CHAPTER II

LITERATURE REVIEW

2.1 Previous Researches

2.1.1 Research of Dymock and McCarthy (2006)

Previous research by Dymock and McCarthy entitled "Towards a Learning Organization ? Employee Perceptions" has a purpose of examining employee perceptions toward a development of learning culture in an organization aiming to become a learning organization. Research method of this research starts with a preliminary interview with the Manager of Organizational Development of the organization. Afterwards, DLOQ (without perception on performance items and additional inquiry on personal and company data) is distributed to eighty employees as selected by Human Resource Department to represent all of the available departments in the company. Eventually, semi-structured interviews are performed on a stratified sample of twenty employees. The DLOQ used in the research is with 43 questions with a scale of 1 to 6 in the three sections.

The result of this previous research indicates that in general, employees of the company recognize that learning organization is one of the values of the company and they also understand the meaning of the concept. This is related to the availability of learning opportunities for employees, although they also realize that eventually this is also related to aspirations of the company to sustain and compete in the business. Although there are some different perceptions between

different divisions, the employees in general respond positively to the learning process of the company.

Similarity between the previous research and current research is that both researches are case studies which are explored qualitatively on a single company by using seven dimensions of the DLOQ in identifying employee perceptions on the learning organization concept. Both researches also conduct interviews to gather deeper understandings on the perception of employees and management of the company. Previous research also exposes the challenges faced by the company in dealing with employees perceptions toward the seven dimensions of DLOQ, even though it does not provide strategic alternatives on how to improve learning organization effectiveness as also discussed in current research.

Another difference is regarding the research sample used, whereas the sample used in the previous research is a medium-sized manufacturing organization which is an automotive parts manufacturing company in Australia, while the current research uses a foreign bank in Indonesia as the sample. Previous research also overlooks any quantitative statistical methods in comparing employees and management perceptions towards the concept of learning organization in the organization.

2.1.2 Research of Marsick and Watkins (2003)

Previous research performed by Marsick and Watkins entitled "Demonstrating the Value of an Organization's Learning Culture: The Dimensions of the Learning Organization Questionnaire" has purpose of developing and validating an instrument to measure organizational learning

process to compare between organizations and to study relationship between organizational learning and company performance. This research by Marsick and Watkins (2003) attempts to explain DLOQ model which contains variables to measure changes in knowledge and financial performances. Their original version of DLOQ consists of 62 questions with 1 to 6 scale from "almost never" to "almost always".

Research is conducted quantitatively by comparing result of eight similar studies performed in various contexts regarding the relationship between performance and the dimensions of learning organization by using DLOQ model. The result shows that there is an important potential relationship between the dimensions of learning organization and perceived changes in knowledge and financial performances. It is also observed that people influence system variables, which in turn will influence changes in performance but only when moderated by strategic leadership for learning.

The similarity between current research and this previous one is the use of DLOQ in measuring learning organization. The difference is that previous research does not include interview method to further investigate the learning process of the organization and only perform the research from a quantitative perspective. There is also a difference in sample used in the research that previous research uses samples from multiple international organizations without contrasting between management and employees groups of the organizations, whereas the current research is conducted as a case study on different groups of employees and management in a bank.

2.1.3 Research by Weldy and Gillis (2010)

Weldy and Gillis' (2010) research entitled "The Learning Organization: Variations at Different Organizational Levels" is performed to examine perceptions of managers, supervisors, and employees from different organizations related to seven dimensions of learning organization and two dimensions of knowledge and financial performance. The sample consists of 176 respondents from different levels (i.e., managers, supervisors and employees) from four organizations which includes two manufacturing and two service firms in the US.

The research consists of self-report questionnaire to assess perceptions on dimensions of the learning organization. The questionnaire used in this research is the DLOQ which is developed by Watkins and Marsick. The original version of DLOQ with 55 items (including items on perception of knowledge and financial performance) is used with six-point rating scale (from 'almost always' to 'almost never'). For the analysis, 3 x 4 Analysis of Variance (ANOVA) is used for individuals from the three different levels and from four different organizations.

The result is used to determine differences in the responses from managers, supervisors, and employees across the four organizations. The result shows that in several dimensions, managers have the highest perception of the organization followed by supervisors and employees. Another finding suggest that managers have higher perception than employees on knowledge performance and higher than supervisors on financial performance. These variations in the perceptions of organizational members from different levels and different organizations prove that that transitioning to a learning organization is a process that takes some time and will not result in equivalent outcomes.

The similarity of current research with Weldy and Gillis (2010) is the use of DLOQ to compare perceptions gap on learning organization between different groups of organization members. The difference is that in previous research, three groups of organization members are used (i.e., employees, supervisors and managers) but in current research there are only two groups instead (i.e., employees and managers). Previous research also compares four different organizations, while current research as a case study will only assess one particular organization.

2.1.4   Research by Huang and Shih (2011)

The previous research by Huang and Shih (2011) entitled "A New Mode of Learning Organization" is a case study with main purpose of enhancing the existing 4I model of the learning organization theory. The 4I model provides four steps to implement organization learning, which include (1) Intuiting, (2) Interpreting, (3) Integrating and (4) Institution. Huang and Shih (2011) try to formulate more advanced theoretical organizational learning model by incorporating more complex component to the model, such as tacit and explicit knowledge, single and double-loop learning, and adult learning theory. The case study is performed on Firm A which is a leading department store in Taiwan.

This previous research is similar to current research by using both qualitative and quantitative research method. Huang and Shih (2011) perform observations on five study groups, each consists of 20 to 30 members of the organization, and also collect qualitative data by interviewing 15 selected people from the study groups. For the quantitative part, all 300 members of the firm are

asked to complete a designed five-point Likert scale questionnaire with 67 items for eight constructs to examine changes in their attitude and level of satisfaction.

