# BUILDING THE LEARNING ORGANISATION: AN AUSTRALIAN CASE STUDY

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**In a companion piece to his earlier essay,[1] Les Pickett outlines how a large Australian company transformed itself by developing a culture that put continuous, organisation-wide learning at the centre of its philosophy.**

## INTRODUCTION

Leaders may think that getting their organisations to learn is only a matter of articulating a clear vision, giving employees the right incentives, and providing lots of training. However, this assumption is not only flawed; it is, in fact, risky, given the challenges of intensifying competition, advances in technology, and shifts in customer preferences. Organisational learning is more important than ever – each company must become a learning organisation.[2]

Workplace learning is a highly critical business strategy that provides the foundation for long-term organisational value creation. It is likely to assume even greater importance in the years ahead. Failing to keep pace with the rate of change within an industry or professional field is expected to lead to business failure over time, and possibly to corporate collapse.

Organisational learning develops competent people who utilise and enhance their collective knowledge and experience to achieve defined outcomes that

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1.  Learning for Competitive Advantage and Business Success , *BESS™*, vol.3, n.1, 2021
2.  Garvin, Edmondson and Gino, 2008

provide business enterprises with their effective strategic advantage – the opportunity to develop a high-performance workforce that can quickly adapt to future change.

Successful organisations of the future will have a clear vision and create a culture and environment that encourages their people to share knowledge and value learning as personal responsibility and a lifelong process.

## THE KEY TO FUTURE SUCCESS

A survey of more than 1,200 people conducted by the Chartered Institute of Personnel and Development in February 2020 identified effective practices being carried out by high-performing organisations. These include:

- conceptualising learning as a driver of business value and revenue – moving away from learning as a cost;

- investing in strategic learning to drive the skills needed in future work and using learning as an enabler of agility;

- nurturing a learning culture where learning is valued and supported by leaders – and understanding and facilitating people to help each other to learn constantly;

- personalising learning for individuals, providing learning that is just enough and just for me;

- weaving learning into the flow of work and performance, where people learn as they work and work as they learn;

- tapping into the value of powerful digital learning from apps to advanced simulations, to virtual reality, extended reality and investing in learning platforms;

- being more creative and innovative in learning experiences, in a way that keeps learners coming back.[3]

## AN AUSTRALIAN CASE STUDY

I was engaged as a consultant by one of Australia's leading financial services enterprises to help them increase the company's effectiveness by developing practical initiatives to enhance and fully utilise the competencies of people at all levels of the organisation.

The publicly listed, financially sound, diversified company was firmly established, well-regarded and committed to high corporate governance standards, with around one thousand employees and progressive people management practices.

In my role, I participated in executive meetings, was fully involved in numerous planning and strategy discussions, frequently consulted when offsite, maintained regular direct contact with the chief executive and the head of the people and culture function, facilitated the project and carried out an effectiveness review post-launch.

One of my basic philosophies is that external consultants' use should be limited to the essential addition of knowledge and experience not already available within an organisation. Also, the process should facilitate participation in, and ownership of, each project by the people who will make it work.

In presenting this case study of workplace learning in an Australian organisation, I have drawn on an edited version of this project's actual material. In practice, a number of the following activities were carried out concurrently and not always in the sequence presented. This means there may be some minor duplication and several omissions in the material.

I have used the process outlined on several occasions in private, public and not-for-profit organisations in Australia, Asia and Europe. It is straightforward and non-threatening, providing a basis for building an effective learning organisation.

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3.   Chartered Institute of Personnel and Development, 2020

It uses a survey tool based on the recognition that an effective learning organisation must incorporate the five critical subsystems of learning, organisation, people, knowledge and technology (see Table 1). I used the same tool when assessing a wide range of organisations in the Asia-Pacific region in my role as a member of the International Judging Panel for the World Initiative in Lifelong Learning.

