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Organizational learning: a road map to evaluate learning outcomes in knowledge intensive firms

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Preamble

Learning in knowledge-intensive organizations has become more prevalent in which both internal and external customers learn and share required expertise. During the 1990s, liberalization, privatization and globalization opened up a new pathway for knowledge-intensive organizations like the Indian information technology (IT) and IT-enabled services industry. In the mid-1990s, several software companies, which had previously concentrated purely on hardware, slowly expanded and stepped into software exports. The critical success factor for many Indian IT firms is their inquisitive approach of learning every day and moving from error correction to innovation and a paradigm shift. The key focus of the software firms is to leverage employees to disseminate their tacit knowledge and relentlessly engage them to accomplish individual and organization goals.

Given this context, it is worthwhile studying what organizational practices and procedures persuade knowledge-intensive professionals to actively participate in the learning process, and this article seeks to answer the following questions:

Q1. To what extent are software firms intensely capitalizing on human capital to envisage a learning-driven organization?

Q2. Are knowledge management practices instilled in the minds of employees?

Q3. Are these people mature enough to accept any kind of organization transformation?

Q4. Are they adequately empowered to take timely decisions in the work place?

Q5. Being a knowledge-intensive firm, to what extent are the employees trained and equipped to be technology savvy?

Learning outcomes

The premise of a "Culture of Learning" inculcates employees to softly navigate the edges of their comfort zone and actively disseminate tacit knowledge; thereby, constant learning churn is witnessed. It also persuades employees to get rid of the fear of losing their reputation in the organization once their valuable knowledge is shared. To sustain this form of a learning and sharing mindset, niche organizational practices such as employee engagement, knowledge management, career and succession planning

and other customized human resource policies uphold an organizational learning process. Numerous diagnostic tools (Pedler *et al.*, 1989; Griego *et al.*, 2000) were used in the past to measure learning outcomes. In this study, as defined by Marquardt (1996), the learning outcome dimensions (such as learning dynamics; organization transformation; people empowerment; technology application and knowledge management) are measured from a software professionals' perspective. "Learning dynamics" refers to the "culture" prevailing at work to enhance learning at an individual, team and organizational level. "Organization transformation" describes the effective integration of the organization's vision, culture, strategy and structure. The level of empowerment in a learning-driven culture for employees, managers and customers is explained by "people empowerment". The extent of knowledge information systems and technology-based learning is denoted by "technology application". "Knowledge management" aims to strengthen the tacit and explicit knowledge through a methodical process of acquisition, creation, storage and transfer of knowledge.

Methodology

The sample selected comprised software professionals in India; the software companies were chosen based on the listing in the National Association of Software and Services Companies (NASSCOM)[1] annual report with financial turnover (in INR) as a base for classification. In the current sample of the study, the companies are classified as, companies with <100 million are tiny companies; 100-1,000 million are small-scale companies; 1,000-5,000 million are medium-scale companies; 5,000-10,000 million are large-scale companies; and >10,000 million are very large-scale companies. Considering this, and being inclusive of major cities in India, 64 software companies were shortlisted. Five to ten per cent of software employees across levels/designation were chosen from each of the final 39 participating companies. The criteria were that employees should have been in the company for at least a year in the software domain. Eight hundred and fifty questionnaires were circulated; 550 were received, of which 490 were found to be useful with a response rate of 53 per cent. To construct the learning outcome questionnaire, 35 items were initially selected from the learning organization profile (Marquardt, 1996). Post the test for the psychometric properties (uni-dimensionality, reliability and validity), 28 items were retained and measured on a five-point Likert scale.

Results and discussion

Among the organizational learning outcomes, the observed mean value of technology application was on the higher side, followed by learning dynamics, organization transformation, knowledge management and people empowerment. Statistical analysis revealed that there were significant differences in all the learning outcome dimensions based on organization size, except for knowledge management.

It has been observed that the organizational learning orientation for medium- and very large-scale companies were notably high when compared to other categories of company. Medium-scale companies emphasized more on group-level learning and knowledge dissemination within and across teams. Their learning culture is well crafted in organizational design through reduced organization hierarchy, which favors faster communication and eventually leads to better learning processes. They thrive for better technology-based learning and knowledge information systems, to be on par with the large and very large companies.

In very large companies, the learning culture is instilled through structured knowledge management practices, training and development, talent management, learning-centric talent acquisition and total rewards. Individuals are trained to be learners as well as contributing on a systematic basis. Employees at all levels interact and exchange information readily without any hierarchical constraints. An individual's learning ability, and contribution to the body of knowledge by converting tacit to explicit knowledge, is

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interlaced with key performance metrics in the performance management system, which is eventually linked to employee growth and benefits. Most of the companies work on an in-house corporate university model, designed to link the overall organization's knowledge strategy to functional, team and individual development.

Small-scale companies reveal robust signs of a well-balanced state in the event of any unlikely organization transformation efforts. They groom their employees to learn and adapt quickly in the event of any rapid changes in the organization. More often, employees are empowered to multitask and are actively involved in cross-functional teams. These companies take efforts to build a congenial learning environment through formal and informal learning forums, employee connect programs and professional development arrangements targeted for employee development.

Large-scale companies have a strong employee base where the majority of employees demonstrate longer career stints. Along with the growing needs of the firm, employees are groomed early in their careers to accept change management at defined intervals. They facilitate inter- and intra-departmental employee movement, so as to enhance the quick flow of tacit knowledge and develop individual competencies. The inclusion of senior management in the knowledge management effort provides an additional motivation for employees to share their knowledge and engage in the success of knowledge management programs. Expert talks from academics and those in niche technical domains are constantly nurtured as part of the learning culture. Short-term and long-term management excellence programs are mapped to the competency framework for delivery, and some of the firms run it through the corporate university model.

Contribution to theory and practice

First, the learning outcome questionnaire thus developed can be used to examine knowledge-centric companies in other geographies too, not just India. However, some items may require slight modification to accommodate the learning-driven organization practices.

Second, this tool reveals the extent to which organizational practices, aligned with learning initiatives, are visibly seen in terms of learning outcomes. Consequently, this alignment can be strengthened based on the opportunity, resource availability, information access, governance, empowerment, guidance, direction and motivation provided to the individuals in software firms.

Third, by measuring the learning outcome constructs, learning culture can be articulated and aligned with the growing needs of an organization. For instance, if the organization is in the onset of an organizational restructuring process, then the existing level of learning facilitation through vision, strategy, structure and culture has to be measured and factored in. Likewise, if an organization's need is to build a bedrock online knowledge repository, then the current state of knowledge management and technology application ability can be reviewed using this tool. If an organization needs to create a solid talent pipeline, the observed measure of learning dynamics and people empowerment constructs can also be a cursor to examine the organization's talent management initiatives.

Keywords:
Engagement and learning, Organizational learning, Knowledge management, Knowledge-intensive firms, Learning outcome, Organization practices

Note

1. NASSCOM annual report - National Association of Software and Services Companies (NASSCOM) is a trade association Indian IT & BPO industry. Every year an annual report is published, in which the software companies are classified and categorized.

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