

ESSAY

LEARNING FOR COMPETITIVE ADVANTAGE AND BUSINESS SUCCESS

Les Pickett

In today's world of rapid transformation and disruption, 'the survival of the fittest' is quickly becoming the survival of the most able to learn. Human capital and corporate governance professional Les Pickett looks at how organisational learning drives competitive advantage and commercial success.

The rapid change in the business environment sometimes resembles the croquet game in Alice in Wonderland. In that kind of game, every element is in motion – technology, suppliers, customers, employees, corporate structure, industry structure, government regulation – and none can be counted on to remain stable for long. It is impossible to win a game by using the old corporate forms, elaborate hierarchies and slow decision-making processes, in-house rivalries and adversarial relationships with stakeholders. These risk-averse systems crush new ideas not directly related to mainstream business and rewards geared to climbing the ladder from position to position rather than to accomplishment or contribution.¹

Instead, to achieve sustainable competitive advantage, enterprises must continuously transform. An essential part of the ongoing transformation is to be a learning organisation. There are countless examples of organisations – Kodak is a commonly cited example – that have failed because they did not embrace organisational learning. These corporate dinosaurs cannot survive in the

1. Pickett, 1991

contemporary business environment; an essential element of future business success is organisational capability to learn.

Over recent years, economic, social and technological forces have intensified significantly, dramatically altering the work environment. These changes have occurred so rapidly, and competition has increased so intensely, that the organisational dinosaurs must adapt and learn to this new world of work or die. The survival of the fittest is quickly becoming the survival of the most suited to learn.²

Learning is a critical business strategy, and unless the pace and effectiveness of learning keep pace with the rate of change in our business environment, the likelihood of future success is minimised. The risk of failure and corporate collapse significantly increased.

In our globalised and complex world, human capital capability development provides us with the opportunity to utilise the most critical sustainable source of competitive advantage for our business enterprises. While there is a high level of emphasis being placed on technology, the successful workforce of the future will be driven by human endeavour.

A recent Australian survey found that only 30% of respondents were confident that their organisation currently has the skills required to meet future needs, and 39% reported they would need to upskill their current workforce over the next six months.³

Becoming an effective learning organisation is now one of the highest – if not the highest – business priority. Without continual learning,

profits and products will no longer be possible. If the organisation is not an effective learning organisation, then skilled and committed individuals are wasted. Sustainable business success is not just about intelligent individuals. It is about intelligent organisations that are capable of learning.⁴ To gain competitive advantage, companies must learn better and faster from their successes and failures. They must continuously transform themselves into learning organisations to become places in which groups and individuals at all levels continuously engage in new learning processes.⁵

Human resources are often a significant barrier to a company's success. Organisations must tailor their human resource policies to fit their chosen competitive strategy. In many ways, human resource policies form a significant part of the problem and the solution.⁶ While artificial intelligence (AI) is now a part of many organisational activities and causing considerable disruption in many industries, human workers will remain central to the job market in the years to come regardless of how far AI advances. So, what are the vital human skills that will be vital in the future job market?

First, while we need technical skills, we must consider the human element involved in building and maintaining AI systems to ensure they generate real value. We need people with advanced data literacy and digital skills because AI cannot operate without human oversight. We will need experts who can interpret insights, ensure AI works efficiently, and step in to make judgement calls based on those insights. STEM⁷ skills will be vital for people looking to take on the jobs that will arise out of AI and automation. Data analysts and

2. Frappaola, 2006

3. Owen, 1998

4. Goyder, 1993

5. Marquardt, 2011

6. Pickett, 1999

7. Science, technology, engineering and mathematics

scientists, software and applications developers, and e-commerce and social media specialists are just some of the many roles that will rise to prominence. People working with this technology must be adept at interpreting data, finding patterns within it, and identifying which data sets are useful for AI training.

