

Learning Organizations: A Study of Small and Medium Enterprises of Pakistan

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ABSTRACT: *The purpose of this research paper is to evaluate the learning organizational level in the manufacturing sector of small and medium enterprises. The process of learning takes place at all levels of organizations that may be at individual level or team level or organizational level. In this study it is determined that what are the variables that have influence on supportive learning environment and to judge whether these variables are implemented in the manufacturing sector of small and medium enterprises or not. Supportive learning environment is a main building block of the learning organization. Different variables are used to find out the effect of this block. The average of the means of specific variables that cover specific elements is taken as the score and is compared with the scores given by David A. Garvin. Result suggests that the small and medium enterprises follow the learning processes but not properly.*

Keywords: Organizational Learning, Small and Medium Enterprises, Learning Environment and Pakistan

Small and medium enterprises show very significant and different group of enterprises with several social, economic and technical roles (Popescu, Chivu, Ciocarlan-Chitucea, Curmei, & Popescu, 2010). In the current culture the fundamental and active issues of development are Small and Medium Enterprises. Small and Medium Enterprises are considered as monetary performance, producer and immense provider to the national budget. Small and Medium Enterprises are also considered as sources that increase the source of revenue of population (Richman-Hirsch, 2001).

The major human resources collection is represented by Small and Medium Enterprises. In addition, major portion of gross domestic product (GDP) in each country is produced by Small and Medium Enterprises. Small and Medium Enterprises have become a major source of employment for a major portion of population generally 55% - 95%. The European Union was establishing a cluster of countries with the major strong performance as well as concerns in motivating and helping Small and Medium Enterprises, an equalization of organizational performance as well as managerial practices are included in globalization (Yamhill & McLean, 2001). From approaches of learning organization the adoption of comparative approach is a supplementary cause from various countries of European Union.

The "Learning Organization's concept" is a new one (Wells & Schminke, 2001), which has been introduced in the previous three decades as well as large number of companies has been adopted this concept successfully. However, the concept of learning is not very new. The Evolution's Theory's originator, Charles Darwin said by himself, it is not very bright, nor very powerful concept, but it is the concept in which the response to the change is very important. We recognize that the concept of learning existed since the origin of time; learning developed the human resources (Ch Argyris). Yet this description depends upon the true point of view, the acknowledgement of positive information has been denied by large number of organizations as well as dysfunctional performance has been repeated continuously (Popescu, Chivu, Ciocârlan-Chitucea, Popescu, & Georgel, 2011).

The learning organization consists of five building blocks such as system thinking, personal mastery, mental models, building shared vision and team learning. In the learning organization the shared vision is very important because it provides a guideline for learning to the employees. The employees having the right to share their ideas, and through discussion of ideas the employees find the ways through which they get the results they truly desire (P. M. Senge, 1997).

Learning does not only consist of adaptive learning but it also linked with the "generation" means to create something through learning in spite of waiting for the time to learn from the previous experiences. In this way learning not only means to learn from previous experiences but also focus on creativity and welcome new ideas. There are four main process for learning are policies, operations, thoughts as well as working on thoughts (Gibb, 1997). There are four concepts that are considered by Huber that are importantly attached to organizational learning (Campo-Martínez, Garau-Vadell, & Martínez-Ruiz, 2010): acquirement of knowledge, allocation of information, understanding of information as well as organizational recollection. In the words of Senge, the learning organization is considered as a combination of people that increase their capacity on continually basis in order to formulate something that they truly desire (P. Senge).

The firms need to pay full attention in order to meet the needs of changing environment. The firms respond quickly to the changing conditions of environment and perform efficiently as there is a condition of uncertainty also. The learning can be activity based or knowledge based. In activity based the learning can be through past experience but it is very difficult to express the past experience. So, now a day's managers focus on learning through knowledge. The Small and Medium Enterprises managers provides the employees the training and educational resources such as seminars, workshops and training of employees in order to increase their learning (Richard Choueke & Armstrong, 1998).

