

# Learning Organization Practices: A Study Case of the Indonesian Companies

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**Abstract**—*The globalization has a significant influence on business, therefore, companies have to compete with one another to survive, grow and sustain. To win the fierce competition, a company should innovate appropriately; and this can be achieved by adopting a learning organization. This research aims to describe the application of learning paradigm in the medium-big size companies in Indonesia by applying a qualitative method. Garvin's three-building block of learning organization concept is used. Four companies were selected and analyzed to describe their learning organization practices. Based on in-depth interviews and observation, it can be concluded that all four companies have adopted a learning organization with different styles. In fact, concrete continuous learning has not been perfectly practiced. Transformational leadership has been practiced; however it should be more consistently used. Sharing knowledge and Training & Development program as parts of the learning organization paradigm have been practiced. Based on the findings, all companies are suggested to practice learning organization more appropriately. In addition, ADDIE concept should be more effectively carried out to improve their training and development quality. Eventually being a learning organization, the four companies are encouraged to do some innovations through effective knowledge sharing.*

**Keywords**— *Learning organization, Transformational leadership, Building block, knowledge sharing, ADDIE.*

## I. INTRODUCTION

The global competition in business is very fierce; companies therefore have to adopt an effective corporate strategy to win the competition. Many researchers agree that one of the key factors to win the competition is to be innovative; and to be innovative, a company should adopt a learning organization paradigm. Christensen & Raynor (2003); Christensen, et al. (2015) introduced a disruptive competition; it is an innovation which replaces thoroughly the existing products and services. It creates a new huge market segment which has never been in existence before. Digital camera for instance has replaced the photographic film industry. In fact, Gen Z depends much on digital technology and challenge much the

new way of doing things. Meret et al. (2018) found that generation Z like jobs which offer learning and development, trust and job security. Seemingly, many companies in Indonesia have applied learning organization however; many still find difficulties to practice it effectively. This research attempts to reveal the learning paradigm practiced by Indonesian companies. This article is based on case studies of four selected companies adopting a learning culture. Four Indonesian medium-big sized companies are selected for this purpose. This research is expected to describe in more detail the learning practices and leaders' roles in the four companies, and eventually the result of this study is expected to provide companies with some inputs to build an effective learning organization. Challenges to be a learning organization are discussed so that managers could learn the way of transforming a company to be a learning organization. Training and Development program which is considered a part of concrete learning activities will also be described.

## II. LITERATURE REVIEW

### A. Business Environment

A company should endeavour offering something (products, services and systems) which have valued added to fulfill its stakeholders' and especially its customers' needs. Therefore, open system which is also known as responsive to its stakeholders should be adopted. According to Morgan (1997), applying an open system model, a company should adopt the learning organization. In other words, it should encourage all members of the organization to share knowledge to produce new ideas for innovation. In so doing, the company will be able to survive grow and sustain. McShane & Glinow (2018: 17) argued that open system is a perspective that holds that organizations depend on the external environment for resources, affect that environment through their output and consists of internal subsystems that transform inputs to outputs. In relation with business environment (Bennett & Lemoine, 2014; Kail, 2010, 2011) introduced a way of seeing environment through a concept which is also known as VUCA. Bennett and Lemoine (2014) described VUCA as follows: a) Volatility refers to an unstable and unexpected situation with unknown duration; however, knowledge or information concerning it is frequently available. b)

Uncertainty refers to a situation with limited information; however, its basic cause and effect related to the situation is usually known. c) Complexity refers to a situation with many interrelated parts; however, some information is available and can be predicted although its complex characteristics are often vague. d) Ambiguity refers to a situation with unclear causal relationship. Having identified the business environment by using a VUCA model, a company can determine an effective strategy to face the competitive environment. Volatility can be managed by applying an agile and proactive leadership. It is obvious that change management should be conducted. Therefore, team resilience should be built and team members should be well trained. In other words, a company should design its effective strategic T & D program. Uncertainty can be overcome by a dynamic or flexible planning. Understanding business environment is very important so that the company could manage its stakeholders effectively. Complexity should be managed by clarifying the relevant environment factors. Knowledge management should be practiced in order to understand the inter relationship factors in the environment. Ambiguity should be anticipated by means of formulating a proactive vision supported by a strong learning culture; experimentation should also be carried out. Mila, et al. (2018: 6) argued that effective approaches dealing with VUCA require a better understanding of the effects of management innovation between organizational, functional levels versus at the individual level.

