



UNIVERSITI PUTRA MALAYSIA

**LEARNING ORGANIZATION PRACTICES:
A PROFILE OF SKF BEARING INDUSTRIES (MALAYSIA) SDN. BHD.**

AMADU DARAMY

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by

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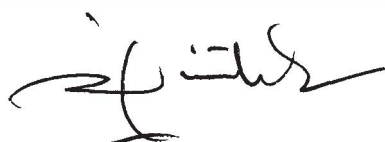
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LIST OF ABBREVIATIONS

BPR	Business Process Re-engineering
HRA	Human Resource Academy
HR	Human Resources
HRM	Human Resource Management
INTAN	Institut Tadbiran Awam Negara
LO	Learning Organization
PMT	Petronas Management Training
TQM	Total Quality Management
MSC	Multi Super Corridor

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By

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SEPTEMBER 1998

Supervisor: Associate Professor Saidin B. Teh, Ph.D.

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Learning organization (LO) paradigm is now one of the most contemporaneous issues in management practices. However, the LO concept and its impact on strategic management research and practice still remains unclear and under-examined in Malaysia. Empirical studies intended to help managers implement the learning organization concept is hardly found. This research project attempts to redress these problems by examining the extent to which SKF Bearing Industries (M) Sdn. Bhd. is transforming itself into a learning organization using a model developed by Marquardt (1996).

The specific objectives were to: 1) identify different levels, types, and skills of learning practices in the organization; 2) identify method of empowerment of the people involved with the organization in terms of learning; 3) identify process of



knowledge acquisition, creation, storage transfer and utilization in the organization; 4) identify the use of technology in term of access to and exchange of information and learning in the organization; and 5) identify the organizational setting and body in which learning occurs.

Twenty six (26) respondents in all were interviewed; 21 on self administered questionnaire and 5 top managers on open interview using a tape recorder. Descriptive research approach employing mainly a quantitative method which was considered appropriate was utilized for this study. Respondents were asked to rate 10 statements for each of the five (5) variables in the model on a four point likert type scale, the extent to which it applies to their organization. The variables involved were learning, organization, people, knowledge and technology.

The findings of the study showed that SKF Bearing Industries (M) Sdn. Bhd. is yet in a moderate stage of becoming a learning organization. It was clear from the respondents that SKF is committed to support continuous learning of its staff through numerous training efforts and has strongly embarked on Total Quality Management efforts to drive changes within the organization. It was also clear that SKF engenders internal learning structures and inspires and fosters learning. Decentralization, delegation of authority and sharing of knowledge with customers seemed to be highly emphasized. Knowledge management seems to be on a divergent thoughts. However people empowerment and technology application were revealed to be weak.

On the average, based on the assessment of the five variables in the study, SKF was found to fall on the moderate level. In this regard, the author concludes

that there is still a lot of room for improvements in SKF for it to be acknowledged as a learning organization. Some recommendations offered to enhance the learning organization practices of SKF include: SKF to further focus on employing various learning methods, improve on rewarding and recognizing individuals and teams performance, increase people (i.e employees, customers, suppliers, vendors, etc.)empowerment and encourage and communicate actively the importance for knowledge to be coded, stored and made available for utilization.



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**AMALAN ORGANISASI PEMBELAJARAN:
PROFIL SKF
BEARING INDUSTRIES (MALAYSIA) SDN. BHD.**

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Dewasa ini paradigma organisasi pembelajaran merupakan salah satu daripada isu yang paling kontemporari dalam beberapa amalan pengurusan. Walau bagaimanapun, konsep organisasi pembelajaran dan kesannya terhadap kajian dan amalan pengurusan strategik masih tidak jelas dan kurang mendapat perhatian, terutamanya di Malaysia. Kajian empirikal yang bertujuan untuk membantu pengurus-pengurus melaksanakan konsep organisasi pembelajaran jarang dilakukan. Projek kajian ini dijdankan untuk mengatasi permasalahan ini dengan meneliti sejauh manakah SKF Bearing Industy (M) Sdn. Bhd. telah menerimaguna konsep organisasi pembelajaran berasaskan model Marquardt, 1996.



