Learning company for
SUSTAINABLE COMPETITIVENESS
Towards a model
and theory development
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Review Paper

Learning company for sustainable competitiveness: Towards a model and theory development

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Previous studies on learning organizations do not provide a strategic framework of adapting organizational learning for sustainable competitiveness. This paper reviews various contributions on developing learning companies with an objective of proposing ideal management practices for sustainable competitiveness. Based on existing literature review, the essence of integrating business strategy with learning which helps the organization realize sustainable competitiveness. The paper holds that managers need to identify learner's needs and provide conducive learning opportunities and nurture knowledge sharing as part of organizational culture. Further, existing incentives should enhance the desire to learn, as well as developing appropriate mechanisms, leadership and management approaches. The paper adopts the systems approach to exhibit how organizational learning may be adapted within organizational settings. Based on existing theories and previous discussions, the paper seeks to show how organizational learning may be modeled and implemented in developing countries within large and small firms in the 21st century. In conclusion drawn and recommendations for further research emphasis is laid on the need to link organizational learning to performance as a grey area to be explored.

Key words: Learning organizations, sustainable competitiveness.

INTRODUCTION

The world in which organizations operate has been transformed by innovation, technological and economic change. However, organizations still lack the fast pace to adopt innovations. The dynamic forces affecting organizations require that sound models of indicating organizational learning be developed and adopted within various organizational contexts. Changes in strategic pressures have led to internal and external developments, and so has increased emphasis for learning and building capacities for the future organizational competitiveness. Modern organizations are increasingly concerned with the existing link between developing people in organizations and achievement of strategic objectives. The underlying assumption is that increased competitiveness comes from the strategic development of people for sustainable competitiveness.

Moreover, pressures to develop learning companies are strongly attributable to increasing stakeholder's participation that have different expectations to be met by organizations. This paper seeks to come up with practical guidelines that can be incorporated at all levels, for instance; crafting plans, policies and strategies to achieve sustainable competitiveness; enhancing strong partnerships in terms of building intra-organizational relationships which has been the norm rather than the exception; prescribing cultural level that go along way in emphasizing learning and competitiveness and building extra organizational networks that support learning. There is need to build strategically beneficial relationships at all levels in order to make learning updated, relevant, and appropriate and skill based.

Competitiveness has become a central concern in an increasingly open integrated economy. The concept of competitiveness is associated with the provision of wealth creating opportunities at the micro economic level (Porter, 2004). Competitive pressures force managers to
consider the effect of organizational actions on the competitive advantage of firms. Sustainable competitiveness refers to the ability of organizations to continually withstand competitive pressures by crafting strategies that enable the organization realize superior performance viz a viz other competitors. The resource based view further attributes it to the possession of valuable, rare inimitable and non-substitutable resources, Conner, 1991. Sustainable competitive advantage results from core competencies. Organizations should consolidate resources and skills into competencies that allow them to adapt quickly to changing opportunities (Hamel and Prahalad, 1990). According to Peteraf (1993) four conditions which must be met for sustainable competitiveness are, superior resources, expose limits to competition, imperfect resource mobility and exante limits to competition.

A learning organization has been defined as one that is skilled at creating, acquiring and transferring knowledge and at modifying behavior to reflect new knowledge and insights (Lussier and Acha, 2007). Senge (1994) in the “Fifth Discipline Model” describes five key disciplines forming the main element of learning organizations that include personal mastery, mental models, shared vision, team building and systems thinking. Personal mastery relates to the ability to focus energy, personal vision and to see reality clearly and objectively. Mental models determine how individuals see and interact with the world which helps to open up alternative perspectives and insights and balances enquiry and advocacy. Shared vision emerges from personal vision fostering the commitment of the group. The more people share the vision, the more likely goals become achievable. Senge (1994) describes the “Fifth Discipline” as systems thinking which make other disciplines work together and provides a way of understanding practically and see ; interrelationships between processes, cause and effect chains. Systems thinking rely on “feedback” which refers to how actions can cause or counteract and influence each other in a close loop.

The fifth discipline brings the concept of ‘learning organizations’ where people continually expand their capacity to recreate the results they truly desire, where collective aspiration is set free and are continually finding out how to learn together. In this study, the context of learning organizations are reflected by systems, mechanisms and processes that continually enhance capabilities, to achieve sustainable competitiveness. Such firms are adaptive to the external environment, continually change/adapt, develop individual as well as collective learning and use results of learning to create and sustain competitiveness.