### *B. Learning Organization*

Garvin (2000) argued that a learning organization refers to a capability of an organization in creating, acquiring, interpreting, transferring, retaining knowledge, and modifying its behavior in deliberate way to reflect new knowledge and insights. Learning organization is an important concept as it encourages members of the organization to manage knowledge organizationally to create *something* which has value added to the stakeholders to fulfill the needs and wants of its stakeholders. In a high competitive environment, a company has to create new products, services or processes so that it can win the competition in order to survive, grow and sustain. Drucker (1999) stated that leaders have to come with organizational policies encouraging innovation to win the fierce competition. Senge (1991) argued that a learning organization has five components namely system thinking, personal mastery, mental model, shared vision and team learning. System thinking refers to a way of seeing pieces holistically which helps us to comprehend a problem not as its parts but as a whole. Personal mastery refers to a principle related to personal vision and creative way of achieving a certain goals. Mental model refers to a cognitive pattern of seeing something which leads and influences our way of thinking and taking actions. Shared vision refers to the leader's

vision which has to be achieved, for instance: a vision to be a world class company. Team learning refers to the learning activities of the employees to achieve high performance. Argyris (1977: 117) defined learning organization as "*the individuals' learning activities, in turn, are facilitated or inhibited by an ecological system of factors that may be called an organizational learning system*". Learning organization encourages employees to share knowledge to achieve high organizational performance. In relation with the learning organization, Spear (2009) introduced a high velocity organization which is basically similar to a learning organization's concept but it emphasizes more on the speed of learning. Marsick & Watkins (1996) argued that learning organization is an organization that learns continuously and transforms itself. Garvin, et al. (2008) proposed three building blocks of the learning organization; their concept can be used to identify the extent to which an organization has adopted a learning culture. Schmitz, et al. (2014) found that a learning culture has a significant impact on knowledge management (KM) processes. Garvin's three learning building blocks concept which is used in this study to describe the learning practices are as follows: 1) *Supportive Learning Environment* consists of four dimensions namely *Psychological Safety* questions the extent to which an employee can speak up about what he or she has in his /her mind without being fear; *Appreciation of Differences* refers to the extent to which employees' opinions are appreciated, and differences are not rejected; *Open to new things* refers to a condition in which new ideas are valued. *Time for reflection* refers to a condition which employees are given time to evaluate and rethink of what they have done. 2). *Concrete Learning Processes and Practices* consists of *Experimentation* refers to the extent to which a company encourages employees and does experimentation quite frequently; *Information collection* refers to the extent to which an organization collects information systematically from its stakeholders; *Analysis* refers to the extent to which different views are analyzed and tolerated; *Education and training* refers to the extent to which an organization provides training and development, and education for its employees; *Information transfer* refers to extent to which information is regularly shared. 3). *Leadership reinforcing learning* refers to the extent to which leaders receive inputs and encourage employees to practice knowledge sharing and learning. Organizational knowledge creation (Nonaka & Tacheuchi, 1995); Nonaka, et al., 2000) encourages organization to have a capability to create new knowledge and spread it all over the organization, realize it in the forms of product, system or service. Those activities can be well carried out if they are supported by certain enablers such as vision, creative atmosphere, and leadership. A learning organization provides Training and Development program for preparing employees' competences so that they could

contribute their best performance to the company. According to Dessler (2017), to prepare an effective training program should include certain activities such as needs analysis, instructional design, validation, implementation and evaluation. This concept is line with the five-phase concept proposed by Allen (2006) which is also known as ADDIE: a) *Analysis* refers to the analysis activities of job performance requirements and comparing the required and the actual competencies of the employees, b) *Design* refers to a detailed training plan which includes training objectives, teaching methods, teaching media and instructional strategies are developed and prepared. This phase focuses on designing the overall training program, c) *Develop* refers to lesson materials, teaching aids which should be prepared in accordance with the learning objectives, d) *Implementation* refers to the delivery of *learning* program, e) *Evaluation* refers to the evaluation process of the effectiveness of the training. This phase questions the extent to which the learning objectives have been achieved.