In the qualitative research part, triangulation and content analysis method are applied. Researcher triangulation is performed where two authors and two research assistants together reviewed and analyzed the interview transcriptions. In the quantitative research part, Huang and Shih (2011) use one-way ANOVA to investigate different responses due to variety of study groups, gender, department, seniority and also between controlled groups and experimental groups. The results of both qualitative and quantitative researches show that the difference between study groups caused by gender, class, seniority and departmental is low. But the difference between control and experimental groups is significant. The programs of the study groups help employees to improve their abilities in learning and self-growth, and also enhance coordination, teamwork, communication, organizational cultural change, and organizational performance.

Both of previous research by Huang and Shih (2011) and current research use a combination of qualitative and quantitative research by means of interview, observation and questionnaire. Both researches are organized as a case study in a certain company, although each research uses different kind of organization, a department store in Taiwan and a bank in Indonesia for previous and current research respectively. Current research only compares the perceptions on learning organization between employees and management, while previous research compares different groups of gender, class, seniority and departments. Another difference is the model of learning organization used in the research. Huang and Shih (2011) use 4I model whereas current research uses DLOQ.

2.1.5   Research by Steiner (1998)

The previous research by Steiner (1998) entitled "Organizational Dilemmas as Barriers to Learning" is a case study performed in a Swedish manufacturer of tools which is attempting to become a learning organization. The research uses several data-gathering methods to increase the validity of such qualitative case study. These methods include participant observations, interviews, studies of documents, individual conversations and in groups with employees from different levels of the organization.

Around 50 semi-structured interviews with support of interview guides are performed with operators, white-collar workers and managers in the firm. The researcher also observes some meetings in various level of the organization and some works in two production workshops. The research data is interpreted using Argyris and Schon's organizational learning theory and Senge's learning organization approach. The result of the research indicates that individual and the flow-group, organization structure and managerial actions may create barriers to learning. This barrier will in turn cause employees' dilemmas.

The similarity of this research by Steiner (1998) and current research is the use of qualitative method to measure learning organization and analyze the barriers to learning which are encountered by the organization. In spite of using different kind of organization, another similarity between the two researches is the use of one organization in each research since both researches are designed as case studies. The difference is regarding the concept used in analyzing the data, where Steiner (1998) use Argyris and Schon's and also Senge's approach, while

current research use Watkins and Marsick's DLOQ. Such quantitative approach is also not used in previous research which does not incorporate any questionnaires.

2.1.6 Research by Bak (2012)

The previous research by Bak (2012) entitled "Universities : Can They Be Considered as Learning Organizations ? A Preliminary Micro-Level Perspective" has a purpose to explore a department in a UK higher education institute based on Senge's five characteristics of learning organization. The research is a case study which incorporates both quantitative and qualitative approaches. The quantitative part of the research involves a questionnaire based on Senge's five disciplines which is distributed to selected sample, members of the department of a UK higher education institute. The qualitative part of the research is semi-structured interviews for five informants to provide insight into the findings of the research.

The result shows that the respondents do not think that the department reflects all learning organization characteristics. There have also been some gaps between groups of department members with different demographics, such as between academic and administrative as well as between new staff and old staff. This observation is said to be related to low level of interaction between team members in the department. Bak (2012) also mentions the importance of impact assessment of learning organization activity in distinctive levels of the organization to be able to provide clearer information for senior managers.

The similarity of current research with this previous research is the combination of quantitative and qualitative methods which is used in a case study to explore learning organization activity. This research use a department in a UK

higher education institute in the case study while current research uses a foreign bank in Indonesia. Another difference is regarding the concept used to develop questionnaires and semi-structured interview guidance in both researches, where current research uses Watkins and Marsick's DLOQ while previous research uses Senge's five principles of learning organization.

2.1.7 Research by Retna (2007)

The previous research by Retna (2007) entitled "The Learning Organizations: A School's Journey Towards Critical and Creative Thinking" has a purpose to understand how implementation of learning organization concept has enhanced open communication, a learning culture and critical and creative thinking. The research also tries to identify constraints, especially cultural ones. The research is conducted in a school in Singapore under pseudonym Critical Thinking School (CTS) which has adopted the learning organization concept.

A total of 15 teaching staff is interviewed individually using interview guide. Senge's concept of learning organization is used in the analysis of the research. The result of the research indicates that the concept generates significant progress towards an environment of a shared learning culture, effective communication and good working relationship among the staff. It also increases awareness of the importance of critical and creative thinking in the school. However, to some extend, there are some concerns on cultural barriers to the learning organization practice, such as Singapore's power relation and inequalities between superiors and subordinates.

This previous research use qualitative case study methodology similar to current research, by using semi structured interview from an interview guide. However, previous research performs methodological triangulation with interviews, participant observation and scrutiny of documents, records, physical artifacts and other stories, current research performs the methodological triangulation by combination of qualitative interview and quantitative questionnaire. And Retna's (2006) and current research are both case studies, each are performed in different kind of organization, which is a school and a bank respectively.

2.1.8 Research of Song, Joo and Chermack (2009)

Previous research by Song, Joo and Chermack entitled "Dimensions of Learning Organization Questionnaire (DLOQ): A Validation Study in a Korean Context" is performed to assess validity and reliability of DLOQ for organizations in Korea. Research method involves quantitative research by using DLOQ as obtained from 1,529 employees from eleven business organizations under two conglomerates in South Korea. DLOQ is beforehand translated into Korean by using forward and backward translation approach to ensure the accuracy of the translation.

