

# Importance of learning organization



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## **Introduction**

The report analyzes the concept of learning organization and its importance in the 21st century organizations. It also studies about HRM and its role and challenges in a learning organization. This report is analyzed on the basis of a case study on Southwest Airlines. It also makes a critical comparison between the British Airways and Southwest Airlines in regards to learning organization and continuous improvement. By analyzing the Harvard and Michigan model of HRM, the report tries to understand which model of HRM is practiced by Southwest Airlines. From this case study we can understand that the key factor behind the success of Southwest Airways is continuous improvement and its full utilization of the resources. Its mission of low cost, low fare, no frill is the dedication to its highest quality of customer service which is delivered with a sense of warmth, friendliness, individual pride and company spirit. These all are included in the policies and procedures of the Company that are developed by the HRM department. So although there are some challenges to HRM in a learning organization it has a crucial role to play in every organization.

## **Learning Organization**

Learning organization means “ organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together” (Senge, 1990, p. 3). From this definition we can understand that learning organization is a team and organizational process rather than individual and it is a continuous never ending process. It is essential for a learning

organization to make creative and better ways of learning and improving its performance. It becomes a part of the continuous process of sharing information with people and the environment, and exchanging and disseminating information. A learning organization is entirely different from a traditional organization as it has the capacity to make changes continuously. The theory of organizational learning stresses the importance of policies and procedures inside the organization in response to the outside consequences even though they are positive or negative the firm learns from its experiences. Learning has only very little to do with getting information, rather it is merely a process for enhancing capacity. Learning is for making new kinds of developments that the organization could not achieve in the past (Lassey, 1998). The principle assumption of learning organization, therefore, is that if learning from the part of individuals is improved, organizational performance also will improve. Senge (1990) identified five disciplines which are essential to the development of learning organizations in his opinion. These disciplines are the distinguishing factors behind the learning organization and a traditional organization. Those disciplines are personal mastery, mental models, shared vision, team learning and system thinking. Personal mastery tries to acquire the academic expertise and efficiency that they got from their activities and experiences. Mental model focuses on an individual's basic world view, which is reinforced by structures, experiences, cultures and belief systems. This model guides and directs people as they make decisions, and are used to filter ideas and possibilities. Shared vision is the collective perspectives of employees and evolves from their understanding of the organization's mission. In traditional organizations, shared vision is not commonplace, because little or no effort is

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made to internalize or understand the firm's mission. Shared vision is, however, a cornerstone of learning organizations because it requires a common view of learning by all types of members from top to bottom in an organization. This discipline also helps the organizations allocate its various kinds of resources towards its objectives (Beiske, 2007).

Team learning enables the members of an organization in expanding their perspectives, fostering their knowledge, deepening their comprehension power and will make a better sense of self. Team learning helps employees improve collaboration, communication and co-operation, as well as view other organizational members as learning resources (Pettingar, 2002).

In the case of system thinking, the members of a learning organization have to think in a strategic way about every aspects of an organizational life, which include the organization's role in achieving its business objectives, its mission and strategy, and its structure, culture and managerial practices. Thus, a learning organization as it continuously examines the external and internal pressures, influence every part of the organization it proves helpful. Moreover, system thinking requires reflectivity on the part of leaders, managers and employees for the purpose of improving understanding and action.

### **Importance of learning organization in the 21st century**

As the world is changing day by day, each generation has to adapt and make changes in a very limited time. Thus continuous learning is essential for survival and success in today's world. Technological change is having a tremendous impact on all our lives. Today, society is far more sophisticated

than the world in the earlier days. As technological changes are in a fast manner, it becomes more difficult to predict the future developments and plan for the future changes (Gilley, 2000). In order to cope up with the changing world we have to change our activities and ideas according to the changing world. Successful people have the ability to and are prepared to change and adapt. All successful people are learners; likewise successful organizations too are learning organizations. Learning organizations alone can make improvements and they never become stagnant. Although organizations are learning and adapt to change they are so slow in making changes. Successful organizations consider change and development as the most important factor which determine their success (Gilley, 2000). Learning organizations have the capability to control the external pressures rather than be a slave to it. If an organization is a learning organization it will reduce the staff turnover and it will become more attractive to potential employees. Learning process will enable the organization to respond to the changes and new situations more quickly than its rivals. The ability of the organization to focus on organizational goals and secure staff commitment to their achievement will lead to far greater efficiency and a better quality of product or service. The popularity of learning organization is increasing day by day.

From the given case study we can see that Southwest Airlines is a learning organization. It considers each and every employees with the same concern, respect and caring attitude within the organization through which their external behavior to the southwest customers. Southwest Airlines has a good team spirit than their competitors and the company gives consideration for

employees than customers. The company is also engaged in providing its employees plenty of information that will help them to understand their company, mission, customers and its competition. And through continuous learning, the company's employee productivity increased and it is able to maintain a proper number of staffs. It makes a feeling that all of its people are part of a one big family. The company is making creative and innovative changes in improving the effectiveness for the highest quality of customer service delivered with very friendly and warmth manner.

### **Role of HRM in a learning organization**

HRM is a term generally used to describe all those activities in an organization related to recruitment, selection, designing work, training & development, appraisal and remuneration, direction, motivation and controlling of workers. HRM includes the framework of philosophies, policies, procedures and practices for the management of the relationship that exists between an employer and worker (Wilton, 2010). From the overall activities of HRM, we can see learning and development is also important activity of HRM in an organization. It helps in identifying the team and organizational development requirements of an individual for designing, implementing proper training and development methods and evaluating the training and development interventions. HRM is not only the job of HR specialists but it also requires the involvement of both senior and line managers in the process of successfully developing and implementing policies and practices. To make the learning process very effective the outcomes should be evaluated frequently and make necessary changes and improvements wherever it require (Robbins, 2009).

