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KNOWLEDGE IN LEARNING COMPANIES

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Abstract

Changes are the only constant value in the current unpredictable economy. Under these circumstances leaders and employees must manage the external and internal environment and bring profitability for their companies. This paper gives an introductory approach to different perspective over learning companies in international literature. Different theoretical aspects, models and theories are taken into account for having a higher visibility to the complex concept of learning companies from leadership side to multiculturalism as the firm profitability should be the final goal of each economic system. The article concludes that not the process of learning is important but the adaptability to every different environment must be seen as vital.

INTRODUCTION

We understand the current way of doing business in a global approach and whoever wants to survive in the current business world must adapt, that is a fact. Big companies apply their values, management and culture to all branches around the world applying standardisation in a smaller or a bigger percentage. As companies are considered social and cultural systems (Stanciu și Ionescu, 2015), cultural approach and its influence to the group are not to be neglected in management.

But how a manager, CEO or leader can have a performance measurement of his work? Most of executive results are considered to be stock and option holdings in their employers' stock price performance; also a good relation with their shareholder is a successful activity (Jensen and Murphy, 1990). Under the latest crisis conditions, the trend is decreasing in earnings, so what is making a good leader motivate their people and how employees can increase satisfaction and successfully face the market complexity? A smart leader understand the importance of money adapt the market and to increase profitability through alternative directions for increasing business as economic and social system.

METHODOLOGY

This paper seeks to highlight international literature of learning companies from different perspectives, and the concepts of divergence and convergence with leadership theory. It contributes further to highlight some threats of literature leadership seeking connections by presenting an encompassing literature review characteristics on the one hand and a literature-based overview. One of the aiming question was if leadership attributes can be associate with learning companies as the practices and values associated with leadership are universal and the extent to the learning companies values would be interesting to see.

THE INTERACTION OF CONCEPTS OF „LEARNING”, „KNOWLEDGE” AND „LEADERSHIP”

As tougher competition is and technology advances with constantly shifting customer preferences it is crucial than ever that companies become learning organizations. In an organization that learns, not only the leader gives the goal but also the employees continually create, acquire, and transfer knowledge, and finally helping their company adapt and restart the process from a different base to the unpredictable but faster than the rest of the market. As only few companies succeed, in a world where you are bought or you buy, nobody knows the precise steps for building a learning organization. The changing environment creates confusion and some tools for acknowledging the teams are learning or how that learning is

benefiting the company (Garvin, Edmondson, and Gino, 2008).

Leadership style cannot be confused with the leader itself, even if the style is highly influenced by his or her personality, the leadership way is taken under control of company values. All forms of leadership are about a certain direction and essentially about transformation and about how the company follows real changes actively as the process of leadership itself always involves a certain number of transactional changes (Lee, Liu, 2012).

We agree with Lee and Liu's opinion that all forms of leadership must use power, but in an effective way correlated with the common sense and current legislation as a dictatorial or punitive way of approach might not be welcomed in some country administrations. The latest years shows that power is better to be used to orchestrate, mobilize, direct and guide members of an institution or organization in the pursuit of a goal or series of objectives moreover we agree Peters and Waterman's (1982 apud Lee and Liu) statement that "The real role of leadership is to manage the values of an organization" (p. 255).

According to Dixon (1994) an organization needs to have a higher level of learning (L) than the conditions show (C) $L \geq C$ also the abilities of the leaders can be seen as the winning factor for a company to acquire success.

Learning \geq Conditions

Analytical perception cannot be imposed but adaptability is a must under these conditions and the learning abilities are direct proportions with the level of instability into the market

LEARNING ORGANIZATIONS MODELS SENGE MODEL

To have the capacity to control and predict business the leaders must be perpetual learners that face proactively and this must require (1) new levels of perception and insight into the realities of the world and into him- or herself; (2) extraordinary levels of motivation to go through the inevitable pain of learning and change, especially in a world with looser boundaries in which one's own loyalties become more and more difficult to define; (3) the emotional strength to manage one's own and others' anxiety as learning and change become more and more a way of life; (4) new skills in analyzing and changing cultural assumptions; and (5) the willingness and ability to involve others and elicit their participation (Hickman, 2010, p.343).

To fulfill all the above requirements, leaders face huge pressure making the organization a functional system and aiming profitability, social equity and facing all the social pressure currently enriched by each country government. In "The Fifth Discipline"

Senge believe the leaders in learning organizations must be designers, stewards, teachers (1994, p.340), they being responsible for “building” organizations and putting inside them their vision. Having this in mind is understood that leaders shape their organizations according their beliefs, strengths, knowledge, etc. (Murray, Klatt, 2010, p. 21). Mixing the main primary leadership dimensions used in the Globe project (Table 1., Hope, 2011) and taking into account some leadership attributes (Table 2.) theoretically leading direct to business results shaped only according the internal settings of an organization and finally the firm succeeds to grow and live.