The research uses DLOQ with 21 items which represent the seven dimensions of learning organization with scale of 1 to 5 from "strongly disagree" to "strongly agree". Validity for this Korean version of DOLQ is measured by using Confirmatory Factor Analysis (CFA) which includes chi-square (χ^2), goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), root mean

square residual (RMR), and root mean square error of approximation (RMSEA). Result of the testing confirms that DLOQ is valid to be used in Korean context.

Separate test is also conducted to measure validity on four different levels of participants (i.e., nonmanagers, middle managers, senior managers and executive managers). The result of the test indicates that DLOQ can be used and valid for each career level of the sample. Another validity check is also conducted on four different types of business units (i.e.,, electronic, finance/trading, IT/communication, and heavy industry-related), where the validity is also generally acceptable.

Current research will also use DLOQ with 21 items of statements as used by Song, Joo and Chermack (2009). The difference is on the sample of current research which is not as broad as the previous one which was done in four different career levels in the organization. In this case, current research will only use two groups of respondents in the organization, namely employees and managers. Moreover, previous research only exploit DLOQ model to assess validity and reliability. Whereas, current research uses DLOQ to evaluate potentially different perceptions of employees and managers on learning organization concept and develop strategic alternatives to improve effectiveness based on the result of the evaluation.

2.1.9   Research of Yang, Watkins and Marsick (2004)

Previous research by Yang, Watkins and Marsick entitled "The Construct of the Learning Organization: Dimensions, Measurement and Validation" is performed to develop and validate the seven dimensions in learning organization.

For validation, a sample of 836 employees from various industrial sectors with different professional and educational backgrounds is used. This research use Confirmatory Factor Analysis to assess validity of each dimensions in the learning organization. Structural Equation Modeling (SEM) is used to study the relationship between the dimensions of the learning organization and perceived performance of the organization.

Result of the study confirms that learning organization is a multidimensional construct. The use of 42 items in explaining the seven dimensions is too lengthy and did not fit the data very well. Therefore, the research aims to search a shorter version of the instrument. This refined version of DLOQ consists of three items for each dimension, so in total there are 21 items of statements in the questionnaire with a six-point Likert-type scale ranging from "almost never true" to "almost always true".

The similarity of research by Yang, Watkins and Marsick (2004) to current research rests in the use of DLOQ to measure learning organization dimensions. The differences are the absence of further interview in previous research and the selection of samples. In this case, the previous research use an extensive variation of respondents from various organizations, while current research will use sample from a single organization as suited to the case study nature of the research.

2.1.10 Research of Ellinger, Ellinger, Yang and Howton (2002)

Previous research by Ellinger, Ellinger, Yang and Howton entitled "The Relationship Between the Learning Organization Concept and Firms' Financial Performance : An Empirical Assessment" has a purpose of assessing empirical

relationship between learning organization concept and financial performance of the organization. This financial performance include the performance as measured from the perceptions of the respondents and from secondary data such as Return on Equity (ROE), Return on Asset (ROA), Tobin's q and Market Value Added (MVA).

Previous research sample are 208 midlevel managers at US manufacturing companies randomly selected from Council of Logistics Management Membership listing. Data is gathered from returned questionnaires which were previously mailed out to the respondents. The result indicates that DLOQ measurement models with both 43 and 21-items are fit to be used. The DLOQ used is on six-point Likert scale from "almost never" to "almost always". Canonical correlation test between the seven dimensions of learning organization and organization performance (as measured by perceived financial performance as well as four secondary measures of financial performance) is conducted with Multivariate Analysis of Variance (MANOVA). The result of the research reveals that the seven dimensions of learning organization are related positively to the two versions of performance measurement.

Similarity between previous research by Ellinger, Ellinger, Yang and Howton (2002) with current research is the use of DLOQ in measuring learning organization. The difference is that previous research does not involve interview as a method of research, while sample consists of middle level logistic managers in the US. Another difference is that current research will not consider the effect

of learning organization toward perceived organization performance as presented in the previous research.

2.1.11 Research by Jamali, Sidani and Zoucin (2009)

Previous research by Jamali, Sidani and Zoucin entitled "The Learning Organization : Tracking Progress in a Developing Country : A Comparative Analysis Using the DLOQ" has a purpose of reviewing various kinds of measurement instruments on the context of learning organization. The previous research method starts with literature review of learning organization measurement instruments. As a result of the literature review, DLOQ is selected to be used as the instrument to measure development of learning organization in two different sectors of Lebanon economy, i.e., banking and information technology sectors.

Research sample consists of 227 employees and managers from twelve organizations (i.e., six organizations to represent each sector). Testing is performed for 43 items in DLOQ in a six-point scale as well as additional six demographic questions. However, the questions on knowledge perception are removed from the testing because this previous research is not intended to track the improvement in the organizational performance but to investigate a sample of organizations at a specific point in time and gain information on learning-related strengths and weaknesses. In general, result of the research indicates that the level of learning organization based on DLOQ for IT sector is higher as compared to banking sector in Lebanon.

Similarity between this research by Jamali, Sidani and Zoucin (2009) and current research is the use of DLOQ method in measuring learning organization. Sample used for both researches is employees and managers of banking sector, although previous research also includes IT sector as research sample. Another difference is that previous research compares learning organization dimensions between the aforementioned sectors, while current research will compare two employees and management perceptions in a single bank.

2.1.12 Research by Zhang, Zhang and Yang (2004)

Previous research by Zhang, Zhang and Yang entitled "Learning Organization in Mainland China: Empirical Research on Its Application to Chinese State-Owned Enterprises" has a purpose to examine application of learning organization concept and its measurement in Chinese context. This research compare DLOQ measurement in Chinese State-Owned Enterprises (SOE) which are listed in the stock market and not, and also between those involved in services and manufacturing sectors.

