

# Build Innovation through Organizational Learning Capability

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## ABSTRACT

*This research paper aims to explain the relationship between Organizational Learning (OL), and Organization Innovation (OI). The Author has used analysis of the related literatures to have deep understanding of the subject. This research offers personal mastery, systems thinking and team learning as organizational Learning Capability that will help the entity to have an innovation.*

**Keywords:** Organization Learning Organizational Innovation.

**JEL codes:**

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## 1. INTRODUCTION

This paper presents the concepts of OL capability, and how it works to build OI. The focus is on OL in entities and how it affects the employees. The work environment in many government entities is traditional, and entities may not use systematic learning systems with all employees.

The concept of OL is especially observed in relation to the pertinence (Falconer 2006). It helps organizations to become LO through learning activities within organizations (Small and Irvine 2006). OL is important for innovative culture (Janiunaite and Petraite 2012). OL refers to existing processes while an LO is an ideal form of organization (Örtenblad 2001).

## 2. ORGANIZATIONAL LEARNING

It is necessary to understand what the learning is? OL is obtaining knowledge or skill through process. The meaning of learning is currently expanding. It covers a better capability to process and create new information that develops humanity (Martha 1994).

Definitions of OL are diverse and are based on the researcher's views and how the concept is defined in research field. OL disciplines can be different, but the definition focuses on how and what organizations learn. OL can be defined as a process that happens across individual, group, and organizational analysis. It can include cognitive, social, and political dynamics (Steil 2015). In other words, it is an organizational procedure of learning through individuals, groups, teams, communities, and the organization itself (Joseph, Firestone and McElroy 2004).

According to Argyris and Schon, OL occurs when individuals learn how to correct their errors after detecting the difference between actual and expected results within organizations. OL works to restructure their tasks and develops strategies to obtain actual results as expected. Therefore, OL will enhance innovation within organizations (Argyris and Schon 1996). OL is the sum of individuals' capability to learn and influence others. Therefore, an organizational environment can be moved from reactive to proactive. OL is a process that is built on collectiveness and connected interaction to enable

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meanings to be easily reached. Learning occurs when information is combined with existing knowledge to construct and reconstruct new knowledge (Boateng 2011).

Generally, OL is continuous process of learning through organizations to build learning organizations (Alshehhi and Jasimuddin 2016). Individual learning, team learning, and systems thinking build the LOs that create productive OL mechanisms (Roland 2006).

## **2.1 Organizational Learning mechanisms**

An OL capability is a technique focusing on processing learning. It provides processes and procedures to encourage employees to participate and develop skills that lead to improve the innovation of the entity. Individual learning, team learning, and systems thinking can build OL. The following will explain in more details the OL capability:

### *2.1 Personal mastery*

Personal mastery is “a set of specific principles and practices that enables a person to learn, create a personal vision, and view the world objectively” (S. Peter 2003- 2016). It is also directed by principles such as purpose, vision, belief, commitment, and knowing oneself (Brendan 2016).

In making the inextricable link between individual learning and OL, people with high levels of personal mastery continually increase their capability to create the results in life they truly seek. From their quest for continual learning comes the spirit of the LO (Rosemary 1996).

Giasemi (2004) has defined personal mastery as a “personal vision and values, strong sense of reality, understanding the value of competency and ability to move from competence to capability”.

Personal mastery is continuous engagement of learning and reflection activities to achieve personal growth and continual learning to bridge the gap between the current reality and the desired future.

### *2.1.2 Systems thinking*

“System thinking is the recognition of where and when actions and changes in structures can evoke lasting improvements”: OL is an important example of actions based on systems thinking. Indeed, when change happens in a feedback response, it means that learning is happening (Montuori 2000).

Systems thinking involves ensuring that an organization has connectivity, dissipation, and emergence. Also, systems thinking supports the view of organizations. Management considers the different needs and abilities of employees during lesson plan development. However, if knowledge practices have changed, management will consider the impact on their results. In dealing with an employee discipline problem, management will consider the impact on other faculties.