The paper has been written to evaluate the learning in manufacturing sector of Small and Medium Enterprises. The purpose of this paper is to reveal the motivation of employees and development of organization through learning. Whether the employees have the right to explore their ideas or discuss their problems. The ideas of the employees should be encouraged by the leaders. The information is shared within the organization and outside the organization successfully. Leaders encourage the employees, listen to their ideas carefully and appreciate their ideas. This paper shows that the employees have psychological safety, appreciation of differences, openness of new ideas, and time for reflection. All this information is collected through questionnaire which contains questions about power of speaking that the employees have the right to speak about what they have in their minds. They can share their problems easily. Proper education and training is provided to the new employees and the periodic training is provided to the experienced employees and many other questions. The questionnaire which is used is given by David A. Garvin. This questionnaire consists of three building blocks supportive learning environment,

concrete learning process and practice and leadership that reinforce learning (Garvin, Edmondson, & Gino, 2008).

Learning has a lot of benefits for the organizations. Learning is very effective and appropriate for the growth, expansion, and development of Small and Medium Enterprises. Learning gives confidence to the employees. The employees gain knowledge about the issues they face in the organization, transmits the knowledge within the whole organization. The learning system helps people how to produce valid information, how to make informed choices, and how to develop internal commitment within these choices. Through learning the organizations come to know that how to compete with rivals. They have the knowledge about innovation that what is new in the market. Proper training can be attained by the employees and the information is regularly shared within the organization and outside the organization.

Literature Review

Ravens (1982) has been introducing the concept of learning in organizations via the model of action learning for a large number of years and he has a view that for the efficient development of Small and Medium Enterprises learning model is very suitable. There are some increasing movements for Small and Medium Enterprises which are management knowledge, management teaching, as well as expansion of management. Armstrong (1990) suggested that major learning source is experience. Whereas, he found that the expression of past experience is very difficult for the employees. An additional procedural problem can be occurred. There might be some differentiation in the definitions such as learning of management, training of management, development of management.

To evaluate various experiences as well as learning from these experiences and the adaption of knowledge and learning which have been taken by the experiences of others and also from their own experiences, administrators are cooperated. Researchers ensure that persistence as well as reliability of differentiation in firm's performance is significant in environment of business (P. Senge, 1990). In management sciences field the learning organization's concept is not very new. The concept of learning is not only mentioned in the book of Peter Senge "The Fifth Discipline", many other articles, publications but it also has been defined in 1990s. The learning organization's concept has become an influential picture of organizations that consist of labor force specialist at gaining, formulating as well as delivery of knowledge, due to which the organizations has eventually become learning organizations. David A.

Garvin gave a tool which consists of three building blocks through which the companies can evaluate their level of learning, how the organizations can learn and what strategies the organizations need to adapt and how the organization can adapt the strategies in proper way. The research in the organizations has exposed that there are three main factors that are compulsory for the learning of organizations as well as adaptability: "a supportive learning environment, concrete learning processes and practices as well as leadership that reinforce learning" (Garvin et al., 2008).

Barnett and Hansen (1996) explained that learning is compulsory for innovation, because innovation is compulsory for success. Innovation is compulsory for long run competitive advantage. For many Small and Medium Enterprises it is a hurdle that they don't focus on innovation. The Small and Medium Enterprises can overcome these difficulties by focusing on innovation that is necessary for achieving efficiency and effectiveness (O'Regan, Ghobadian, & Sims, 2006).

Pedler gave the concept of learning organization that is considered as a stage on which the conversation about learning organization in Small and Medium Enterprises is very important. Learning is a concept in which the learning of employees as well as transformation of knowledge is facilitated (Burgoyne, Pedler, & Boydell, 1991). Field Research was explained the important aspects of association within the Small and Medium Enterprises and higher education sector (RWE Choueke & Armstrong, 1992).

