The Effects of Project based Action Learning in Web-based SMEs : ALPACO Case

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Abstract

How can action learning program promote organizational learning performance and especially project based team performance in Web-based small and medium-sized enterprises (SMEs)? This article discusses the association between project based team in action learning program and the performance of Web-based SME to be learning organization. In the case of ALPACO, action learning program that promote employee communication behavior, knowledge sharing, and organizational learning are found to be positively associated with the project based team performance and organizational learning. The results indicate that action learning program in SMEs indeed associated with greater knowledge sharing, learning communication skills and changing organizational culture. Learning organization can be, in turn, positively developed by project based team through action learning program for creating competitive advantage. Also, this study offers further support for the practical perspective on learning organization performance. The evidence from this case study suggests that the project team in action learning program play a significant role in team performance and the development of learning organization of the firm. Therefore, in the future, Web-based SMEs should consider making investments in action learning program that encourage project team's effective management in decision making, knowledge sharing, and organizational learning.

Keywords : Project based Action Learning, Learning Organization, Web-based SMEs, Team Performance

1. Introduction

The importance of learning organization in SMEs has been emphasized to improve corporate strategic performance. Especially, action learning program in SMEs has been increasingly recognized as a key practical function necessary for achieving competitive advantage of learning organization [Clarke, Thorpe, Anderson, and Gold, 2006; Faull, Hartley and Kalliath, 2005; Mwaluko and Ryan, 2000]. Also, more recent studies confirm that the competitive nature of learning organization and performance in firms pose fundamental challenges for both academics and practitioners [Kontoghiorghes, Awbrey and Feurig, 2005].

The concept of learning organization has been accepted by many organizations "who" are keen on developing and creating an environment to support learning, especially those require high level of technology and knowledge, such as Web-based organizations, where the delivering of quality projects is highly related to the project team's performance, quality project management thus plays very important role.

Many studies of learning organizations have attempted to diagnose the characteristics of learning organization and performance [Armstrong and Foley, 2003; Phillip, 2003]. Regardless of which outcomes are deemed most important, there is little empirical evidence in the literature that how the learning approaches for team learning within organizations affect organizational performance. Herein I argue that the competitive success of practical program such as action learning can in part be attributed to

project based team as learning organization that makes a channel to share competitive knowledge. Furthermore this study examined here is designed to add to the base of empirical evidence through case study regarding the relationship between project based team as learning organization and action learning program.

Also, if project based team-action learning program is viewed as an important element in the firm's performance or is a major competitive advantage contributor, managers are likely to get more involved in the project based action learning activities and to share more knowledge through action learning in order to ensure success.

The primary objective of this case study is to examine the effects of project based team and action learning process in Web-based SMEs. To address further understanding of action learning processes in practical field, this study will introduce and empirically investigate the project based action learning process through ALPACO case study.

Finally, the strength of the relationships between project based team, learning organization, and action learning will be examined in light of the possible supportive effects of four important factors : institutional factors, physical factors, technical factors, and leader's role.

2. Project-based Action Learning as Learning Approach

In the past, organizational researchers have focused their work on conceptualization of the learning organization, identifying characteristics of such enterprises that have the capacity to

learn, adapt, and change.

Organizations in a competitive environment need always to find ways to improve, either with better management techniques, by adopting different methodologies such as process optimization or technology adoption. Some researchers stressed that companies should be paying great attention to the issues of team performance in order to bring about real improvement [MacBryde and Mendill, 2003]. It can be easily understood that team performance is emphasized, since in an organization today, teams are the "building blocks", as major tasks or functions are generally performed by projects assigned to different teams rather than individuals [Poll and Van der Krogt, 2003]. Thus performance of teams directly affects the performance of the organization [Law, K. M. Y. and Chuah, K. B, 2004].

Under such "inherent" conditions, systematizing learning in project team makes sense. With major tasks assigned as projects and project teams as the building blocks of organization, working in projects implies mutual interdependence and interconnectedness. It is necessary for people to go through the project together as a team. For the team to be effective, members must be able t adapt, learned perform as a team [Law and Chuah, 2004].

McHugh et al. [1998] and Steiner [1998] investigated organizational learning through cognitive approach. Studies examined that notion of cooperative learning processes in relation to how organizations respond to external environmental pressures and maintain the levels of innovation necessary to remain competitive. This reinforced the notion of generative learning, about creating.