The method of previous research involves a survey conducted to 477 middle level managers in six SOE in China, three of those are from services sector and the other three are from manufacturing sector. Three out of the six companies are listed in the stock exchange, while the remaining is not listed. Measurement on the learning organization is performed with two versions of DLOQ which is the full version (43 items) and short version (21 items) to compare how both versions will perform on a six-point scale from "almost never" to "almost always".

Canonical analysis is conducted by using ANOVA, while independent sample t-test is performed to compare between different categories of companies.

Result of the research shows that the Chinese version of DLOQ is reliable since it possess the expected internal consistency. Therefore, this version of DLOQ can be used to measure learning organization in Chinese context. Further study also indicates that SOEs in services sector exhibit better learning practices than manufacturing companies especially in three of the seven dimensions of learning organization (namely continuous learning, inquiry and dialogue, embedded system). Meanwhile the independently listed companies failed to show better learning practices than their unlisted counterparts.

This previous research by Zhang, Zhang and Yang (2004) is similar to current research in using DLOQ to measure dimensions of learning organization. The difference is the use of interview as part of qualitative study in current research to gather further information on learning organization concept. Moreover, in previous research the research sample only includes management side of the companies, without any non-management employees involved. Finally, previous research compares the level of learning organization of two different sectors of industries and two different kinds of companies which will not be performed in current research.

2.1.13 Research by Hodgkinson (2000)

Previous research by Hodgkinson entitled "Managerial Perceptions of Barriers to Becoming a Learning Organization" has a purpose of identifying barriers in adopting learning organization concept. Research method involves a

qualitative study by means of interview. Research is performed on a group of middle level managers who are attending a Diploma of Management Studies Program. They were asked to provide their interpretation on learning by describing what Senge's Five Principles means to them and to their area of management responsibility in their organization. Three months later, they were asked to describe any barriers application of the concept within the manager's areas of responsibility.

The result of this research shows that unwillingness to express personal weaknesses along with strengths as well as being risk-averse are the obstacles to personal mastery. Barrier to mental model is related to the developing and maintaining the mental model in a rapidly changing environment. In building shared vision, barriers which are likely to be found including blocking from line managers, individual's personal agenda, hierarchical pressures and clash of egos. Barriers to team learning are identified as the lack of organization support, lack of stimulation while networking is not encouraged. Promoted homeworking activity also opposes the concept of team learning. And finally for system thinking, laziness and apathy of others becomes barrier of the achievement for this principle.

The similarity of current research to this research by Hodgkinson (2000) is the attempt to identify barriers which is encountered in becoming a learning organization. The difference is that information gathered in previous research comes from middle level managers while in current research such information comes from management as well as non-management employees. Another

difference is the concept used, where previous research used Senge's five disciplines, while current research used Marsick and Watkins's seven dimensions.

2.1.14 Research by Al-Jawazneh and Al-Awawdeh (2011)

Previous research by Al-Jawazneh and Al-Awawdeh entitled "Measuring the Degree of the Presence of Learning Organization Dimensions at the Branches of Commercial Banks in the Governorate of Almafraq – Jordan" is intended to assess whether commercial banks in Almafarq Governorate in Jordan maintain a learning environment according to the Marsick and Watkins's dimensions of the learning organization. Research method involved a test by using DLOQ which is selected after prior consultation with some academicians and practicians from banking sector in Jordan. Research sample includes commercial bank employees in Almafarq Governorate in Jordan. From 110 survey which has been distributed, 99 surveys are obtained where 65 of them is considered to be valid to be used in the research.

The result indicates that commercial banks in Almafarq Governorate in Jordan can be classified as learning organizations. Similar to current research, bank employees are used as research sample which also use DLOQ method. The DLOQ used in previous research is on five-point scale from "strongly disagree" to "strongly agree". The difference is that previous research uses a sample of employees from various commercial banks in Jordan, which current research as a case study only uses a single bank.

Table 2.1
Matrix of Previous Research

No	Researchers	Purpose of Research	Concept and Method	Samples	Results
1	Dymock and McCarthy (2006)	To explore employee perceptions of a learning culture development in a company aspiring to become a learning organization.	7 Dimensions of DLOQ, interview	80 employees, interview with 20 employees and Manager of Organizational Development Manager in an Australian automotive parts manufacturer	- Employees acknowledge *learning organization* as one of company values. - Employees perceive learning process positively.
2	Marsick and Watkins (2003)	To describe DLOQ with variables to measure knowledge and financial performance.	7 Dimensions of DLOQ, perception on knowledge and financial performance	389 managers and employees, participants of Columbia Business School Executive Program.	- There are potential relationship between *learning organization* dimensions and perceived changes in knowledge and financial performance. - Strategic leadership is essential to improve performance.
3	Weldy and Gillis (2010)	To examine perception of managers, supervisors and employees on learning organization	7 Dimensions of DLOQ, perception on knowledge and financial performance	176 respondents from different levels from four organizations in the US	- Managers have highest perception followed by supervisors and employees.
4	Huang and Shih (2011)	To enhance existing 4I model of learning organization theory	4I model of learning organization, interview, observation	5 study groups for observation, 300 respondents and 15 informants of a department store in Taiwan	- Low difference between study groups. - Study groups help employees to improve abilities in learning and self-growth
5	Steiner (1998)	To analyse an organization aiming to be a learning organization using Argyris and Schon's organizational learning and Senge's learning organization theories	Senge's 5 Disciplines of Learning Organization, individual and group interviews, observation, document study	50 interviews with operators, white-collar workers and managers Swedish manufacturer of tools, observations in meetings and two workshops.	- Individual and flow-group, organization structure and managerial actions may create barriers to learning.
6	Bak (2012)	To explore the characteristics of learning organization in a department in a UK higher education institute	Senge's five disciplines questionnaire, interview	Members of the department of a UK higher education institute, interview with 5 members.	- Department does not reflect all learning organization characteristics - Some gaps between groups of members with different demographics