### *2.1.3 Team learning*

Learning teams are an important part of an LO: “Team learning is expressed through interaction processes between team members, during which they organize and integrate interdependent acts or input through cognitive, verbal and behavioral activities to organize team work effectively and create valuable team output” (Elisabeth, et al. 2015).

Individual learning eventually transfers through group processes into institutionalized organizational knowledge: “The new interpreted knowledge is integrated into the groups’ and organizations’ existing knowledge and becomes institutionalized” (Sandra and Marie-Joe 2010). Network participation is a good internal incentive for emergent learning behavior. The group’s members can offer fascinating input when the new team recreates (Sandra and Marie-Joe 2010).

As an internal stimulus for emergent learning behavior, team learning happens through employees’ network participation, as they spend time building trust and asking for other views, as well as using team activities in faculty professional development activities.

### 3. ORGANIZATIONAL LEARNING AND INNOVATION

There are many dimensions of OL: openness to new ideas, psychological safety, team orientation, information collection, knowledge sharing and integration, education and training, experimentation, and the leadership that reinforces learning. These dimensions have positive relationships perceptual innovation (Wencang, Huajing and Xuli 2015).

Popper and Lipshitz (2000) discussed the differences between individual learning and OL. But this study also discussed the similarities at the same time and the different mechanisms used to convert information into actionable knowledge at different systemic stages. Also, it discussed the conditions that promote productive OL, OL feasibility, and the relationship between OL and LOs. The article states five values that make OL mechanisms productive if they are applied in a suitable organizational culture: 1) continuous learning, 2) valid information, 3) transparency, 4) issue orientation, and 5) accountability (Popper and Lipshitz 2000). The study depended on qualitative research methodology only. Brigita and Monika (2012) found OL to be an important element of innovative culture. The article posed some questions regarding OL:

What features of OL prevail in profit and non-profit organizations? What different (and to what extent different) mechanisms (tools) of innovation management would enable OL in organizations that are of different types and belong to different sectors, and are characterized by different features of OL? (Janiunaite and Petraite 2012)

The techniques of managing the knowledge have an indirect positive effect on financial performance through increased innovation performance. Consequently, OL will improve innovation in organizations (Argyris and Schon 1996).

Senge, the author of *The Fifth Discipline* and the founder of the Center for Organizational Learning, reflected on his experience, knowledge, and education in his book. In fact, the book was very useful for this research as it showed the practices of LOs through five disciplines (systems thinking, personal mastery, mental models, building shared vision, and team learning). Each was described in depth (Peter 1990).

Organizations aspiring to excellence should have different and more holistic focus as compared to organizations aspiring only to performance (Job and Sanghamitra 2010). Wencang, Huajing and Xuli (2015) developed a framework for studying OL and the influences of OL on innovation and financial performance inside organizations. The results showed a positive association between OL dimensions and performance of organizations. There is also a primary positive relationship between learning ability and OP (Wencang, Huajing and Xuli 2015).

Innovation can be technological and non-technological through process of creating products or services from inventions (Van de Ven and Angle 1989). "The learning organization culture was found to have a significantly stronger relationship with innovation" (Meriam 2005). The work environment has a great effect in terms of facilitators or inhibitors of learning when the organization considers learning. (Sluis 2004). There is a characteristic European tradition in innovation in work organization. The European roots of OL. Thus, the European OI tradition developing employee's participation and human resourcefulness could be constructed as OL (Nyhan, et al. 2004). However, the ability to innovate in management and process depends on the organization's ability in learning (Hong and Kuo 1999).

### 4. CONCLUSIONS

The researcher has defined OL capability as a continuous process of learning throughout organizations. OL can help organizations to easily involved in any initiative by building cadres who are able to lead them towards more innovation.

There is a relationship between OL and Innovation which will need further study. Husseina et al. (2014) proposed that LO culture has a direct influence on OL and organizational innovativeness, which may lead to the success of organizations in the long term (Husseina, et al. 2014). OL capability (systems thinking, personal mastery, and team learning) predict that, as organizations can increase their OL. The probability of achieving high innovation shall increase significantly. However, personal mastery, systems thinking, and team learning are required more studies to understand the level of relationship and their effects on the OI separately.

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