

In Search of Learning Organisations Within the Australian Hotel Industry Implications and Issues

Michael Morrison and Fern Marriott
Monash University
Sydney Department of Management
Faculty of Business and Economics
Australia

Abstract

The concept of 'organisational learning' offers a rich opportunity for not only rethinking theories of organisational behaviour (OB) but also reexamining the relationship between OB and financial performance. This paper examines an attempt to operationalise organisational learning by conducting a field study in the Australian hotel industry. The research process is described. Four models from the literature and our own feedback model provided the basis for initial analysis of results. Preliminary results suggest that the methodology is not only useful in differentiating hotels but in promoting new questions that need to be addressed. However the models provided little more than a check list. As a consequence, we have constructed a composite model that proved for a more useful testing of the triggers and dynamics of organisational learning.

In Search of Learning Organisations within the Australian Hotel Industry: Implications and Issues

OBJECTIVE: The objective of this paper is to describe an approach to operationalising the concept of learning organisations, with the vision of developing a useful map to guide our search. The metaphor of learning to describe how organisations change and develop, provides a rich framework for rethinking and integrating systems thinking, planning, quality OB and information systems (Stata, 1992). In applying these concepts we are catapulted towards new code breaking and boundary crossing quests' (Ballantyne, 1994). The concept also provides a language and set of metaphors for communicating about what organisations 'do' in response to increasingly turbulent environments.

As well as making a strong contribution to rethinking theories of OB, there is a strong suggestion in the literature that organisations that learn better will have some competitive advantage in the market (Stata, 1989, Ford, 1991, Schein, 1993). If this proves to be the case, then it will be important to fully understand the dynamics of how organisational learning takes place and how it can be initiated and enhanced. Associated measuring instruments will also need to be developed.

The approach we have taken is based on examining real time organisations in the field, attempting to address the following issues:

how best to measure an organisation's capacity for learning

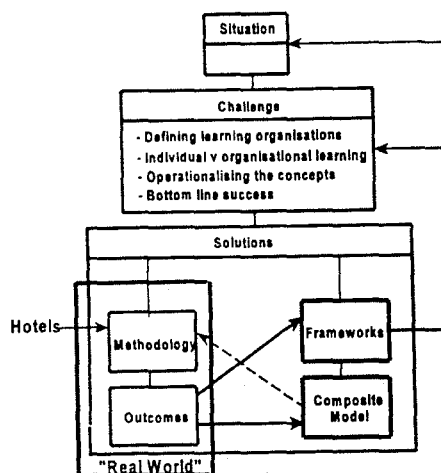
highlighting which factors result in one organisation having greater learning capacity than another

the extent to which learning capacity makes a difference to organisational performance

in the long and short term .

We have conceptualised the research process as shown in Figure 1.

Figure 1: OVERVIEW OF THE RESEARCH PROCESS



THE CHALLENGE: The problem we are trying to tackle is still 'fuzzy' or in Ackoff's (1979) terms a 'mess' and beset with a number of conceptual and methodological problems. We have clustered these under the following headings:

Organisational Learning: Although the concept of organisational learning has been in literature for at least 30 years, the field is still characterised by a lack of agreement on definitions, frameworks for conceptualising organisational learning and lack of development of rigorous methodological approaches by which to identify learning organisations and study the development and functioning of learning in organisations. Added to this is the relatively low level of paradigm development in the study of OB (Pfeffer, 1993). This scenario produces a diversity of research approaches but at the same time inhibits integration.

Pfeffer (1993), and Hawkins (1994) comment about the need for development of this area of study. We believe it is time for a transition from case studies and laboratory work to larger scale studies, testing some of the concepts, generalisations and hypotheses developed to date and starting to integrate them.

Learning Context: Learning is a function of the environment within which it takes place as well as the capacity of the learner. So it is critical to study the contextual factors that enhance or inhibit the flow of information and peoples' capacity to notice and access it, interpret it with high degrees of accuracy, and take appropriate action to ensure desired outcomes. This is a complex process dependent on structure, strategy, organisational climate and culture as well as individual characteristics. Not surprisingly, individual writers have tended to focus their models within particular areas, with as yet, little connectedness between them.

Level of Learning: Some writers are able to recognise and grapple with the similarities and differences between individual and organisational learning. While both organisational and individual learning involves new insights, modified behaviour patterns and a process of error correction and change, they differ in several respects. As Kim (1993) points out, a critical interface rich for study is that between the individual and the organisation - how does individual learning pass into the organisational domain and become part of an organisation's memory and structure. Still to be fully integrated in the map of learning organisations is the concept of systemic learning or self-organising that arises from the dynamics of the system itself (Haslett, 1994).