Second, if we expect humans and machines to work in tandem, we also need human 'soft' skills; skills which AI currently do not possess. With automation increasingly taking over data processing and administrative tasks, humans will be left with responsibilities that require problem-solving, social and emotional responses, and creative thinking. We will also see an increasing need for customer service workers, human resource specialists and innovation managers – all heavily reliant on these 'human' skills. We are also likely to see the greater emphasis being placed on developing qualities like empathy, adaptability and leadership.⁸

Regardless, learning can no longer be conceptualised as a separate activity.⁹ It is at the heart of productive activity. Learning professionals are now taking a more strategic and proactive role in planning and developing training aligned with business goals and improves organisational performance. Executives are increasingly recognising that training has become a competitive advantage for organisations vying for talent. Employees today want personal and professional development. They perform better and stay longer with companies that have built a strong learning culture, developing employees for their current and future roles.

Attracting and maintaining talent is not the only reason to engage in organisational learning. The business market is changing rapidly, requiring

organisations to become more agile and responsive to change. Technology is only accelerating this rate of change through innovations in areas like automation and AI, so they must now reskill and upskill employees faster, deploying learning experiences that quickly close technical and soft skills gaps and prepare people for the future. Companies that proactively invest in developing their employees' data literacy are outperforming companies that do not across various metrics, including revenue growth, profitability and employee satisfaction.

The training function cannot afford to ignore this competitive advantage, and addressing the data skills gap is critical. Current competency and career research have shown that among the weakest competencies for learning and development (L&D) professionals are organisational performance analysis, performance measurement, and business and training performance assessment. L&D professionals must invest the time and resources to become data literate to prove the value of learning to business executives, then drive the development of this critical skill across the entire organisation.¹⁰

Future business success in a landscape where the average occupational skill has a lifespan of barely five years is one of the most significant challenges confronting today's workforce. Organisations that can overcome this obstacle gain a decisive competitive edge in their specific market. Continued relevance and competitiveness are achieved by committing to training programs and promoting an organisational culture of continuous individual development.

8. Kairinos, 2020

9. Zuboff, 1988

10. Taylor, 2020

A critical training gap presents a significant threat to organisational success and profitability, as 64% of managers don't think their employees can keep pace with future skill needs, and 70% of employees say that have not even mastered the skills they need today. This gap can be overcome by continuous learning where programs are embedded in organisations that routinely teach and refresh staff members' knowledge. This has been nominated by Australian learning and development executives as their preferred model.

One-third of Australian employees reported that they have learned a new-to-world skill in the past three years but expect around 19% of their current skillset to be irrelevant within the next three years. A means to address skills relevance is connected learning, regarded as the model of the future. It operates successfully when an individual can pursue a personal interest or passion with the support of friends and caring adults and is, in turn, able to link this learning and interest to academic achievement, career success or civic engagement.

Connected learners are fundamentally better than continuous learners. On average, they are 66% more engaged, learn skills 25% faster, are eight times more likely to be high performers, and are more likely to stay with the company that encouraged their connectivity.¹¹

In stark contrast to successful firms that build sustainable competitive advantage are the zombie firms that litter our post-pandemic world. We are in danger of being over-run by zombie companies, zombie markets and zombie economies, with the highest share of zombies found in Australia, Canada and the US.¹²

Zombie firms are defined as those that are unprofitable with the low stock market valuation. A just-published working paper based on an international survey of 14 advanced economies by the Bank for International Settlements found the number of zombie firms has significantly increased. Zombie firms are smaller, less productive, more leveraged and invest less in physical and intangible capital. Their performance deteriorates several years before zombification and remains significantly lower than that of non-zombie firms in subsequent years. On average, the number of employees in zombie firms fell by more than 6% per year compared to employment growth of more than 3% in other firms. Zombies are less productive than non-zombie firms. Both their labour productivity and total factor productivity are respectively only half the level of other companies.