LITERATURE REVIEW
Promoting a culture of learning organization is essential to meeting various types of challenges. First in situations of rapid change only those that are flexible, adaptive and productive will excel. For this purpose organizations need to discover how to tap people’s commitment and capacity to learn at all levels. This is necessitated further by the need to link individual performance with organizational performance. A learning organization can ensure that there is strategic alignment between customer needs, organizational goals and resource allocation. Coupled with this, learning organizations promote information exchange and capture expertise at all levels from human resources using technology as leverage to support information. Besides this, typical organizations of this nature can utilize alternative strategies which integrate learning within the working environment by providing continuous learning opportunities.

Learning may take several forms such as adaptive, generative and transformative learning. Adaptive learning affects stimuli and in turn results in changes in processes and outcomes as a coping mechanism (Berry and Dienes, 1993; Reber, 1993; Senge, 1990). Behavioural theorists assert that groups may change in reaction to stimulus within the external environment (Guthrie, 1952; Thorndike, 1932; Tolman, 1932; Watson, 1924). Clues about changes in the organizational environment inform them about new ways of getting things done and group behavior. They engage in incremental change processes as they adjust behaviours and clarify their interdependencies (Pulakos, Arad, Donovan, Plamondon, 2000).

Adaptation determines the group’s sustainability and reduces pressures and challenges thus leading to increased competitiveness. Within organizational settings adaptations that fit with group and organization goals should be incorporated in strategy making processes for long term sustainability. This enables employees develop a higher sense of self potential, cohesiveness and commitment. Closer working relationships should be bound by a shared mental model. This implies therefore that existing groups should monitor and adjust to changes reflected in the external environment through learning processes. Employees within such groups are self motivated, cohesive and share a high sense of commitment. Existing working relations are closely knit by shared mental models. These features aid in learning and its long term benefits may lead to sustainable organizational competitiveness.

On the other hand generative learning is in proactive strategy to attaining long term competitiveness by exploring learning needs and opportunities. The knowledge, skills and behaviour acquired together with interaction patterns are used to improve group learning (Ausubel, 1968; Bruner, 1960; Gagne, 1978; Vera and Crossan, 2003). The process entails ; A mastery learning orientation (Buderson and Sutcliffe 2003; Dweck 1986; Vandewalle 1997), self efficacy derived from learning from others (Bandura , 1997) and andragogy (adults who are ready to learn and are responsible for their own learning (Knowles, 1975). Members explore alternative
methods, ask questions, seek different perspectives, and evaluate alternatives which reflect on their actions. They also clarify expertise and demonstrate capabilities (Polzer, Milton and Swann, 2003). Generative learning thus involves continuously exploring new opportunities that create potential for new sources of growth (Senge, 1990). When successful, changes in performance are measured improvements are confirmed and made part of standard practices to adopt high performance standards for future. Groups therefore need to be generative in future, open to new ideas and confident to face uncertain and future emergencies for effective for sustainable competitiveness.

Transformational learning involves a change process which may involve disorientation of existing group goals and structures to change the core nature of the group. Such changes are deemed necessary to avoid irrelevance and adapt flexible patterns. The reorientation process seeks to produce new groups, structure, strategy goals and identity. Transformational change alters the way people in groups perceive their roles, responsibilities and relationships (Anderson 1997; Boyd and Myers, 1988; Gergen, 1991; Grabov, 1997; Henderson, 2002; Wenger, 1999). This leads to a new high order of consciousness (Kegan, 2000). Transformative learning emerges from constructivist theories which affirm that individuals reconstruct meaning and reality from experience (Dewey 1933, 1986; Glaserfield, 1996; Rogoff, 1990; Vygotsky, 1978) According to (Lievers and Lubberding, 1996) Such approaches provide useful inputs and considerations in organizational change processes geared to enhancing group competitiveness.

The social capital theory and learning organizations

Learning organizations should seek to create and sustain human capital for sustainable competitiveness. Capital theories share a common perspective which focuses on investment of resources with expected returns reflected by sustainable competitiveness in markets. According to Becker (1992) human capital analysis starts with the assumption that individuals invest in learning by weighing benefits both monetary and non-monetary and costs. Costs usually depend on foregone value of time spent on investments. Based on this understanding companies should invest resources in learning owing the perceived long term benefits accruing from learning and as competitive building blocks.

