group of members who will be involved in the solution process. Thirdly, the internal processes by members are needed.

The processes spawn absorption that is the fourth factor. The fifth factor is a desire for learning by members. The final one is a facilitator who will induce those factors referred [Marquardt, 1999]. The role of facilitator is described in <Table 1>.

The facilitators need to stand one step behind after establishing the concepts of learning because the strong influence from the facilitator may hinder active learning by the tendency of reporting and permission to the facilitator. After the establishments, the reporting processes may be more efficient by the documentations or simple report from the team leader.

3. The case of Learning Organization

3.1 Synopsis of the company

D corporation's strategic business area is production of various fuses, relay boxes and connectors for automobiles. The core competence of the company is the ability for producing the product with high quality with high level of accuracy that can substitute imported parts. In a short period time the company demonstrated phenomenal growth with strong and sustainable growth potential. The history of the company can be traced in 1993 and in 4 years, the company prized future small and mid company. The year of 2000 sees the president award for the company and continuously prized for bright future company from the department of small and mid sized company.

D corporation is composed from 5 departments such as sales, production, general management, technology management, and quality control. In order to improve efficient control and effective intra communication, the company utilizes a team based management. The company met an urgent requirement for restructuring the organization owing to the fast expansion of the capacity. The required capacity in the market

<Table 1> Action Learning Factors

Main issues	Key factor (s)
The facilitator should induce the commitment from the team members and encourage collaboration for problem solving	Punctuality
Team members need to train for proper discussions and to develop knowledge bases	To define and solve the problem
The facilitator should remind that the members can understand each other better by mutual discussions	Mutual learning processes
The value of knowledge from members must be found out by the facilitator	Environment for learning
The members should believe and be certain that the learning project will succeed	Attitude of members
Members of organization should accept that the capabilities of members are all appropriate	Capabilities of members

has increased exponentially from the organizational competency of the product quality.

The baseline of quality comes from the design capability, moderation of the requirements from the customers, and specialty in specific size and needs from the customers. These competences eventually improved organizational competitive advantages and resulted in a fast expansion of the size of the organization. However, the company did not focus on developing competitive advantages, rather the company gained the market position by daily processes. The absence of the strategies both growth management and the grand strategy eventually give a burden for sustainable growth and competencies. The company lies in an important turning point that the company needs to evolve from the small and medium sized company to the competitive leading organization in the industry. The new organizational structure, processes, relationships among members, and job specifications are only parts of the requirements in the organization. The assignment lied in is in a word from the SME structure to the new venture structure and process.

3.2 Organizational Development Process

The fast expanding organizations commonly share the problems such as lousy job assignment and inefficient communications among members. D corporation is not an exception. The new members and the incumbents have large gap in communications and collaborative works. One new staff confesses as follows :

"The incumbents have somewhat limited competencies because they were hired when the company was a small job shop. Their role was also simple and less complex. The educational backgrounds vary between new members and incumbents. Where new members gradated at least colleges, the incumbents are at most high school graduate and most of them are less than that. The assignments that are done by incumbents are now done by the automated machines. The incumbents are managers of the process. The new members should abide by the managers who do not know much about the process and mechanisms. Many kinds of conflicts occur in daily basis. However, the real problem is not a conflict but an absence of conflict management skills and communications. The generation gap also makes things worse. The older generations are too old in mind and behavior. They are doing like a military personnel that is out dated. They order but they don't know the work."

The new staff joined the company only two years ago. The company has built competencies in the market but the organization processes stuck in the middle neither efficient venture structure nor traditional small and medium sized company. The demand in the market grows 100% yearly. The status simply cannot meet the demand with this organization processes.

The management brought new quality improvement program such as quality circle. The introduction of quality circle was successful. The members continuously follow the check list of quality circle. When the weak process or the

problem point was discovered, the members documented and tried to find the solution. However, this program provided the limited success. The problem of the baseline, in other words, the conflict of organizational culture and organizational process was not solved.

The management chose learning organization consulting. The consulting project supported learning processes and developed learning methodologies in order to utilize when the organizational growth and change occur. Learning organization project did not aim specific short term performance improvement but tried to breed and innate the learning environment by experiencing mutual learning achievements. The strategic objective is transplanting the learning culture in the organization.

3.3 Structuring the learning organization

The consultants analyzed the organizational environment first. The fast growth factor was regarded as an important one. The analysis concluded that learning organization project in a companywide approach inevitably would meet a short term loss of productivity and sales. The consulting team decided to start from the part of the company, mostly production related departments. The aim of the project lies in non quantitative object such as experiencing learning organization culture. This partial approach will eventually attain the strategic object of learning organization if the first step is successful.