A number of the statements of policy and intent presented here are the result of numerous discussions, which had the beneficial outcome of educating and involving many people, including members of the senior executive team whose understanding and visible support are critical factors

in success or failure. These discussions are essential to tailoring the overarching framework to a specific context. Those involved are provided with a sense of ownership. Organisational learning is not imposed on them from outside but developed by and with them.

An understanding of the potential and demands of becoming an effective learning organisation was developed during these meetings. These ranged from one-on-one discussions to larger groups. The maximum group size was kept to under ten people to encourage participation and debate wherever possible. A strong sense of understanding and ownership was developed – this became their project.

**TABLE 1:** HYPOTHETICAL CORPORATION: SUMMARY OF LEARNING ORGANISATION SURVEY

| LOCATION | NUMBER | LEARNING DYNAMICS | ORGANISATIONAL TRANSFORMATION | PEOPLE EMPOWERMENT | KNOWLEDGE MANAGEMENT | TECHNOLOGY APPLICATIONS | GRAND TOTAL |
|---|---|---|---|---|---|---|---|
| **Central** | 438 | 12.21 | 14.49 | 12.28 | 11.79 | 12.55 | **63.320** |
| **South** | 326 | 11.28 | 12.11 | 10.81 | 10.58 | 12.28 | **57.060** |
| **North** | 289 | 10.37 | 11.26 | 10.21 | 9.16 | 11.89 | **52.890** |
| **West** | 190 | 10.88 | 13.11 | 10.12 | 9.88 | 10 | **53.990** |
| **Unknown** | 37 | 10.94 | 12.17 | 9.83 | 10.06 | 11.67 | **54.670** |
| **Company** | [1280] | 11.136 | 12.628 | 10.650 | 10.294 | 11.678 | **56.386** |
| **Maximum score** | | 20 | 20 | 20 | 20 | 20 | 100 |

Only Central (which includes head office) scores above the company average in all categories. Apart from South recording a score for Technology Applications and West recording a score for Organisational Transformation above the Hypothetical average, all other scores are below average.

**An effective learning organisation should score in excess of 80 points in the Grand Total column**

These scores must be treated as indicative. They are not absolute but reflect the perceptions of members of staff of Hypothetical. These can be impacted by a number of factors including managerial level (knowing what is going on), the quality and frequency of managerial communication, levels of delegation and style of managerial leadership in each region.

**They provide an effective starting benchmark against which to measure future progress**

The company in which the case study took place is among the leading performers in finance and banking and is listed on the Australian stock exchange. It is well-established and highly regarded with an impressive history of growth and profitability. Over recent years, the markets in which the organisation operates have become more competitive. A detailed analysis of several performance indicators highlighted a gradual tapering of growth in both market share and profitability. Underlying these were several other concerning indicators.

Managerial, specialist and staff turnover increased, the duration of employment was shortening, and absenteeism was rising. Despite enhanced technology product and service, processing times were longer, leading to more clients expressing dissatisfaction with waiting times. Client complaints and turnover was increasing, and client retention rates slowly reducing.

There was also a very concerning increase in compliance as the error rate was gradually increasing. There are severe penalties for non-compliance with industry regulation and an accompanying downside of possible negative media exposure.

Rapid changes in technology, accompanied by frequent reporting requirements, highlighted an ongoing need for retraining and skills acquisition. The increase in staff turnover further emphasised the need for more effective basic operational training for new employees. A combination of these factors was also identified as a significant cause of increased pressures on front-line and mid-level managers.

Following several informal discussions, an important decision was made at an executive level to address these issues to protect the business's future profitability and sustainability by transforming to a more profitable, sustainable, objective-oriented learning organisation.

The case study organisation's senior management team was intensely focused on the company's success, the provision of high-quality client service and the creation of shareholder value. They agreed that the company needed to continue to grow and diversify in a very complex and highly competitive market and recognised that it was their people who make the difference.