While there has been a lot of commentary on the complex financial implications of zombie firms, there seems to be very little focus on the impact of managerial and employee capabilities, competence and performance other than identifying that staff levels and productivity levels have fallen. This raises the need for an increased focus on human capital capability development and creating a learning culture to assist enterprise survival and sustainability and accelerate the potential return from the zombie state to sustainable operational levels and profitability.¹³

We need to develop new business-focused and technology-enabled ways to support workers to deliver business results. This involves exploiting new ways of working, new technologies and machine intelligence. The increasing power of machine learning augmented reality, AI and other new technologies offer an assortment of ways to improve organisational performance and support learning at the speed of business.¹⁴

11. Australian Institute of Management, 2020

12. Bartholomeusz, 2020

13. Banerjee and Hofmann, 2020

14. Jennings, 2019

Digitalisation is placing unprecedented demands on leaders and will increasingly compel companies to change the way they operate. Leaders cannot be successful unless and until they achieve a certain level of digital savviness. A recent MIT survey of 4,394 global leaders from over 120 countries found that 82% of respondents believe that leaders in the new economy will need to be digitally savvy. In contrast, only 9% strongly agree that their companies have leaders with the necessary skills, and just 12% strongly agree that their leaders have the appropriate mindset for leading in this new world of work. This indicates a measurable disconnect between awareness, ability and urgency.¹⁵

Companies are moving away from the traditional courses and classes where success is measured mainly by completions and assessments. They are building continuous learning experiences that can be adapted to individual needs while aligning with the business's development needs. This requires the ability to develop agile learning, which is available anytime, anywhere, at the point of need.

Digital learning does not mean organisations should not offer traditional live or virtual classroom learning. It means that other forms of learning must be developed to support it and reinforce it. The 70/20/10 learning framework says that people learn mostly through experiential (the 70) and informal (the 20) learning, so organisations need to create the right blend of experiential, informal and formal education to make the learning effective. The remaining 10% covers structured courses and programmes, and together these three components provide a multidimensional holistic approach to effective workplace learning.

Research shows that most high-performing organisations with year-over-year improvement in KPIs,¹⁶ including employee engagement, customer satisfaction, organisational performance and productivity, use personalised learning as part of their learning strategy. Research suggests that personalised learning supports employees in reaching professional goals more efficiently, helps them continuously develop knowledge, skills and abilities, improves organisational strategy, mission or vision, and aligns with the 70/20/10 framework.

Technology priorities for learning are moving away from course-centric technology to adaptive learning systems that support analytics, collaborative tools, mobile delivery and other tools that can deliver agile, engaging learning experiences for a diverse and tech-savvy workforce.¹⁷ Adaptive learning offers enormous potential for reshaping organisational learning. It recognises that people come to learning situations with different goals, strengths, learning gaps and preferences. It shifts away from the 'one-size-fits-all' approach, using technology and learner data to provide learning experiences tailored for individual users.

Adaptive learning is a practical approach for keeping pace with the rapid speed of change in the workplace. Rather than working through a learning program from start to finish, assessing all content and completing all activities, adaptive learning creates a more effective and efficient learning experience by taking the learner to the content they need, by assessing what they already know and what they still need to learn.

15. Ready, Cohen, Kiron and Pring, 2020

16. Key performance indicators

17. Brandon Hall Group, 2017

Adaptive learning differs from traditional online learning, with success linked to its core characteristics. It is:

- **Personalised** – content and delivery adapt to the learner, depending on their preferences and learning needs, with highly tailored results and individualised eLearning;
- **Bite-sized** – learners access different content in non-linear ways with course content created as standalone chunks and presented to learners in manageable bite-sized servings.
- **Dynamic** – learners make different responses, selections and choices, and the course adapts accordingly, which means that learners have different course experiences.
- **Data-driven** – an individual learner's data determine their pathway through the course content, rather than course developers' hunches about what all learners need.
- **Focused** – instead of visiting all content, learners can concentrate on what they need, while bite-sized content reduces the amount of filler and keeps learners focused on essential information.¹⁸

The above shows that just as the workplace is changing, so is how we do our jobs, and that the way we learn about our jobs must also change dramatically. Workers now are more connected, feel more bombarded and have less time than ever, yet we have higher expectations for what and how we learn at work. This means organisations are challenged to provide ongoing development that is captivating, continuous, tailored and available on demand. Adaptive learning is a future model for helping organisations develop learning capabilities that support competitive advantage over the long term.

