The Learning Organisation and Competitive Advantage: A study of the service sector

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DECLARATION

I hereby declare that the information contained in this piece of research is entirely my own work and any other work used has been properly referenced using the required Harvard style referencing format and is listed in the reference and bibliography section at the end of this research. The names of the companies and those involved in the research will remain confidential as promised.

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EXECUTIVE SUMMARY

The aim of this research is to explore the relationship between the learning organisation and competitive advantage in the service sector. The research analyses four companies from the service sector to establish the link between learning and competitive advantage. The literature suggests that learning organisations are more competitive and better able to cope with changes in the external environment. The literature provided in this research is based on the relevant theories and concepts surrounding the topic area and has informed the researcher in developing the research questions and choosing the research strategy for this study. Twenty organisations were invited to participate however it was only five that sent in their responses. Time and the location of some of the respondents were constraints in conducting the research so data was collected via email as it was the most appropriate option available to the researcher.

Overall the findings from this research were in line with what the literature states. Learning can be and is used as a competitive tool in the organisation to cope with changes in both the external and internal environment. However, Contrary to what the literature proposes, individual learning can be just as competitive as collective learning depending on the organisation's culture. This leads to the role of culture the learning organisation; culture has been known to facilitate or hinder the learning processes in organisations. This researcher further highlights the role of culture in information and knowledge sharing. From the findings of this research culture plays a major role in the transfer of knowledge and learning within the organisation.

The main conclusion drawn from this research is that although learning can be competitive an organisation should not rely solely on learning as their competitive advantage but should strive to remain competitive in all other areas of the business using learning in conjunction with all other resources in a company.

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CHAPTER ONE

1.1 Introduction

This chapter introduces the background and context of the study. It will discuss the relationship between learning organisations and competitive advantages in the service sector. Purpose of the research is highlighted so as to allow readers gain insight into the context of the study.

1.2 The External Environment

The external environment nowadays for most companies is turbulent and unpredictable; the key to staying competitive is being able to adapt quicker than your counterparts. Mitroff, Mason and Pearson (1994) Customer demands are constantly changing and companies are striving to develop better ways of satisfying these demands while remaining competitive. Jashapara (2003) argues that there is a growing need for organisations to move beyond solving problems to continuously improving in the face of change. With the aid of technology, human capital change is more rapid and radical; companies that are unable to dance to the tune of their external environment will lose out on their market share and barely survive. In support of this argument Appelbaum and Gallagher (2000) state that investing in technology, though very important, should not be an organisations final answer to staying ahead of the competition. Instead they propose that organisations invest in people who know where to get the information from and what to do with it and how to store and retrieve it. Weick (1974) argues that a company's ability to respond effectively to its external environment will depend on its coping capacity; a company's coping capacity will either be advanced or basic depending on its level of learning.

1.3 Potential significance for Learning and Competitive Advantage

Learning and knowledge management is emerging as a key factor to dealing with change and developing competitive advantage. Rebelo and Gomes (2008) state that learning is present in any organisation because of the intrinsic attributes of individuals and is an inevitable element of organisational life. However, whether or not it is recognised and utilised will determine the success of any organisation. Dia and Viggiani (2006) argue that Learning organisations are able to go through change less painfully than non-learning organisations because the resistance is reduced from the company owning a shared vision. They further argue that it is not knowledge itself that brings about a competitive advantage but rather how the knowledge

is created and injected back into the organisation's existing competences. Taking this argument further, Murray and Donegan (2003) state that resources themselves do not bring about competitive advantages but rather what a company is able to do as a result of these resources; this is what is referred to as a firm's competencies. Capabilities on the other hand involve the formation of complex internal patterns between people and other resources which lead to sustainable competitive advantages. Donegan and Murray believe that it is through learning that these competencies are created and realised. In similar vein Smith (2004) argues that the existence of learning culture and the establishment of an environment that facilitates and encourages learning can be a significant factor in achieving outcomes and organisational development. In agreement with this Trim and Lee (2004) state that a learning organisation is particularly skilled at systematic problem solving and is better equipped to face emerging threats in the external environment. King (2001, p. 14) defines a learning organisation as "an organisation that focuses on developing and using its information and knowledge capabilities in order to create higher-valued information and knowledge, to change behaviours and improve bottom line results". From this definition we see that for learning to be successful there must be a change in behaviour, learning in itself is a change process for improvement. From this definition we can also conclude that a company must assess and make use of its internal resource to create and sustain competitive advantages.

1.4 The Service Sector

The service sector is one of the three economic sectors; others include manufacturing sector and agriculture sector. According to Oyejide and Bankole (2001) the service sector has emerged as the dynamic sector whose importance has steadily reason in most economies since the 1980's and 1990's. The service sector has continued to represent 60% of Gross National Product (GNP) in most developed countries while having influence on other sectors. Oyedeji and Bankole (ibid) argue that because the demand for services is relatively income elastic, as the economy grows the consumption of services increases. The service sector is also important because it provides support services to other sectors; for instance, it provides the manufacturing sector with designs, transportation, financing and communication. The service sector is also known to provide the economy with the highest rate of employment which in turn results in growth and development of the economy. With the steady growth in this sector the level and intensity of competition also increases as companies strive to gain a larger share of the market. Appelbaum and Gallagher (2000) note that the recent shift away

from manufacturing and towards service has created a sense of urgency for organisations to tap into their intangible resources- knowledge, skills and resources.

1.5 Research Aims

The motivation behind this project was to explore the benefits that a company can derive from learning if any, and how these benefits aid in sustaining competitive advantages. The service sector is largely made up of human capital and as Rebelo and Gomes (2008) argue that with available human capital; learning will always occur but what an organisation does with this learning will determine its success or downfall. For this project the literature surrounding the learning organisation and its contributing theories has been explored in depth and the following research questions were developed:

- Does being a LO assist a company when dealing with change?
- Is collective learning more valued and competitive over individual learning
- What role does an organisation's culture play in achieving learning?

The use of primary and secondary research will aid the researcher in answering these research questions and coming to an acceptable conclusion.

1.6 Organisational Context

Five organisations were chosen for this research; to respect the wishes of the respondents that participated in this research their names and that of their companies will remain confidential. Each company represents an industry in the service sector and provides this research with reliability and creditability.

- *Company A*

  This company is from the retail industry and is one of the well-known department stores on the high street both here and in the UK. The company was acquired by the Highland consortium in 2006 which marked the beginning of a new exciting chapter in their history. There are 61 stores within the UK and Ireland, over 6500 house brand staff members and 10,000 concession staff with annual sales revenue of over £1.25bn Company A maintain their lead as one of the Icons of British Fashion Retailing by constantly re-inventing themselves to change with their external environment and

offering outstanding customer service. The company also thrives on providing individuals with opportunities to take on new challenges and develop themselves through various in-house training and learning activities.

- *Company B*

   Company B is a leading global telecommunications company with operations in 19 countries across Asia and Africa. The company offers mobile voice & data services, fixed line, high speed broadband, IPTV, DTH, turnkey telecom solutions for enterprises and national & international long distance services to carriers. Company B has been ranked among the six best performing technology companies in the world by Business Week. Company B had 200 million customers across its operations on the last couple of years. Company B is known for encouraging their people to explore. "…new lands don't come with maps" is one of the company's favourite quotes indicating that employees are allowed to take risks and discover new opportunities. Company B claims to view the workplace as workshop, where thinking differently is the norm and fearless innovations result in amazing breakthroughs.

- *Company C*

   Company C is an e-commerce business allowing payments and money transfers to be made through the Internet. Online money transfers serve as electronic alternatives to traditional paper methods such as cheques and money orders. Their network builds on the existing financial infrastructure of bank accounts and credit cards to create a global, real-time payment solution. They deliver a product ideally suited for small businesses, online merchants, individuals and others currently underserved by traditional payment mechanisms. Company C describe their culture as fun and unique. "Every day, our people define a culture that's exciting and real. We're real people with real ideas doing real work." They claim to believe in diversity both in thought and experience because it helps them lead with their head, hands, and heart. Company C encourages a creative, diverse environment characterized by respect for the individual and their background. They are committed to hiring, promoting, and compensating employees based on their qualifications and demonstrated ability to perform job responsibilities

- *Company D*

Company D, the global containerized division of the A.P. Moller, is dedicated to delivering the highest level of customer-focused and reliable ocean transportation services. Their vision, built from a strong heritage of uprightness, constant care, and innovation, has guided their business operations since 1904. By remaining committed to that vision they have expanded their business to become the world's largest ocean carrier. The company is consistently recognized as the most reliable container shipping company. Investment in education and training is imperative for company D. Over the years, the company has implemented and constantly updated its own training system, which is specifically directed towards meeting the particular requirements of the international and global organisation.

1.7 Conclusion

This chapter introduced the background of this research; it highlighted the context, aims and the limitations of the study. The next chapter will review and discuss literature on learning organisation

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This research is focused on the learning organisation. Having discussed the background and the aims of this study in chapter one, it is important within this chapter to look at the literature on the learning organisation, organisational learning, knowledge, and culture.

2.2 What is a learning organisation?

The learning organisation is a concept that is frequently used in the organisational world; Huber (1991) as sited by Moingeon and Edmondson (1996, p.23), defines learning as a process that enables an entity to increase its range of potential behaviour through its processing of information. Garavan (1997) argues that the learning organisation represents a shift to the development of the organisation and collective learning. Learning within an organisation stems from experience and reflection; be it through formal or informal learning, the important factor is that the individual and the organisation develop the capacity to grow and expand in knowledge as a result of the learning (Smith 2004). Moingeon and Edmondson (1993, p. 27) further explain that the organisational learning processes are characterized as learning how and learning why. The former involves organisational members engaging in processes developed to improve existing skills and routines. These existing routines are not questioned; workers are said to be more concerned with how it works and not why it works, therefore organisations that engage in this type of learning are said to be strategic because they are able to implement new processes and routines quicker. On the other hand, learning why involves organisational members questioning existing routine and processes; how and why they work. This type of learning can also be just as strategic as learning how, because individuals develop the capacity to diagnose difficult situations.

Jensen and Ramussen (2004) define a learning organisation as "an entity exhibiting directed changes at the macro level and 'organisational learning' refers to the persons changing from one knowledge state to another as a function of acting within a network of interacting people." At a micro scale, learning is at an individual level where skills and knowledge are acquired and at a macro scale, it is a collective effort of all skills and knowledge acquired by individual. White (1994) and Economides (2008) agree that the greatest learning takes place

collaboratively (organisational learning) as opposed to individually. Synergy is encouraged with the idea that the whole is greater than the sum of its parts. The learning organisation here is described as a type of collective activity which organisations engage in to achieve their shared vision. This activity must take place on all levels; the individual level, the group level, and on the organisational level (Chang and Lee, 2007).

According to Garavan (1997) the learning organisation concept can be divided into two categories; the first category treats the learning organisation as a variable and the second category treats it as a root metaphor. Garvan (1997) argues that those who view the learning organisation as a variable have a more objective and practical view of the organisation, they believe that the organisation exhibit certain traits and this traits influence the behaviour of employees, which in turn impacts on their performance. The key question presented in Garavan's view is how to design an organisation to make it a learning organisation. The second and less popular category treats the concept of the learning organisation as a root metaphor; those who agree with this category view the learning organisation as an expressive and symbolic phenomenon. In this perspective, the organisation is conceptualized according to their expressive and ideological terms; the learning organisation is viewed as a variant of organisational culture.