Action learning [Evans, 1998] is a process that embeds a learning culture in groups, facilitating positive change for a wide range of organizations such as Motorola, Xerox, Peace Corps, and United Nations Development Program [Dotlich, andNoel, 1998; Marquardt, 1999]. A structural process enables group exploration, definition, actioning, and evaluation of complex and work-related problems.

As an important practical tool of the learning organization, the role of action learning in business has been drawing increasing attention recently from management researchers and practitioners alike [Coghlan and Coughlan, 2006; Davey, Powell, Cooper, and Powell, 2004; Law and Chuah, 2004; Johnson and Spicer, 2006]. There appears to be a general consensus among researchers that action learning is important and useful in a tool of organizational learning activities, and along with the supporting project teams [Goh, 1998]. Especially researchers noted that the role of action learning in project team's performance is of fundamental importance. The process of project based action learning create the individual-team relationship ties, finally access the strategic learning organization with competitive learning knowledge [Clarke, Thorpe, Anderson, and Gold, 2006; Faull, Hartley and Kalliath, 2005; Mwaluko and Ryan, 2000]. In sum, action learning between individual-team learning relationships should be positively associated with knowledge sharing because it provides strategic perspective of support for mission and vision, shared leadership and in-
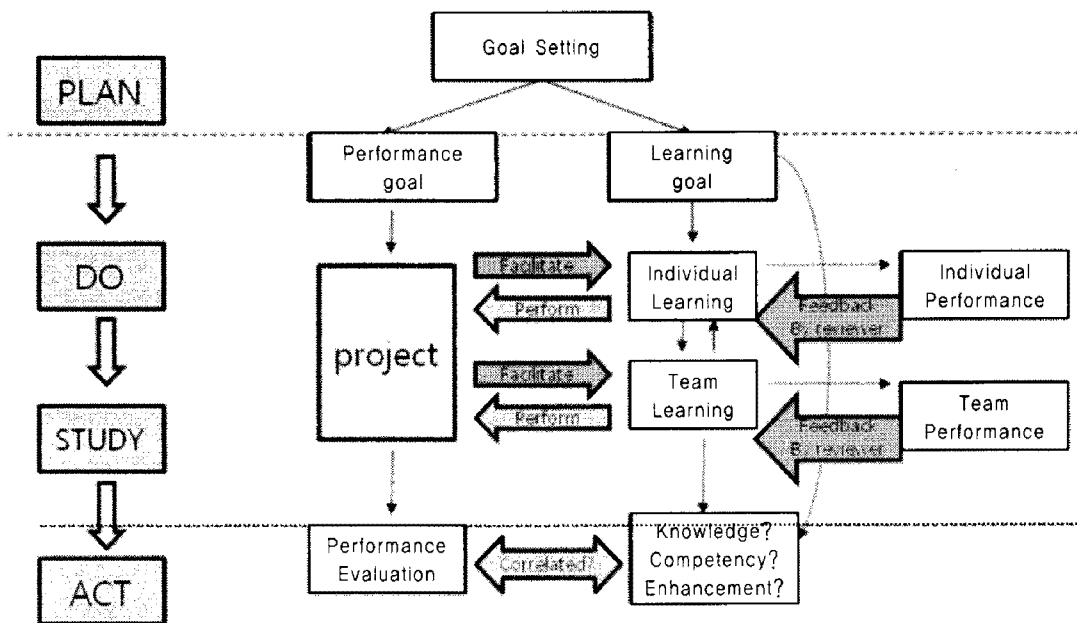
〈Figure 1〉 PAL Framework [Law, K. M. Y. and Chuah, K. B, 2004]

volvement, creates a culture that encourages experimentation, supports the ability to transfer knowledge across organizational boundaries, and makes teamwork and cooperation.

As a step toward gaining better understanding of project-based action learning as learning approach, this study was designed to observe the ALPACO's action learning processes.

3. A New Learning Approach : PAL

3.1 Integrated project based action learning

To promote knowledge creation and sharing a project-team based learning framework, as shown in 〈Figure 1〉, is developed for the phase 2 of ALPACO Learning Organizational project. The learning framework aims to build up the culture of learning within the project team through projects and action learning activities. There are three dimensions in this learning framework :

- Identification of learning goals within the project team
- Development of learning approaches and motivation system to enhance team learning
- Development of evaluation system for both self and objective evaluation

(1) Project action learning framework

The development stage is aiming to set up the skeleton of learning framework for selected learning team, to enhance their learning and establish the culture of team learning, as well as the cooperative learning.