CONCLUSION

Competitive advantage is at the heart of any business strategy. The fundamental basis of above-average performance, in the long run, is a sustainable competitive advantage. Our world business environments are defined by dynamism and change where employees are more mobile than ever; technologies seem to be invented, integrated and then made obsolete in the space of weeks. The current pace of upskilling is struggling to match the rate of change.

A company can outperform its rivals only if it establishes a difference it can preserve. In building learning organisations, there is no ultimate destination or end state, only a lifelong journey. Learning organisations are possible only because deep down, we are all learners.¹⁹

Before individuals or companies can adequately comprehend the richness of an authentic learning organisation, they must incorporate five critical subsystems: learning, organisation, people, knowledge and technology. Without the interaction of all five subsystems systems, they will only partially appreciate the integrated process and principles necessary. They will forfeit the many benefits to be gained by moving from a state of non-learning to an effective learning organisation.²⁰

The second part of this series will present a case study based on a publicly listed company in the finance and banking sector that utilised many of the theories and practices explored above to transition to a learning organisation successfully.

18. Adaptive Learning Demystified, 2019.

19. Senge, 2010

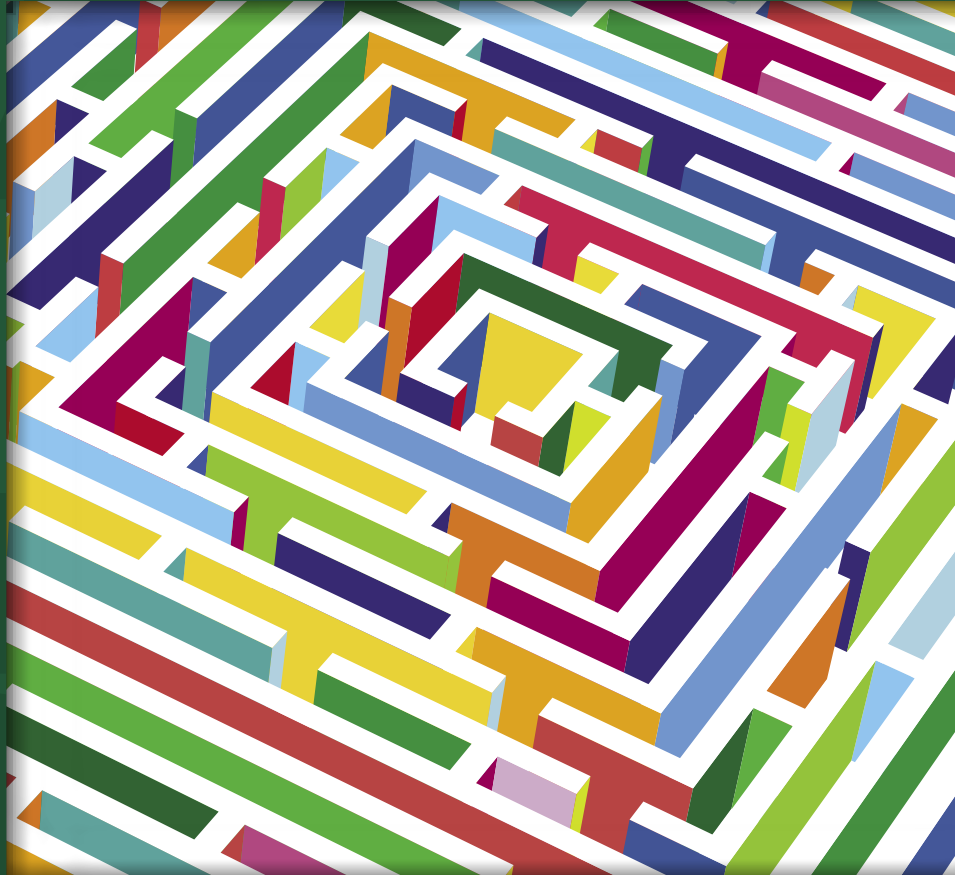
20. Marquardt, 2011

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