They were committed to the need to continue to develop and maintain a high-performance workforce to ensure that they remained highly competitive in the future and that this required the identification and development of the critical capabilities needed for success.

To achieve that goal, the *first step* was to define a high-level objective for the initiative as follows:

> **To increase the company's effectiveness by delivering high-quality, professional services by developing and introducing practical initiatives that will enhance and fully utilise the competencies of people at all levels of the organisation.**

The introduction of an effective learning initiative provides an opportunity to strengthen the existing focus on client service. Also, to create an environment in which individual skills and capabilities are utilised, staff motivation is increased, and a higher level of performance is achieved. It can also position the company to respond rapidly and positively to future changes and challenges.

To ensure consistency about the learning process, the following objectives were agreed:

- That the introduction and application of changing technology to our work will continue and we will be expected to operate in different ways, using different tools and processes.
- The identification, adaptation and introduction of new technology will require the acquisition of new competencies. This means that our people will be challenged to develop new knowledge and skills.

- We recognise learning as a lifelong process that impacts all we do both at work and in our private lives. We need to facilitate and develop a framework that will support learning as a continuing process.

Before launching the initiative, it was essential to define the commitment involved. This entailed ensuring a clear understanding of, and strong support for, the organisational learning project on the part of senior management. The executive team agreed the following guidelines:

- We are committed to delivering competitive advantage through our people and will do this by creating and the environment in which our employees are successful, developed and well rewarded.

- We recognise learning as a continuous, strategically focused process that will be reflected in our company's overall achievement and future success.

- We recognise that organisation-wide learning is essential if we are to maintain our leadership role in our various specialisation fields and create an environment that encourages ongoing learning and creativity.

- We will develop and enhance the knowledge and skills required to enable our people to perform their current roles effectively and competently and prepare them for new and changing roles.

- We will identify and develop suitable people for increased future responsibilities, where appropriate.

Following further consultation and discussion, we identified the importance of conceptualising learning as a continuous process and agreed on the following:

- Learning is a lifelong process and impacts on all we do both at work and in our private lives.

- The introduction and application of changing technology to our work will continue, and we will be expected to operate in different ways, using different tools and processes.

- The identification, adaptation and introduction of new technology will require the acquisition of new competencies. This means that our people will be challenged to develop new knowledge and skills.

- We recognise the need to facilitate and support learning as a continuing process. We will develop a framework that will assist in providing a practical and timely focus on this development.

To put our plans into action, we established several critical project guidelines:

- minimal divergence of managers from their key responsibilities;

- managerial ownership and staff support for the program;

- progressive consultation and review to ensure project integrity;

- integration of activities and processes with existing HR programs;

- minimal paperwork and documentation;

- minimal use of external consulting support;

- strong focus on improving client service provision.

To make the plan work, a primary three-stage program was implemented. In **Stage 1**, current practices were reviewed, and the organisational learning profile was established to ensure consistency and currency. This was communicated to management via executive briefings. A draft action plan was created, following several informal discussions with the key players, which was then reviewed by the senior executive team.

In more detail, the key action points in this Stage were to *Conduct an Initial Briefing* – that is, a

presentation on the linkages between learning, competencies, effectiveness and performance incorporating the requirements of becoming a learning organisation together with the benefits this can bring to both the enterprise and members of staff. Also, we undertook a *Review of Current and Projected Activities*, which entailed conducting a preliminary review of current activities and planned future initiatives relating to human resource management, staff training and management development programs. This was an essential precursor to *Establishing the Learning Organisation Profile*, which aims to reflect the current perceptions of staff members and provide a basis for the future evaluation of progress towards becoming an effective learning organisation. The instrument used to establish the Learning Organisation Profile is in the Appendix.

Once these steps were undertaken, it was possible to *Conduct an Executive Briefing*, that outlined the specific actions required to build an effective learning organisation within the context of the company's mission, values, principles of good conduct and strategies. This step included a participative component to identify issues and potential problem areas. Based on these, it was possible to *Develop an Integrated Program Structure*, an action-focused strategy document recommending the specific steps to be taken.