Objektif khusus kajian ini ialah untuk: (1) mengenalpasti amalan pembelajaran pada tahap, jenis dan kemahiran amalan pembelajaran dalam organisasi berkenaan; (2) mengenalpasti kaedah pemberian kuasa (empowerment) orang yang terlibat dengan organisasi dalam aspek pembelajaran; (3) mengenalpasti proses perolehan, penciptaan, pemeliharaan, pemindahan, dan penggunaan pengetahuan dalam organisasi berkenaan, (4) mengenalpasti penggunaan teknologi dalam aspek pengaksesan, serta pertukaran maklumat dan pembelajaran dalam organisasi berkenaan; dan (5) mengenalpasti latar dan unit organisasi yang mewujudkan pembelajaran.

Sebanyak dua puluh enam (26) responden telah ditemubual; 21 orang responden dipilih untuk mengisi borang soal selidik, dan lima orang pengurusan ditemubual secara terbuka, dan dirakamkan dalam pita rakaman. Kajian ini menggunakan pendekatan kajian deskriptif dan kaedah kuantitatif. Setiap responden diminta untuk menilai 10 pernyataan bagi setiap lima pembolehubah yang terkandung dalam model Marquardt dengan menggunakan skala Likert. Lima pembolehubah dalam model ini, termasuklah pembelajaran, organisasi, orang yang terlibat, pengetahuan dan teknologi.

Hasil kajian menunjukkan bahawa SKF Bearing Industry (M) Sdn. Bhd. masih pada peringkat awal untuk menjadi organisasi pembelajaran. Daripada maklumbalas yang diberikan oleh responden jelas terbukti bahawa SKF beriltizam untuk memberikan sokongan terhadap pembelajaran berterusan kepada kakitangannya melalui pelbagai latihan dan telah bersungguh-sungguh melaksanakan usaha ke arah Pengurusan Kualiti Menyeluruh (Total Quality Management) untuk memacu perubahan dalam organisasi ini. Jelas ditunjukkan

bahawa SKF menitikberatkan struktur pembelajaran dalaman dan menggalakkan serta memupuk semangat belajar. Desentralisasi, pengagihan kuasa, dan perkongsian pengetahuan dengan pelanggan ternyata diberi perhatian yang serius. Pengurusan pengetahuan nampaknya menjadi visi yang menonjol. Walau bagaimanapun, pemberian kuasa kepada orang yang terlibat serta penggunaan teknologi masih pada tahap yang rendah.

Secara purata, berdasarkan penilaian terhadap lima pemboleh ubah dalam kajian ini, SKF dapat dikategorikan dalam tahap sederhana. Sehubungan dengan ini, pengkaji merumuskan bahawa masih terdapat banyak perkara yang perlu diperbaiki sebelum SKF boleh diiktiraf sebagai sebuah organisasi pembelajaran. Beberapa cadangan diajukan untuk SKF memenuhi amalan organisasi pembelajaran, termasuklah: SKF perlu memberikan tumpuan yang lebih banyak terhadap penggunaan pelbagai kaedah pembelajaran; membaiki cara pemberian ganjaran dan pengiktirafan prestasi individu atau kumpulan, menambah "empowerment" kakitangan dan memberikan galakan dan kesedaran tentang kepentingan memperoleh, memelihara, dan memudahkan perolehan pengetahuan untuk digunakan.

CHAPTER I

INTRODUCTION

“Learning organizations” are now the norms rather than the exceptions given the corporate upheavals, i. e. mergers, takeovers, stock fluctuations etc. “Some of the emerging features of the learning organization include an environment where change, continuous improvement and innovations are expected as the norms, not the exception” (Lens news, 1997). These upheavals are a result of the myriad of changes affecting society/organizations today. As such, organizations find themselves constantly facing the challenge of having to cope with the rapid changing environment.

A key tool for change management is learning. Thus, within this paper, a “tour-de horizon” of “learning organization concepts” as reference and I will be focusing critically on issues that make for a successful learning organization dynamics- in this instance a profile of SKF Bearing Industries (M) Sdn. Bhd.

The learning organization is one of the most contemporaneous issues in management practices. Management practitioners in organizations have expressed that only speedy and effective adaptation is the key to survival.

Many authors on management practices (Senge, 1990; Watkins and Marsick, 1993; Dixon, 1994; Ryllat, 1995; and Marquardt, 1996) have enunciated and established facts and belief that the learning capability of an organization is the most effective index of ability to adapt to changes in an organization and achieve

survival and competitiveness in the global business environment. Marquardt (1996) writes that by learning faster, organizations can adapt quicker and achieve significant strategic advantage. Similarly, Senge (1990) asserts that “due to the world becoming more interconnected and business becoming more complex believes that the organizations that will truly excel in the future will be the organizations that will discover how to tap people’s commitment and capacity to learn at all levels”. Rylatt (1994) has also mentioned that “it is now increasingly recognized that learning new skills and perspectives and unlearning outdated skills are the vital ingredients for organizational survival.”