There are a number of publications still equating organisational learning with individual learning and training and development (e.g. Swieringa and Wierdsma, 1992). Although organisational learning emerges from individual learning, there are instances of organisational learning, in the sense of producing new adaptive behaviour, even though individuals may not be able to articulate it is happening. Strategy development over time may appear to participants to be a series of discrete though connected decisions yet there may be a strong underlying stochastic process (i.e. the structure/strategy debate). Or a past decision to set parameters at certain levels will determine which incidents are seen as 'deviant' and therefore need to be dealt with, thus determining in which areas new learning will or will not take place.

While individual 'persons' are put into a central role in discussing learning organisations, one of the problems to be overcome is to somehow manage the language and metaphors for these two levels of analysis - the individual and the organisation/group and separate them when necessary. A new set of words or metaphors seems to be called for, given the apparent reluctance to use the language of systems theory.

Type of Learning: The type of organisational learning is a critical distinguishing characteristic between organisations. The dominant model seems to be that of single and double loop learning (Argyris and Schon 1978). Senge (1992) refers to these learning levels as Instrumental and Generative. They are also referred to as Maintenance and Innovative (Bennis and Nanus, 1985) Lower and Higher Level (Fiol and Lyles, 1985) Operational and Conceptual (Kim, 1990) and Adaptive and Generative (McGill et al, 1992). Within our framework, we make no distinction between double loop learning at the section or department level as compared with the corporate strategy level. The underlying double loop process is the same.

Reflections. Using these frameworks, it seems obvious that organisations which survive beyond some critical point in time must be learning - so the concept of a 'learning organisation' is not discriminating in any way and thus not particularly useful. It becomes evident that examining the process of learning within an organisation has to be a starting point of investigation, rather than looking at outputs or inputs.

The literature contains many definitions of learning organisations. A number have impacted on our thinking with that by Garvin proving to be the most useful in that it provides a clear statement of what a learning organisation is, with suggestions as to the key processes necessary for it to come about, including the double loop.

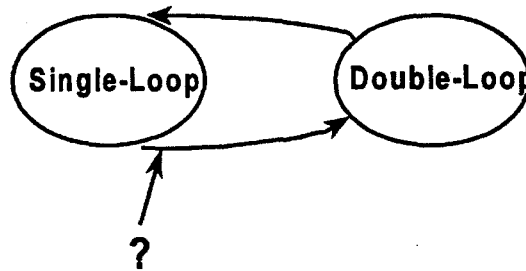
"A learning organisation is an organisation skilled at creating, acquiring, and transferring knowledge, and at modifying its behaviour to reflect new knowledge and insights." (Garvin, 1993: 80).

Clearly some organisations learn 'better' than others - their modifications are faster and less energy consuming; more closely matched with the internal and external requirements of the environment, more double than single loop learning with the consequence that consistencies between the organisation's structure and processes are greater. So perhaps it is the balance between instrumental and generative learning in an organisation that needs to be studied and terms developed to describe organisations in terms of the balance between these two categories. Perhaps the title of our paper should be 'In Search of Generative Learning within the Australian Hotel Industry'.

It seems to us that the crux of understanding what distinguishes generative learning organisations from others, is to determine what triggers the "flip" from single to double - loop learning (See figure 2). While we realise this 'flip' is not instantaneous throughout the organization, it is perhaps akin to the sudden switch or insight experienced when distinguishing figure and ground in perceptual illusions.

SOLUTIONS: The previous section outlines some definitional choices we have made to reduce the fuzziness of the problem situation and make it more amenable to study. Choices of methodology are another way of reducing the 'mess'.

SAMPLE: Hotels were chosen as the organisations for study. They are relatively small in size and operate as separate business units within a highly competitive environment. There are frequent moments of truth' (Carlzon, 1987) to act as the basis of learning, coupled with an existing emphasis on daily feedback from guests. The learning cycle is relatively short i.e. from identifying an opportunity to making a decision about what to do. Within Perrow's framework (1967), there is low analysability of problems which increases the requirement for learning. Thus there is sufficient complexity and linkage within the task system and environment, for learning by the hotels and guest behaviour to be seen as causally related.