KNOWLEDGE BASED LEADERSHIP

Bathelt and Gluckler have the opinion that organizations that have a knowledge-creation view of the firm having the view that knowledge is the decisive asset of a firm, and “key mechanism through which firms produce and sustain competitiveness” (2011, p.66). Starting from this background knowledge is being viewed as the key resource of the developing reflexive or learning economy, but that resource do not guarantees economic success, nor does it have inherent, predetermined consequences as a production input as have been identified situations that are characterized by a surplus, rather than a shortage, of knowledge. The raised solution of combining different types of knowledge to accomplish the company evolution, it is necessary to identify the relevant body of knowledge (know-what), find capable associates (know-who) that are appropriate to the particular problem context (know-why), for a final diagnose how to effectively combine and use this knowledge (know-how) (King, 2015). This description clearly reveals the relational character of human factor knowledge and learning companies (Figure 1.) as is socially constructed the authors conclude that might become irrelevant outside of a particular context of interaction if external actors are unable to comprehend this knowledge (Nonaka 1994). The described sequence based on japanise 1994 study, creates another model of learning cycle.

GLOBE ATTRIBUTES

In the opinion of Johnson, Spicer and Wallace (2015) leadership drives learning strategy and change while strategy influences change. Goethals, Sorensen and MacGregor Burns (2004) found in their encyclopedia hundred and hundred of leadership types that are developed in knowledge based companies, but appropriate approaches in changing multinational context might be the cross-cultural leadership, transformational leadership, environmental or engaged leadership. It is a high possibility that a cross-cultural leadership to differ from global approach, international leadership, or

transnational leadership making the difference of the handled areas also the approach in using resources. For a leader, his or her attributes need to be transformed in business results (as per Table 2, shows) and, if it would be for a perfect, zero model, all the attributes as a professional, human being or leader need to be used to aim value and put them in connection with strategy, learning and changing environment (Figure 2.). In the current economy context a leadership style based on individual rewards and doing things right (Table 3.) would decrease any profitability, decrease the company and in the best version bought by a more profitable company because of the low surviving chances.

CULTURE LEARNING SCHEIN

Most of the time the leader interfeers multiple culture and areas which makes even more difficult the final goal: transformation through learning for a common purpose: proffit. Can we recognize - as individual member of organizations and occupations, as managers, as teachers and researchers, and sometimes as leaders— how deeply our own perceptions, thoughts, and feelings are culturally determined? In the end, cultural understanding and cultural learning starts with self-insight. Schein proposes another model of organizational learding setting the highlits on culture he agreed he has to take into account the levels of culture in an organization (Figure 3.). Culture in this case the author accept is often confused with the “climate” or “practices” that organization develop in handling people, but very important for leaders as the “right kind of culture” might increase the visibility over the performance in management and will influence how effective an organization is, as usual a strong culture leads to a more effective corporation (2004, p. 7).

DIXON CYCLE

While Senge (1994) find a couple of core discipline for building learning organizations (personal mastery, mental models, share vision and finally team learning) Dixon (1994) considers that organisation learning can be defined at the individual level, group or organization in four steps to continuously transform the organisation for the ultimate goal of increasing profit. The first step *Generates* new ideas using external and internal data, followed by the second step that Integrates the new or local environmental information for creating a collective meaning structure. The third step of *Interpreting* the collected information with a collective participation and negotiation and a final consensus that brings the leadership to the level of *Action* (Figure 4.), (apud Egelund Holgaard, Remmen, Herrenberg Jørgensen, 2007).

SCHON MODEL

A different approach has Argyris and Schon (1996) who identify three levels of learning which may be present in the organization. Starting with a single loop learning that consists of one feedback loop where the “seen” errors are corrected and strategy is modified; double loop learning where learning that results in a change in theory-in-use by having as tools mental maps and a certain numbers of variable that govern action to create a more efficient environment. The third part of the model deuterio learning contains the reflection over the actions, learning about improving the learning system itself and learning how to learn. This can be closely linked to Senge's concept of the learning organization, mostly regarding improving the learning processes followed by understanding and then modifying the mental patterns. By taking the on going pattern or one of the learning levels will not complete the process.

CONCLUSION

From organizational learning theory we can see the interference of knowledge in leadership as base for learning organizations. We may say there is no smart organization without a well prepared leadership that understands the path to take in a continuous changing environment.

Organizational learning is a complex mechanism, based on technical resources but filtered by leaders and the rest of the employed, in the storage of interpretations of past occasions, rather than the actions themselves, the human approach being very important mostly in a multicultural environment.

