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# A four-level learning organisation benchmark implementation model

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## Keywords

Learning organization, Benchmarking, Modelling

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## Abstract

Reveals that research using a new learning organisation benchmarking implementation model has found that Australian organisations are increasingly committed to adopting, and implementing, learning organisation principles. Discusses the debate over individual and organisational learning. Outlines a ten-principle learning organisation benchmarking and implementation model and describes the methodology used to establish its validity. Shows how organisations can determine the extent of the shortfall between the importance accorded learning organisation principles and the extent of their implementation. It has the ability to identify sectoral trends and reveal individual organisation weaknesses. Concludes that the model is an effective means of establishing an organisation's status, providing a vehicle for evolution into a learning organisation.

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## Introduction

Research carried out over the past two years using a new benchmarking and implementation model has found that learning organisation principles are being adopted and implemented by Australian organisations with increasing commitment and enthusiasm, despite the results indicating there is considerable shortfall in the implementation of many of the principles considered most important, and significantly more effective implementation of those of lesser importance. While the strategic, financial, marketing, CRM and product aspects of performance are vital to success, research into US and European organisations confirms that learning organisation principles are foundations critical to the viability of these functions and the maintaining of sustainable competitive advantage.

## The learning organisation debate

The concept of the learning organisation has attracted considerable attention from leading management and organisational behaviour thinkers such as Argyris (1999), Senge (1990), Marquardt (1999), Garvin (2000), Pedler (1998), Pedler and Aspinall, (2000), and Garrat (1999) in recent years.

Notwithstanding the lack of quantitative data, there is sufficient anecdotal evidence in the literature to indicate that learning oriented leaders and managers accept the notion that learning organisation principles underlie improved performance and sustainable competitive advantage. Despite this, a clearly definable and practical framework capable of overcoming the usual barriers to change has yet failed to emerge. The many and varied perceptions of the ideal learning organisation have produced a corresponding variety of interpretations that attest to the difficulty experienced by observers in producing a workable all-embracing definition of what constitutes such an organisation. The issue has also been confounded by controversy in an on-going debate over whether organisations as entities actually learn. Part of the problem lies in a general inability to discern the complexity of the learning process in an organisational context.

The literature suggests strongly that individuals learn by creating meaning from



information, and integrating this meaning into a knowledge consciousness which influences the way in which an organisation responds to its environment (Argyris, 1999; Senge *et al.*, 1999). The extent to which this knowledge becomes embedded determines the nature of the organisation's culture, climate and theories of action. The interaction between individuals within, and with others outside, acting on behalf of the organisation, will determine its conduct, and be reflected in its performance, its policies and how the organisation is perceived both internally by its constituents, and externally by its customers, competitors, suppliers, agents, regulators and observers.

The merit in the continuing controversy over organisational learning lies more in the identification of behaviours which inhibit or disable individual learning, than it does in whether organisations can be regarded as anthropomorphic (human-like) entities which actually integrate individual learning and translate it into action for the organisation's benefit. The other contingent issue is the extent to which this learning, necessary for sustainable competitive advantage, can remain embodied and contained in the organisation.

Learning is unquestionably a key determinant of corporate survival.

Organisations rarely endure if they do not learn, but learning alone does not guarantee survival. Organisations continue to fail, either through deficiencies in the learning process, the inability to adapt and adjust to changing circumstances, failure to reshape their environment, or they are simply overwhelmed by the effects of external events beyond their control. As Argyris pointed out with considerable perspicacity in *On Organizational Learning* (1999, p. 127), "success in the market place increasingly depends on learning, yet most people do not know how to learn". He argued that people both wittingly and unwittingly find ways to avoid learning, and found that individuals almost universally hold two dichotomous positions – their espoused theory-of-action which describes the way they say they behave, and their theories-in-use which describes the way they actually behave. Espoused theories differ widely, but most theories-in-use have the same set of governing values irrespective of personal characteristics, race, education, or status. In order to avoid vulnerability, risk,

embarrassment and the appearance of being incompetent, people design their behaviour to remain in control, to maximise winning and minimise losing, to suppress negative feelings and to be as rational as possible:

People consistently act inconsistently, unaware of the contradiction between their espoused theory and their theory-in-use, between the way they think they are acting and the way they really act (Argyris, 1999, p. 131).