2.2.1 Single and Double Loop Learning

Argryis and Schon (1978) are popular theorists in the field of the learning organisation; they are responsible for the well-known concept of single and double loop learning. Single loop learning involves detection and correction of errors within constant variables while double loop learning, also known as superior learning, occurs when constant variables, assumptions and principles are questioned and challenged. Argryis and Schon (1978), along with Murray and Donegan (2003) believe that organisations that allow identification, reflection and correction of errors (double loop learning) possess a learning culture and that it is essential for development. Sun and Scott (2003) refer to double loop learning as generative and single loop learning as adaptive. Single loop learning is appropriate for organisations that exist in environments that are relatively stable, while double loop learning would be more appropriate in environments where change is rapid and knowledge becomes obsolete faster. An example of such an environment is the IT industry where technology becomes obsolete rapidly; double loop learning would be more appropriate as companies strive to stay ahead of competitors.

Jashapara (2003) argues that organisations that engage in a higher level of learning (double loop earning) are more likely to achieve sustainable competitive advantages as opposed to those that do not. Organisations that purely engage in 'doing things better' (single loop learning) do not improve their performance. Sun and Scott (2003, p. 205) however point out the deficiencies with Argyris and Schon's (1978) theory; they believe that the translation of double loop learning from the individual to the organisation is not made clear and secondly, triggers that could spur the learning process are not addressed. This makes the theory lack relevance in the practical sense.

2.2.2 Senge's Fifth Discipline (1990)

Senge's theory can be closely linked with the ideas of Argryis and Schon's mentioned above. Senge (1990) views a learning organisation as a place where innovative thinking is nurtured and individuals continually learn to learn together. He explains that for learning to take place on a larger scale the organisation must adopt a systematic way of thinking, which is also known as the fifth discipline. His philosophy lies in the understanding that the way in which an organisation performs is a product of how individuals within the organisation think. For an organisation to change or transform, individuals must equally change or transform their thinking processes (Garavan, 1997). Senge's discipline describes how an organisation can achieve learning. The first discipline is personal mastery; he describes this as learning to generate and sustain creative tension in one's personal life. Cathon (2000) in his own statement describes personal mastery as developing one's life as a creative adventure where life lessons continuously act as a tool for learning. Similarly Sun and Scott (2003) submit that personal mastery as an individual's capacity to develop his/her ability to continually learn. The second discipline is mental models; said to be crucial to organisational learning as they depict how individuals view the world and how it works. These internal mental models however limit individuals to only familiar ways of thinking and hinder an organisation from truly learning and developing (McKenna 1992). Cathon (2000) argues that because mental models are powerful in affecting an individual's behaviour and what they see, it is therefore important to improve an individual's internal picture to build a learning organisation. The third discipline is shared vision; Mckenna (1992) states that for a shared vision to develop amongst individuals; quality relationships must exist and individuals must be encouraged within the organisation. A vision is only truly shared when individuals have a similar picture and commit to having this picture. A shared vision creates a bond and connection which

provides focus and energy for organisational learning to take place. The primary function of a shared vision is to foster commitment and common direction.

The fourth discipline is team learning; McKenna (1992) believes that in team learning, it is essential for individuals to think past their selves and allow a collective learning to occur. For team learning to take place, issues need to be thought through insightfully, actions must be innovative and coordinated, and each team member must understand the role they are required to play. The fifth discipline is system thinking; this is described as the glue that holds all four principles together. Systematic thinking provides a more holistic approach to problem solving and innovative thinking within the organisation. It provides insight into how a change in learning can affect all the different aspects of an organisation. Systematic thinking takes an organisation from an individual perspective to an organisation perspective. Sun and Scott (2003) argue that although Senge's (1990) five disciplines cover up for some of the deficiencies presented in Argyris and Schon's (1978) approach, they still lack practical application. According to them, the five disciplines represent learning on three different levels; the first is the individual level, the second is the group level and the third is learning on an organisational level. Senge shows no acknowledgement to the separate barriers that exist on all three levels which hinder the transfer of learning and for this reason lacks practicality. Sun and Scott note that Senge's five disciplines pay insufficient attention to knowledge management systems and structures and the role they play in facilitating learning within the organisation. For learning to occur within an organisation, the systems and structures in place must provide space for reflection and enquiry.

2.2.3 Huber's Four Construct (1991)

Huber's four construct is another popular model in this field; the four constructs include information acquisition, information distribution, information interpretation and organisational memory. This model focuses on the information systems within organisation and knowledge management, a key aspect that is overlooked in Senge's five disciplines. The first construct, information acquisition is concerned with how an organisation gains knowledge and is divided into five sub constructs- congenital learning, this is knowledge an organisation has from its initial start. Experiential learning is knowledge that is gained from experiences within the organisation while vicarious learning is learning from the experiences of other organisations. Grating is acquiring knowledge through mergers or acquisition, and

the final sub construct is 'searching and noticing', here learning is gained from scanning the external environment (Sun and Scott 2003, p. 206). Information acquisition places emphasis on the importance of learning from the external environment and how it can be a source of competitive advantage to an organisation.

The second construct; information distribution, is concerned with sharing the knowledge that has been gained from the first construct. Information distribution places emphasis on effective communication within the organisation and a certain level of trust in the management-employee relation. The third construct; information interpretation involves decoding the knowledge into a language that can easily be understood and transferred. This construct is concerned with individual's cognitive maps and personal learning processes. The final construct is organisational memory and this involves how information is stored and made readily available to individuals within the organisation. Sun and Scott (2003) point out some of the weaknesses of Huber's four construct; the first weakness is the fact that the four construct lack emphasis on the creation of tacit knowledge which is seen as more strategic. Nonaka (1994) notes that Huber's four construct, like Argyris and Schon's (1978) and Senge's (1990) approach, does not sufficiently consider the barriers that exist on every level of learning and how they can be overcome.

Sun and Scott (2003) argue that some of the ideals highlighted in the learning organisation theories fail to consider the barriers that hinder the transfer of knowledge between the different learning levels. The theories also fail to show an understanding of the need for organisations to learn and why leaning occurs. In agreement with this Garavan (1997) admits that most of the literature on learning organisation neglect the difficulty of the intra-organizational phenomena and how it should be treated; the nature of learning itself; the thin line between culture and climate and the role they play in the learning organisation; the influence the size of the organisation may have; and the role of teamwork within the learning.

2.2.4 The Learning Organisation and Non-learning Organisation
According to Blackman and Henderson (2005), there's a distinction to be made between learning organisation and non-learning organisation. Their argument is based on the fact that since learning organisations are said to be in a state of continuous development they should experience transformational learning that will cause them to move from one state to another

as a result of learning. Shrivastava's (1983) four organisational learning typologies are used to further explain their distinction. The four typologies include adaptation, developing knowledge of action-outcome relationships, assumption sharing, and institutionalised experience. The first two typologies, adaption and action-outcome relationships, are said to be incremental and based on experience with the focus being on why learning takes place in the first place. The latter two, assumption learning and institutionalised experience, are said to lead an organisation to transformational learning. Assumptions are the mental methods that individuals build; it represents how an individual views and interpret the world. Institutionalised experience is a combination of personal experiences within the organisation; these experiences may be acquired from repeatedly carrying out the same tasks which might have led to the development of new specialised skills. Institutional experience helps ensure that all ideas are developed and added to the existing knowledge of the organisation. For a learning organisation to be successful, it is important to focus on assumption sharing and institutionalised experience, as well as sharing the vision to ensure that the organisation is moving in the right direction (Blackman and Henderson, 2005).

A model was developed to further explain how transformation takes place in the organisation. The model consists of three columns. The first column, organisational process inputs; represents learning routines that the organisation has set up. These include- radical new structures, monitored learning opportunities, personal mastery, and knowledge generating and sharing. The second column, learning organisation meaning inputs; represents the new learning routines that will develop as a result of the constant state of learning developed in the first column. This column consists of new people-centred culture, system thinking, sharing of new mental models, and shared vision. In the second column institutionalised experience is created and shared, this leads to the third and last column where new knowledge is created. As result of the new knowledge created, transformational changes occurs which eventually lead to the creation of competitive advantages. The three columns represent the three steps that a learning organisation would follow; non-learning organisations would stop at the first column where the only changes that take place are incremental. Blackman and Henderson in their argument contend that a learning organisation is supposed to undergo major changes and transformation as a result of the learning developed. Where an organisation seeks knowledge but fails to recognise transformational knowledge, it will not transform.

2.3 What is organisational learning?

Graham and Nafukho (2007) state the importance of making a clear distinction between a "learning organisation" and "organisational learning", they believe that these concepts should not be used in a way that suggests they are interchangeable. In similar vein, Sun and Scott (2003) discuss the differences between a learning organisation and organisational learning. The learning organisation is said to be learning at an individual level which can then be transferred to members of the organisation and eventually resulting in behavioural change. If a change in behaviour does not occur then a transfer of learning has not taken place. A learning organisation is concerned with bringing about a change in behaviour that will lead to a company achieving its desired state- transforming (Blackman and Henderson, 2005).

Menon and Varadarajan (1992) propose three ways in which learning can influence the behaviour of individuals. First is the application of knowledge when solving problems; second is the utilisation of knowledge to affect an individual's view of a problem and third is the elimination of resistance and uncertainty when change presents itself. Organisational learning on the other hand is referred to as the learning process that deals with the question of how individuals in the organisation learn. Hendry (1992 cited in Garavan 1997), suggests that the Learning Organisation (LO) represents the direction of the organisation while Organisation Learning (OL) is seen as a heuristic device used to sum up the learning activities within the organisation. Sun and Scott (2003) imply that the two streams are different but strongly related; organisational learning must reach a stage where the transfer of learning and sharing of knowledge is made easier. Although learning organisation is a study of how organisations learn, the starting point will always be an analysis of how individuals learn. In similar vein, Hoyle argues that organisational learning is considered a way of articulating that organisational members are individual learners who possess the ability to learn collaboratively. Learning collaboratively allows members of the organisation to tap into a bigger pool of knowledge and become more open to future learning opportunities. Organisational knowledge is viewed as an intangible resource which makes it naturally competitive and difficult to imitate or copy. Garavan (1997) adds to this point by stating that organisational knowledge is developed as individuals continually question and review the organisation's knowledge structures at all levels, causing agreements and disagreements which eventually lead to continuous development. Organisational knowledge is only deemed strategic if it can be utilised in such a way that it creates a competitive advantage. This can be

achieved through an organisation's capability- learning how and learning why (Moingeon and Edmondson, 1996). Pettigrew and Whipp (1991) describe organisational capability as the focus on intricate and hidden learning that place and influences what learning activities occur in the organisation. Organisational capability represents knowledge revealed and that which is hidden and required for development.

With organisational learning (OL) the notion of team work is highly praised and encouraged as a means of learning collectively. Team learning is said to provide development of new knowledge and skills for members of the organisation. Garavan claims that team learning in actuality can serve as an inhibitor to learning. His argument is based on the fact that knowledge created within a team is harder to transfer than individual knowledge. Group is a threat within teams which could put a stop to the generation of fresh ideas and new ways of thinking. Team learning contributes to the advancement of the organisations knowledge base but it must be managed in a way that it does not curb individuals learning capacity and ability.