### III. METHODS

This research uses a qualitative method; four medium-big sized companies in Indonesia will be selected as the units of analysis. The companies should have more than two hundred employees and total asset of more than ten billion rupiahs. Those companies are assumed to face fierce competition; therefore, they should adopt a learning organization paradigm. The informants in this research are CEO's, directors or senior managers. Each company will be represented by five informants who will be thoroughly interviewed. All findings based on observation and interviews will be triangulated. The companies will also be observed to support the description given by the informants. Garvin concept of learning organization which consists of three building blocks namely supporting environment, concrete learning and leadership enhancing learning is used to describe learning organization. Secondary data such as vision, mission and others will also be gathered from the companies' website, printed materials and other sources. All data collected will be carefully triangulated and analyzed based on the concepts of learning organization, knowledge management and human resource (Garvin 1994, Nonaka & Tacheuchi, 1995, Senge, 1991, Budihardjo, 2015, 2018, Osterwalder, et al., 2010, Dessler, 2017, Allen, 2006); then, the results will be described in detail.

### IV. RESULTS AND DISCUSSION

All companies were analyzed based on their secondary data such as vision, mission, structure, values and performance. The primary data concerning their practices learning paradigm, challenges and learning organization enablers was collected through interviews and analyzed based on Garvin et al.(2008) and other related learning concepts. The result is a

description of learning related activities and their detail referred to the building block of Learning Organization concept introduced by Garvin et al. (2008). Here below is the result of the description analysis of the four companies:

#### A. Case 1: PT A (*Manufacturing Co*)

PT A is a spare part company; it sells spare parts to resellers. This company vision emphasizes professionalism and customer satisfaction. PT A values its competent human capital and good management to ensure that it sells high quality products. The business environment is quite tough as there are many competitors. Related to VUCA, this company faces especially high uncertainty, complexity and ambiguity. Innovation and learning culture should therefore be adopted. Its corporate culture places its *customer as a king*. Although there is no explicit word related to its innovation value, innovation is highly valued. In general, employees like working in this company due to its family climate atmosphere; many employees have been working even more than fifteen years. Employee satisfaction is fairly high although training and education is relatively limited, and bonus is given based on group performance. This company applies a learning organization through formal and informal knowledge sharing; productivity is increased by coaching and supervision. Learning organization is adopted and knowledge sharing is effectively practiced. Most of the leaders tend to apply a people oriented style. Although transformational leadership style has been used but it has not been perfectly applied. Its structure tends to be decentralized with relatively narrow span of control. Psychological safety and appreciation of differences is relatively highly appreciated. The management tries to create a supportive learning environment to encourage knowledge sharing but it is not supported by allocating time for employees to reflect what they have done. New ideas are welcome but in reality there some new ideas offered by employees are not well disseminated. According to the managers, this is due to the education of employees. In fact, most employees have just graduated from senior high school and not been given sufficient training and development. Training is mostly given based on the current need of the employees to carry out their job rather than develop their competencies to be more innovative. Knowledge sharing or information transfer can be considered at moderate level, a matter of fact, this business is seemed not to require very high innovative process, system or products. Though, many managers think that learning paradigm is essential but since the corporate performance so far is relatively good, knowledge sharing has not been seriously practiced. Enablers such as transformational leadership and reward system are fairly good although a few managers practice transformational leadership style in consistently. Employee career development and talent management

is prepared but it is not placed at the first priority. Millennial employees are able to work harmoniously with the Y and X employee's generation although sometimes they have different views or ideas. The management collects information and feedbacks from its stakeholders to improve its performance. All managers who have been interviewed are aware of the importance of a learning culture. The barriers faced by the management among others are its comfortable zone, present-oriented value and *unsupervised concrete learning practices*.