These defensive routines therefore need to be clearly identified and understood, as the evidence presented by Argyris, Senge, Garvin and others, for example, firmly supports the contention that they have a profound debilitating effect on both the individual and the organisational learning process. They inhibit personal and organisational development and the resolution of organisational problems. According to the Argyris research an effective learning process relies on the ability of the organisation's members to reason rigorously in the same way that other management functions such as finance, marketing or manufacturing do. This requires change to be initiated at the top to avoid a tendency for any change in reasoning behaviour originating from below being distrusted and disowned by senior managers.

### **The ten-pillar ideal learning organisation model**

Key elements in the process of transformation into a learning organisation are honest dialogue and facilitative leadership. These are two pillars of the following ten-pillar learning organisation model developed from a synthesis of the research into learning organisations across the field. It is derived from the work of major thinkers and writers in the fields of organisational learning and the learning organisation, including Senge, Kotter (1999), Garvin, Argyris and Pedler, and attempts to outline the ideal learning organisation:

- (1) *Will*. The entire organisation maintains a passionate and enthusiastic commitment to continuous improvement through continuous learning.
- (2) *Leadership*. Leadership is continually mindful that the vision is understood and shared at all levels and removes obstacles where necessary. It is facilitative, coaching, and supportive of personal

- development and continually expands its own capabilities. It has an active concern for all members, values their contribution and is prepared to listen and act accordingly. It thinks systemically, is keenly aware of current reality and organises its structure appropriately.
- (3) *Strategic thinking and vision.* Strategic leadership maintains the clarity and acceptance of the strategic direction, setting realistic goals that take into account the competitive position. Employees are encouraged to become systems-thinkers. Automation is employed to improve performance and work conditions.
- (4) *Communication.* Free and open communication pervades the entire organisation and barriers removed that threaten to impede it. Members are continually apprised of the competitive position. Open dialogue at all levels encourages the sharing of ideas, knowledge and insights. An atmosphere of trust prevails.
- (5) *Learning and development.* A continuous learning philosophy based both on individuals and teams, and learning by doing, is actively promoted, valued and provided for. The acquisition of innovative ideas and knowledge is facilitated, feedback loops evaluate its usefulness, and new technology is embraced to foster learning and development. Personal experience is valued and members are encouraged to accept personal responsibility for their own learning.
- (6) *Innovation and decision making.* An innovation mindset prevails throughout where members manage their own decision making. Initiative and experimentation are encouraged in a psychologically safe environment. Accountable mistakes are seen as an opportunity to learn, and are accepted as a by-product of the search for continuous improvement. New technology is understood and welcomed, not misunderstood and feared. External influences are used to stimulate innovation and insight.
- (7) *Change management.* Challenge and change are regarded without suspicion and the means to respond are provided.
- The core knowledge base is continually questioned and evaluated, and mutual support coexists with allowance made for the transience of employees.
- (8) *Intellectual capital and knowledge management.* All employees are encouraged to share responsibility for the development of intellectual capital. Continuous adjustments are made as new information arrives, its diffusion facilitated and systems ensure that it is added to the core knowledge base. Tacit knowledge is willingly and readily transferred. Benchmarking provides for the adoption and adaptation of best practice.
- (9) *Measurement and assessment.* Measurement and assessment are accepted as necessary indicators of changes in attitude, behaviour, performance and commitment to continuous improvement. They are used for comparison between individuals and across teams, and the analysis of processes, procedures and performance. A sense of competition is nurtured, a receptiveness to challenging established norm encouraged, and a desire to benefit from continuous improvement stimulated.
- (10) *Reward and recognition.* Incentives improve performance, strengthen motivation, encourage personal learning and advancement and foster job satisfaction. New work patterns are provided for, and individuals rewarded for their effort, recognised for their talent and genuinely valued for their contribution.
- Given the above ten characteristics are a synthesis of what is generally felt to define the ideal learning organisation, it was proposed that they could form the basis of a model that supported and directed the transformation process.

### Process

This required the ten characteristics to be positioned with respect to each of the four organisational functions – CEO, human resource or learning development managers, line managers and employees. Each characteristic was ascribed a varying and exhaustive number of attributes depending on the functional perspective. Many attributes

are common, but all are viewed from the perspective of the function. In total there are 197 attributes, (with some duplication as noted above), derived from the ten qualities that comprise the ideal learning organisation.