According to Minztberg (1991) the idea of the competitive learning organisation is based on a system of seven forces. The force for direction- this is concerned with an organisation's strategic vision. The force for efficiency- this is concerned with the formalisation and processes of the organisation. The force of proficiency- this is concerned with higher levels of knowledge and skills and is often associated with professional organisations. The force for concentration- this is about focusing all efforts on a certain market segment that usually takes place in diversified firms. The force for innovation- this involves creating and discovering new processes for the benefit of customers. The last two forces are related to internal cultural forces; the force of cooperation and the force for competition. Here culture is viewed as a battle between different groups in the organisation who wish to impose values and beliefs on the rest of the organisation. Where the forces of cooperation dominate, this results in an ideological organisation and where competition dominates, it results in an organisation where members take apart existing policies and frequently engage in conflict. Cooperative cultures are said to lead to better performance while competitive cultures lead to double loop learning. Effective organisations are the ones who demonstrate a mixture of both cultures.

Jashapara (2003) views organisational learning as much more than just individual learning even though the organisation learns from the experience of individuals. Individuals build cognitive maps which have to be shared before learning can be transferred through the organisation. In the same vein Nonaka (1994) claims that cognition stems from the process of knowledge creation where tacit knowledge is turned into explicit knowledge so as to make the knowledge transferable to the other levels of the organisation. Jashapara (2003) refers to the cognitive development as a change in the way events in the organisation are interpreted which will have an effect on the shared understanding of organisational members. The cognitive level has been linked to Argyris and Schon's double loop learning. With double loop learning, existing processes and procedures are questioned and challenged; this can also be linked to Moingeon and Edmondson's (1996) learning why. In contrast to the cognitive development, double loop learning is the behavioural development; this refers to the creation of new processes within existing governing variables. Behavioural learning involves detecting errors and making correction on the premise of existing processes and variables. This is similar to the concept of learning how and has often been referred to as the lower level learning while double loop learning is referred to as superior learning (Murray and Donegan, 2003).

According to Hayes and Alison (1998 cited in Jashapara 2003, p.32), single loop learning is about doing things better while double loop learning is doing things differently. Donegan and Murray (2003) go one step further to suggest that organisations that engage in double loop learning are more likely to develop competitive competencies that will enable them to deal with the external environment more effectively. In slight contrast to this, Moingen and Edmondson (1996) argue that learning how and why is important and can be a source of competitive advantage based on organisation. Not all competitive advantages require transformational changes; sometimes the transactional changes involved with learning how, can provide just as much a competitive advantages as the more radical changes associated with learning why. They further argue that existing theories are misleading in suggesting that the move from learning how to learning why is a move up and more desirable, this implies that the two types of learning are somehow intertwined and interdependent. This is in contrast to Donegan and Murray's (2003) argument; they contend that learning why is more desirable and crucial to creating competitive advantages. Kim (1993) in agreement with Moingeon and Edmondson admits that higher level learning involves 'know-how' this is "the physical and

operational ability to produce action" as well as 'know-why'- "the ability to articulate a conceptual understanding of an experience" in order for organisational learning to effectively occur.

2.3.1 Organisations as Learning Systems

DiBella, Nevis and Gould (1996) propose that all organisations possess learning capabilities which represent themselves in either learning how or learning why. From this argument it becomes more obvious that each organisation have their own individual learning style which is supported by their learning culture. DiBella et al (1996) developed a two part model describing organisations as learning systems. The first part represents facilitating factors; these factors are responsible for how easy or hard it is for learning to take place in the organisation, they include the organisations structure, processes and procedures. These factors are also referred to as normative factors and are based on best practices and processes within the organisation.

The second part of the model looks at an organisation's learning styles and orientation, this side of the model is concerned with the values and attitudes that affect when and how learning takes place. Learning orientations form patterns which are responsible for an organisations learning style. DiBella et al (1996) propose seven learning orientations; knowledge source, this orientation looks at an organisation's preference for sourcing out knowledge internally or externally. Dissemination mode looks at the extent to which an organisation learns through informal means over formal means or vice versa. Learning focus looks at how much double loop learning is encouraged over single loop learning; this is linked to the organisation's experimental mind-set. Skill development looks at the extent to which an organisation stresses individual learning over organisational learning. Documentation mode is concerned with the extent to which knowledge is seen as personal in its tacit form over being publicly available in its explicit form. The last two orientations are value chain focus and product-process focus.

2.3.2 Organisational Learning Styles

DiBella et al (1996), propose that from the seven orientations mentioned above we should be able to describe an organisations style of learning. Five learning styles were developed based on the characteristics of the learning orientations. The first learning style is rugged

individualism; this represents the presence of an individualistic culture. It advocates self-development rather than a collective effort. Knowledge is mostly kept as tacit and is considered the personal property of individuals. Rugged individualism can be linked to dissemination mode and documentation mode. The second learning style is techno-analytic which emphasizes structured formal learning through organized thorough methods. This learning style has a strong belief in things that have been done well in the past and stick to best practices when dealing with generic issues. The communal learning style, like its name states, emphasizes learning collectively unlike rugged individualism. With this learning style, knowledge will be in its explicit form and transferred to all levels of the organisation for learning to occur on a large scale- communally. The traditional learning style is quite similar to rugged individualism as it also advocates individual rather than communal knowledge acquisition. The traditional learning style believes that the best learning comes from looking back on what worked in the past and finding a way to add to it now. Innovative and radical changes in thinking are discouraged; learning takes place through incremental phases. Many old line companies are said to operate using this style of learning which has helped them build strong foundations. Lastly is the evangelical learning style which emphasizes change and looks to challenge and go beyond best practices. Learning styles will be largely dependent on the organisational culture that exists; this will be revisited again later on in this chapter. For an organisation's learning style to create a competitive advantage, it is important that the organisation understands what it consists of. This will obviously help organisation make strategic decisions on what needs to be changed or enhanced.

This model helps highlight what an organisation does well and what it does poorly (strength and weakness). What this model aims to point out is that contrary to what literature suggests, there is more than one good way to be a learning organisation. DiBella et al (1996) belrves that the two sides of the model are important and are required for understanding learning within the organisation; having a one sided view of the model provides an incomplete picture of the organisation.

2.4 Knowledge Management

Abbasi, Belhadjali, and Hollman (2009) state that knowledge is a form of human capital owned by the individual, it encompasses all intellectual capabilities and an individual's capacity to learn. Knowledge is always in constant state of transformation and is never static.

It is able to change from one form to another in order to be passed on and transferred. Crawford (1991) describes the four characteristics of knowledge; knowledge is expandable, it develops more as it is being used. Knowledge is substitutable and can be used economically to replace land, labour, and capital. Knowledge can be transported; with the constant advancements in technology, knowledge is now able to be moved from one location to another instantly. Lastly, knowledge is shareable; this means that the knowledge holder is able to share knowledge without losing ownership (Abbasi et al, 2009; Dae-Bong, 2009).

2.4.1 The Knowledge Worker

Knowledge workers differ from normal workers in many regards; they view aspects of their work differently; for instance a knowledge worker does not look at the amount of hours worked but rather the outcome at the end of the day. They are generally more focused on results rather than on specifics such as costs and time. Knowledge workers feel the need to be recognised for accomplishments and prefer to work under their own autonomy as opposed to be being managed closely by a superior (Abbasi et al, 2009). Lee-Kelley, Blackman, and Hurst (2007), however note that knowledge workers also differ in what they expect from their employers; this stems from their ability to express their career needs because they develop more through self-directed learning and further education rather than through internal personal development schemes. The psychological contract of knowledge workers differ from that of other workers because they are primarily responsible for maintaining their employability and competitiveness. And for this reason, they are usually more loyal to their fellow professionals than they are to the organisation in which they work. Knowing the difference between knowledge workers and other workers is important and useful for developing retention strategies which will be discussed later in this chapter.

2.4 2 Types of Knowledge

Spender (1996) argues that in an organisation, four types of knowledge exists; one being scientific and familiar with most theorists, while the other three are tacit and less easily understood- conscious, automatic and the collective (Spender 1996, p. 63). Any one of these types of knowledge can be a source of competitive advantage for an organisation depending on what the organisation is better at doing and the context in which they survive. Scientific knowledge is easily understood and more professionally available than any of the 3 other tacit knowledge. Tacit knowledge is more strategic because it is not as easily accessible as

scientific knowledge. Conscious tacit knowledge requires bonding and behavioural incentives to access the knowledge; collective knowledge is shared by members of the organisation but unspoken; automatic tacit knowledge is knowledge that an individual utilises without being aware of its usage, this knowledge is harder to access because the individual is not aware of its existence. The real challenge is for managers to find a way to integrate these different types of knowledge with the organisation's processes in a way that creates a competitive advantage. With tacit knowledge there is the risk of individuals withholding knowledge from the organisation in order to satisfy personal wants with no regard to the needs of the organisation. Spender (1996) states that an organisation's competitive advantage can be achieved when all four types of knowledge interact; older models depicting that an organisation's competitive advantage can only arise from one type of organisational knowledge have become obsolete.

Baumard (1996) argues that there are four type of knowledge an organisation is faced with when dealing with ambiguity- explicit/individual; explicit/collective; tacit/individual; tacit/collective. Explicit individual knowledge can be looked at from a sociological and technological view. The former refers to everything that becomes conscious to us and part of our explicit knowledge while the latter refers to an individual's 'known-expertise'. Explicit and collective knowledge is knowledge available to a community of people and is easy to access by all members of the community. Tacit and collective knowledge is knowledge that is held collectively by a community or organisation but remains unstated. An example is knowledge acquired through the repetition of task for which know-how is difficult to communicate. For this reason, tacit knowledge is seen as the more competitive type of knowledge because it unspoken and embedded in the practices of the organisation. Tacit and individual knowledge refers to things individuals learn while they are unaware, which makes it difficult to communicate to others and thus makes that individual the only receiver of that knowledge. Tacit individual knowledge can be acquired when an individual is met with an unexpected opportunity to learn. A lot of the knowledge that individuals possess is in tacit form. Sometimes individuals are unaware of this knowledge until presented with a situation where the use of this knowledge is required. Spender (1996) refers to this as the automatic element of tacit knowledge; effortless because the user is unaware that they are using this tacit knowledge. Tacit individual knowledge is also referred to as the 'taken-for-granted'

knowledge because individuals are most times unaware and unable to communicate this knowledge; they are tasks and mental calculations performed unconsciously.

Baumard (1996) makes reference to Nonaka's (1990) theory on the transformation that takes place between tacit and explicit knowledge. There are four forms of transformation that can take place between the two types of knowledge; tacit to tacit knowledge takes place through socialization, from individuals interacting with each other and learning through the observation of behaviours. The transformation of tacit to explicit knowledge is known as externalisation; this involves changing tacit knowledge to a form that makes is more accessible to other individuals. Explicit to explicit knowledge is done through the process of combination; this process involves combining newly formed explicit knowledge to the current existing knowledge to form new sets of rules and processes. With the newly formed explicit knowledge, an organisation must integrate this new knowledge into their rules and processes, thus transforming the knowledge back into a tacit state; this process is known as internalisation. Sun and Scott (2003) argue that these four transformations take place across an individual, collective and organisational level, indicating that knowledge and learning must be shared and transferred through all these levels.

2.4.3 Knowledge Creation

Nonaka (1990) suggests five stages in which knowledge can be created in an organisation. At stage one; the organisation creates an environment conducive for learning to increase the tacit knowledge of individuals. At this stage, individuals create a personal commitment to learning. At stage two, tacit knowledge is shared within the organisation through the process of externalisation. The new knowledge must then be integrated and embedded into the organisation to allow new systems and processes to be created; this process is referred to as crystallisation- stage three. Once the knowledge has been crystallised, it then has to be justified for its usefulness and quality, this happens at stage four. The last stage of the knowledge creation process requires middle level managers to take charge of the knowledge sharing responsibility; creating knowledge sharing networks within the organisation and ensuring that knowledge reaches both top and bottom levels of the organisation. The middle management are in charge of ensuring the organisation's vision is shared and understood on all levels.