No	Researchers	Purpose of Research	Concept and Method	Samples	Results
7	Retna (2007)	To understand how implementation of learning organization concept enhances open communication, learning culture and critical and creative thinking	Senge's five disciplines interview	15 teaching staff in school in Singapore under pseudonym Critical Thinking School (CTS)	- Significant progress towards shared learning culture, effective communication and good working relationship - There are some concerns on cultural barriers
8	Song, Joo and Chermack (2009)	To assess the validity and applicability of the DLOQ in a Korean cultural context.	7 Dimensions of DLOQ	1.529 employees from 11 business organizations of two South Korean conglomerates.	- DLOQ is a valid and reliable measure of perceptions of learning organization culture in Korean organizations
9	Yang, Watkins and Marsick (2004)	To develop and validate a multidimensional measure of the learning organization.	7 Dimensions of DLOQ, perception on knowledge and financial performance	836 subjects from organizations with various sectors, company size, position and educational background.	- DLOQ scale is valid to measure the dimensions of learning organization. - Learning organization is a multidimensional construct.
10	Ellinger, Ellinger, Yang and Howton (2002)	To provide empirical study on the relationship between learning organization and firm's financial performance.	7 Dimensions of DLOQ, perception on knowledge and financial performance, ROE, ROA, Tobin's q, MVA	208 logistic managers of U.S. manufacturing firms from Council of Logistics Management listing.	- Learning organization concept is positively associated with firm's financial performance.
11	Jamali, Sidani and Zoucin (2009)	To review learning organization measurement for two sectors of Lebanon economy.	7 Dimensions of DLOQ	227 employees and managers from 12 banking and IT companies in Lebanon.	- Level of learning organization in IT sector is higher than banking sector in Lebanon.
12	Zhang, Zhang and Yang (2004)	To examines the applicability of the learning organization concept and its measurement in Chinese context.	7 Dimensions of DLOQ, perception on knowledge and financial performance	477 middle lever managers in 6 companies in China.	- Chinese version of DLOQ can be used in Chinese context. - Service companies show better learning than manufacturing companies in 3 dimensions of DLOQ. - Independently listed companies failed to show better learning than unlisted companies.

No	Researchers	Purpose of Research	Concept and Method	Samples	Results
13	Hodgkinson (2000)	To identify barriers in adopting the concept of learning organization	Senge's 5 Disciplines of Learning Organization	A group of middle managers registered in Diploma of Management Studies program.	- Several barriers to learning organization are identified.
14	Al-Jawazneh and Al-Awawdeh (2011)	To find out if the Commercial Banks in Almafarq Governorate in Jordan have the suitable and healthy learning environment	7 Dimensions of DLOQ	65 employees of commercial banks in Almafarq Governorate in Jordan.	- Branches of commercial banks in Almafarq Governorate in Jordan are learning organizations.
15	Current research	To identify employees and management perception gap on learning organization and to provide alternatives for effective implementations.	7 Dimensions of DLOQ, interview	Employees and managers of Bank X Indonesia, interview with 8 informants.	- Employees and managers perceive learning organization differently - Facilities and support for learning is present but need further improvements

Source : Previous researches, reorganized.

2.2 **Learning Organization**

2.2.1 **Organizational Learning Process**

Globalization and environmental sustainability are key challenges faced by strategic management of business organizations at the moment. It is not an easy task to adapt to all the changes of technological, economic, political, legal and sociocultural trends around the world (Wheelen and Hunger, 2012 : 60). According to Wheelen and Hunger (2012 : 61), theories have been developed on how organization fit to their environment and one of those is the organizational learning theory. This theory pronounces that organization adjusts defensively to a changing environment and uses knowledge to improve the fit to the environment. Origin of the word "learn" is explained by Senge (1999 : 24) as :

> But the word "learning" derives from the Indo-European *leis*, a noun meaning "track" or "furrow". To "learn" means to enhance capacity through experience gained by following a track or discipline.

All organizations learn to adapt to the environment surrounding the organizations which is constantly changing. But in reality, several organizations can learn faster and more effectively than others (Senge, 1999 : 24 ; Greenberg and Baron, 2008 : 946).

The 4I model used in Huang and Shih (2011 : 625) provides some explanation on the learning stages of organization with the following four stages of implementing organizational learning, which include :

1. Intuiting, where learning is performed on individual level which is part of the individual experiences, tacit knowledge and expertise.

2. Interpreting, which comes from communication, talking, and action including individual's explanation about other people's ideas, actions and more. This learning happens in individual and group levels since individuals consciously interpret things and develop their cognitive maps.

3. Integrating, which integrates both abstract and practical where development of communication of practice supported the ideas of integrating.

4. Institution, which refer to the embedding of the spirits of organizational learning into the institutional system, structure and strategies.

Learning process will modify employee behavior in the company (Kreitner and Kinicki, 2010 : 507). Some organizations systematically seek to capture and embed learning in a manner which facilitates widespread dissemination of the learning both for current and future employees (Marsick and Watkins, 2003 : 135). Learning and change typically involve the ongoing questioning of an

organization's status quo or method of procedures (Dess, Lumpkin and Taylor, 2005 : 384).

Learning process in a company is commonly developed and referred to in the form of training. In general, training can be defined as a planned effort by a company to facilitate the employees learning of job related competencies which include knowledge, skills and behavior (Noe, Hollenbeck, Gerhart and Wright, 2006 : 257). Training practice which is related to company's strategic business goals will be supported by top management and it will lead to the creation of working conditions that encourage continuous learning. According to Noe, Hollenbeck, Gerhart and Wright (2006 : 258), continuous learning refers to:

> A learning system that requires employees to understand the entire work process and expects them to acquire new skills, apply them on the job and share what they have learned with other employees.