To advance this thinking further, Coleman complemented the human capital theory from a sociological perspective (Coleman, 1988; 1999). According to Coleman (1999), physical capital, human capital and social capital all facilitate productive activity. In his opinion, social capital arises from changes in relationships between people that facilitate learning (Coleman, 1988). For purposes of facilitating organizational learning and competitiveness leaders and managers should promote social cohesiveness. In conceptual literature there is a consensus that social capital develops over time and has a path dimension. In Anderson et al’s (2007) analysis, it is a social relations outcome, produced in interactions within a network and is self-reinforcing (Putnam, 1993). For example, entrepreneurs rely on social capital built in previous ventures while launching new business. This confirms the belief that organizations focus should focus on strengthening social and cultural values (Cohen and Prusak, 2001) to enhance organizational learning.

Second to build social capital, organizations have to be committed to maintaining their social contract and to improve the social contract of their organization in the long run. For example, organization invests resources in terms of space and time to encourage informal groups which helps in enhancing learning. Such self motivated groups may share knowledge and expertise built on common ways of working (Lesser, 2000). The desire and willingness to work beyond the contract increases learning opportunities and leverages an organizations ability to build its competitiveness in the long run.

Elliot and O’Dell (1999) in their study considered culture, technology, infrastructure and measurement as key enablers for learning. Conducive learning environments for long term competitiveness require sound organization structure, technology, process and people network to ensure knowledge flows impact on organizational learning (Elliot and O’Dell, 1999). Similarly, several studies indicate that strong inter-personal relationships act as pillars which motivate employees. Such behavioral attributes if accompanied by a high need for learning, provide knowledge sharing opportunities. As Lucas (2005) points out successful knowledge transfer depends on an individual willingness to change the way things are done and risk the possibility of failure.

Further, cultural values and behaviour influences can serve as useful instruments in the transfer of knowledge. Hofstede’s five dimensions examined work reflected values of employees which included, power distance, individualism, masculinity, uncertainty avoidance and long term orientation. In these studies, power distance reflects the degree to which employees expect and agree that power should be stratified and concentrated at the top level of an organization (House et al., 2004). Ideal managerial approaches that encourage learning and growth for competitive gains cascade power sharing to the lowest level. On the other hand, Uncertainty avoidance is the extent to which members of an organization strive to avoid uncertainty by relying on established social works rituals. People in high uncertainty avoidance culture seek to decrease the probability of unpredictable future (House et al., 2004). Leaders should encourage calculated risk taking among employees and a departure from conventional thought patterns and action which stifle learning potentials and opportunities to remain competitive.
The systems theory and learning organizations

Important observations may be made which have implications on organizational learning for sustainable competitiveness (Boulding, 1956; Veld, 2002). Individuals should develop some cognitive understanding about existing situations and then modify their attitudes based on organizational expectations. In single loop learning the existing structures, actions, norms and assumptions need to be questioned and reviewed based on the need for long term competitiveness. Within organizational settings the existing organization structure, policies and processes should provide mechanisms for correction and implementing action plans to yield desired results. In double loop learning, values of the systems theory are applied based on organizational strategies and assumptions.

Permanent changes geared towards long term organizational competitiveness are associated with double loop learning, because they modify existing attitudes and cognitions towards current practices. However the norms, cognitions and attitudes guiding organizational behavior should provide adequate response time during change implementation. Barriers to learning in such situations occur because of radical change. Secondly, feedback mechanisms during various phases need to provide information which is compared with existing norms to detect errors. This implies that organizations should develop feedback mechanisms for various learning processes.

In addition, the applicability and relevance of norms (cognitions and attitudes) which guide organizational behavior need to be evaluated frequently to establish the effectiveness of organizational practices. The rational basis for continued existence lie in whether gaps exist between organizational norms and the opportunities created for sustainable competitiveness. In this respect an evaluation mechanisms compares existing norms with dynamics within the external environment. Such evaluation mechanisms should be able to test and justify current organizational practices based on existing norms and need to be timely to correct organizational behavior. Successful implementation requires that autonomy be provided at various levels to eliminate learning barriers.