In similar vein, Adam and Lamont (2003) argue that it is important to make the distinction between knowledge management systems and information systems as the two are frequently mixed up. An organisation's information system refers to the means by which communication is enabled within the organisation. Knowledge management systems on the other hand are a sub-system of an organisations information system that facilitates the sharing, creation and storing of organisational knowledge so as to enable access to all employees within the organisation. Adam and Lamont (2003) regard the knowledge management system as a learning resource that aids an organisation in gaining access to both internal and external information and knowledge that will lead to their competitive advantage. They describe the three functions of the knowledge management system. An organisation's knowledge storage refers to the internal memory systems and processes where knowledge is stored formally. Knowledge can also be stored informally through the norms, values and beliefs of the organisation- collective tacit form (Baumard 1996). Knowledge distribution involves sharing newly gained knowledge with members of the organisation in order to create new information and knowledge; this can be linked to Nonaka's (1990) combination process for the creation of knowledge. Finally, knowledge retrieval involves creating access for all members of the organisation to utilize stored information.

Adam and Lamont (2003) argue that knowledge management systems have a crucial role to play in sustaining an organisation's competitive advantage through learning based activities. They provide examples of such activities; knowledge management systems create the absorptive capacity of the organisation. This refers to an organisation's ability to assimilate new information from the external environment in a way that creates understanding that leads to development of competitive advantages. Knowledge Management Systems (KMS) also provide organisations with a transformative capacity; this capacity aids an organisation in adding to current competitive advantages and creating new ones. The transformative capacity is said to be more internally focused on the knowledge sharing and development within the organisation. Adam and Lamont (2003) developed a conceptual model to show the role of knowledge management systems in building and revitalizing sustainable competitive advantage. The constructs of the model are organisational learning-based resources, capital-based firm resources, organisational learning capabilities, organisational innovation distinctive competency, sustainable competitive advantage, and organisational knowledge management systems effectiveness. The model starts with the organisation learning based

resources; these are the information and knowledge that an organisation has gathered through KMS to facilitate innovation.

Capital based firm resources refers to an organisations financial, physical, human, and organisational capital. An organisation's learning capacity is said to be determined by and limited by how well or poorly it bundles its existing resources to create and sustain its competitive advantage; knowledge management systems aids this. Organisational learning capabilities resources refer to the internal processes, learning styles, culture and knowledge management systems that are used to create competitive advantages. A key aspect to this construct is an organisation's transformative and absorptive capacity; how well they are able to use external and internal knowledge to revitalize and extend existing competences. The next construct in the model, organisational innovation as a distinctive competency; is concerned with an organisation's effectiveness and efficiency in relation to its competitors. An organisation's innovative competences refer to their ability to change or upgrade existing processes as a result of a learning process. Knowledge management systems assist the organisation in bundling all distinctive competencies effectively to create competitive advantages. Knowledge management systems play the most important role in creating sustainable competitive advantages; Adam and Lamont (2003, p.148) describe an organisation's competitive advantage as" the ability to consistently maintain and earn returns on investments above the average for its industry". Knowledge management systems create transformative and absorptive capacities which are responsible for extending current competitive advantages and creating new ones where the need arises. It is crucial for an organisation to determine which one of these capacities is best suited to the product or services they provide. The key issue with sustaining competitive advantage is knowing when and how to use the knowledge available both internally and externally to create distinctive competencies. The last construct of the model, organisational knowledge management systems effectiveness, refers to the gathering, creating, storing and sharing of knowledge through internal processes. This constructs measures the effectiveness of an organisation's knowledge management system and the role it plays in creating core competencies that can be used to gain competitive advantages. The effectiveness of knowledge management systems are affected by the trust of organisational members, its usefulness, accessibility and accuracy. Information creates knowledge and triggers learning. Knowledge management

systems are important and should be at the core of any organisation striving to stay competitive (Adam and Lamont, 2003).

2.4.4 Retaining Knowledge within the Organisation

Once knowledge has been created, it is important to understand how it can be retained. As mentioned earlier, unlike other assets of a company, the ownership of knowledge remains with the individual which means they can decide to walk out and take their knowledge with them any time. The issue of retention is one of great importance when dealing with knowledge workers; the choice to leave might be based on poor leadership, poor cultural fit, lack of challenges, lack of learning opportunities to expand their knowledge, and better job opportunities from rivals (Abbasi et al, 2009). These authors proffer 8 recommendations for retaining knowledge workers:

1) Design jobs that appeal and challenge individuals with talent; this will foster commitment and employee engagement.

2) Encourage learning through training and development, mentoring and succession planning. Investments such as this will boost employee morale and give them a future within the company.

3) Social bonds need to be created with the knowledge workers in the company; this will facilitate the transfer of knowledge through the process of socialisation.

4) Effective communication; "getting the right message to the right people at the right time" (2009, p. 369). For effective communication to take place, the organisation must have a culture that rewards and promotes knowledge sharing.

5) Get a general consensus; the organisation should get the opinion of all its members before coming to a conclusion on any decision, this will foster a sense of community amongst workers and is likely to increase their level of commitment to the organisation.

6) Rid the organisation of non-team players; in today's business world team work is becoming more popular, having an individual that is negative and inflexible can be

detrimental to the performance of the team and can demotivate other members. A bad team player can also deprive other members of learning opportunities and experiences and drive out good team players.

7) Hold team leaders/managers responsible for retaining team members; organisations should choose team leaders/managers according to the professionals they manage and not according to their own skills. Managers/leaders should be matched to individuals in order to manage knowledge effectively and retain knowledge workers.

8) Reward performance; one of the reasons why knowledge workers leave organisations is because their work is not rewarded and they are aware that they could receive a higher salary in another organisation. The issue of compensation and knowledge workers is one of great importance to any retention strategy, it is essential that all workers feel they are valued. This can be accomplished through good compensation strategies. There should also be a clear link between rewards and work outcomes to increase better performance and motivate workers.

To further stress the issue of retention, Lee-Kelley et al (2007), explain that there should be a link between LO models and worker retention. They look at Senge's (1990) LO model, job satisfaction facets and job turnover intents from knowledge workers. They propose three significant strategies that human resource managers can adopt to retain knowledge workers. According to them, an effective learning organisation is one that relies on individuals abiding by the five disciplines who are in return dependent on the structures around them. An individual's job satisfaction is dependent on the amount of freedom they are given to experiment and act on the knowledge they possess from the organisation. Job satisfaction is split into six facets:

1) Comfort; this refers to the individual's satisfaction with the working environment and the pressures it presents.

2) Challenge; this involves the individual's satisfaction with the nature of work they do.

3) Reward; this means to the individual's satisfaction with the benefits and remuneration they receive.

4) Relationship with co-workers; this covers the relationships workers have with each other.

5) Resource adequacy; this covers all four assets above and how they help an individual perform at their job.

6) Promotion; this refers to the opportunities available to individuals to grow and develop their career path in the organisation.

Lee-Kelley et al (2007) state that most core turnover model consists of two main categories; the first category puts emphasis on job satisfaction and organisational commitment while the other category focuses on the ease of movement of the worker in relation to finding alternative employment. Organisations that provide knowledge workers with a learning environment for personal growth are less likely to experience turnover. The argument proposes that there is link between LO elements (personal mastery, shared mental models, team learning, shared vision, and system thinking) and job satisfaction which has a direct effect on a worker's intention to leave. These authors however suggest three significant strategies that HR mangers should follow in order to retain knowledge workers. The first strategy states that the personal mastery of knowledge worker should be strongly considered when reward and performance strategies are being developed in order to promote a sense of belonging and value. The second strategy states that mental models should be developed and maintained to support, reward, and recognise the importance of knowledge workers. Finally, the last strategy involves HR managers encouraging and managing team learning as knowledge workers are more likely to work independently. Team learning has been said to create job satisfaction for individuals as it fosters better co-worker relations which has a direct effect on resource adequacy.

2.5 The role of culture in the Learning organisation

"The existence of a learning culture in organisations, the establishment and on-going encouragement of an environment that facilitates learning and development, can be a significant factor in achieving successful outcomes in both human resources and organisational development" Smith (2004, p.64). The continuous encouragement of a culture that embraces learning provides the foundation for an organisation that can learn and grow on

the basis of its experiences (Argyris and Schon 1978). Aksu and Ozdemir (2005) concur with Smith (2004) when he submits that an organisation's culture is one of the most important factors in the support of both individual and organisational learning. The argument of both authors is that learning must be the centre of the organisational culture in any learning organisation otherwise it becomes impossible to manage opportunities and change efficiently. A robust organisational culture will harmonize learning and provide a social completion effect. According to Pool (2000) for a supportive culture to exist, there must be transparent communication, newness, challenged work and cooperation amongst workers.

McKenna (1992) uses The Harrison Model for explaining culture types that exist in organizations. His model suggests that a company's culture affects the behaviour of its people, its ability to meet demands effectively, and the way it copes with the external environment. Harrison's model looks at four main culture types that organisations have; power, role, people and task. He states that these cultural types operate to specify the goals and values of people, prescribe appropriate organizational behaviour, determine the way employees interact with each other, and indicate the qualities and characteristics of employees that are valued and how they should be rewarded. Schein (1990) reveals that organisational culture has two layers of concepts, visible and invisible. The visible layers mean the external buildings, clothing, behaviour modes, regulations, stories, myths, language and rites, while the invisible layer consists of common values, faith and assumptions of the business. In addition to integrating the daily activities of employees to reach goals, organisational culture helps organisations adapt well to the external environment. Most of the literature contends that culture plays a major role in how an organisation operates and the goals it achieves.

A culture that encourages continuous organisational learning is what is known as a learning organisation. "The culture of a learning organisation is under constant construction, moving along an infinite continuum towards a harmonious learning environment" (Graham and Nafukho 2007, p.282), culture should ultimately facilitate the exchange of useful knowledge that will lead to innovation, improved performance and sustained competitiveness. The concept of organisational learning has appeared frequently in literature, human resources, organisation development, talent management and strategic management. Several models that have attempted to discuss the concept of organisational learning all agree that it is desirable,

it involves complex interactions at every level of the organisation and that people are organisation's core competence and resource (Smith, 2004).

A learning culture nurtures new and expansive patterns of thinking, frees aspirations of members of the organisation and teaches an organisation how to learn together. Senge (1990) believes that for organisations to create such an environment they must achieve five disciplines; systematic thinking, personal mastery, mental models, shared vision and team learning. Jensen and Rasmussen (2004) argue that mental models are the most crucial of the principles as it influences the perception of the environment and in return affect how people react to it. A strong learning culture can be an important element in maximising the contribution of human resource development to achieving strategic outcomes (Smith, 2004). Murray and Donegan (2003) believe that organisations with strong learning cultures are good at creating, acquiring and transferring knowledge, and at modifying behaviour to reflect this new acquired knowledge. A learning culture also helps with the development of competences which assist organisations in remaining competitive (Jashapara 2003; Trim and Lee 2004).

2.6 Conclusion

This chapter examined the literature on learning as an integral part organisational success. It presented the various theories in the field of the learning organisation and discussed the complexity of learning and how it correlates with an organisation's competitive advantage. It is expected that the review of literature in this chapter will inform the research, especially in data collection and analysis which in turn is anticipated to inform the findings and the recommendations. The next chapter will look at research methodology. It will discuss the different research styles and justify the preferred research design.