Individual, group or global knowledge must be used for learning and different steps of approaching economic issues, most of the time is not enough an if not learned in time might cause high damage to the company and probably bankruptcy.

Even present in three different levels, a cycle, matriceal approach or up and down representation influences in the context is always the same: interconnectivity is present in between the models different sides of the organization.

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Table 1 Primary leadership dimensions

Administratively Competent	Decisive	Non-participative
Autocratic	Diplomatic	Performance oriented
Autonomous	Face saver	Procedural
Charismatic / Visionary	Humane orientation	Self-centered
Charismatic / Inspirational	Integrity	Status consciousness
Charismatic / Self-sacrificial	Malevolent	Team collaborative
Conflict inducer	Modesty	Team integrator

Source: Hope, M., H.,(2011), “Culture and Leader Effectiveness: The GLOBE Study”

Table 2. Leadership attributes leading Business Results,

Leadership attributes	Business results
What you are: ✓ values ✓ motives ✓ character ✓ traits	Organizational and employee results: ✓ aligning organizational culture with strategy ✓ maintaining strategic focus ✓ leading and managing people ✓ developing individual and organizational capabilities
What you know: ✓ abilities, skills ✓ technical and professional knowledge ✓ business knowledge	Customer results (internal or external): ✓ understanding your customer base ✓ customizing for customer needs ✓ creating long-term relationships
What you do: ✓ leadership behaviors ✓ competencies ✓ leadership style	Shareholder results (external investors, internal sponsors): ✓ responding to the organizational environment ✓ getting the numbers ✓ managing financial capital

Source: Murray, H., Klatt, B., (2010),”The Encyclopedia of Leadership, A Practical Guide to Popular Leadership Theories and Techniques”, McGraw-Hill, USA, p. 21

Table 3. Leadership style differences in XX and XXIst century

Late Twentieth Century

Early Twenty-First Century

Leadership Style

- ✗ Individual work and rewards
- ✗ Management knows best
- ✗ Doing things right
- ✗ Content
- ✗ Risk avoidance
- ✗ Telling and selling



Leadership Style

- ✓ Teamwork and team rewards
- ✓ Everyone is a leader
- ✓ Doing the right things
- ✓ Context (hypertext) and processes
- ✓ Taking appropriate risks
- ✓ Coaching and delegating

Source: Murray, H., Klatt, B., (2010), "The Encyclopedia of Leadership, A Practical Guide to Popular Leadership Theories and Techniques", McGraw-Hill, USA, p. 2

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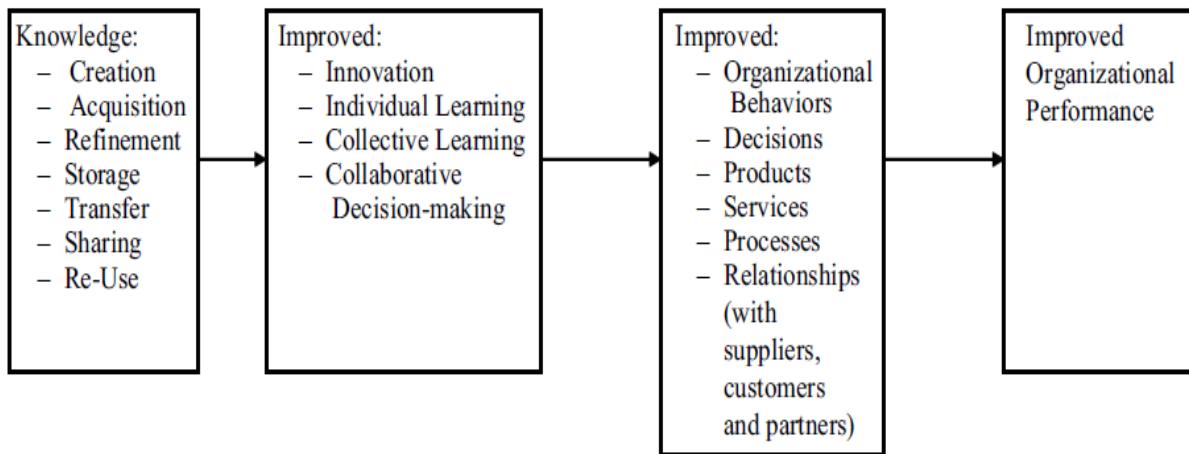


Figure 1. Correlation between Knowledge and learning organization cycle
Source: Nonaka, I., (1994) "A Dynamic Theory of Organizational Knowledge Creation"