The consulting team composed 10 learning teams by job positions and cites. The team for-

mation was done by the managements. The first meeting started from the simple surveys to investigate the as-is status. The questionnaires were written below:

A. Do you have a desire for problem solving?

B. Do you listen to others?

C. Do you have an intention for learning from other peers?

D. Do you expect other's value

E. Do you have a desire for execution and achievement?

F. Do you expect latent ability of you and others?

The questionnaire also contained assignment related questions in order to improve the appropriateness of the assignment. The questionnaires were written below:

A. Is the assignment helpful tor the company?

B. Is the assignment related with organizational strategy?

C. Does the assignment provide capability improvement?

D. Is the assignment related with the customer satisfaction?

E. Does the assignment improve the cooperation between team members?

F. Does the assignment improve operational processes?

G. Does the assignment indicate clear output image by fulfilling the assignment?

H. Is the characteristic of assignment acceptable by members?

I. Is the assignment possible to be done in a specific time period?

The final questionnaire covers the learning team level. The team level questions are mostly individual attitude to the team and the atmosphere of learning team.

A. Do the members keep the rules?
B. Do the team members participate in the process?
C. Does the meeting go in democratic way?
D. Does the meeting go in an object oriented way efficiently?
E. Does the participation and discussions progress in a democratic way?
F. Does the meeting provide productive result?
G. Do my peers regard each other as mentors?
H. Does the team operate in a collaborative and achievement oriented way?
I. Do questions intend to solve the problem?
J. Do questions result in an embarrassment?

The results of the questionnaire indicate that the atmosphere of the organization was appropriate to apply the action learning process. However, the level of comprehension and experiences in learning organization was limited. The initiating point was to select facilitators and team leaders to communicate among members. The team leader was important in this case because the facilitators who are mainly consultants are in remote city, Seoul where the company is 100Km away.

Another survey concerning operational processes and organizational environment was implemented to the members of organization. The result indicates that the organizational environment requires fast technological development where the competitive environment may not change quickly. The needs for education from the members was quite high compared to the competitors. The more important thing was the members' desire for learning was high and the attitude to the learning was positive.

The success of learning organization lies in the management of knowledge and knowledge sharing tools. The organizational members however confessed that most of knowledge was attained by informal organizations. The method of knowledge repository was mostly traditional way such as memo or note. The current information technologies such as electronic bulletin board or relational databases were not considered in the organization. The good thing was that the members were fairly motivated for learning organization and the culture of communication was relatively appropriate for learning organization. The main hurdle for learning organization was the lack of experiences. In this case, the role of the consultant and facilitator was critically important for the success of the project.

The implementation method was selected as an action learning approach. This method allowed flexibility for members' changes and instabilities. This method was mainly intended to transplant the new culture but not to teach specific technologies. Action learning method also emphasized bottom up process that makes easier to transplant other members and neighboring teams. The method was expected to generate new learning culture and eventually allow members to be a process owner in the end.

(1) Action Learning Process

Action learning cycle is composed of four levels such as problem acknowledgement, collaboration among members, development of problem solving method and achievement evaluation [Zuber-Skerritt, 2000]. In the problem acknowledgement stage, the members devised without the consultants. The fist stage met many kinds of trial errors. Most errors came from the lack of communication capability. The members were accustomed to be directed by their supervisors. The discussion environment was new to them. The role of facilitators requires raising the ability to discuss and concentrate to the problem among members [Marquardt, 1999].

The consultants could not involve in the decision of problem definition. The dilemma of the project lies in this point. The consulting was not to provide the finalized output but to provide experiences for problem solving processes. Many members confessed the difficulties to frame the problem of their team.