CHAPTER THREE

REASEARCH METHODOLY

3.1 Introduction

Having reviewed the relevant literature in the field of organisational learning and learning organisation, this chapter will discuss the aim and objectives of this study; it will attempt to justify the research strategy chosen and highlight the purpose of this research. The chapter also explores the primary data collection technique employed; method of data analysis is explained as to how it can sufficiently answer the research question. The researcher will also examine other data collection techniques that could be used. Validity and reliability of the findings are also presented.

3.2 Research aim and questions

The aim of this research is to examine the relationship between learning organisations and the sustenance and creation of competitive advantages in the service sector. Most of the literatures referred to leaning as something to be encouraged in organisations. The purpose of this research therefore is to establish whether or not learning can and should be viewed as an organisation's competitive advantage. From exploring the literature the following research questions have been developed:

- Are learning organisations better able to cope with change compared to non-learning organisations?
- Is collective learning more valued and competitive over individual learning
- What role does an organisation's culture play in achieving learning?

3.3 What is Research?

"Research is an organised, systematic, critical, scientific inquiry or investigation into a specific problem, undertaken with the objective of finding answers or solutions thereto" (Sekeran and Bougie, 2010, p.2). Research is also described as a process of systematic enquiry that is designed to collect, analyse, interpret and understand or control an educational or psychological phenomenona (Mertens 1998). Research is concerned with understanding the world and is informed by how we view the world, what we view understanding to be and

what we see as the purpose of understanding (Borg 1963, cited in Cohen, Manion, and Morrison 2000; 5)

3.4 Rationale for Research Approach

Edward and Talbot (1994) claim that 'no single design fits all research questions and research situations. Rather the hard-pressed researcher is presented with design scenarios from which to choose. Two particular research designs appear to be suitable for this study namely inductive approach and deductive.

The research approach for this project was deductive; Saunders, Lewis and Thornhill (2009, p. 509) define a deductive approach as a "research approach involving the testing of a theoretical proposition by the employment of a research strategy specifically designed for the purpose of testing". With a deductive approach the researcher consults the theory first, develops hypotheses or research questions from the theory and then sets out to test or answer these questions. Sekeran and Bougie (2010) argue that in general hypothesis testing is deductive in nature because a general theory is tested to provide answers to a particular problem. The second research approach available to the researcher is an inductive approach; this approach involves the observation of a specific phenomena and subsequent development of new conclusions as a result of the observation. An inductive approach is often referred to as theory generative while the deductive approach is often referred to as theory testing.

Both approaches are frequently used in conducting researches however this researcher has chosen a deductive approach over an inductive approach because there is a wealth of information available to consult and form hypothesis from. Deductive approach is also said to be lower risk than an inductive approach and relatively faster to conduct (Saunders et al, 2009)

3.5 Data Collection Methods

There are several data collection methods available to a researcher each with their own advantages and disadvantages. Frequently used data collection methods include; interviews, questionnaires, and observations. Saunders, Lewis and Thornhill (2009) describe questionnaires as any data collection technique that involves asking people to respond to the same questions in the same predetermined order. Questionnaires include structured

interviews as well as telephone and online questionnaires where the interviewer is not present. Questionnaires that interviewer administered include telephone questionnaires and structured interviews; self-administered questionnaires include postal questionnaires and delivery, and collection questionnaires. Questionnaires are said to be reliable because the type of questionnaire chosen will dictate how confident the researcher is, that the person intended to respond is in fact the person that does respond. For example with structured interviews the researcher is able to ensure that the person that responds is the intended respondent. One of the main advantages of interviewer administered questionnaires is that the researcher is able to clarify any doubts or confusion the respondents may have in regards to the questions being asked. The disadvantage is that most companies are often reluctant to give up business hours for data collection (Sekaran and Bougie, 2010). Observation involves systematic observation, recording, description, analysis and interpretation of people's behaviour (Saunders et al, 2009 p. 288). The two types of observations are participant observation and structured observation; participant observation is qualitative in nature and seeks to discover the meanings people attach to their actions. Structured observation on the other hand is quantitative in nature and seeks to establish the frequency of these actions. The data obtained through observational studies are reliable and are more accurate because environmental influences are noted and taken into consideration. However, observational studies is known to be time consuming and tedious. It also requires an experienced researcher to know what actions are noteworthy (Sekaran and Bougie, 2010). This researcher is not an experienced enough to conduct this method of data collection and has thus opted to conduct structured interviews.

3.6 Structured Interview

The researcher has chosen to use structured interviews to collect data; this will be carried out via email. Sekaran and Bougie (2010) describe structured interviews are interviews where lists of predetermined questions are formulated to be asked of the interviewee. Each interviewee is asked the exact same question in the exact same manner; with structured interviews the information needed is known from the onset. Structured interviews can be carried out personally, through the telephone, or by use of the internet and intranet. Where the interview is being carried out personally and face to face, the interviewer is required to read each standardised question the way it is written out and in the exact same tone to avoid any bias (Saunders, Lewis, and Thornhill, 2009).

Structured interviews are mostly used to gather quantifiable data and are often referred to as 'quantitative research interviews'. Sekaran and Bougie (2010) argue that sometimes based on the needs of the situation, an interviewer might take a lead from an answer given by the interviewee and ask a further question that might not be listed in order to gain a deeper understanding. But it is also stressed that this does not occur often and when it does it is carried out by an experienced researcher.

3.7 Semi Structure Interview

Interviews can also be semi structured, unstructured or in depth; with semi structured interviews the researcher will have a list of themes that need to be covered but will vary questions from interview to interview all around the listed themes. Semi structured interviews give the researcher the opportunity to gain a deeper understanding by being able to vary questions depending on the interviewee and the answers they give. But with semi structured interviews there is also the opportunity for the researcher to get side tracked which can make it more time consuming and long winded. Unstructured or in-depth interviews are informal with no questions listed. The purpose of an unstructured interview is to explore a general topic area of interest. The interviewee is given the opportunity to talk freely about the topic of discussion; the aim is to get a deeper understanding of the respondent's behaviour and beliefs on the topic area. In depth interviews provide an interviewer with opportunity to seek a deeper understanding of an interviewee's responses. Semi structured and in depth interviews are appropriate for face to face interactions so as to get the most out of the respondent (Saunders et al, 2007). A face to face semi structured interview would have been the researcher's preferred choice for collecting data but due to the time constraints and location of some of the respondents it was no longer appropriate.

3.8 Setting and Samples

Four respondents from four different companies were chosen from the service sector to participate in the research. All respondents were either representatives of the HR department or the Training department. The issue of confidentiality was raised by all respondents and for this reason all five companies will be represented using letters and all respondents will remain anonymous.

3.9 Research process

After an in-depth literature review around the research topic the researcher was then able to develop interview questions that would help fulfil the research objectives. The interview questions were carefully chosen to touch on the main themes highlighted in the literature but to also get the most out of the respondents in the simplest of ways.

The researcher sent out emails to twenty companies in the service sector both in Ireland and abroad. These companies included telecommunications, hospitality, financial services and the retail industry. From the twenty companies selected four responded willing to be part of the research. Patton (1990; 169) claims that qualitative study typically focuses on relatively small samples selected purposefully.

3.10 Rationale for Interviews

The researcher has chosen to collect data through online interviews via email as it has proven to be the most appropriate way of conducting this research. A benefit of conducting the interviews via email is that both the interviewer and interviewee have time to reflect on the questions, interviewees also have more time to ponder on the questions and give more detailed answers (Saunder et al, 2007). Conducting interviews via email is known to be time consuming because of the back and forth that may ensue between respondents and researcher; the researcher has put this into consideration and has allowed enough time for the completion of all interviews.

All respondents were sent emails providing a brief background on the topic area of the research. Respondents were promised 100% confidentiality and assured that information provided would only be used in the context of this research. Because of the nature of the interview, being conducted via email, respondents were encouraged beforehand to elaborate as much as possible on every question. The interview consists of thirteen questions each addressing the research aim and objectives; a pilot interview was conducted prior to the survey being sent out, to test the clarity of the questions. Minor adjustments were subsequently made after the pilot was tested. The researcher would have preferred to conduct face to face interviews but with the time constraint and location of some of the respondents it was not feasible. The choice to conduct interviews through email was also a preference for the most respondents because of the time involved in participating in face to face interviews.

Although the interviews were structured the researcher made allowances for slight changes in the question where respondents need further explanations or needed questions re-phrased. A qualitative method was chosen over quantitative as the researcher believed that a qualitative method would provide in-depth data needed to sufficiently answer the research question.

Any form of bias has been eliminated because of the method in which the interviews are being conducted (via email). The interview questions have been sent to the respondent's personal emails which will ensure that the intended respondent will be the person answering the questions and that the data will be reliable.

3.11 Conclusion

A qualitative researcher's main interest is meaning; data generated in this research design is a process of how people make sense of their experiences. A qualitative method was considered a more suitable option for this study after careful examination of the many research methods. The researcher believes the research method chosen will answer the research question sufficiently. The next chapter will discuss the finding and analysis.

CHAPTER FOUR

FINDINGS AND ANALYSIS

4.1 Introduction

This chapter sets out the results of the findings of this research. The purpose of the research is to explore the relationship between the learning organisation and competitive advantage. Based on the responses of the participants from the structured interviews conducted; four main themes have emerged in relation to the research questions that were developed from the review of literature. These themes have been established from in-depth study and analysis of respondents' contributions. These include the learning organisation, learning, change as a result of learning and the role of learning. The individual interviews and their responses can be viewed in the Appendices.

The interview attempted to determine the relationship between learning organisation and competitive advantage. The aim is to generate significant data that would help the researcher in answering the research question developed. Theme one looks at what the participants think of the learning organisation. Theme two explores the meaning of learning; theme three identifies the changes that occur as a result of learning while theme four examines the role of culture in the learning organisation.

The research samples were twenty HR managers of selected companies in the service sectors who were invited to participate as earlier mentioned in chapters one and three. As at the time this analysis was being concluded, four of the sample population had sent in their responses; therefore this research analysis is based on the perspectives of the four respondents. In order to respect their request for confidentiality, throughout the analysis, the respondents are identified by the coding of their individual companies. Companies A. B, C, D

4.2 The learning organisation

The first question respondents were asked in the interview is what they thought a learning organisation was. Most respondents gave descriptions quite similar to that of the literature which led the researcher to believe that they are all familiar with the topic area; it also gave the researcher more confidence in the responses provided. The respondent from company D

shines positive light on his understanding of the learning organisation when he said (Appendix 4 Question 1);

"A learning organisation is an organisation that learns and encourages learning among its people. It promotes the exchange of information between employees hence creating a more knowledgeable workforce. This produces a very flexible organisation where people will accept and adapt to new ideas and changes through a shared vision."

He highlights the transfer of information in order to grow and develop the company's knowledge base. He believes that learning helps the organisation cope with change.
The respondent from company C explains that"….*every organisation should be a learning organisation…*" creating an environment where everyone is encouraged to learn (Appendix 3 question 1). The respondent from company B had a similar understanding of the learning organisation but stressed the importance of creating an environment where is was okay to make mistakes and equally okay to learn from past mistakes (Appendix 2 question 1)

"An organisation that creates an atmosphere where its employees are allowed to make mistakes and use the learning experience gained as a basis for a future task."

The respondent from company A leans more to the resource base view of an organisation, he describe the learning organisation as an organisation that invest in its human capital through training and development. This perspective is based on the fact that they are part of the retail industry and are heavily dependent on staff members to constantly perform through excellent customer services.

When asked if they felt that the company they worked for was a learning organisation all respondents felt that their company was a learning organisation.