Figure 2: Single to Double-Loop

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Hotels have characteristics of a total learning environment as outlined by Nyhan (1993) viz;

every situation is a learning opportunity

every moment is a learning opportunity

everyone in contact with guests has the opportunity to be a learner

learning is concerned with solving problems

Our study is limited to all seven of Melbourne's five star hotels in the central business district. Data collection and analysis is not yet complete, due to the busyness of our sample and the researchers. To date we have collected data from five hotels. At each we interviewed up to ten people including the General Manager, Human Resource Manager and a diagonal slice of staff from a variety of levels and functional areas.

Interviews were given voluntarily, taped and lasted up to an hour. They took the form of a structured conversation based around the following areas:

Job roles and responsibilities

The organisational mission and how it is disseminated.

What information systems exist and how individuals find out what is going on.

Decision making structures and processes.

The things that go wrong and what happens when they do

How new ideas are developed and implemented.

In addition, we attended induction sessions, observed, participated as customers and analysed some written materials. Data was analysed by the authors independently. Results were compared and any major discrepancies in rating discussed. Data from interviews, publications, observations and attendance at induction programs were converted into points along anchored scales based on the theoretical frameworks discussed below. For example:

PEOPLE AVOID ERRORS I-----I-----I-----I-----I PEOPLE FEEL ABLE TO MAKE MISTAKES

Because of the ordinal nature of the data, means, modes and medians and the respective measures of variance are used in the analysis. Comparisons between functional groups and hierarchical levels, within and between hotels will be made. Each specific hotel will receive a report based upon its own data, together with a comparative but anonymous analysis across hotels.

THE MODELS: We have based the analysis of data on five models that provide a multi dimensional perspective on the learning capacity of organisations. See Appendix 1 for details. At this stage we are concerned to examine capacity for learning. The extent to which capacity is utilised and converted into ability will be the basis of later work.

Macher (1992) focuses on five aspects of organisational climate he believes to be critical for learning. Garvin (1993) is concerned with the existence of skills clusters necessary for learning to take place at the organisational level. While these clusters do reflect the basic stages in the learning process outlined above, each is in fact made up of a collection of distinct skills that need to be clearly specified. In addition, while skills alone may provide the potential for learning, they need to exist within a climate where they may be practised.

As a result of their study of seven organisations, Pedler, Boydell and Burgoyne (1989) propose a framework for examining the structural configuration necessary to support learning at the organisational level. We found this approach very concrete and thus relatively easy to apply although some dimensions seemed less useful than others.

In contrast to Macher and Garvin where measures could be based by 'adding' individuals perspectives, this framework required a discrimination across levels in the organisation (e.g. management control systems and policy and strategy formation were more applicable to higher levels of the organisation). Thus data obtained was dependent on who we interviewed. The 'learning climate', 'environmental scanners' and 'inter company learning' dimensions provided us with an internal validity check with Macher's framework and some of Garvin's dimensions.

Peter Senge's (1992) five disciplines were included. These proved difficult to operationalise supporting Garvin's critique (1993). We were able to include measures of shared vision and team learning and some aspects of systems thinking in the scales we used. Preliminary research by Jeff

McLean, Leah Spatz, Pat Davis and ourselves (1993) suggests that from the results of a survey received from 120 of top Australian companies (and answered by only 1 person per organisation in this preliminary study) that the five disciplines did not cluster into factors despite being presented in five blocks of questions. Nor did there seem to be a relationship between the scores on the disciplines and other organisational variables.

Our particular contribution to the models is based on examining the organisation in terms of the number, direction and quality of feedback loops that exist. Even if the climate is conducive to sharing information, and the structure exists for information to be shared, unless the information travels around the organisation and ends in an action oriented decision making mode, little shared learning and organisation improvement will occur.

RESULTS TO DATE. What have we found out about learning by hotels? The previous sections highlight some of our conceptual discoveries. In terms of research data, the key results include:

1. Major differences between hotels as measured by the scales, are evident. Our methodology, though simple, is proving to be a useful base on which to extend research. Once the data analysis is complete, we will see if patterns of responses exist within hotels and within functions and levels.
2. There are broad variations of response within hotels. We are not sure how to interpret this data. Variations could mean for example, a lack of shared vision (Senge 1992), (which may or may not be bad thing (Bourgeois, Eisenstadt, 1988) ; experimentation as part of learning or a time lag in the diffusion of a concept through the organisation.
3. The building blocks for learning e.g. structure potentially exist in all hotels but the degree to which they are used and used effectively and in double-loops varied to a large extent.
4. Information flows are most likely to be blocked 'diagonally' i.e. between departments/up the hierarchy. There is also a reluctance to use data on competitors provided by staff who have been guests. It is interesting to speculate that this might have some connection with the fact that functional groups of senior managers from all hotels meet monthly to share information.
5. Non learning exists at the single loop level and needs to be specifically included in the learning map. For example in one hotel a part of the organisation was experiencing a major structural problem (having to work across two departments). The person concerned tried to bring the situation to the attention of the management group but it was not recognised as a problem.