During learning processes, alternative cognitions and attitudes (reflected in changing thoughts and work patterns) should be based concrete evidence and experience related to alternative knowledge systems. Consequently, organizations need to develop reliable input mechanisms of collecting and analyzing information internally and externally among leading competitors. The input obtained provides information for evaluation and benchmarking purposes. Without reliable feedback, and expertise current norms cannot be evaluated for change purposes. The top management therefore needs to continually redesign the organizations systems and structures to capture reliable input from the internal and external environment. Such strategies facilitate organizational learning through increased opportunities to attain long term competitiveness. Changes within the external environment may provide learning opportunities or reflect existing threats to learning processes.

Applying such approaches require that, organization culture should aim at tapping and utilizing existing talents within organizations as a component of its business strategy. For sustainability and competitiveness, Talent building should be business driven; future oriented, integrated and delivers measurable results. The development framework should emphasize an understanding of a Business strategy, goals, issues, opportunities, challenges, values and culture of an organization. Learning models should define specific capabilities, skills, attributes, and knowledge needed to utilize opportunities based on the organizations will and ability to cope with challenges. Further, organizations should design learning opportunities targeting needs of individual employees and identify specific attributes synergized for future organizational success. Learners differ in analyzing and interpreting information, motivation for learning, level of self directedness and their preferred manner of engaging with learning material (Cuthbert, 2005). In this light it is hypothesized that:

**Proposition 1**

**Competitive organizations are able to integrate business strategy with learning models adopted.**

Moreover, ideal approaches should seek specific attributes needed to develop people for present and future success. Employee’s competencies should be continually updated to reflect a future focus. Ideal competencies should not be HR driven but business driven, reflecting future organization priorities of increased and sustainable competitiveness. However, contemporary organizations do face challenges in developing attributes necessary for success. The perception of personal work experience as an opportunity to grow professionally can influence the attitudes towards the future for personal planning. It allows employees to cope with demands, meet their work goals and prevent negative outcomes (Salianova et al., 2005). The changing working environment requires a continuous development and need to update employee skill. Hence:

**Proposition 2**

**Effective organizational learning strategy is tested by the ability to consistently supply employees with relevant competencies for sustainable competitiveness.**

In addition, learners differ in analyzing and interpreting information, motivation for learning, level of self directedness and their preferred manner of engaging with learning material (Cuthbert, 2005). Moreover, focusing directly on learner needs fits well with the notion of lifelong learning (Hall and Moseley, 2005). However,
divergent views exist on the characteristics to be identified and addressed in the learning context. Many learner characteristics have been criticized for having a narrow focus and inability to impact on learning effectiveness (Cassidy et al., 2004). Their limitation is reflected in focusing on cognitive attributes to the detriment of affective (emotions) and conative (intentions), factors which impact heavily on a learning effectiveness. Other Scholars suggest an inclusion of learning behaviors or social factors (Bedford, 2006; Jones and Martinez, 2001). Taking this perspective around should provide a sound framework of designing effective learning strategies. The assumption is, matching characteristics with appropriate treatment, learning activity; teaching situation will improve learning (Mumford, 1995). Thus;

**Proposition 3**
Learning effectiveness may be promoted through an all inclusive process of recognizing employee and organizational needs and characteristics and sensitivity to the social environment.

Besides this, the study also seeks to advance the argument that employees need to be given an opportunity to learn as advocated for in previous studies. Proponents of this view assert that, organizations which encourage personal learning by workers modify themselves and can adapt to internal changes and external demands. Within the working environment in Kenya there is a growing demand among employees to develop new knowledge and skills which is reflective of global trends. Reorganization and organization development together with rapid development in Technology require employees to develop their competencies to cope with changes. The opportunity for learning and development is an organizational resource (Hawley and Valli, 1999). Typical organizations increase the innovative capacity of workers and enable businesses face continuous changes and growing demands. Therefore, this study hypothesizes that learning opportunities enables employees adjust to new career paths since it is connected with the workers ability to cope with job insecurity associated to actual work. The perception of personal work experience as an opportunity to grow professionally can influence the attitudes towards professional future with implications for the personal planning capacity (Pombeni and Vattovani, 2005). It allows employees to cope with demands, meet their work goals and may prevent negative outcomes (Salanova et al., 2005). The changing working environment requires a continuous development and need to update employee skill. Therefore it is proposed that:

**Proposition 4**
Provision of the opportunity to learn, enhances adaptability and flexibility of the employees and organization.