Company A's respondent felt that his company was a learning organisation because training and development takes place on every level of the organisation and refresh programs are constantly taking place which implies continuous learning and development (Appendix 1 question 4). Company C's respondents response is quite similar to that of Company A's (Appendix 3 question 4);

"Absolutely! This company relies on the potential of its employees and focuses on making their jobs easier by providing all training necessary."

Like Company A, Company C is also heavily dependent on their staff members to deliver excellent customer service to remain competitive (Appendix 3 question 4);

"Being on the ball and understanding the service and product is essential in order to provide exemplary customer service which is in essence one of the main goals of this business."

Responses from both company B and D are quite different which is in contrast to the other two companies having similar responses. Again this could be due to the fact that company A and C are both heavily dependent on the customer service they provide or perhaps they both have similar learning structures and cultures because of the nature of the service they provide. Company D's respondent claims that his company is a LO because from the minute an individual gets hired to their disengagement they are always in a state of learning. The response from company B is based on the fact that the company been has through a tremendous amount of change in the recent past and has thus gained a lot of experiential learning which they now put in to practice presently (Appendix 2 question 4).

"…we as a company have undergone so much change in the past because of numerous take overs which have led to restructuring and changes in our culture. We have had to learn the hard way but the experience we have gained from the past have now become invaluable because if we are faced with the same situation we know what works and what doesn't and how to avoid past mistakes."

Most of the literature state that learning is subject to a company and the context in which they exist therefore it will be incorrect to point out which company is right and which is wrong. Learning can take many shapes and sizes and is different from one organisation to another. From the perspectives of the individual responses, it could be understood that there is no right and wrong way to learn or be a learning organisation however one thing that does stand out as vital is that learning must occur and it must be continuous.

4.3 Learning

Another interesting finding from the interview was what each company regarded as learning. From their responses to this question it was possible to understand the differences in their reasons for believing that that their companies were learning organisations.

From company A, the respondent regards learning as training that takes place at all levels of the organisation. This implies that most learning that takes place in this particular company will be structured and planned, but it also implies that perhaps the company is unaware of other ways in which learning could occur. Company B gives a much broader response on what is regarded as learning in the company. The respondent stated that learning is anything that involves the transfer of knowledge within the company. This description of learning is more in synch with what the literature refers to as learning and it also shows that company B may be slightly more open to maximising all learning opportunities, both formal and informal. This response is also in line with their description of a LO which implied that there are learning opportunities in making mistakes. Company C's response was quite similar to that of Company B who said (Appendix 3 question 2);

> *"Learning is taken very seriously in my company and could stem from anything really but we also try to ensure that all learning is put into practice for better performance. This company invests thousands of dollars per year developing its internal customers."*

This response implies that company C is opened to any learning opportunity and continuously looks for ways to better themselves through the learning gained by putting it into practice. Like company B, company D also regards learning as any process that involves the transfer of knowledge and information (Appendix 4 question 2).

> *"Learning in my company is regarded as any process where information and knowledge is gained for the bettering of organisational practices."*

It is important to gain a deeper understanding of what learning is in each company in order to shed light on the value that each company places on learning and if it is seen as a competitive advantage. What a company regards as learning will determine the forms in which learning

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takes place. The literature has often suggested that learning collectively is more competitive than learning individually. When asked this question threes respondents stated that both collective and individual learning was valued in their companies but the fourth respondent claimed that the company had a lot more to benefit from collective learning (Appendix 4 question 6).

> *"Yes, collective learning is more valued than individual learning. With collective learning, a broader view of employees' shared experiences, background, culture etc. is very much at an advantage to the company."*

Learning in company A is always structured and takes place in the form of training sessions. This slightly implies that there is no room for innovative thinking and perhaps the company only engages in single loop learning; learning within the carefully set structures of the organisation (Appendix 1question 2 & 7).

> *"The aim of this training is for staff at all levels to learn new skills to improve service, productivity and profit."*

> *"It is always structured and planned. All training is produced and developed through a dedicated Learning and Development team and all training is reviewed based on feedback received from all who attend any training module."*

Learning in company B takes place through all forms, this understandable as they have been more open to learning opportunities than company A from the first response provided (Appendix 2 question 3 & 7).

> *"…budding, on the job training, Informal and Formal sessions, and planned training sessions. The planned training sessions are usually documented processes which can be developed in house or by consultants. Sometimes we outsource our training sessions to educational institutions or arrange for individuals to acquire further qualifications."*

> *"…formally would be through our planned training sessions and informally would be through the passing of information/knowledge from one individual to another through working relationships and general interaction."*

From this response it is possible to conclude that company B engages in both single and double loop learning depending on the need of the business and changes they might be required to deal with. We do get a glimpse of what their learning culture might look like from the ways in which learning takes place; the environment indicates that individuals are required to share knowledge and information where possible, both formally and informally. This also stems from the fact that company B encourages their workers to develop innovative thinking in a very organic way; from past mistake. But at the same time their learning system still seems very structured and controlled which some may argue is more favourable to make sure the company is still heading in the right direction.

Company C, a lot like company A engage in learning in a structured way. Although they strive to make learning as informal as possible they stress the point of getting the supervisory level to buy in to learning initiatives in order to ensure the successful transfer of learning to participants (Appendix 3 question 2, 3 &7).

> *"Learning takes many forms depending on the requirements of the business for example, classroom, e-learning, coaching, feedback sessions, team huddles, 1:1, and team learning sessions."*

> *"It is very structured. The training department is very organised and all training is planned. Having said that though we do try and make our training sessions interesting and fun and informal. But the planning behind this is controlled."*

> *"On-going support by the training team but learning can only be successful with the buy in from the supervisor group too. Their support is essential in order to promote anything learned in a classroom environment."*

Company D referred to learning as anything that involved the transfer of knowledge; this is mirrored in the form in which learning takes in their company. Learning is both structured

and unstructured; structured learning takes place in the form of specific training sessions that one must complete when they first start at the company. While unstructured informal learning takes place in the form of learning while on the job, mentoring and team work (Appendix 4 question 3 & 7).

> *"Induction, on-the-job training, mentoring, coaching, training both online and instructor-led."*

> *"We run both in the sense that there are some courses or training sessions that one must undergo at entry level into the organisation which are attached to specific a timeline. While some, like I said earlier on, are based on the job which practically are never structured."*

When respondents were asked what triggered learning in their individual companies all responses indicated that change in their external market was a big factor in influencing structured learning activities. Company B and C however stated that there were internal factors that influenced learning as well (Appendix 2 & 3, question 10);

> *"…but we also try to stay ahead through innovative thinking. Internally, the need for growth and development triggers learning too, as well as changes in our business models."*

> *"The service we provide evolves every month and updates are required so employees need to be up skilled when these changes occur. Also, we endeavour to stay ahead of the game so are always developing and updating both internal and external tools. Any changes of this nature will require a training input."*

In many businesses today it is possible to get swept away with the changes in the external environment and forget about the internal needs and goals of the company. Being able to respond quickly to change is an advantage to any business but being able to create opportunities from the changes in the market takes innovative thinking and this needs to be developed internally. It's interesting to see that only one company was able to point that out

others mainly focused on their external environment. However, when asked if all learning was directly linked to the achievements of company goals all respondents stated yes.

4.4 Change as a result of learning

Learning occurs all the time, sometimes we might not always realise that learning has taken place until we're faced with a situation that mentally requires us to tap into that knowledge acquired. For learning to have taken place there must be a change in the behaviour of the individual as a result of new knowledge gained; learning should affect both the cognitive and behavioural aspects of an individual. However, in an organisational context, it is up to the organisation to give individuals an avenue to put into practise this new knowledge gained. Essentially, what this section is looking at is does learning make a difference?

All respondents were asked what they felt the benefits of being LO were; their responses included creating a pool of knowledgeable individuals, who are able to deal with high risk situations, empowerment and confidence for workers, innovative thinking, an increase in the pace of change within the organisation, further development of the company's competences and capabilities, improved standards of service, ownership for workers and loyalty to the company from the workers. These are all positive and good things for any organisation; these are all little ripple effects of change in the long run as a result of learning.

When asked if they felt that there was a change or transformation in their staff after training had taken place all respondents agreed that it does lead to change in behaviour. Company B and D stressed that change behaviour in was not always instant after learning has occurred and that behaviour change varies from individual to individual; some are quicker to change in behaviour than others (Appendix 2 & 4, question 8).

> *"Yes, it does not always come immediately but I think over a certain period of time you see slight changes in behaviour which usually leads to better performance."*

> *"Yes, change does occur but it varies from individual to individual. Some you see an instant change; while some it's a gradual process which requires monitoring and feedback."*

Company A's respondent indicated that having the correct measures in place was important in checking for change in behaviour. Individuals must be given the opportunity to use the learning they have received (Appendix 1 question 8).

> "… Once the correct measures are put in place to review the results gained from the training."

In addition to finding out whether or not change occurs as a result of learning it is also necessary to find out if learning helps companies cope with change. The literature suggests that successful competitive organisations are those that are able to adapt to the changes in their external environment and still survive.

Company B being a company that has undergone a lot of change in the past agreed that they had been able to cope with change successfully because they had learned from their past experiences and were able to avoid similar mistakes. Learning also gives them the confidence to face change which implies that resistance to change will also be reduced. Company C in similar vein to company B, state that learning not only helps the company to cope with change but also gives them flexibility which is necessary when working in a fast paced industry (Appendix 2 & 3 question 13).

> "*Yes, learning definitely helps us cope with change but not only that, learning also gives us confidence about taking on change. For instance, in the recent past we have had to deal with rebranding after several acquisitions (different company names but relatively the same company) and delayering; all these changes have been handled more efficiently because of the learning we acquired from past experiences.*"

> "*…We go through change almost on a daily basis. This is something that a person gets used to. When you work in such a fast pace environment we all need to learn to be flexible as well as everything else!*"

Company D also agreed that learning has assisted the company in coping with change especially in the recent past with recession. Company A gave an example of how recent

training has helped in maintaining great customer service and value in the tough economic climate (Appendix 4 &1 question 13)

> *"… When the company got hit with the recession we needed to change tactics in attaining its set objectives for the year and these changes were discussed and cascaded down to staff via a well processed communication system where everyone was allowed to come up with ideas on how to face the challenges."*

> *"…We have recently invested time and money in launching a new training for all employees at all levels based on the companies reviewed "vision and values"…. This is important due to the tough times we are living through and raise our profile as a premium store known for service and value."*

When asked if they regarded learning as a competitive advantage for their companies all respondents agreed that learning was a competitive advantage for their company. However company C cautioned that learning should not be used as a company's only competitive advantage and that a company should strive to be competitive in all other areas as well. Company B fully agreed that learning was a competitive tool for the company but also stated that the company was not reaching its full potential implying that there is a lot more that can be attained through learning (Appendix 2 & 3, question 12).

> *"Yes but learning is only one element. I think a company needs to be competitive in all areas in order to retain its workforce."*

> *"Yes I do feel that it is a competitive advantage… That being said, I still feel that management haven't completely tapped into the full potential of this learning to create an edge in our external market. I feel that there is still a lot more that can be accomplished with this learning."*

4.5 Culture

The literature stress how important is it to have a culture than encourages and promotes learning to serve as a facilitator. Also culture has been said to create the shared vision for an organisation through establishing values and beliefs of the organisation. Senge (1990) argues

that shared vision is an important factor for LO and Garavan (1997) states that a LO can be viewed as a root metaphor which essentially looks at the culture of the organisational.