A good culture is one in which the members of the organization are aware of their needs and requirements in the organization and will perform well in order to achieve the objectives of it. Such a culture lead an organization to make high performance in the areas like productivity, quality, levels of customer service, growth, profits and in the case of a profit making organization it will also increase the shareholder value. There should be a unique culture for every member in an organization which develops a good organizational culture. It is the duty of HRM to develop a good culture in an organization empowered with good policies and practices by learning the external and internal changes (Price, 2000). As HRM plays a vital role in the major functions of an organization, such as planning, organizing, directing and controlling, it should make continuous learning for the overall development of the organization.

### **HRM models and Southwest Airlines**

There are various models of HRM; the two most important models among them are propounded by Harvard and the Michigan models. These two models have been described in terms of soft and hard approaches. Hard HRM model focuses on employee cost and numbers and soft model on the psychological aspects such as commitment, skills and empowerment. Harvard model of HRM (Beer et. al., 1984) emphasizes the soft side of human resource management by giving importance to motivating people and development of a good organizational culture based on trust and teamwork. This model of HRM believes that the organization's people are assets to it rather than costs. So in accordance with this model, the time and money spent for training and development is an investment in a firm's

human capital. Human capital means the body of knowledge, skills and experience possessed by the people in an organization. From the point of view of Harvard model, an organization will get long-term benefits through investment in people.

Another important model, Michigan model focuses on the harder side of HRM or it is a less humanistic approach. This model gives equal importance to employees and all other resources of the organization. This model considers all its business policies and activities are linked with its business strategy. The main features of this model include its concentration on managing human assets to achieve strategic goals and it is mainly based on strategic control, organizational structure etc., the importance given for the components such as organization structure, mission and strategy, human resource selection, performance appraisal, rewards and development (Randhawa, 2007).

In the case of Southwest Airlines, the company has implemented the Harvard model of HRM as it considers employees as the most important asset of the organization. It provides the employees large amount of information for helping them to understand the organization's structure, mission, customers and competitors. The company is not considering employees and all other resources as equal.

### **Challenges to HRM in enhancing learning organization**

The learning organization is actually a concept based on the human asset philosophy or the Harvard model of HRM. It makes the main challenge to HRM in learning organizations. There are many factors such as external and



internal factors which will influence the environment of an organization. The main challenges that are faced by HRM are;

Technological developments-as there is an increase in the technological developments the HRM department has to retrain and upgrade its employees.

Globalization-as the industries are expanding its business to foreign countries the HR managers should have the knowledge about the employees and company's needs in the foreign market. They are also needed to learn the local language of the foreign country.

Socio-cultural factors-organizations are working in a society and it is for the society. So it should take utmost care in taking any business action upon the society. It should not hurt the beliefs, morals, ethics, customs and values.

Workforce diversity-there are diverse kind of employees like young and highly educated people, female employees, married female workers etc. and there should not be any discrimination among them.

Management of human relations-the new young workforce is more intelligent and conscious than their predecessors. So it becomes more tough while motivating and creating employee commitment.

Even if these challenges are there in the learning organization it will not have a much deeper effect in those organizations because the learning organizations are ready to make changes and improvements. But to make changes and improvements, the managers should have to make greater effort and have to improve themselves at various levels.

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### **British Airways and Southwest Airlines**

British Airways is one of the largest airlines in the Europe and also leading airlines in the United Kingdom. British Airways and Southwest Airlines, both are learning organizations in the real sense. But they make innovations and changes in various manners. British Airways made a business strategy of investing in people and products and developed a strong customer base. The main factors behind the successful functioning of British Airways are that it has a strong U. K based network, it understand the customers more than its competitors, the brand popularity and above all the teamwork among its employees (Beiske, 2007) British Airways as an established and popular brand, need not make more changes continuously. They make changes in the overall strategy while there are any external or internal shocks. So in the case of British Airways, the concepts of learning organization and continuous improvement have only less importance. Southwest Airways on the other hand, makes changes and improvements continuously even though they are also functioning successfully. It can be found that for an organization to be successful it may not be a learning organization. Even though in today's fast changing world, the importance of learning organization increasing, there are criticisms also against the concepts of learning organization and continuous improvement. For instance, considering the case of British Airways, it is not a learning organization but it is marginally successful in its overall functioning.

### **Conclusion**

With this report it can be concluded that the concept of learning organization is becoming popular in the 21st century. The case of Southwest Airways is a best example for a learning organization which makes success. As the world

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today is changing continuously the importance of continuous changes and improvements in the organizations are becoming essential. HRM has to make necessary changes by learning culture and it has to ensure the development of the organization. The HRM models used by different organizations are different. The two HRM models developed by the Harvard and Michigan universities are explained in this report. Harvard HRM model gives more importance to its employees than any other resources but Michigan model gives equal importance for both the employees and other resources in an organization. As Southwest Airlines consider its employees more important than any other resources it can be concluded that the HRM model used by the Southwest Airlines is the Harvard model. HRM in a learning organization has to face many challenges mainly in controlling and directing the new young employees as they possess more potentialities than their predecessors. The report also made a critical comparison between the British Airways and the Southwest Airlines.