#### *B. Case 2: PT B (Service Co)*

PT B is a Logistic & Courier company; this company vision wants to be a world class company. It also values professionalism, honest and future orientation. In fact this company has networking with many big companies. Its corporate culture states explicitly that honesty is very important. In addition, it emphasizes flexible value; meanings that employees of the cross generations ( gen X, gen Y & gen Z) are well taken care of. Casual clothes are accepted once a week and lateral communication is practiced. Due to the informality, the generation Y or Z employees prefer to be flexible with time and to have virtual office whenever possible. In spite of its informality, this company applies a strict SOP in order that all packages, orders and others are delivered on time and accepted by customers as scheduled. Customer satisfaction is paid attention to. The business environment related to VUCA is high on volatility and uncertainty therefore this company strengthens its human capital and stakeholders relationships. The power distance among employees is relatively low; employees are happy to work in this company because of the warm family atmosphere and clear career path. Knowledge sharing is considered very important; this is proved by its concrete implementation of both supportive and concrete learning practices. New ideas are welcome, differences are appreciated and employees are given time for reflection. In other words, psychological safety and appreciation of differences is well valued, and supportive learning environment and knowledge sharing are encouraged. The fact that knowledge sharing activity has been encouraged and practiced; it has not achieved its optimum result. The leaders have functioned as good facilitators to encourage effective knowledge sharing practices. The process of knowledge sharing seems to be evaluated and improved in order to result in high corporate performance. In this company, most managers apply a high people and high task oriented leadership style. Recruitment and selection process is professionally conducted; competencies, motivation and personal values are considered. Training and development program is designed to improve employees' competencies based on the ADDIE concept; however, it is not fully based on training needs analysis. In addition, training evaluation has not

appropriately conducted. This company prepares the millennial employees to become its next leaders. Employee career development and talent management is also carried out but not based on strategic perspective. In general, transformational leadership style has been practiced. Most leaders have comprehended the corporate vision and communicate it to their subordinates. Basically this company applies an organic structure; it provides space for flexibility; however, in some divisions, the structure tends to be very centralized with rigid SOPs to guarantee its best services. Training program is based on the current need competence analysis. Knowledge sharing and information transfer are frequently conducted to win the fierce competition in this industry but they are not strictly structured. Managers think that learning paradigm is essential; therefore, learning practices are enhanced. Important information and feedbacks are collected from its stakeholders, in particular from its customers and used to improve corporate performance. All managers are aware of the importance of learning culture; however, not all of them implement it consistently. Some managers are professional but some are less professional. The barriers faced by the management among others are the speed of the knowledge sharing practices and the employees' generation gap. Investment on new technology and human resources are not fully based on a strategic consideration.

#### *C. Case 3: PT C (Maintenance Co)*

PT C established more than forty years ago; it focuses on engine maintenance. It serves big companies which demands high quality. Therefore, its corporate values focused on professionalism and customer satisfaction. This company has tough competitor especially overseas companies which offer high quality products and services. Uncertainty, complexity and ambiguity environment faced by this company; it tries hard to manage its stakeholders, plan a dynamic corporate strategy, and encourage knowledge sharing practices. With more than three thousand employees, PT C focuses on developing its human capital and improves its system. This company applies a learning organization as the management and its leadership enhances a supportive learning climate. Employees are encouraged to offer new ideas for the improvement of the company. Differences are welcome and appreciated. In addition, time for reflecting what they have done and what they should think of new ideas for the sake of the company is provided. Learning culture is socialized from the recruitment and selection process up to the employee development program. Knowledge sharing practices are encouraged and facilitated. Meeting and gathering is often held to tap the new ideas of the employees. This company allocates budget for T & D fairly high and many appreciate it. However, based on deep interviews, its T & D should still be improved as it

does not fully follow the ADDIE concept. Some training programs seem to be provided just based on a *routine job* without being well designed and evaluated. T & D is not professionally evaluated. Senior managers and employees are involved in inculcating the learning culture. This company has a KM program facilitating the junior employees to carry out their tasks. Senior leaders are expected to be a role model and mentor for the juniors. Although many senior managers have practiced learning culture, many think that they have not practiced it as it should be. In this company concrete learning practices become routine activities especially among the seniors. As a matter of fact, managers try hard to make those habits become a learning culture. In general, knowledge sharing has been practiced but not as expected. Therefore, it should be evaluated and improved. The fact that there are many new employees recruited every year, the company should apply a high standard of the culture inculcation processes. Its main challenge is to retain new Gen Y or Z employees to be highly motivated and engaged. The company should find out effective motivators to keep the millennials engaged and share knowledge to result in their best performance.