There is considerable interconnection across the framework, in the sense for example, that whilst communication is required to be open and fluid, leadership needs also to exhibit the same characteristics. Although the model represents a composite of the qualities that define the ideal learning organisation, it is as much a set of integrated mutually dependent behaviours, as it is ways of thinking, and being, reflected in modes of practice.

Figure 1 illustrates the concept, showing the varying number of attributes pertaining to each function.

### Methods of assessment

For the assessment of organisational attitudes and perceptions of position, the model was converted into questionnaire form and applied to the four functional areas. CEOs, human resources or learning development managers, line managers and employees were separately asked to rate the importance of a varying number of attributes and the extent of their implementation on a scale of 1 to 4. A series of graphs were constructed which show the degree of importance attached to the learning organisation characteristics, the extent of their implementation and the

shortfall between expectation and performance.

By examining each functional response separately it was possible to illuminate differences in functional perspective, and provide a means by which inhibitions to becoming a learning organisation, such as behavioural defensive routines, poor communication or alienating leadership styles could be identified and modified accordingly. For example, under the characteristic of will, where CEOs are expected to ideally “walk their talk”, employees are expected, from their perspective, to adopt the leadership vision with enthusiasm. Managers, on the other hand, under the heading of leadership, are expected to “adopt a participatory, facilitative and coaching approach”, whilst employees are to expect that the corresponding management attribute is to be “helpful and not controlling”.

### Research results

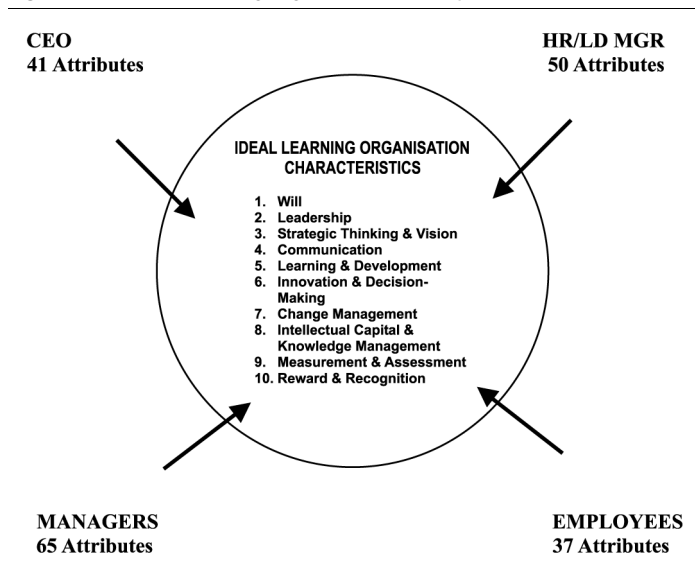
#### The importance of learning organisation principles and the extent of their implementation