In another hotel, there were regular customer complaints about certain physical aspects of the hotel. The senior management group acknowledged the problem and then consciously decided to do nothing about the problems at that point in time.

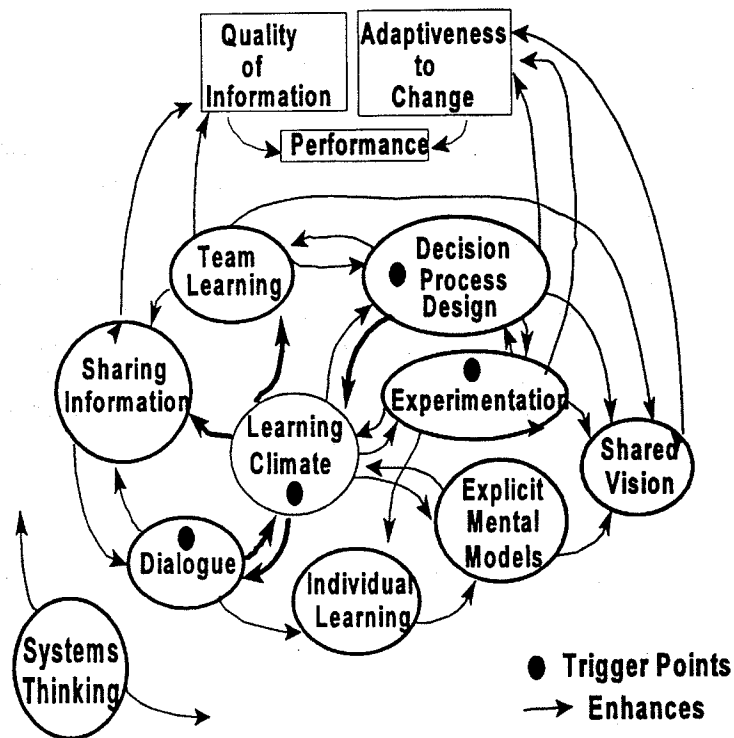
In both cases, the outcome was similar - non-solution of a persistent problem which in an organisation with a high level of learning, should be dealt with and eliminated. The process of problem recognition, the underlying intentions of the decision makers, the dynamics and the consequences were however very different. These examples demonstrate the importance of looking at the process rather than the outcomes.

6. Although we have not yet examined financial data and independent measures of occupancy rates, there seems to be little difference between hotels in terms of those with the 'most' and the 'least' learning potential. We do not know to what extent our measures of learning potential have independent meaning.

COMPOSITE MODEL: Each of the conceptual models proved useful in focusing analysis. There was some overlap in concepts. Apart from systems thinking in Senge's model, they provided no help in prescribing where to start in analysing or designing an organisation which effectively conducts generative learning. In this context, these models proved to be inadequate and static.

So we developed a composite dynamic model from all five. We worked through a relationship grid, deciding from the definitions given and our personal conceptual models, whether the presence of variable *A* would increase the presence of variable *B* and vice versa. The results of this process are shown in Figure 3.

Figure 3: COMPOSITE MODEL



The results are very interesting. The model suggests that an appropriate learning climate is a necessary prerequisite for a human learning system. It also suggests that to build a learning system i.e. to design in an increased probability of double loop learning, possible starting points are likely to be around learning climate; decision making processes based on use of data and experimentation; a structure of collaborative strategy development and personal dialogue skills.

Shared vision (Senge) did not seem to trigger other characteristics, although it was likely to increase responsiveness to change. Systems thinking (Senge) is likely to trigger the whole process so it seemed to be the shell surrounding the whole process. On the other hand the existence of systems thinking is only likely to manifest in some of the other variables, so its existence in the organisation is not synonymous with a learning organisation until it gets put into practice.

The positioning of individual learning in the model would support the lack of relationship found between using training as a key strategy to trigger organisational learning and the desired outcomes.

The composite model suggests a more refined way of examining the causal relationships underlying organisational learning. It provides a framework that is able to be tested either in the laboratory or to some extent in the field by a correlational study.