An important component was the recognition that changes may be required as we drilled into the project. A progressive staged initiative was agreed as follows:

1. Prepare an integrated strategy for the development of a learning culture within the company;

2. Conduct an executive briefing on the linkage between learning and performance and the requirements of becoming a learning organisation;

3. Review current human resource programs, processes and planned future initiatives, including performance appraisal and the identification of managerial and specialist capabilities.

4. Review training and development programs and activities including any projects currently being undertaken;

5. Establish a learning organisation profile which incorporates the perceptions of our staff;

6. Develop an integrated program and action plan;

7. Design a model of the practical learning organisation initiative to facilitate understanding and provide defined action guidelines;

In **Stage 2**, we worked together with staff to *Develop a Model*. A model of the process required to become a learning organisation was developed in an easily understood format. The model provides both a basis for the implementation of the current project and the subsequent evaluation stage. The development of a plan of action and a strategy for implementation relied on continuous learning based on management and staff feedback. This was part of the agreed-upon progressive staged initiative as follows:

8. Implement the agreed strategy;

In **Stage 3**, the program was reviewed to establish if objectives set during Stage 1 were achieved.

9. Evaluate the effectiveness of the program.

A key action point from the guidelines established in **Stages 1** and **2** that took place in **Stage 3** is the *Review of Program Effectiveness*, a series of formal reviews to be carried out on a progressive basis to ensure that the desired project outcomes become embedded in the day-to-day operations of the company.

To lay a foundation for the organisation's future and clarify the requirements of a supportive

environment, we prepared and agreed on the following to guide all nine steps outlined above:

- We understand the importance of a working environment, which recognises the critical links between effective learning and business success.

- In our competitive environment, we need to develop an integrated team of people capable of maintaining and further enhancing a high level of performance and client service and rapidly adapting to changing circumstances.

- We have defined and communicated our mission, values and principles of good conduct to provide a set of professional guidelines and expect that all of our people will respect and apply these.

- Our objective setting and strategic planning processes provide us with specific targets and future direction.

- We have reconfigured our organisation to streamline our structure, improve communication and collaboration, clarify accountabilities and enhance decision making.

- We will introduce and utilise appropriate technology to improve business efficiency, enhance the sharing of knowledge, and facilitate communication and learning.

- We are committed to becoming an organisation which values learning and recognises learning as a lifelong process.

- We actively encourage our people to enhance their current knowledge and skills, participate in team activities, assist their colleagues in acquiring relevant workplace knowledge, and accept prime responsibility for their learning.

- Our company learning and development programs form an integral part of our business plans and reflect our strategic directions and critical objectives.

- Our performance review, staff training, management development, succession, and career planning programs are all designed to contribute to our business's future success by developing our people.

- The primary objectives of our company-wide training and development program are to:
  - improve the performance of our people in their current role;
  - develop our people per their capabilities and aspirations.

- We believe that the quality of each person's work will improve with effective two-way communication and competent guidance from their manager.

- While the final responsibility for learning and development rests with each individual, a recognised and organised procedure is the most effective way to ensure that this occurs.

- People need to know and understand what is expected of them. They need to know what to do and how to do it. They need time frames and priorities.

- Clear objectives will be established for each business unit, section, manager, supervisor and for other specialist and administrative roles where appropriate.

- We will conduct a performance review program based on agreed objectives.

- A company-wide training and development program will be prepared based on input from the strategic business plan and performance reviews. Individual training and career development plans will be designed where appropriate.

- There will be an ongoing dialogue with effective two-way communication and realistic feedback between each manager and their work team.

An essential step in any project is identifying project outcomes that should be achieved and measuring whether these outcomes have taken place. On review of the project's aims and whether they have been completed, we successfully met the following project outcomes as a result of the above steps and guidelines. It is important to note that many inter-related factors impact company performance, and it

can be challenging to identify specific contributors. In reviewing this project, there was a combination of indicative evidence and hard data showing that the learning organisation initiative positively contributed.