Further, previous studies consider knowledge sharing as a key process in translating individual learning to organizational capacity. The knowledge based view focuses on the social collective dimensions of learning which consider organizations as entities and communities of practice that promote identity commitment and learning (Brown and Duguid, 1998; Nonaka and Takeuchi, 1995; Spender, 1996). Proponents make an ideal assumption of employee's willingness to share personal knowledge without appropriate rewards, although it emphasizes the need for normative intrinsic motivation. Its limitation lies in neglecting potential conflicts of interest and incentive issues, (Foss, 2003).

Moreover, the organization should create an environment which allows individuals satisfy their motivational preferences and suit their needs for self-determination and self esteem, through monitoring and incentive alignment (Teece, 2003). According to (Cabrera and Carbrera, 2002) shared knowledge becomes a public good from which interdependent members of an organization can benefit directly, whether they have contributed or not. It may lead to opportunistic behavior as there is a possibility of benefiting without contributing. The cost to individuals may only be in the effort and time spent in sharing knowledge. In addition, depending on the organizational context, sharing knowledge may reduce their opportunities for advancement or enhance advancement for others thus losing in internal competition. Renzl (2008) refers to this as the ‘fear of losing one’s unique value’. Other fears are that when non-contribution is not disapproved and few individuals are perceived to contribute, the motivation diminishes and the value to the public good is questionable. Cabrera and Carbrera (2002), suggests that most individuals are willing to bear the cost of contributing to public good and receiving its benefits as long as each individual fairly contributes. It is therefore hypothesized that;

**Proposition 5**
Knowledge sharing as an organizational learning strategy facilitates the identification and exploitation of opportunities to increase individual and organizational competitiveness.

To promote learning for sustainable competitiveness, extrinsic motivation mechanisms may be applied to support the transfer of explicit knowledge which is measurable. Intrinsic motivation provides immediate satisfaction and appears to be self sustaining, according to Deci (1976). Normative intrinsic motivation focuses on an individual's acceptance of personal and social norms expressed in organizational values and groups that individuals affiliate (Kreps, 1997). However, other scholars argue that the degree of compliance is determined by the level of cohesiveness and importance.
attached. Extrinsic motivation that provide feedback, recognition, reward or improves competencies and leads to increased self esteem. Similarly, extrinsic motivators such as career progression or increased involvement that aligns with individuals normative or hedonic motivators and can have a synergistic effect. However, options for organization motivation are limited by structure and nature of tasks performed. Normative motivation may be influenced by the organization, reinforcing the current individual motivation level towards knowledge sharing. This requires promoting knowledge sharing through organizational values and acknowledging the contribution of the individual’s normative attitude towards sharing based on their professional background (Lam, 2000; embedded Culture Law, 1997). It can thus be hypothesized that;

**Proposition 6**
Extrinsic motivation mechanisms if properly designed and implemented positively assist in enhancing learning motivation.

**CONCLUSION**
In conclusion firms should utilize both their human and social capital through adequate investment of resources and time to build closer networks and enhance knowledge acquisition and utilization. Further increased competitiveness requires sound rationalization of systems, structures and processes to facilitate backward and forward knowledge flows. Coupled with this, ideal learning models should eliminate leadership and management transition gaps. In addition, successful learning strategies may be optimized if the holistic needs of employees rather than key pointers reflecting organization interests. Ultimately, increasing learning opportunities and resources are crucial pillars and orientations which will continue to guide innovative organizations in the 21st century and beyond.

**Recommendations and implications for research**
Many organizations now demand opportunities for meaningful work that builds skills and a sense of professional identity, especially in work environments where job requirements constantly change and lifetime employment is unlikely. These interrelated trends are producing a sea-change that calls for significantly new theories and practical guidelines for companies. Scholars have responded with research on organization learning and competence-based strategies, but have not adequately integrated these two perspectives. Organizational learning research has focused on descriptions of learning activities and the organization conditions that support them but has not clearly linked Organizational learning to organization competence or organization performance. Apparently, these research streams are running in parallel despite the obvious benefits of convergence. Ethnographic research has identified a promising candidate for a unit of analysis that may provide the conceptual bridge needed to span the persistent gap between organization learning and strategy research. This integration of the literatures is especially timely because even strategists state that organization-theory innovation is driven mainly by research on human cognition and behavioral variables.

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