Although none of the respondents went into great detail about the culture of their organisations it is still possible to get a feel of their culture from their previous responses. The literature continually suggests that having an environment conducive to learning is a key success factor but not only that, it is equally important to create an environment with opportunities to use knowledge gained. Company A states that having such environment serves as retention tool for employees with career opportunities. To get a better understanding of the culture in the companies we will look at their responses to whether or not they felt that their company was a learning organisation. The culture of an organisation is the invisible bond that dictates how things are done and what is expected of individuals. Once an individual starts work in an organisation these values and beliefs are passed on to them through induction and later on the individual learns to live that culture while in that organisation.

From the Company D's response it is possible to assume that they have open culture one that is based on openly sharing information. This also means that perhaps most information and knowledge in the organisation exist in explicit form to make it accessible to all the members of the organisation. When the company had to rethink their strategy in the face of the recession they developed a well-structured communication system to allow members the opportunities to put forward their ideas to top level management. This shows that their culture is open to and encourages innovative thinking. Learning also commences from the minute an individual starts work in the company up until they leave (Appendix 4 question 4 & 13).

> *"… When the company got hit with the recession we needed to change tactics in attaining its set objectives for the year and these changes were discussed and cascaded down to staff via a well processed communication system where everyone was allowed to come up with ideas on how to face the challenges."*

> "…*from the point of becoming an employee to the point of disengagement you continue to learn & share ideas amongst staff within the company.*

Both company D and C agree that culture also encourages learning and the sharing of information amongst individuals. Learning is continuous because of the constant changes and updating of the service they provide. Though the majority of the training is structured there is still an air of informality that lingers in the company. The learning activities are aimed at providing the best services to their customers but it focuses on the company's internal customers and how to make their jobs easier. They have a culture that believes in satisfied and engaged workers and they make an effort to ensure that training sessions are fun for their workers (Appendix 3 question 4 & 7).

> *"…This company relies on the potential of its employees and focuses on making their jobs easier by providing all training necessary."*

> *"The training department is very organised and all training is planned. Having said that though we do try and make our training sessions interesting and fun and informal. But the planning behind this is controlled."*

Company B encourage their workers to think innovatively and learn from their mistakes, it is possible to assume that their culture is one that is built on experience and innovative thinking. Like a company C, this company is not new to change and because of this they have become opened to learning opportunities, both structured and unstructured (Appendix 2 question 13 &1).

> *"We as a company are not afraid of change; it's an aspect of this business that we have all lived for most of our careers."*

> *"An organisation that creates an atmosphere where its employees are allowed to make mistakes and use the learning experience gained as a basis for a future task. In my company, the experience gained is used for creating scenarios to ensure innovative solutions are developed so that those mistakes made are avoided in the future."*

Company A's culture is one that strongly believes in investing in human capital. People are seen as crucial to the achievement of the company's strategy and therefore a lot of resources are put into the development of very structured training programmes. This company feels that

investing time and money will yield a greater return on investment in the form of better performance and exceptional customer service (Appendix 1 question 5, 7 & 9).

> *"Development of individuals improves standards of service within the company. Staff that are loyal, take ownership, are answerable and focused on success for themselves and the company."*

> *"All training is produced and developed through a dedicated Learning and Development team and all training is reviewed based on feedback received from all who attend any training module."*

> *"…this is achieved through clear and direct communication of what the training is aimed at developing and what success will look like from the implementation of the training."*

In the responses provided by all four companies culture was not given enough attention, this could be because of the way in which the interview questions were worded or because respondents lack a clear understanding of the role culture plays in learning in the organisation. But from re-reading their responses the role of culture is still implied even if it not directly mentioned.

4.6 Discussion

This section of the chapter will aim to link the developed analysis of the research questions to with the backing of the points discussed in the literature review.

- Does being a LO assist when dealing with change?

A company's external environment will always be prone to change, some more rapid than others; staying competitive is about how at company is able to adapt quicker, seek new opportunities in the change, and sometimes anticipate the change before it happens. Going back to the literature, Jashapara (2003) argues that there is a growing need for organisations to move beyond solving problems to continuously improving in the face of change. And in similar vein Weick (1974), argues that a company's ability to respond effectively to its external environment will depend on its coping capacity; a company's coping capacity will either be advanced or basic depending on its level of learning.

Dia and Viggiani (2006) argue that Learning organisations are able to go through change less painfully than non-learning organisations because the resistance is reduced when the company sharing one vision and one direction. The responses from the interview do not dispute this fact; all responses indicate that learning has been beneficial when faced with change within the company. Since change is a characteristic of competitiveness, is learning a competitive advantage? All companies agreed that learning was a competitive advantage but learning isn't regarded competitive just because of change; learning is competitive tool because it also helps organisations develop while coping with their external environment. Its one thing to recognize the need for change and it's another thing to develop and keep in line with the direction and goal of the company. Learning can be used as a competitive tool in both scenarios. Through learning a company is better able to develop its internal resources to match whatever it is the external environment throws at it.

- Is collective learning more valued and competitive over individual learning?

The literature frequently suggests that learning collectively is more competitive that learning individually. Learning collaboratively allows members of the organisation to tap into a bigger pool of knowledge and become more open to future learning opportunities. White (1994) and Economides (2008) agree that the greatest learning takes place

collaboratively (organisational learning) as opposed to individually. Synergy is encouraged with the idea that the whole is greater than the sum of its parts. When asked which was valued, collective or individual learning, all except one company showed a preference for both. The company that showed a preference towards collective learning stated that the company was likely to benefit more from a broader view of employee's shared experiences and backgrounds than if they were individual. The rest of the respondents indicated that an individual that has learned would go back to his/her team and pass on the knowledge to members of their team and possibly onto other levels of the organisation. From the responses provided it is possible to conclude that having a culture where everyone is encouraged to share information and knowledge makes both learning collectively and individually is beneficial to the company.

• What role does an organisation's culture play in achieving learning?

Culture should ultimately facilitate the exchange of useful knowledge that will lead to innovation, improved performance and sustained competitiveness. Murray and Donegan (2003) believe that organisations with strong learning cultures are good at creating, acquiring and transferring knowledge, and at modifying behaviour to reflect this new acquired knowledge. A learning culture also helps with the development of competences that assist organisations in remaining competitive (Jashapara 2003; Trim and Lee 2004).

Senge (1990) sees an organisation with a learning culture as a place where people continually expand their capacity to create desired results. A learning culture nurtures new and expansive patterns of thinking, frees aspirations of members of the organisation and teaches an organisation how to learn together. This description of a learning culture is very similar to the ones provided by respondents. All respondents agreed to having a learning culture but did not specify the role that culture played in learning within the company. The researcher acknowledges that the question could have been phrased more appropriately to prompt a deeper response but in light of this other responses were analysed to gain a deeper understanding. The responses given, like the literature, suggest that a learning culture aids the transfer of knowledge within the company. It also sets the tone for how learning occurs and what is regarded as learning. For example, one company's respondents regarded learning as planned and structured training sessions alone. Their culture was based on human capital being most important resource in the company and their investment in these training sessions mirrored that. All training

sessions are carefully thought out and structured and training managers are given the aim of the sessions and the results they should expect after the training has taken place.

4.7 Conclusion

As mentioned in chapter two, Rebelo and Gomes (2008) claim that with human capital, learning will always occur, however what an organisation does with it will determine its success or failure. The findings from this study indicate that learning organisations are better able to go through change quickly; change is inevitable for most business today as external environment have become continuously unstable. It is also discovered from the responses that though collaborative learning encourages synergy and it is valued over individual learning; both forms of learning are beneficial to the company. The next chapter will discuss the conclusion of this project.

CHAPTER FIVE - CONCLUSION

The aim of this research was to explore the relationship between the learning organisation and competitive advantage in the service sector. Most of the authors in the literature reviewed have linked learning and knowledge to competitive organisations; Jashapara (2003), states that in our present day external environment knowledge has emerged as the most strategically significant resource of a firm, and one's ability to learn faster than its competitors is the only form of sustainable competitive advantage. In agreement with this Abbasi et al (2009) assert that knowledge work had become an almost inescapable component of every organisations drive to achieve competitive advantages. This research provided an in depth study of the relevant literature in the topic area with arguments supporting popular theories and concepts. The main areas looked at in the literature are the learning organisation, organisational learning, knowledge management and the role of culture. From the literature the following research questions were developed to guide this research; does being a LO assist when dealing with change? Is collective learning more competitive and valued over individual learning? And what role does culture play in achieving learning?

The research methodology set out the research methods that could have been used and the one that was eventually chosen for this research along with the reasons for the chosen research method. The researcher decided on a deductive approach for this researcher in order to gain a deeper understanding of the topic area and provide a more valid structure for investigation. Conducting interviews as a means of data collection proved successful despite being conducted via emails. Respondents provided well thought through responses which aided the researcher in providing a detailed analysis which lead to credible conclusions. The four companies that participated in the research were all from the service sector and operated in different segments of the sector. The differences in the nature of the companies and the services they provided meant that the responses given were quite diverse which gave the researcher a broader insight of the research area.

Overall this research set out to explore the value that is placed on learning in the service sector and the relationship it might have with creating and sustaining an organisation's competitive advantage. The finding from the research revealed that learning is in fact competitive and can be used to sustain competitive advantages. However the findings also established out the learning should not be used as an organisations only competitive

advantage but instead in conjunction with other competences. The results from this research showed that contrary to popular belief in the literature and depending on the organisational culture, individual learning can be as competitive as collective learning. Findings from the research showed that most companies did not have a particular preference as the culture they had encourages knowledge sharing. This particular finding further highlights the role that culture plays in achieving learning within the organisation. An organisation's culture can hinder or aid learning processes and the transfer of knowledge; having a culture that is open to learning on every level and encourages the sharing of information and knowledge can prove to be more competitive overall. The findings also confirm that learning assist organisations in coping with change. Through learning the fear of uncertainty is reduced as individuals are equipped with the skills and knowledge they will require to cope with change; because change is regarded as a key factor in staying competitive, the use of learning here is seen as a competitive tool for the organisation.

From the research findings, we have learned that learning in the service sector is something that is needed to stay competitive because of the nature of the external environment. The needs of customers are changing everyday which in turn affects their demands; to meet the ever changing demands of the customers; companies require knowledge and information to provide the best services. One of the main characteristic of learning is development; learning provides development for not only individuals and the organisation but also for an organisation existing core competencies. Adam and Lamont (2003) refer to this as the revitalizing and re-bundling of a company's resources through the acquisition of knowledge to create distinctive competences. An organisation should not solely rely on learning as its only competitive advantage but should strive to remain competitive in all other areas. However, learning branches into all other areas of the organisation and for this reason should remain at the centre of any organisation striving to remain competitive.

Ultimately this research has answered the research questions and has backed up its conclusion with the relevant literature.

5.1 Limitations of this research

As previously mentioned, due to the time constraint and location of the some of the companies, face to face interviews were not feasible although they would have been preferred

for this research. A face to face interview would have saved time and allowed the research to ask further questions to gain a deeper understanding of some of the responses provided. Conducting the interviews via email meant that a considerable amount of time was lost while waiting for respondents to elaborate on the answers given or provide further information; this limited the researcher's scope. However, from the data generated, the researcher was still able to answer the research questions sufficiently.

5.2 Implications for future research

This research only investigated the relationship between the learning organisation and competitive advantage in the service sector; it would be interesting to see if learning is regarded the same way in other sectors and the implications it may have for the companies. A comparative study of all three sectors will provide a well-rounded overview of how the learning organisation creates and sustains competitive advantages.