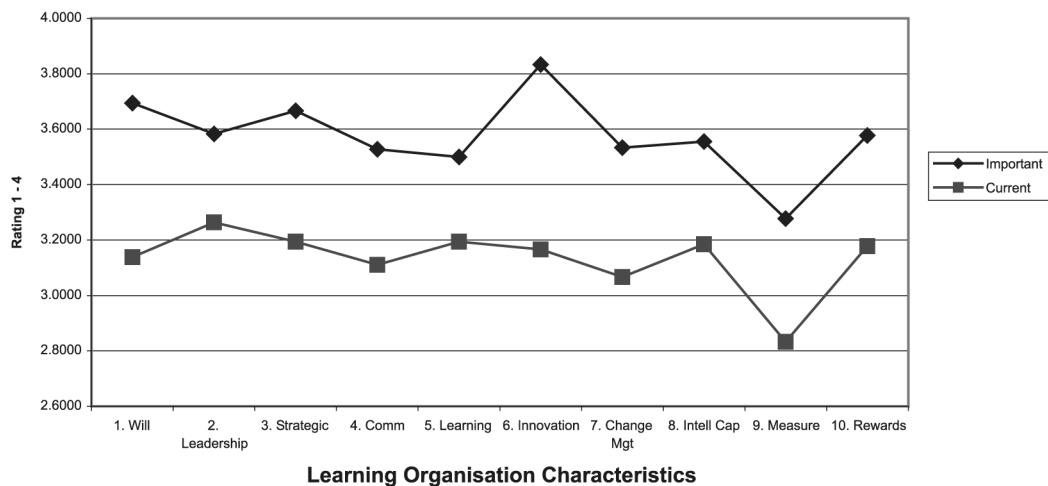
##### Chief executives

In Figure 2 CEOs were asked to rate the importance of a series of attributes relating to each characteristic, and at the same time, the extent of their implementation. The results are displayed on a scale of 1 to 4. It is apparent that whilst there is a similar gap between some of the characteristics, there are relatively wider and narrower gaps between others. The highest priority for CEOs was found to be innovation and decision making. The attributes pertaining to this characteristic called for CEOs to create a climate of trust in employees' judgement and encourage them to take responsibility for their own decisions. Of lowest importance is measurement and assessment. Here they were asked to consider the value of continually measuring outcomes and its motivating effect. All other characteristics fell into the mid range.

It should be noted also that the nature of the organisations in the sample will determine, to an extent, the functional responses. Employees on food processing lines, for example, are less likely to be interested in learning than those in software development. The CEO focus on innovation and decision making suggests that given the

Figure 1 The ideal learning organisation model pictorial



**Figure 2** CEO means current situation vs important

espoused learning orientation, this is seen as the leading driver of performance, notwithstanding the high level of importance accorded the other characteristics as indicated by the small divergence from the mean of all characteristics.

All other functional areas were treated similarly, but in order to restrict the proliferation of graphical representations the results only are reported.

#### *Human resource and learning development managers*

The highest priorities were found to be maintaining the will to implement learning organisation principles and reward and recognition. Under these characteristics, they were asked to expect the organisation would be committed to continuous learning, aligned with the corporate vision, see customer satisfaction, service, quality and profitability as a measure of performance and be motivated by appropriate appreciation. These priorities may be explained by this group's normal focus on performance appraisal, but again the divergence is small. Employees also see reward and recognition as the most important, which is reflective of it being the key employment motivator. Of lowest importance for this group is intellectual capital and knowledge management. In this area, the attribute questions focused more on organisational practice and performance, than on individual.

#### *Line managers*

The highest priorities for managers were strategic thinking and vision and leadership. Attributes here related to the clarification of vision, the setting of clear and realistic goals,

and appropriate leadership behaviours. Learning and development was viewed as least important. Attributes in this area involved the continuous learning concept, the encouragement of employee learning and personal learning responsibility. Despite learning and development being of lowest importance, the divergence on a scale of 1 to 4 is less than 10 percent.

Whereas the characteristics deemed important relate directly to the management function, the low importance accorded learning and development suggests that this might be regarded by managers as the responsibility of others such as the HR/LD managers. Communication is of mid-range importance for managers, but for employees it is of second highest importance which points to the potential for a communication gap to develop.

#### *Employees*

The highest priorities for employees were reward and recognition and communication. They were asked to recognise that career-path development was a joint responsibility and that appropriate reward and recognition encouraged continuous learning. Intellectual capital and knowledge management and change management were considered the least important. Employees were also asked to consider the importance of continuously challenging the status quo, to view change without suspicion and willingly transfer tacit knowledge. They appear to place relatively little importance on these attributes.

Each function saw different priorities. CEOs felt innovation and decision making was the most important; HR/LD managers,

the will to implement the principles, and reward and recognition; managers, strategic thinking and vision and leadership and employees, reward and recognition and communication. In the broad context, despite the different emphases, deviation from the consolidated means were relatively small.

### Implementation of learning organisation principles

When the extent of the implementation is examined on the basis of the divergence between importance and implementation, Figure 3 shows clearly the shortfalls in performance.

#### CEOs

Figure 3 charts the difference between the rating given to each characteristic and its perceived degree of implementation. CEOs indicated that, despite the high degree of importance accorded all characteristics, learning and development and leadership were the most fulfilled as evidenced by the small gap (0.3). The implementation of innovation and decision making, with a relatively large gap of 0.67, failed to measure up to the importance accorded it, which suggests this is an area for potential development, particularly as it is seen by CEOs as the most important characteristic. The communication gap was 0.41, indicating from a CEO perspective that this characteristic is not seriously deficient. However, both employees (0.90) and HR/LD managers (0.87) see this area as experiencing significant comparative shortfall, which points to the need for CEOs to evaluate how well

their message is being transmitted. Notably, of the four functional areas, it is only CEOs and line managers (0.65) who consider communication to be comparatively satisfactory.