Project teams are grouped according to their specific functions : they assigned with specific tasks and evaluated with reference to predefined performance goals. As the project being processed, team members are facilitated by the project tasks, from which their job knowledge can be inspired and enhanced. Moreover, in-

dividual learning is expected to happen within the ream for members to fulfill the performance goals required. Mutual benefits can be achieved through such cohesive relationship.

The project team action learning framework is designed to provide team with a challenge (the project) and the learning environment with guidance and facilitation. The project and learning goals are the starting blocks of this learning framework.

(2) Learning process

Conceptually, the action learning cycle consists of four phases [Zuber-Skerritt, 2000]. First, the identified problem must be of immediate relevance to the group, within the power of the group to solve and be problems (or opportunities) where no single course of action is evidence. Next, the problem-solving process begins by a process of individual reflection, followed by group discussions to examine critically the language used and reach consensual agreement on the meaning of this language and related concepts. This process facilitates movement from unawareness, feeling of anxiety, unsafe risk, and confusion to a supportive, questioning, and learning environment that engages and extends individual beyond programmed knowledge to pose and explore increasingly insightful questions. The questions, rather than individual, become the focus of attention and the "problem" to be solved, facilitating exploration of possible actions. Thirdly, the group identifies the most applicable action, based on their increased knowledge and implements the action. Finally, they evaluate its effectiveness.

If the evaluated solution to a problem does not meet the group's requirements, further rounds of action learning re repeated to address the problem.

The set advisor is a person who facilitates the process. Casey [1987] identifies five roles of the process advisor. They include :

- To facilitate giving ;
- To facilitate receiving ;
- To clarify the action learning process
- To help others undertake the above tasks ;
- To act from time to time as personal consultant to set members in the group setting

4. Case Study : ALPACO

The following ALPACO case study illustrates the use of action learning to facilitate innovative change and development of the project based team. Recognizing the potential benefits of using an action learning approach as a means of SME development, a governmental funding body sponsored a yearlong project.

The approach to data collection incorporated a longitudinal component through embedding at all meetings of the action learning program, individual consultant within the sets involved who recorded from an insiders perspective the behavioral responses and outcomes as reported . by the facilitators involved program.

4.1 ALPACO

To explore the topic of project team learning within the organizational settings, ALPACO is

studied. Back in 2006 while working with a consultant, on a project about learning organization, the researcher noticed that ALPACO is battling with the issue of team learning. Being as one of the successful Web-based Education Corporation in Korea, ALPACO is facing the same competitive pressure as many other Korea organizations.

ALPACO was founded in September, 1990, as Alpha Management Education Consulting, and qualified as Unemployment Insurance applied training center from Korean Ministry of Labor. Among the distance learning institutes, it is the first independent developer of web-based on-line learning management system (A-LMS). It also won the Best Postal Education Institute prize from the Minister of Labor in 2005. Though these success and growth, including transformation to a corporation in 2006, ALPACO, it started to experience some problems, especially, in the communication between the departments. Korean Education Industry, to which ALPACO belongs, needs many highly-qualified personnel, high-quality customer service, quick response to the customers, and new product development, so that the smooth communication between the departments is one of the core competencies in this industry.

As a market leader, ALPACO has reached 13% of market share so far. Because the industry is characterized with high sensitivity to the quality and accuracy of demand forecasting, it responded to the market with speed, so that it has established the reputation with credibility, which resulted in 90% of the customers were large enterprises.

In the background of the good short term performance, there was the CEO (Mr. Yoon Sung Lee)'s philosophy of 'manpower is our competitive edge'. He emphasized the employee training, and made his effort to synchronize the internal training and work competency of employees. However, due to the short history of the company and the small scale of the business, firm-wide career development system is not mature yet. Besides, more competitive business environment and internal communication problem raised the feelings of crisis among the employees.

At that moment, the importance of learning at the organization level came to the fore, and the change and innovation through the introduction of action learning has put into practice to promote the learning organization.