#### *D. Case 4: PT D (Manufacturing Co)*

PT D has more than ten thousand employees; it has three factories in Jabotabek. It produces and sells vehicles; this company focuses on innovation not only on its products but also on its services and systems. The corporate performance especially the financial perspective seems to be ok. Its organic structure and culture support the employees to be creative and achieve corporate performance which eventually will have an impact on the corporate performance. This company also faces VUCA therefore it tries hard to manage it. Psychological safety for contributing new ideas is well managed. Openness to convey new ideas or concepts is appreciated. Team is formed based on diversity in experiences, education, age and expertise. Furthermore, members of the organization are given time for reflection and thinking new creative ideas for innovation. Although a few numbers of employees may feel that supportive learning environment has still to be improved; in general *supporting learning culture* to some extent has been fairly well practiced. Some leaders motivate subordinates to achieve the challenging working standard; they inculcate learning culture by practicing knowledge sharing. However, there are some leaders who are not very motivated to challenge their subordinates; instead they tend to do routine jobs. Based on interviews, some leaders in this company can be concluded not to have a very high learning-oriented motivation. They are aware of the importance of learning culture but they do not encourage frequently their subordinates to share knowledge. In general, knowledge management has been practiced but it has not reached the optimum results; therefore, a more effective KM strategy should

be implemented. In spite of the fact knowledge sharing is practiced, it is usually done for a short period of time. In fact, some leaders do not encourage their subordinates to practice continuous learning. The generation gap among the employees is not a big problem; it is found out that the Gen y and gen z employees prefer to work based on flexible time. T & D is provided for employees based on a need analysis however it is not systematically done. T & D seems to be well planned but its training design especially the training delivery and evaluation are not very professionally done. Based on in-depth interviews, the ADDIE concept has not been applied appropriately. *Cultural competence* is considered essential, however; training concerning that issue is not available.

#### V. CONCLUSION

All the four companies have a T & D program; however, it is not well designed and implemented. It should be noted that T & D has been conducted yet it is not fully in line with the concept of ADDIE. Knowledge management has been practiced by the four companies but it should have clearer goals. In spite of the fact that all companies have not experienced a “serious” problem concerning generation gap, they should prepare a strategy to integrate the strong points of the employees from different generation. Leaders should motivate their followers more effectively to build a cohesive resilience team. It is indicated that not all managers encourage their subordinates to learn one another continuously. Supportive learning environment seems to have been well established; in fact differences are valued and new ideas are well respected. However, time for reflection is not sufficiently allocated. Learning practices have been practiced; however they are more emphasized on the explicit knowledge. Leadership enhancing learning has been practiced but it should be more focused on the continuous learning among the members. In conclusion, managers should be able to manage change, develop their followers’ competencies and to enhance continuous learning process. Based on Garvin building block, it can be concluded that all the four companies have a moderate level of concrete learning activities. Therefore, they should still make the concrete learning happen more frequently in line with their objectives. T & D should be more effectively designed based on ADDIE concept in particular for the company C. Leaders of all the companies should have high cultural intelligence index and practice more transformational leadership style to result in a better performance. Out of the four companies, company B faces the most competitive environment; its implementation of KM is more effective compared to the others. This study indicates that the four companies are aware of the importance of VUCA analysis and adopt a learning organization; however, its knowledge sharing or learning practices should be more effectively implemented. This study indicates that adopting a learning organization is

essential; however, knowledge sharing and T & D should also be appropriately practiced. The fact that this study is qualitative in nature; it is not meant to generalize its findings to all medium-sized companies. A number of companies with different criteria should also be included in future studies.

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