Chapter XII

A Framework for Building Learning Organizations

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ABSTRACT
The concept of the learning organization that strives continually to develop its people and processes will be an accepted philosophy of all competitive organizations in the future. Organizations are increasingly being challenged to leverage learning, as it has been widely articulated that knowledge creation and continuous learning at the individual, team, and organizational levels may be the only source of sustainable competitive advantage. Continuous learning is essential for surviving, let alone prospering, in dynamic and competitive environments. Because of this increased emphasis on learning, there has been a tremendous interest in the concept of learning organizations and the capabilities required to build learning organizations. Organizations of the future will not be able to expand into new markets and win market share unless they have a framework (technologies, people, processes, and methodologies) to use their past knowledge to gain a competitive advantage. Organizations of the 21st century have to use the latest information technology and methodologies that can enable them to be cost effective, faster, flexible, and more competitive. Despite the growing interest in learning organizations, there are knowledge gaps in understanding about how to exploit technologies to create a suitable framework for learning organization. Our chapter
attempts to suggest a framework for building learning organizations and shows the use of systemic approach to implement our proposed framework to create learning organizations.

INTRODUCTION

As we move into the 21st century, the need for rapid access to relevant knowledge has never been greater. The business world is becoming increasingly competitive, and the demand for innovative products and services is very high. The Internet revolution has required organizations to change. Today, organizations have to be much more flexible and open than they used to be 5 years ago and need entirely different strategies for competitive advantage. Organizations are becoming more knowledge-intensive in order to learn from past experiences and from others to reshape themselves and to change in order to survive and prosper. Organizations need to utilize knowledge across processes and functions to become knowledge-driven organizations or learning organizations. A learning organization is an organization that has an enhanced capacity to learn, adapt, and change (Levine, 2001). Matrix and network structures and the design of organizations are some of the developments in this direction that have reduced the barriers between work groups. The distinguishing features of a learning organization are shown in Figure 1.

At all levels, the explosive growth of information technology, the Internet, and the rapid rise of the so-called “New Economy,” based on knowledge-intensive industries, has led to growing recognition of the importance of knowledge as a critical resource for competitive advantage. Although many definitions exist, learning organizations are generally described as those that continuously acquire, process, and disseminate knowledge about markets, products, technologies, and business processes. This knowledge is often based on experience, experimentation, and information provided by customers, suppliers, competitors, and other sources. Learning at individual and organizational levels involves the transformation of data (uninterrupted information) into knowledge (interpreted information). This chapter presents the concept of learning organizations—learning, memory, and organizational learning—and how they can be supported by today’s information technologies. We first describe the concept of learning organizations and then

Figure 1: Distinguishing features of learning organizations

- Human capital (people power)
- Structural capital (databases, patents, intellectual property, and related items)
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