“Today’s knowledge explosion and the galloping pace of change demands an unprecedented learning response from organizations” (Bennet and O’Brien, 1994). Nonaka (1991) admonishes that “in an economy where the only certainty is uncertainty, the one sure source of competitive advantage is knowledge. Dixon (1994), however, cautioned that “it is learning, not knowledge itself which is critical and that knowledge is the result of learning and it is ephemeral, constantly needing to be revised and updated.”

“We live in an era of corporate revolution, propelled by globalization and technological change that demands the creation of boundaryless organizations capable of continuous radical change” (Tichy, 1994). Tichy (1994) therefore suggests that the core competitive advantage for companies will be their capacity for mastering revolutionary change at all levels of the organization and that the premium will be on a new set of leadership competencies that blend the hard and soft. This process of transforming the organizations need to be done proactively and creatively. Among the recent and popular organizational transformations on



management are the theories and practice of Total Quality Management (TQM), Business Process Reengineering (BPR), and Learning Organization Practices. These are new paradigm shifts that require new rules, new boundaries and new ways of behaving (Hodgetts *et. al*, 1994).

Total Quality Management in short refers to an organization-wide quality improvement. (Dooley and Johnson, 1995). Ryllat (1995) summarizes the concept by asserting that TQM is more than an add on the workplace learning process which provides a mechanism to transform workplace learning by inspiring real time on the job discovery as a normal part of everyday business activity. He asserts that it involves rewarding customer service, continuous improvement, empowered involvement of all employees and quality measurement which will most likely excel in workplace learning.

Business Process Reengineering (BPR) is an approach to improving organizational performance developed by Hammer and Champy (1993). They define it as the fundamental rethinking and radical redesign of business process to achieve dramatic improvement in critical, contemporary measures of performance. BPR is described by its critics and admirers as revolutionary that promotes a total, organizational wide approach to achieving radical improvements to customer service and organizational efficiency (Stewart cited in Cook *et al*, 1997).

Unlike the BPR being described as revolutionary, the “learning organization” is evolutionary, involving a gradual process. There has been a lot of controversy about the exact definition of a learning organization. Some writers say, the concept is not new but has only surfaced recently with great interest coming from both writers and managers on organizational management. According to Daniels (1994),



“the concept of the learning organization is quite new and that it is so new, infact, that there is no commonly agreed definition of what one is”. Daniels (1994) expresses or writes that “it is certainly an organization which promotes learning among its employees and also an organization which itself learns from that learning. However, most of the definitions seem to agree that a learning organization is one in which collective learning at individual, group and organizational level are continually being practiced in order to harness all human potentials in the organization thereby producing the results they desire.

Hodgetts *et. al* (1994) writes that learning organization must include the dimensions of total quality organizations and that total quality has become the cost of entry into global market place. They however assert that to gain a competitive advantage, to keep ahead of dramatic pace of change, learning organizations are necessary.

Background of SKF Bearing Industries (M) Sdn. Bhd.

SKF Bearing Industries (M) Sdn. Bhd. stands out in Nilai, Malaysia. It is one of the 90 factories of SKF Bearing Industries situated in different parts of the world. Its present parent organization, SKF Bearing Industries, started in 1907 in Sweden, and now has multiplied into 90 branch factories and 9000 distributors worldwide. At present, SKF makes about 300,000 bearings per hour as compared to when it started with 2,200 bearings in its first year operation. SKF bearings can be found in cars, cameras, space rockets, vacuum cleaners and, indeed, practically in all kinds of machines and appliances with moving parts.

SKF Bearing Industries (M) Sdn. Bhd. was established on February 1990 with \$100 million investment. It is a 100% Swedish owned company. Its major country markets are Japan, Asia Pacific, Europe and the United States. The company employs 550 highly skilled workers.

Its corporate missions are: a) to be a world class manufacturer of high quality bearings; b) to be close to customers and satisfy their needs, actively supporting SKF's growth in Asia and other world markets; c) to have motivated and well trained employees working in a good environment that promotes team work and d) to be profitable through cost efficiency and effective asset management.