Training practice is seen as one strategic solution to improve performance which will also lead to the improved business results. Generally, strategic training and development process which is implemented by a company is shown in Figure 2.1.

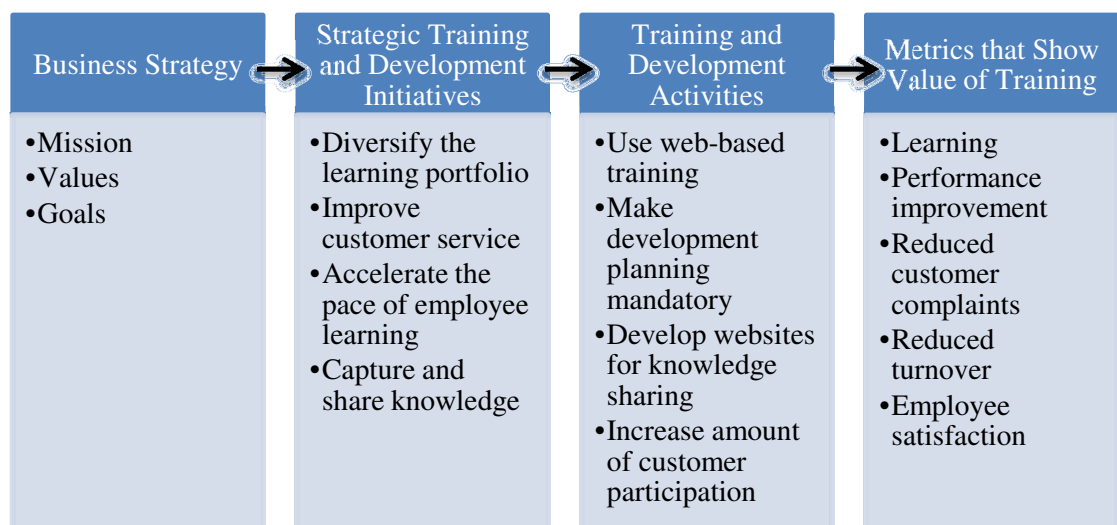| Business Strategy	Strategic Training and Development Initiatives	Training and Development Activities	Metrics that Show Value of Training
•Mission •Values •Goals	•Diversify the learning portfolio •Improve customer service •Accelerate the pace of employee learning •Capture and share knowledge	•Use web-based training •Make development planning mandatory •Develop websites for knowledge sharing •Increase amount of customer participation	•Learning •Performance improvement •Reduced customer complaints •Reduced turnover •Employee satisfaction

Figure 2.1   Strategic Training and Development Process
Source : Noe, Hollenbeck, Gerhart and Wright (2006 : 259)

According to Noe, Hollenbeck, Gerhart and Wright (2006 : 274-277) company need to design and maintain some conditions which support employees to learn effectively, which include :

a. Employees need to know why they should learn, because employees will learn best when they understand the purpose of the training programs.

b. Employees need meaningful training program, because employees are more motivated to learn when the training is linked to their current job experiences and tasks, so that they will find it more meaningful.

c. Employees need opportunities to practice which involves having the employees to demonstrate the learned capability so they will become proficient in the skill, behavior, task or acquired knowledge.

d. Employees need feedback on how well they are meeting the training objectives. This feedback will help employees to modify their behavior, skill or use knowledge to meet objectives.

e. Employees learn by observing, experience and interacting with others, therefore it is useful to form communities of practice where groups of employees work together, learn from each other and develop a common understanding of how to get work accomplished.

f. Employees need to commit training content to memory.

g. Employees need the training program to be properly coordinated and arranged, so the trainees will not be distracted by events (such as uncomfortable room or poorly organized materials) which would interfere with learning.

2.2.2 Development of Learning Organization

In accordance to the organizational learning theory, an increasing number of companies now realize the need to shift from vertically organized with top-down type of management to become more horizontally managed and interactive (Wheelen and Hunger, 2012 : 61). More companies are devoting more effort to be able to promptly adapt to changes by becoming a leaning organization. However, it is not easy for an organization to become a learning organization (Greenberg and Baron, 2008 : 646)

Table 2.2
Definitions of Learning Organization

Author / Researcher	Definition of Learning Organization
Marsick and Watkins (2003)	Organization that has embedded the capacity to adapt or to respond quickly and in novel ways while working to remove barriers to learning.
Coulter (2005)	Organization which can either create or acquire new ideas and information and then use these to make decisions and take action.
Dess, Lumpkin and Taylor (2005)	Organization which creates a proactive, creative approach to the unknown, actively solicit the involvement of employees at all levels, and enable all employees to use their intelligence and apply their imagination.
Noe, Hollenbeck, Gerhart and Wright (2006)	Organization which embraces a culture of lifelong learning, enabling all employees to continually acquire and share knowledge.
Kreitner and Kinicki (2010)	Organization that proactively creates, acquires and transfers knowledge and that changes its behavior on the basis of new knowledge and insights.
Garvin, Edmondson and Gino (2008)	Organization where employees continually create, acquire and transfer knowledge to help their company adapt to the unpredictable faster than rivals can.
Greenberg and Baron (2008)	Organization that develop the capacity to adapt and change continuously where people set aside old ways of thinking, freely share ideas with others, form a vision of the organization and work together on plan for achieving that vision.
Wheelen and Hunger (2012)	Organization that is skilled at creating, acquiring and transferring knowledge and at modifying its behavior to reflect new knowledge and insights.