CONCLUSIONS: Our journey has lead us to explore some exciting new issues. Like a mirage, when we thought we might have found organizational learning, it disappeared. But we are sure it is out there somewhere. Once we have written up the reports on this exploration, we have a whole series of expeditions to foster:

Following up on Kim's work on the mechanism of transfer of learning from individual to organisation

An alternative approach to the study of learning is to look at factors that inhibit learning taking place (Senge, 1992, Sharratt and Field, 1993). It might be anticipated that measures of blocks to learning would be the reciprocal of the learning potential existing. We have not included this aspect in our current research although our data can be reanalysed .

What changes mental models

Developing the existing methodology. It has been suggested that we think about the development of a Guttman scale and convert our scales into an organisation wide survey.

We can also use an isotope approach to study the diffusion of learning through an organisation and some of the methodologies from strategy research that trace the development of an idea historically, over time.

Testing our composite model. The data collected from our large scale survey might provide a starting point for this. We have also started designing a series of laboratory studies.

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FRAMEWORKS USED IN THE STUDY

1. Climate - Macher. According to Macher (1992) continuous learning thrives in the right organisational/interpersonal climate. He believes that managers need to be aware of five critical support factors crucial for a learning organisation:

Safety. There is a certain vulnerability to learning. People are required to admit that they do not know something and need to ask for help. If there is a climate where people feel safe from punishment and ridicule they tend to become more open to people. People are able to make mistakes, in fact mistakes are seen as a source of learning.

Truthfulness. There needs to be honesty between people about their differences. An atmosphere of constructive confrontation needs to be encouraged.

Decision of Merit. Decisions need to be made based upon merit, not on status. Decisions by merit build a sense of integrity and develop accountability.

Openness. Learning occurs best in a climate of exploration. People need to break from tradition, be able to ask questions, and try out new ideas.

Community. Managers need to remove the barriers and mistrust between different departments and lessen the distance caused by isolation and misunderstanding up and down the chain of command. To achieve a sense of community people must recognise that they have the same mission, (shared vision) speak the same dialogue and accept that they need each other to be successful.

2. Activities - Garvin. Garvin (1993) focuses on developing skills in five main activities:

Systematic problem solving. Relates to the philosophy and methods of the quality movement, relying on scientific method rather than guesswork, uses actual data rather than assumptions and simple statistical tools.

Experimentation with new approaches. Systematic searching for and testing new knowledge, motivated by opportunity and new perspectives and not by current difficulties.

Learning from their experiences and past history. A review of successes and failures, reflecting and self-analysis.

Learning from experiences and best practices of others. Benchmarking, looking outside the immediate environment, openness to the outside world, environmental scanning.

Transferring knowledge quickly and efficiently throughout the organisation. Knowledge transferred quickly and efficiently throughout the organisation. Mechanisms in place to facilitate the process, written and oral reports, site visits, tours, rotation programs and education and training programs.

3. Potential Structures- Pedler, Boydell and Burgoyne. Resulting from their study of seven organisations, Peder et al (1989) from a UK perspective, suggest that organisations can be tested against the following conditions as to whether or not they have become a learning organisation: We see this as whether having a particular structural configuration provides the conditions under which learning is possible.

Learning Approach to Strategy. Organisational policy and strategy formation, together with its implementation, evaluation and improvement, are consciously structured as a learning process.

Participative Policy Making. The debate over organisational policy and strategy is widely shared, participated in, and identified with, amongst members of the organisation. Debate implies recognition of differences, airing disagreements, tolerating and working with conflicts to reach decisions.

Formative Control Systems. Management control systems of accounting, budgeting and reporting are structured to assist learning from the consequences of managerial decisions.

External Exchange. Individuals, groupings, departments and divisions exchange information on expectations and feedback on satisfaction to assist learning.

Environmental Scanners. Members with outside contacts act as 'environmental scanners' for the organisation and feed back this information to other organisation members.

Inter-Company Learning. Organisation members engage in sharing information and learn jointly with others outside the organisation, e.g. customers and suppliers.

Learning Climate. The culture and management style within the organisation encourage experimentation, learning and development from successes and failures.

Self Development. Resources and facilities for self-development are available for all.

4. Five Disciplines - Senge. Senge has proposed Five Disciplines which if practiced and integrated should result in an organisation able to create the future it desires. The five disciplines are Systems Thinking, Shared Vision, Team Learning, Mental Models and Personal Mastery.

5. Feedback Loops-Morrison and Marriott. Our contribution is based on examining the organisation in terms of the number, direction and quality of feedback loops that exist (see figure 4). Even if the climate is conducive to sharing information, and the structure exists for information to be shared, unless the information travels around the organisation and ends in an action oriented decision

Figure 4: FEEDBACK LOOPS