4.2 The Action Learning Program in ALPACO

The program, which took a period of six months, i.e. from May 2006 to October 2006, involved all employees in Alpaco. There were 24 members in total and they were divided by 4 sets. The set members adopted the conventional action learning process and a variety of decision-making tools (ex. Fishbone analysis or Mind Map) and techniques to accomplish their projects.

Although the program was initiated by the headquarters, the projects were selected by the set members themselves. The criteria for selection included :

• Relevance of a project to create the com-

petitive advantage of corporation

- Ability of the project to promote learning

The following projects were selected by the set members :

- Design and implementation of a high-loy-alty customer management program;
- Design and implementation of C-CRMS
- Redesigning of the web mode of education result
- Improving the effectiveness of learning management

4.3 Project based Team : The Super Action Team

The Super Action Team consisted of 5 members from education division, managerial support division, LMS development Team. In the first meeting, set members introduced themselves and listened to an explanation of the action learning program and its aims. During the second meeting, team members believed that they would have to overcome the problem of customer's database by identifying the strategic internal drivers to address collectively. So, the advisor reinforced the need to identify a specific issue related to their day-to-day activities, asking them to highlight one for discussion in the next meeting. During the fourth meeting, the idea of a "C-CRMS" for customer was proposed. The C-CRMS would help search the information of customers, reduce operation time and improve the image of the strategic marketing. In educational industry, the strategic marketing

〈Figure 2〉 Story Board of C-CRMS

approach is very critical. At the tenth and eleventh meetings, members reported on their progress with customer organization. The meetings led to the concept of a "C-CRMS" for construction being modified.

At the end of the action learning programme, they said that the successful introduction of a "C-CRMS" would provide;

- Greater access to information about customer enterprises
- Reaction to customer's request quickly
- Using alpaco's ERP

5. Results

5.1 Project Team Performance

What kind of influence does C-CRMS developed by Super Action team make to the ALPACO's organizational performance? The expected benefit of C-CRMS which is actually developed by action learning is as follows;

(1) Summary and calculation by customer

Making the data which was scattered in the

ALPACO's LMS put in order and the user interface come along the business process, C-CRMS helps the staffs in charge manage the data and information of the customers. Also, this makes the analysis of customers' training history and utilization of this information in terms of the customer management possible.

(2) Utilization for the next marketing

The information accumulated in C-CRMS make future-oriented marketing possible through the grasping the next training demand in advance as well as analyzing the current training. For example, employees are able to make marketing plan with the numbers of trainees and programs. Also, they can utilize the characteristics of the training program for the business initiation. Besides, they can provide the training example of a customer to the other customers in the same industry as a marketing material.

(3) Use as ALPACO ERP

C-CRMS can be a foundation of ERP development because C-CRMS provides the functions of calculating the status data of refund and cash collection. It also supports the asset management by finance.

(4) Quick response to the customer

C-CRMS can fulfill the requirement of ALPACO's training staffs. They can find out the training information in the C-CRMS without asking to sales department or other data sources. For this reason, C-CRMS is much useful for the training operation department.

(5) Work Communication

Developed based on the operation process, consulting department of corporate training, training operation department, and supporting department of corporate training can communicate one another through C-CRMS. They can make their work based on the data management, and can reconfirm each other. This means that they can cross check each other when there is a problem in one department through the double check of the data.

5.2 Case Study Implications

There were a number of very interesting results from in-depth qualitative analysis. I will outline some evidence from evaluation. The factors resulting in success of action learning were the institutional factors; physical factors; technical factors; leader's role. If any if these factors were not presents, the outcome probably would not have been as positive.

Which suggests that action learning program was an effective learning tool for project based learning organization. In particular, the significant factors of action learning on team performance are found across the main process and output.

(1) Institutional factors

Alpaco's action learning program could begin with supporting of government policies for SMEs. Especially SMEs such as Alpaco cannot focus on learning organization programmes because of times and cost, government support policies play very important role in structuring

learning organization and creating competitive advantages. In this case, government support successfully promoted the climate of learning, interactive teamwork and cooperation, and openness in action learning program. Furthermore, in this study, I identified internal institutional factors supporting strategic learning organization : reward system for result of action learning, relation with performance appraisal. These systems directly effects on motivation of participants to concentrate the action learning program.