Source : References, reorganized

Many definitions of the term learning organization have been developed to define general characteristics of learning organization (Ellinger, Ellinger, Yang and Howton, 2002: 6). There are several themes which can be identified in the definitions of learning organization, which include continuous learning; improvement; creation, acquisition and transfer of knowledge; individual, team and organizational learning anchored in concrete values, visions and goals; change and transformation (Jamali, Sidani and Zouein, 2009 : 105). Having considered the various definition of the concept, it can be synthesized that a learning organization is an organization which is able to adapt sustainably to the changes of the environment with involvement of employees in learning and development to reach common vision and mission.

Learning organization concept is often associated with Peter M. Senge who first published *The Fifth Discipline* in 1990. Senge (1999 : 32) describes this concept into five disciplines of learning which include :

1. Personal Mastery. This discipline is related to aspiration which incorporates formulation of goals which are desired by individuals along with realistic assessment of the current reality.

2. Mental Model. This discipline is related to reflection and inquiry skills which are focused around developing awareness of the attitudes and perceptions that influence thought and interaction.

3. Shared Vision. This collective discipline establishes a focus on mutual purpose where people learn to grow commitment on a group or organization

by developing shared image of the future which they would like to achieve as well as the principles and guiding practices to get there.

4. Team Learning. This is a discipline of group interaction which encourages the group to change their collective thinking and learning to mobilize their energies and actions to achieve common goals.

5. System Thinking. In this discipline, people learn to understand interdependency and change, and therefore try to deal more effectively to the consequences of each of their actions.

Learning organization actively seeks to incorporate new ideas and information into the organization. This is done by constantly observing external environment, hiring new talents and expertise when needed, and devoting significant resources to train and develop their employees (Kreitner and Kinicki, 2010 : 507). Ortenblad (2004 : 132) presents four aspects of learning organization as shown below:

1. Organizational learning, which implies awareness of the need for different levels of learning and storing of knowledge which will later be used in practice.

2. Learning at work, where employees learn on-the-job so the knowledge can be more readily applied.

3. Learning climate, which refers to a positive atmosphere that makes learning easy and natural.

4. Learning structure, where a flexible organization and organic organization is preferable to the one that is bureaucratic.

According to Greenberg and Baron (2008 : 646-647), for an organization to become a learning organization, the management must take following steps :

1. Establish commitment to change. Employees are more likely make changes for improvements if they clearly see that there is strong commitment by the top management to change and improve the organization.

2. Adopt informal organizational structure. Changes will be easier to accept in flat organizational structure with cross-functional team and no formal boundaries.

3. Develop open organizational culture. Managers play a key role in reaching a learning organization. Organization should have culture which incorporates risk taking, openness and growth to be able to adapt effectively to changes.

According to Dess, Lumpkin and Taylor (2005 : 385), there are several critical processes which will be experienced by an organization in becoming a learning organization, which include :

1. Providing inspiration and motivation to employees with mission or goals, so that employees will feel involved in the effort to meet organizational aspirations.

2. Empowering employees in all level in the organization. This process requires an effective leadership

3. Accumulating and sharing internal knowledge which can be accomplished by sharing information on customer expectation and feedback as well as information on financial condition of the organization.

4. Gathering and integrating external information since organization's success depends on its ability to identify external opportunities and threats.

5. Challenging status quo which can emerge as one of the barrier for the organization to become a learning organization. Also important is the process of encouraging creativity to be continuously developed in the organization.

2.2.3 Distinction Between Learning Organization and Organizational Learning

In many cases, the terms learning organization and organizational learning are often used interchangeably. However, many researchers also persist on the distinction between the two term (Song, Joo and Chermak, 2009; Yang, Watkins and Marsick, 2004). Coulter (2005 : 51) defines organizational learning as intentional and ongoing actions of an organization to continuously transform itself by acquiring information and knowledge to apply it in organizational decisions and actions.

Weldy (2009 : 60) states that learning organization is a culture or ideal form for organizations to improve learning processes or organizational learning. Similar view is also expressed by Song, Jeung and Cho (2011 : 480) which states that the learning organization is the environmental aspects and organizational learning is the activity-oriented process. This research by Song, Jeung and Cho (2011 : 473) tries to provide theoretically clear concepts of the learning organization and organizational learning process. It is concluded that the process of organizational learning can be achieved more effectively in the learning organization, and :

> Therefore, the learning organization, as a desirable environment for learning, provides a positive influence on OL, whether the learning process occurs at the individual, group, or overall organizational level.

Previous research by Song, Joo and Chermak (2009 : 47) mentions that organizational learning refers to collaborative learning process of individuals, while the learning organization refers to the nature and/or characteristics of organization which encourage continuous organizational learning process. Moreover, organizational learning is acknowledged to be the key element of reaching a learning organization. In the meantime, Yang, Watkins and Marsick (2004 : 34) states that organizational learning implies collective learning experiences used to acquire knowledge and develop skills. On the contrary, learning organization refers to organizations that have displayed these continuous learning and adaptive characteristics.

Furthermore, Kontoghiorghes, Awbrey and Feurig (2005 : 186) signify that in organizational learning, the focus is on individual learners, while in learning organization, it is on learners at the individual, group, and organizational levels. This distinction also appears in the four aspects of learning organization developed by Ortenblad (2004 : 132) where organizational learning is only one of the four aspects of learning organization besides learning at work, developing a learning climate and creating learning structures.

2.2.4 The Dimensions of the Learning Organization Questionnaire (DLOQ)

DLOQ is developed by Marsick and Watkins as a tool to measure the level of learning organization. DLOQ is frequently used in many studies regarding leaning organization in various contexts of cultures and language. The DLOQ model measures important changes in organization's climate, culture and structure which influence whether individuals learn (Marsick and Watkins, 2003 : 133).