The project initiated 10 groups and eventually framed their own problem to solve. Problems came from their own job and could not be easily handled by the individual. For example, the location problem of work-in-processed or information sharing method between line mangers and line workers are really essential in the field but individuals cannot solve the problem. The

Team	Learning project	Main issue	Expected outcomes
ChiChi	Implementing QC	Place management in the job shop	Improvement of job efficiency
5S	Learning ability in the work place	Place management in the job shop	Improvement of job efficiency
Eureka	Lower the loss	Knowledge sharing behavior between the management and work place	Motivating the job
Endless	Departmental work structure	Lowering loss ratio	Quality improvement
INNOVATION	Efficient job allocation	Supply chain rationalization	Efficient level of supply chain
Team 21	Work knowledge development	Knowledge sharing activity	Improvement of mutual understanding between the departments
Inno2006	Job related ability improvement	n/a	n/a
Prologue	Positive thinking	Innovation of members' mentality	Improvement of job satisfaction
Q.A	Quality control	Improving communication capability	Learning sign language
CATIA	Learning and implementing quality circle	Learning 3D programming methodology	Improvement of efficiency

⟨Figure 1⟩

collaboration among members was required. Another example was the communication problem. 70% of the group members were hearing-impaired. The group members were hard to communicate each other especially between normal members and hearing-impaired members. They decided to learn sign language to communicate each other. They shared the need for communication but they could not find a trigger point. The project allowed the members to initiate learning sigh language. This process will eventually develop communication quality and the performance of the group will go up. Figure 1 provides the learning project of teams.

(2) The Improvement of Collaborative Work

The team members had a meeting at least once a week. The members regarded the meeting as another work assignment. The facilitators taught creative meeting methods. The creative meeting methods changed the routine meeting from pressing and indicative way to the diverse and creative way of meeting. The facilitators also used the fine method. The fine method depressed the criticism but encouraged the solution oriented discussion. The knowledge seeking behavior for problem solving gave a great burden to the members, especially older generations. The solution was in the book briefing. The members shared their knowledge from the book by briefing their readings. The meeting has changed to the "ba (place)" for knowledge sharing. The time gap between knowledge (from the book) and performance could not be escaped. The project period could not measure the performance advantage from the book briefing.

However, we believed that the program would affect in a positive way of performance at least in the long run.

The creative meeting method improved the credibility in the meeting. The members started to express their own ideas somewhat boldly. Some of the issues of the learning projects were actually changed by the members' consensus. The new projects that wasted some time period demonstrated satisfactory result. The learning process actually shortens the required time for grounding knowledge sharing environment. The short consulting period which is less than 6 months witnessed the sharp contrast in participating and discussing of learning projects.

(3) The Improving Level of Understanding among Departments

The project of 6 month period concluded that 10 times of consultant visits and 11 times of internal processes. The final results have limitation in quantitative measurement. However, qualitatively the results measured by the survey demonstrate the positive direction. The climate of the organization has changed from the full of conflicts and dissatisfaction to the positive thinking manners. The level of understanding in other departments and colleagues has improved. The conflicts among new comers and incumbents were diminished. More than 70% of members indicated that the project changed the organizational climate into a collaborative and positive way. More than 80% of members decided to spend more time for self-development and learning.

The learning organization project allowed

members to share the problems of the organization and start to solve the problems. The fast expansion of the organization may hinder internal communication, appropriate level of work assignment, and balanced measurement of performance. Moreover, the pressing environment may build internal communication block in the organization. The project did not abolish these difficulties but at least ignited to solve them. The changing culture by the project is one of the most important benefits by the project.

4. Conclusions

The project of learning organization in the D corporation can be concluded to be successful. The project did not solve the problems of the organization, but initiated to work out with the method. The technological gap between senior and junior members has decreased by pipelining the communication channel.

However, the learning organization project has its own dark side. First of all, the project requires resources. The main resources for the project are money and time. Members who have their own assignments have limited freedom to spend and share their time for the learning organization project. Moreover, if the managements regard the learning organization as unrelated thing with members' job, the organizational members may not share their learning experiences. This project was lucky enough to induce the interests from the managements because the project was funded by the government institution. The level of tolerance for the project

was quite higher. However, if the government funding was not provided, the strong management supports are still in question.

The learning issue selection is important for the success of the project. The selection criteria should be aligned with the vision and value of the organization, be focused on the customers, and be related with the long term competitiveness of the organization. This means that the learning issues be carefully chosen and the specific team or department for the selection may be needed. The learning experts in the organization may be essential for the long-term competitiveness. The learning issues should improve the quality, customer satisfaction, sales, and organizational mood.

The members need to be careful for involving the project. The learning project requires more work and time consuming without instant salary increase. The new things with curiosity and interest may change into the boring assignments. The burden to meet in face and discuss learning related things may be quite high. Especially sales and marketing forces who are working outside of the organization may feel reluctant to take part in the project. The stat-of-the-art information technology may help a little, but the system does not do everything. The main focus should be in the people.

The study found out that the success of the learning organization lies in the top management. The mind of top management to the learning organization should be a steady state. The success of the learning organization lies on the support of top management.

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