(2) Physical factors

Actually, physical factors in the process of action learning program such as equipment, learning room played important role in learning effects. The combination of action learning and learning environment had contributed to the implementation of process to organizational learning. Effective equipment and facilities in action learning program promoted more active attitude to learning communication. Also, spaces for action learning meeting helped participants to concentrate the action learning program separated from their own jobs and businesses.

(3) Technical factors

In this Case, one of interesting results was using frequently internet community in all teams for interactive communication and transferring the knowledge. Before every meeting, participants shared and transferred their pre-learning knowledge in internet communities, so it was very critical for a team to save meeting time and to adjust the agenda. Therefore, technical
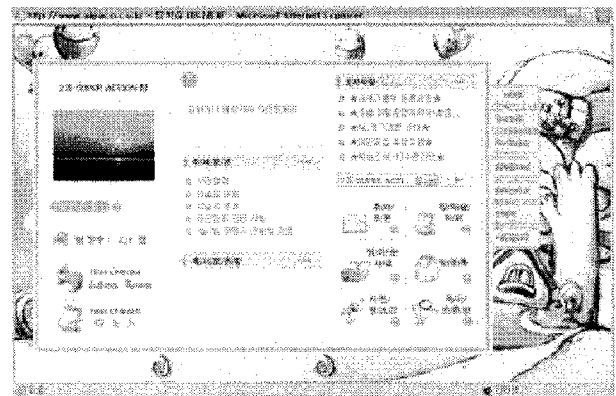
<Figure 3> Action Learning activity through Web Community

factors based on IT network could were key success factors for learning organization performance through action learning program. Moreover, the ability of IT network in the action learning program will be critical to the competitive advantage of a learning organization in marketplace. Participants' knowledge and skills accumulated in communities through action learning can be the foundation of knowledge management system. Additionally, the support of top managers for IT network system to adopt a series of internally compatible learning practices has impact on the fit of the KMS itself and on the KMS with the firm's strategy. Clearly, there is s need for empirical studies to further enhance understanding of the effects of KMS on organizational learning.

(4) Leader's role

Powerful support and driving force of Alpaco's CEO were very important for successful implementation of action learning. As a major factor, the CEO's understanding of learning organization and insight into future were crucial in facilitating the strategic learning organization through action learning program in Alpaco. The

capability of CEO matters to the effectiveness of the design and implementation of action learning program. The design of a sophisticated action learning program can be well accomplished if the firm's strategy is comprehensive understood by the CEO and managers. Therefore, the capability of CEO, especially in terms of abilities in understanding the importance of learning organization and analyzing the firm strategy, influenced the success of action learning results.

6. Discussion And Future Research

The purpose of this study is to test empirically the impacts of action learning program and project based team on learning organization. To explore the topic of action learning within the organizational settings, ALPACO case was studied.

Through a case study approach of ALPACO, this study has focused on the process of action learning programs and the relationship between projects based team performance by proposing and testing a practical effectiveness that explicitly articulates the role of action learning program, that in past research received attention only partially and theoretically one another.

The overall results point to the critical role played by action learning program as an effective learning tool of project based team performance and learning organization. In particular, the significant factors of project based action learning on learning organization performance are found across the main process and output. These findings do not only coincide with past research that action learning acts as

a powerful process on inter-team relationship in organization and performance, they also provide some new light on the multidimensional process of action learning program across project based team of learning organization.

Also, the results shows that the institutional support, physical environment, technical system and leader's role have a significant impact on project based action learning program success, and a higher level of organizational commitment positively influences team's satisfaction and performance.

These findings contribute to action learning and project based team performance in learning organization research in several ways. This study helps address the need to detail and to test practical effectiveness of project based action learning and thus provides evidence of the value of integrating concepts from learning organization and performance relationship.

From a practical point of view, this study indicates that action learning program offer significant strategic perspectives for small and medium-sized enterprises. They may be able to actively manage their action learning program and supportive factors to stimulate team based perspectives and build competitive advantage. Furthermore, government support policy can form the basis for strategic learning organization that may lead to greater value-creation opportunities.

There are several limitations of this study. First, the sample was particularly one case, ALPACO; it is unclear how well these results would generalize to a broader sample. At the same time this research has focused on a single

dimension of learning organization and team based perspective and implemented it in one case. To clarify these problems and broaden this study, much in-depth empirical work remains to be conducted before a general theory can emerge.

Finally, I believe that the findings presented herein have important practical implications for organizations facing today's challenging environment.

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