#### HR/LD managers

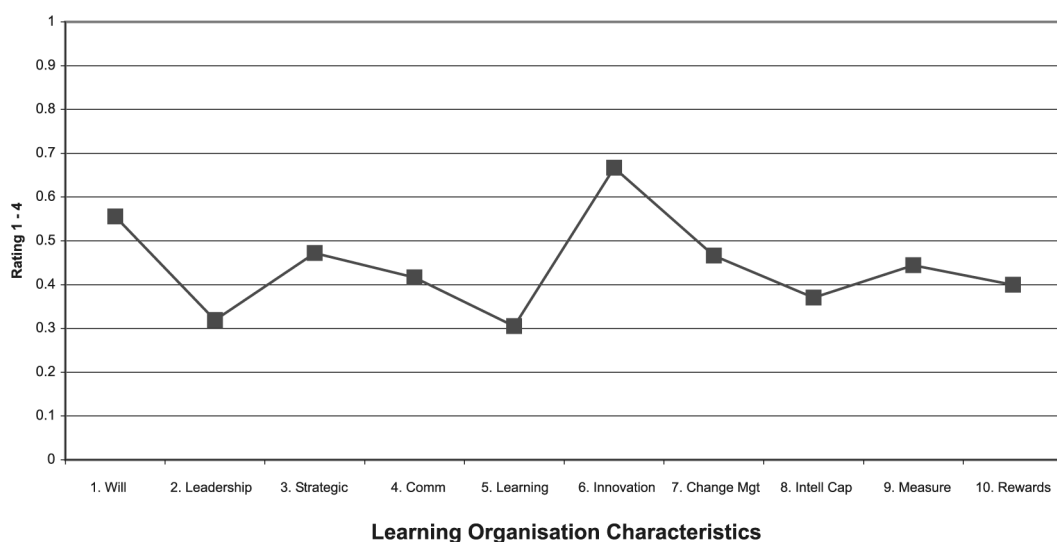
HR/LD managers indicated will was the least fulfilled (0.93), which implies, in their view, some difficulty in gaining support for learning organisation principles, despite the high level of importance accorded them by all groups. However, in contrast to CEOs, they appear to believe that the implementation of innovation and decision making is measuring up to the importance they attach to it. The difference of view might be explained by the greater level of importance attached to this characteristic by CEOs.

HR/LD managers also see communication as the second least fulfilled (0.87) along with employees who find it the least (0.90). Managers (0.65) and CEOs (0.42) on the other hand appear to feel it is reasonably well implemented. Taking into account the high level of importance accorded it by HR/LD managers, and employees particularly, this difference of perception suggests an area of weakness. Without signals being transmitted efficiently and accurately, meaning can become distorted and performance suboptimal.

#### Line managers

Given line managers' highest priority being the quality strategic thinking and vision, there is clearly a significant deficiency in this area. Where leadership is also regarded almost as

**Figure 3** CEO gap between current situation and important



highly however, there has been moderate success in fulfilling their expectations (0.55). Learning and development indicates the smallest performance deficiency (0.38). The small gap is a reflection of its relative unimportance but relatively high level of implementation. The lessons for line managers are that whilst they place the most emphasis on strategic thinking and vision they do not appear to feel as though they are fulfilling their own expectations. Equally, it was found that they placed average emphasis on intellectual capital and knowledge management and measurement and assessment, but considered the attributes relating to these characteristics poorly implemented (0.86 and 0.81). This suggests these areas need attention to more fully develop their performance enhancing potential.

#### *Employees*

The graph shows that employees see the greatest shortfall in the attributes relating to communication (0.90). An examination of the line manager graph however shows a mid-range gap (0.65). This suggests that whilst managers are reasonably comfortable with the quality of their communication, employees are not. Employees also indicated that measurement and assessment was the most well implemented characteristic (0.52), yet managers, according to its mid-level importance (0.81), saw it as the least. The implication here is that employees are relatively well satisfied with the process, but that managers are implying, from their perspective, that key performance indicators are not doing the job adequately. It is worth noting also that employees placed relatively low importance on innovation and decision making and see it as poorly implemented, in contrast to CEOs who also see it as poorly implemented, but regard it as the most important characteristic. Despite the CEO focus, the results suggest more active emphasis is needed in this area.