Over 18 months, market share and profitability increased, productivity improved, absenteeism and staff turnover reduced, people stayed longer, the calibre of applicants for employment improved, compliance error rates and customer complaints reduced, and client retention rates improved.

As a result of the enhanced learning and development activities, there was tangible evidence that managers were better equipped and more comfortable carrying out their roles in an increasingly challenging environment.

## CONCLUSION

There are many benefits to be gained by developing an ongoing organisational learning culture. Essential success factors include the support and involvement of the senior executive team, making sure managers can put the policies and statements of intent into practice in the workplace, and that individual employees accept their responsibility for training and self-development.

The interaction of the five critical elements of learning dynamics, organisational transformation, people empowerment, knowledge management and technology applications are essential components of a learning organisation initiative. This article has outlined how these elements can be put into practice via a structured approach that relies on management and staff involvement.

While there is considerable literature about creating a learning organisation, there seems to be little research into the longer-term impact and effectiveness of the original initiative. It would be interesting to see some comprehensive reviews carried out three to five years down the track.

## REFERENCES

**Chartered Institute of Personnel and Development** (2020), Learning and Skills at Work 2020 Mind the Gap: Time for Learning in the UK, https://www.cipd.co.uk/Images/learning-skills-work-report-1_tcm18-79434.pdf

**Garvin, D., Edmondson, A. and Gino, F.** (2008), 'Is Yours a Learning Organisation?', *Harvard Business Review*

**Pickett, L.** (2021), Building the learning organisation: an Australian case study, *BESS™*, vol. 3, no. 1, 2021

# APPENDIX

## CONSULTING LEARNING ORGANISATION PROFILE

Please read the following list and rate each item according to the following scale:

**4** = applied fully    **2** = applies to a moderate extent    **3** = applies to a great extent    **1** = applies to little or not extent
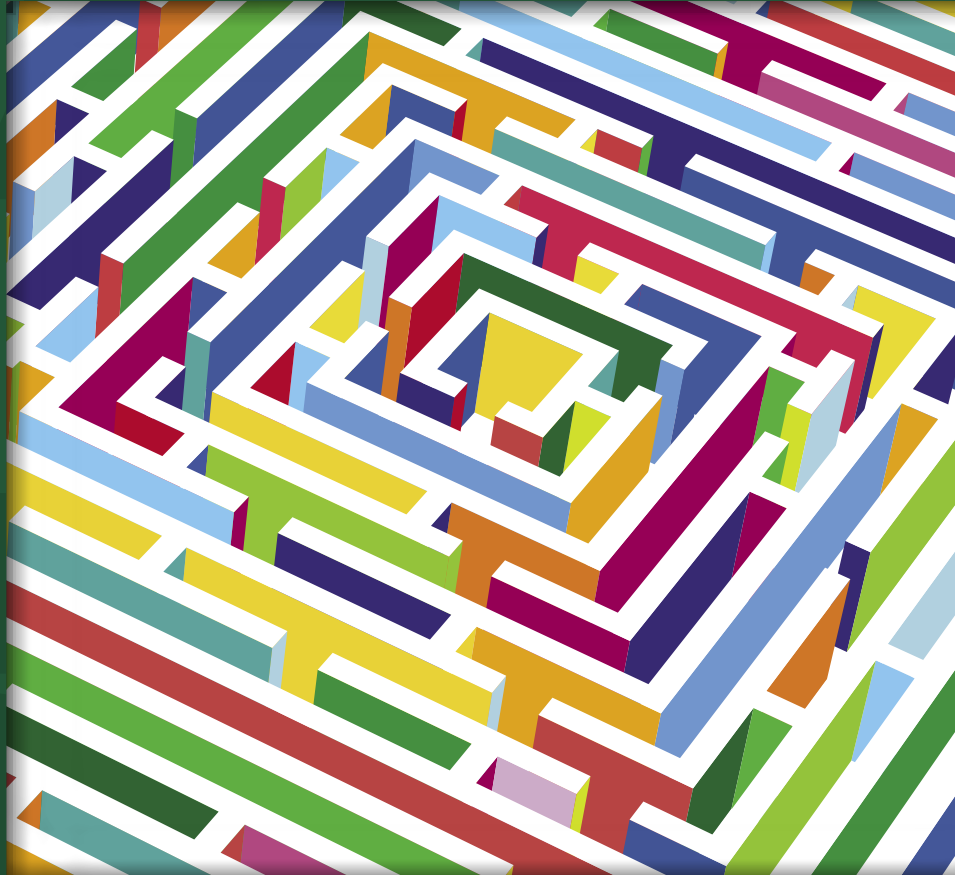
| 1. LEARNING DYNAMICS: Individual, Group or Team, and Organisation | RATING | |
|---|---|---|
| **1.1** We are encouraged and expected to manage our own learning and development | | |
| **1.2** People avoid distorting information and blocking communication channels, using such skills as active listening and effective feedback | | |
| **1.3** Individual are trained and coached in learning how to learn | | |
| **1.4** Teams and individuals use the action learning process. (That is, on problems or situations and then apply their new knowledge to future actions.) | | |
| **1.5** People are able to think and act with a comprehensive, systems approach | | |