DLOQ contain seven dimensions which reflect positive aspects of the nature and culture of a learning organization which encourage dynamic organizational learning process in two levels, i.e., organizational structure and the member's collective learning (Song, Joo and Chermak, 2009 : 47).

Table 2.3
Definition of Constructs in DLOQ

Dimension	Definition
Create continuous learning opportunities	− Learning is designed into work so that people can learn on the job − Opportunities are provided for ongoing education and growth
Promote inquiry and dialogue	− People gain productive reasoning skills to express their views and the capacity to listen and inquire into the views of others − The culture is changed to support questioning, feedback, and experimentation
Encourage collaboration and team learning	− Work is designed to use groups to access different modes of thinking − Groups are expected to learn together and work together − Collaboration is valued by the culture and rewarded
Create systems to capture and share learning	− Both high- and low-technology systems to share learning are created and integrated with work − Access is provided − Systems are maintained
Empower people toward a collective vision	− People are involved in setting, owning, and implementing a joint vision − Responsibility is distributed close to decision making so that people are motivated to learn toward what they are held accountable to do
Connect the organization to its environment	− People are helped to see the effect of their work on the entire enterprise − People scan the environment and use information to adjust work practices − The organization is linked to its communities
Provide strategic leadership for learning	− Leaders model, champion, and support learning − Leadership uses learning strategically for business results
Key Results	Definition
Financial performance	− State of financial health and resources available for growth
Knowledge performance	− Enhancement of products and services because of learning and knowledge capacity (lead indicators of intellectual capital)

Source: Marsick and Watkins (2003 : 139).

DLOQ theoretical framework involves both learning organization and organizational learning concepts. This is noticeable from the seven dimensions of learning organization that continuous learning, system connection and embedded system are related to contextual mechanism which leads to a learning organization. Meanwhile, dimensions of inquiry and dialogues, team learning, empowerment and strategic leadership are related to the process of organizational learning (Song, Joo and Chermak, 2009 : 47). This view is also expressed by Yang, Watkins and Marsick (2004 : 34) who state that DLOQ integrates two main constituents of an organization, namely : people and structure.

2.3   Theoretical Framework

Theoretical framework for this research is developed from previous researches and theoretical background which have been review. This research used the concept of learning organization as developed by Watkins and Marsick (2003) who declare seven dimensions of learning organization which are comprised of continuous learning, inquiry and dialogue, team learning, embedded system, empowerment, system connection and strategic leadership. From the result of the measurement on employees and management perceptions on the concept, further analysis can be performed to formulate strategies which can be used to match the perceptions from those two groups in the organization.

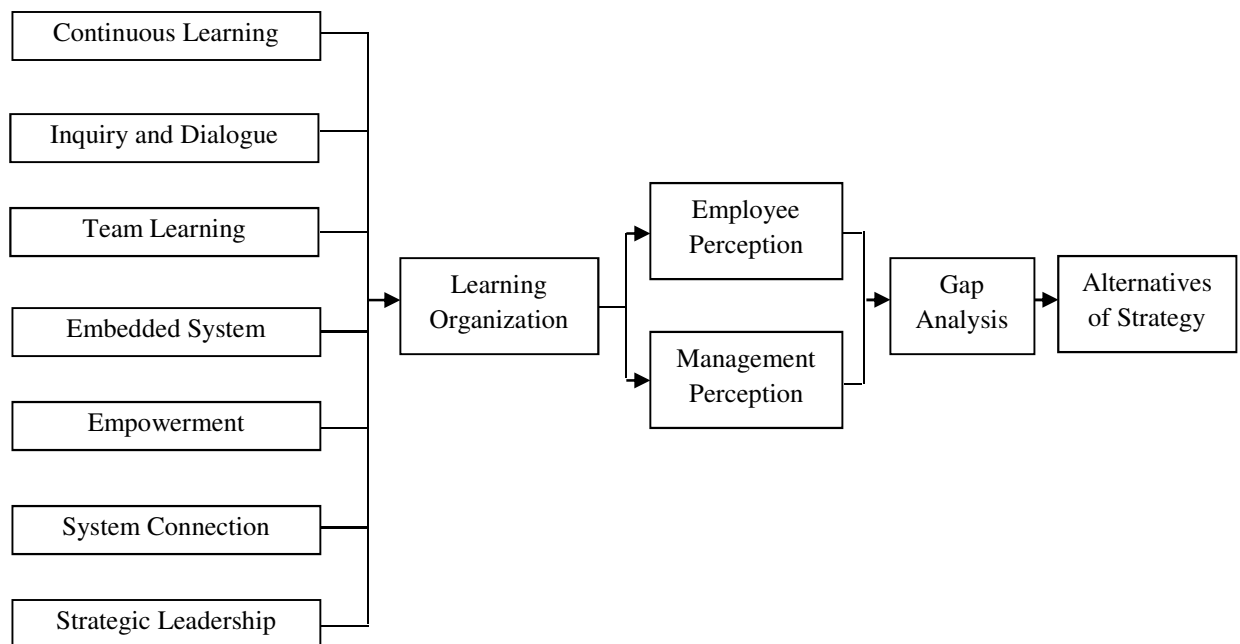The following Figure 2.2 illustrates the framework of the research.

Figure 2.2   Theoretical Framework

2.4   <u>**Research Hypothesis and Proposition**</u>

Reviews on previous researches and theoretical background as well as the development of theoretical framework lead to the formulation of the following research hypothesis and proposition. The research hypothesis is prepared for the quantitative part of the research, whereas the research proposition is prepared for the qualitative part. Hypothesis of this research is defined as :

H_A There is significant difference between employee and management perceptions on leaning organization concept in the organization.

Whereas the research proposition is defined as :

P_A Gap analysis between employee and management perceptions on seven dimensions of DLOQ can be used to formulate strategy to improve leaning organization effectiveness.