### **The validity of the model**

The research found that, given limitations due to sample size, and assumptions of rational respondent behaviour, all organisations surveyed were in substantial agreement and that the survey model comprehensively encapsulated the attributes

that comprise the ideal learning organisation. At a confidence level of 95 per cent, the *t* value exceeded the critical value in all 193 attributes with the exception of two. CEOs resisted the assertion that leadership should avoid a “charismatic” style that inhibited the free flow of ideas and initiatives, and managers tended not to agree with the use of computer simulation that provided for experimentation and the refinement of practices and procedures. In the first instance there is understandable misapprehension over leadership style. The intent of the question/attribute was to differentiate facilitative from command and control leadership where charisma was unsupported by other essential leadership requirements. In the case of managers, it is likely that the nature of the organisations surveyed was not suited to simulation. In airlines, Air Traffic Control and the scientific, maritime and military areas for example, the use of computer simulation is commonplace.

### **Summary**

The graphical representation was able to show the differences in emphasis and perspective between CEOs, HR/LD managers, line managers and employees. All organisations were analysed in this way, both on a consolidated basis, and separately. On a consolidated basis, by applying the model/questionnaire across targeted industry or government areas, attitudes to the ideal learning organisation concepts were able to be determined, and perceptions of the extent to which they were being satisfied were able to be established.

This process can be used to provide a means of identifying learning organisation trends in various sectors and assist in the development of targeted government resource allocation policies for example. Two critical issues apply however. First, the construction of the model/questionnaire must accurately reflect what are accepted as learning organisation attributes. The underlying notion is that pursuit of the principles outlined in the model is the optimum course for an organisation wishing to become a learning organisation. Whilst there is no conclusive agreement on what constitutes a learning organisation, the model is proffered as a means of addressing this deficiency.

Second, respondent samples need to be statistically valid representations of the sector being appraised.

On an individual basis the model was found to be an effective vehicle for assessing an organisation's status and providing a framework for evolution into a learning organisation. It was able to reveal attitudes and perceptions prevailing and the areas of weakness needing greater focus. Given the ten characteristics and the underlying 193 attributes comprehensively describe the ideal, the model was accepted by the sampling population as a practical means of establishing the degree to which they were held important by respondents from the four functional areas. By assessing the extent of implementation it was possible to establish the relative size of the gap between belief and reality. In effect, the model acts as a checklist for establishing the extent of implementation at any time.

Once deficiencies are identified, given leadership's commitment to becoming a learning organisation, steps can be taken to address the behaviours that militate against learning such as defensive routines and poor communication. For example, CEOs see innovation and decision making as the most important characteristic, but poorly implemented. By analysing the underlying attributes, factors inhibiting learning can be identified. Human resources and learning development managers see learning organisation principles as vital but the least fulfilled. They regard reward and recognition for effort most important and generally well satisfied. Whilst it is understandable that this function will focus on performance indicators and rewards, the model can point to areas that need to be reassessed and re-prioritised. Line managers perceive a wide gap between strategic thinking and vision but see learning, whilst relatively unimportant, as being well fulfilled. This suggests that management thinking could be inhibiting the implementation of learning organisation principles and should be investigated. Employees regard reward and recognition as the most important characteristic and are relatively well satisfied in this area. Although they see communication as the second most important characteristic it is considered to be the area of greatest deficiency. Line managers on the other hand see communication as of moderate importance and moderately well

implemented. Here an important conflict of perception of both relative importance and the extent of implementation is revealed, which points to areas needing remedy if organisations are to develop the learning organisation behaviours.

## Conclusion

It was found that the group of organisations surveyed, all of which espoused a learning orientation, was enthusiastic and committed to becoming a learning organisation, and had, at the time of survey in July 2001, implemented many of the principles and exhibited many of the ideal attributes outlined in the model.

The model provides a testable methodology for the management of the transformation into a learning organisation and for the identification and correction of the reasoning patterns of defensive routines that predispose against learning. By identifying these inhibiting factors, against the framework of the ideal, leadership is provided with the opportunity to reconcile espoused and actual theories of action and facilitate performance improvement. In so doing, the risk of failure is minimised and the opportunity for competitive advantage being sustained is enhanced.

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