Hence, in response to meet the challenges, SKF has been actively involved in total quality management in which training is playing a major part to improve the organization's capabilities. Nonetheless, in furtherance to its objective of achieving higher heights, it is striving forward to become a learning organization, as implied in its corporate mission. But why learning organization? Learning organization practices enable an organization, like SKF Bearing Industries (M) Sdn. Bhd. to be coherent to the challenges posed by the everyday changing global business environment.

Concept and Definition of Learning Organization

The learning organization is built around the concept that continuous improvement requires a commitment to learning. In adapting to an ever changing environment, the "learning ability" of an organization is a critical factor in ensuring survival and success.

According to Pearn *et. al* (1995), the learning organization concept first acquired prominence in the UK with the work of Pedler and his co-workers in the late 1980s culminating in the publication of their book “The learning company” Pedler *et. al*, (1991)

However, the concept of the learning organization, according to many writers can be traced back to Agyris and Schon (1978) when they wrote the book “Organizational learning: A theory of action perspectives (Cook *et. al*, (1997); Keith, (1995). According to Cook *et. al*, (1997), the book has been regarded by many people as being the seminal text on the subject of organizational learning. The book emphasizes on the importance of encouraging people to change their mindset by emphasizing on double loop learning as opposed to single loop learning. The double loop learning, according to them, exhibits characteristics of a learning organization which has the ability to solve problems in the future and that the single loop learning only solves problems for the present.

However, Marquardt (1996) asserts that the concept and importance of organization wide learning can be traced to the research literature as far back as the 1940s, but it was not until the 1980s that a few companies began realizing the potential power of corporate learning in increasing organizational performance, competitiveness, and success (e.g, shell company).

Solomon (1994) describes the learning organization as a system in which everything is interrelated - people, production and procedures are part of a whole, each affecting and being affected by the others. But Senge (1990) explains more than what Solomon claims by saying that “learning organization is about trying to

understand some of the core capabilities that might be necessary within the organizations for them to thrive in the kind of world we live in today- a world where you can't predict things precisely anymore and where you can't count on what worked in the past to work in the future." Senge (1990) further said that -"Ours is a world of increasing interdependency".

To be able to accomplish or put into practice most of these concepts, experts suggest that it is most important for organizations to create an environment which is conducive for people to learn. Most theorists and practitioners in this field agree on three components- the change in the mindset that is necessary for management to undergo; a creative orientation that encourages individuals to be proactive rather than reactive to solutions; and an orientation towards systems thinking (Solomon 1994). According to Redding (1997), the proponents of the learning organization concepts say it enables companies to anticipate and respond quickly to challenge.

The learning organization concept has been widely discussed based mainly on the work of Peter Senge (1990). He further asserts that to overcome the learning disabilities, five essential disciplines have to be practiced in organizations, (1) systems thinking, (2) personal mastery, (3) mental models, (4) shared vision, and (5) team learning. According to Senge:

Systems thinking is a discipline which looks at wholes, patterns and interrelationships. Organization's "system thinking" helps us to see the pattern that lies behind the events and details instead of focusing on isolated parts of the system. Systems thinking makes the realities more manageable; it is the antidote for feelings of helplessness.

Personal mastery is the discipline that refers to the continual clarification and deepening of our personal vision, of focusing our energies, of developing patience and of seeing reality objectively. Unfortunately few organizations encourage their people to develop personal mastery.

Mental models are deeply ingrained notions and assumptions that influence how we understand the world and how we take action. We may not be aware of the effect these models have on our perception and behavior, yet they have the power to move us forward or hold us back.

Shared vision relates to the force that compels the organization's members to strive for excellence in learning. Organizations become great with goals, values, and missions that are shared throughout the organization.

Team learning is about getting the members of the team to suspend assumptions and enter into genuine "thinking together" or "dialogue" to solve problem or chart the future. When the team members learned to work together, the team's intelligence will exceed the sum total of the individual members intelligence.

The fifth discipline which is the systems thinking, according to Senge, is not necessarily more important than the others, but it is the most absorbing. Before we embark on a major decision, it might be worthwhile thinking about it in the context of the system at large. Will our contributions affect all the stakeholders, e. g. other employees, customers, community, organizations, to anticipate what happens after our actions? Team learning and personal mastery are the link to make an organization great. Senge(1990) also argues that organizations rarely start from day