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APPENDICES

APPENDIX 1- Company A

Department: HR

Job Title: Store Trainee Manager

1. **What do you understand by the term 'learning organisation'?**

   A company/organisation that invests in the staff through training and development

2. **What is regarded as learning in your company?**

   Training is at all levels in my organisation. This could be 20 minute planned sessions with small groups aimed at improving customer service, standards, how to deal with complaints, new procedures or year- long training from sales advisors all the way up to senior managers. The aim of this training is for staff at all levels to learn new skills to improve service, productivity and profit.

3. **Can you explain how learning takes place in your company?**

   As stated above, individuals are put forward for specific training based on performance or through interview/presentation and progress is reviewed regularly.

4. **Do you feel the company you work for is a learning organisation and why?**

   Yes. As I have mentioned training and development is at every level within the organisation and refresh programs are also in place.

5. **If yes, what would you say the benefits are to your company**?

Development of individuals improves standards of service within the company. Staff that are loyal, take ownership, are answerable and focused on success for themselves and the company.

6. **Is collective learning valued more over individual learning in your company?**

Both would be valued equally. An individual that has received specific training would be expected to share this with the team as to have a consistency across the department/store/organisation of service, product knowledge or procedural knowledge.

7. **Would you say that the learning that takes place in your company is mostly structured or unstructured and informal?**

It is always structured and planned. All training is produced and developed through a dedicated Learning and Development team and all training is reviewed based on feedback received from all who attend any training module.

8. **After learning has occurred would you say there are changes/ transformations in the behaviour of employees?**

Usually once the correct measures are put in place to review the results gained from the training.

9. **Would you say that learning that occurs in your company is always in line with the achievement of company goals?**

Always and this is achieved through clear and direct communication of what the training is aimed at developing and what success will look like from the implementation of the training.

10. **What triggers learning in your company – activities in the external environment or an internal need for growth and development.**

Both, it's important to change with the times, stay ahead of the competition and adapt to customer trends.

11. Would you say the culture that exists in your company is one that encourages learning?

Yes as this helps us retain a high calibre of employee with career opportunities.

12. Would you consider learning as competitive advantage for your company?

Yes. It's important to develop as a company to continue to proved high levels of customer service and offer that little extra over your competition.

13. Would you say learning helps your company cope with change?

Can you give a recent example of this? Yes. We have recently invested time and money in launching a new training for all employees at all levels based on the companies reviewed "vision and values". The aim is to provide outstanding and excellent customer service, "nothing is too much trouble", that will encourage loyal customers, increase repeat business and cater for every customer's need. This is important due to the tough times we are living through and raise our profile as a premium store known for service and value.

APPENDIX 2- Company B

Department: HR

Job Title: Training Specialist

1. **What do you understand by the term 'learning organisation'?**

   An organisation that creates an atmosphere where its employees are allowed to make mistakes and use the learning experience gained as a basis for a future task. In my company, the experience gained is used for creating scenarios to ensure innovative solutions are developed so that those mistakes made are avoided in the future.

2. **What is regarded as learning in your company?**

   Any type of situation where a transfer of knowledge occurs. This could be the Transfer of Knowledge for innovation /creativity to enhance development over what is currently available in the company.

3. **Can you explain how learning takes place in your company?**

   Through budding, on the job training, Informal and Formal sessions, and planned training sessions. The planned training sessions are usually documented processes which can be developed in house or by consultants. Sometimes we outsource our training sessions to educational institutions or arrange for individuals to acquire further qualifications.

4. **Do you feel the company you work for is a learning organisation and why?**

   Yes to an extent I do feel that my company is a learning organisation –we as a company have undergone so much change in the past because of numerous take overs which have led to restructuring and changes in our culture. We have had to learn the hard way but the experience we have gained from the past have now become

invaluable because if we are faced with the same situation we know what works and what doesn't and how to avoid past mistakes.

5. **If yes, what would you say the benefits are to your company?**

Creating a pool of knowledgeable employees who can manage high risk situations to ensure business continuity in volatile business environments.

6. **Is collective learning valued more over individual learning in your company?**

Both are valued but we do encourage team learning. For example information gained from business meetings or off shore training sessions are usually cascaded down to colleagues or team mates for the transfer of knowledge/information causing learning to happen in ripple effects.

7. **Would you say that the learning that takes place in your company is mostly structured or unstructured and informal?**

I would say both ways formally would be through our planned training sessions and informally would be through the passing of information/knowledge from one individual to another through working relationships and general interaction.

8. **After learning has occurred would you say there are changes/ transformations in the behaviour of employees?**

Yes, it does not always come immediately but I think over a certain period of time you see slight changes in behaviour which usually leads to better performance.

9. **Would you say that learning that occurs in your company is always in line with the achievement of company goals?**

Yes, learning in our company is like stepping stones brining us closer to our goals (our motto is *"People are not profits but without people there are no profits"*)

10. What triggers learning in your company – activities in the external environment or an internal need for growth and development.

External Drivers would be a key trigger for my company; Competition and Market forces are always changing and it is important that we remain current in our industry but we also try to stay ahead through innovative thinking. Internally, the need for growth and development triggers learning too, as well as changes in our business models.

11. Would you say the culture that exists in your company is one that encourages learning?

Yes, without this it would be very hard to accomplish what we have so far.

12. Would you consider learning as competitive advantage for your company?

Yes I do feel that it is a competitive advantage. We as a company learn a great deal from our past experiences and over the years our knowledge has grown with each new experience gained. That being said, I still feel that management haven't completely tapped into the full potential of this learning to create an edge in our external market. I feel that there is still a lot more that can be accomplished with this learning.

13. Would you say learning helps your company cope with change? Can you give a recent example of this?

We as a company are not afraid of change; it's an aspect of this business that we have all lived for most of our careers. Yes, learning definitely helps us cope with change but not only that, learning also gives us confidence about taking on change. For instance, in the recent past we have had to deal with rebranding after several acquisitions (different company names but relatively the same company) and delayering; all these changes have been handled more efficiently because of the learning we acquired from past experiences.

APPENDIX 3- Company C

Department: Training

Job Title: Product training specialist

1. **What do you understand by the term 'learning organisation'?**

   Every organisation should be a learning organisation; every organisation should have an environment where everyone in a particular business should be encouraged to learn as well as the business itself.

2. **What is regarded as learning in your company?**

   Learning is taken very seriously in my company and could stem from anything really but we also try to ensure that all learning is put into practice for better performance. This company invests thousands of dollars per year developing its internal customers. Learning takes many forms depending on the requirements of the business for example, classroom, e-learning, coaching, feedback sessions, team huddles, 1:1, and team learning sessions.

3. **Can you explain how learning takes place in your company?**

   Induction for all new hires, support from supervisors in the form of coaching and feedback sessions as well as weekly team learning sessions and also daily huddles. Continuous up skilling is also completed on a regular basis as well as cross functional training where required. Ongoing support by the training team but learning can only be successful with the buy in from the supervisor group too. Their support is essential in order to promote anything learned in a classroom environment.

4. **Do you feel the company you work for is a learning organisation and why?**

   Absolutely! This company realises on the potential of its employees and focuses on making their jobs easier by providing all training necessary. Being on the ball and understanding the service and product is essential in order to provide exemplary customer service which is in essence one of the main goals of this business.

5. **If yes, what would you say the benefits are to your company?**

Well trained and empowered customer support agents ensure our customers are happy with our service. It's all about the internal and external customers at the end of the day.

6. Is team learning valued more over individual learning in your company?

Both are highly valued here.

7. Would you say that the learning that takes place in your company is mostly structured or unstructured and informal?

It is very structured. The training department is very organised and all training is planned. Having said that though we do try and make our training sessions interesting and fun and informal. But the planning behind this is controlled.

8. After learning has occurred would you say there are changes/ transformations in the behaviour of employees?

Without a doubt! It is even evident in a person's demeanour. A shy person lacking in confidence transforms into a knowledgeable, empowered and more content employee. When a person is armed with knowledge they feel better about their jobs and believe that they are able to tackle any question a customer may have.

9. Would you say that learning that occurs in your company is always in line with the achievement of company goals?

Yes it is but we will never achieve our goals without our employees. Employees in this business are the key to succeeding.

10. What triggers learning in your company – activities in the external environment or an internal need for growth and development.

The service we provide evolves every month and updates are required so employees need to be up skilled when these changes occur. Also, we endeavour to stay ahead of

the game so are always developing and updating both internal and external tools. Any changes of this nature will require a training input.

11. Would you say the culture that exists in your company is one that encourages learning?

Without a shadow of a doubt; learning is encouraged at all levels within the business, it is one of the things that the company thrives on.

12. Would you consider learning as competitive advantage for your company?

Yes but learning is only one element. I think a company needs to be competitive in all areas in order to retain its workforce.

13. Would you say learning helps your company cope with change? Can you give a recent example of this?

Yes it does. We go through change almost on a daily basis. This is something that a person gets used to. When you work in such a fast pace environment we all need to learn to be flexible as well as everything else!

APPENDIX 4- Company D

Department- HR Dept.
Job Title- Training Specialist

14. **What do you understand by the term 'learning organisation'?**

A learning organisation is an organisation that learns and encourages learning among its people. It promotes the exchange of information between employees hence creating a more knowledgeable workforce. This produces a very flexible organisation where people will accept and adapt to new ideas and changes through a shared vision.

15. **What is regarded as learning in your company**?

Learning in my company is regarded as any process where information and knowledge is gained for the bettering of organisational practices.

16. **Can you explain how learning takes place in your company?**

Induction, on-the-job training, mentoring, coaching, training both online and instructor-led.

17. **Do you feel the company you work for is a learning organisation and why?**

Yes. It's a LO because from the point of becoming an employee to the point of disengagement you continue to learn & share ideas amongst staff within the company.

18. **If yes, what would you say the benefits are to your company?**

- Adapting better than your competitors to external pressures
- Systemizing innovation and new ideas
- Having the knowledge to better link resources to customer needs
- Improving quality of outputs at all levels

- Increasing the pace of change within the organization
- Improving company image by becoming more people-orientated

19. Is collective learning valued more over individual learning in your company?

Yes, collective learning is more valued than individual learning. With collective learning, a broader view of employees' shared experiences, background, culture etc. is very much at an advantage to the company.

20. Would you say that the learning that takes place in your company is mostly structured or unstructured and informal?

We run both in the sense that there are some courses or training sessions that one must undergo at entry level into the organisation which are attached to specific a timeline. While some, like I said earlier on, are based on the job which practically are never structured.

21. After learning has occurred would you say there are changes/ transformations in the behaviour of employees?

Yes, change does occur but it varies from individual to individual. Some you see an instant change; while some it's a gradual process which requires monitoring and feedback.

22. Would you say that learning that occurs in your company is always in line with the achievement of company goals?

Most definitely, It has to be in line in the way we carry out our business to attain company goals.

23. What triggers learning in your company – activities in the external environment or an internal need for growth and development.

Both. There could be a need for training need analysis within the company or a change in what the external environment (government policies, culture, and natural environment etc.) dictates / requires in doing business.

24. Would you say the culture that exists in your company is one that encourages learning?

Yes, I feel that my company has a culture that values and promotes learning, this culture is further emphasised at the managerial level especially.

25. Would you consider learning as competitive advantage for your company?

Yes, any company that fails to train / develop its employees is surely doing that at the very great expense of its survival.

26. Would you say learning helps your company cope with change? Can you give a recent example of this?

Yes, when the company got hit with the recession we needed to change tactics in attaining its set objectives for the year and these changes were discussed and cascaded down to staff via a well processed communication system where everyone was allowed to come up with ideas on how to face the challenges.