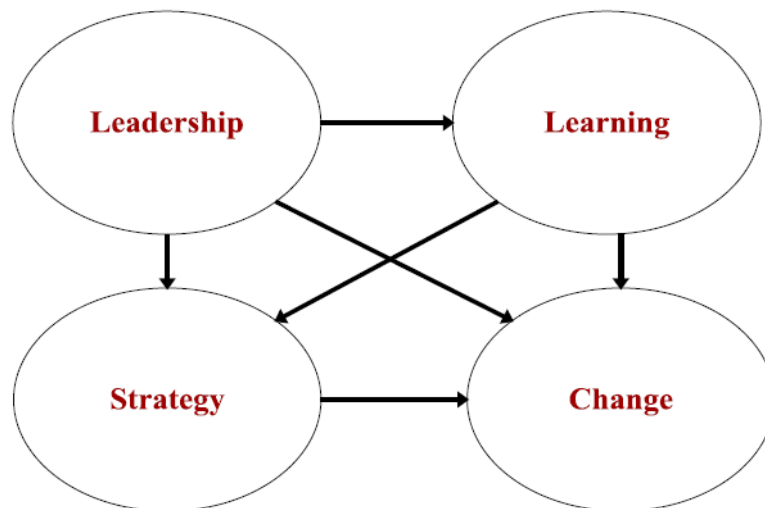


Figure 2. Connections between leadership and learning organization concept
Source: Johnson, C., Spicer D., Wallace, J. "An Empirical Model Of The Learning Organisation",

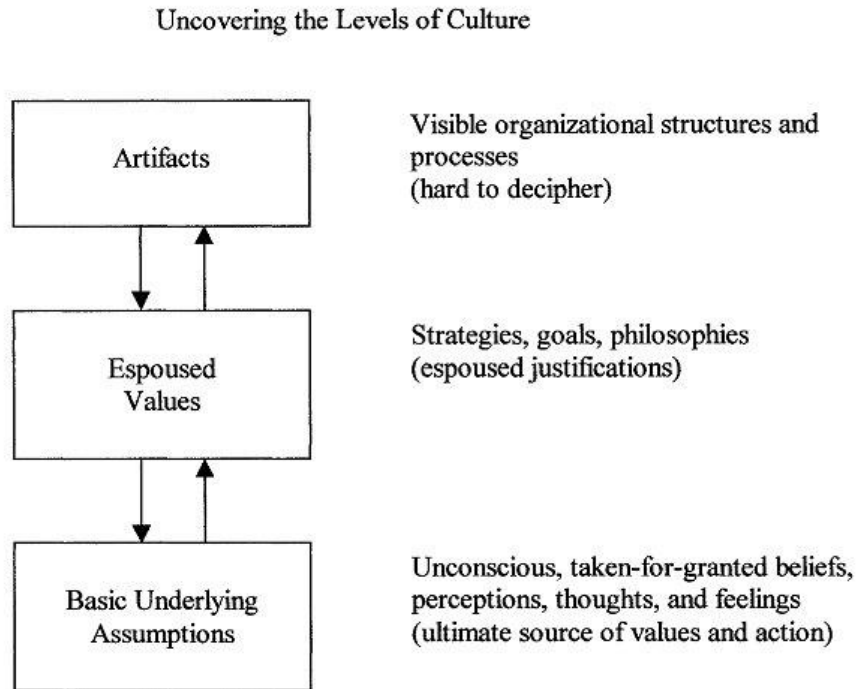


Figure 3. Levels of Culture according Schein
Source: Schein, E.H., (2004), “Organizational Culture and Leadership”, Jossey-Bass, San Francisco

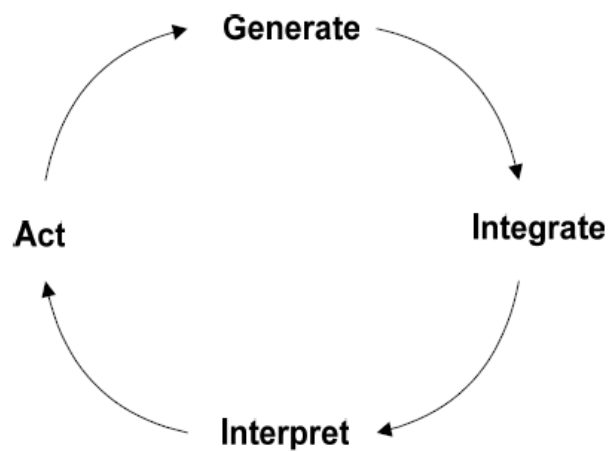


Figure 4. Dixon organizational learning cycle
Source: Egelund Holgaard, J., Remmen, A., Herreborg Jørgensen, T., (2007), “Organisational learning and environmental communication—the momentum of environmental management”