| 2. ORGANISATION TRANSFORMATION: Vision, Culture, Strategy, and Structure | RATING | |
|---|---|---|
| **2.1** Top-level managers support the vision of a learning organisation | | |
| **2.2** There is a climate that supports and recognises the importance of learning | | |
| **2.3** We learn from failures as well as successes | | |
| **2.4** Learning opportunities are incorporated into operations and programs | | |
| **2.5** The organisation is streamlined – with few management levels – to maximise Communication and learning across all levels | | |

| 3. PEOPLE EMPOWERMENT: Employee, Manager, Customer, and Community | RATING | |
|---|---|---|
| **3.1** We strive to develop an empowered workforce able to learn and perform | | |
| **3.2** Authority is decentralised and delegated | | |
| **3.3** Managers take on the roles of coaching, mentoring, and facilitating learning | | |
| **3.4** We actively share information with our customers to obtain their ideas to learn and improve services and products | | |
| **3.5** We participate in joint learning events with suppliers, community groups, professional associates, and academic institutions | | |

| **4.  KNOWLEDGE MANAGEMENT: Acquisition, Creation, Storage and Retrieval, and Transfer and Use** | RATING | |
|---|---|---|
| **4.1** People monitor trends outside our organisation by looking at what other do – i.e., by benchmarking best practices, attending conferences, and examining published research | | |
| **4.2** People are trained in the skills of creative thinking and experimentation | | |
| **4.3** We often create demonstration projects to test new ways of developing a  product or delivering a service | | |
| **4.4** Systems and structures exist to ensure that important knowledge is coded,stored, and made available to those who need and can use it | | |
| **4.5** We continue to develop new strategies and mechanisms throughout the organisation | | |
| **5.  TECHNOLOGY APPLICATIONS: Information Systems, Technology-Based Learning, and EPSS (Electronic Performance Support Systems)** | RATING | |
| **5.1** Effective and efficient computer-based information systems help our organisational learning | | |
| **5.2** People have ready access to the information superhighway – for example, through local area networks, the Internet, and so on | | |
| **5.3** Learning facilities such as training and conference rooms incorporate electronic multimedia support | | |
| **5.4** We support just-in-time learning with a system that integrate high-technology learning systems, coaching, and actual work into a single, seamless process | | |
| **5.5** Electronic performance support systems (electronic tools that use multimedia knowledge bases to capture, store and distribute information throughout the organisation) | | |
| | **TOTAL** | |

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