Mumford (1993) gave his views that the practice and consideration both are merged together. Management development is used to explain the method through which managers learn as well as expand in efficiency. It is considered as tripod's third leg while the remaining two legs are management education as well as management training. Organizational effectiveness is necessarily attached with merely stakeholders and focus on shareholders satisfaction (Richard Choueke & Armstrong, 1998).

An explanation for the replacement of central funding with business, the conversion of "start ups" into the "backing winners" (Storey, 1994) may be attached with the maxim's strengthening that the expertise of business are not made but born (Jennings, Cox, & Cooper, 1994). Higher Education (CIHE, 1997) shows confirmation of large number of processes and programs that are dramatically extant in spite of the problems that are really faced in increasing the association within the higher education sector as well as Small and Medium Enterprises. These two institutions are painfully participated in covering this space. Consultancy of management, learning of management, support which is

provided technically, technology information as well as work-based post graduates and undergraduates are dramatically being managed via academic departments and the providers of enterprises inside the institutions.

Stopford (2001) explained the learning which is needed to compete in the changing and complex conditions of environment. The organizations that are engaged in competition mainly focus on improving performance. Learning that increase the competitive strength which also encourages companies rivals and the rivals also show some response. The adoption of self-reinforcing process is known as “Red Queen”. The competing organizations are mainly participated in complex strategic connections that depend on what a firm should perform in the response of rival and what the rival will do in response of the action of firm. But it is also an acceptable fact that the organizations have limited resources. The organizations should necessarily learn that how to complete in changing environment. Barkema (2002) reshaped the competitive scene is globalization (Barnett & Hansen, 1996).

Chris Argyris and Herbane (2005) explained the single loop learning as well as double loop learning models. Organizational learning is considered as the detection and correction of errors. Error is considered as any quality that stops the learning processes. While the single loop learning processes make the organizations to focus on policies and make its objectives fruitful. Double loop learning is due to the crises in response to the changing environment, revolutions or crises occur due to existed managers.

Research Methodology

The data was collected from the manufacturing sector as the purpose of this study is to evaluate the level of learning in manufacturing sector of small and medium enterprises. To serve this purpose the organizations are selected from manufacturing sector. Since the main focus of these organizations is development in manufacturing sector so the organizations are seemed to be focusing on the enhancement of learning culture in the organizations. The sample includes employees that works at all levels including top, middle and lower level. The data is collected from fifty respondents who are working in manufacturing sector of small and medium enterprises.

The Questionnaire which is used in this study as an instrument has been developed by David A. Garvin et al. This tool consists of three building blocks that contain process of learning, leadership activities, as well as supportive learning environment. In order to complete this study only one part is used which includes questions

about supportive learning environment. Supportive learning environment consists of four elements such as psychological safety, appreciation of differences, openness of new ideas, and time for reflection. This is the questionnaire in which likert scale is used with seven point scale. The questions are close ended. In this study this assurance has been given to the respondents that they can share their ideas independently and their ideas have been kept in secret and provides solution for the ambiguities shown by them. Due to the acceptance and reputation of the journal this questionnaire is used as a tool for measuring the level of learning in manufacturing sector of small and medium enterprises. SPSS 16 is used for numerical analysis.

Variables and Analysis

Our research will focus on the subsequent elements to measure the learning organization in manufacturing sector of small and medium enterprises. The four elements cover building block which is known as supportive learning environment while education and training is under the head of concrete learning process and practice which is second block.

- Psychological safety
- Openness of new ideas
- Appreciation of differences
- Time for reflection
- Education and training

Different variables are used to measure these elements. Speaking power, information sharing and problem sharing are used as variables for the measurement of psychological safety. Alternatives and opinion handling are used as variables for the measurement of appreciation of differences. Time to review, time for improvement and stress level are variables used for the measurement of time for reflection. Better ways and new ideas are used for the measurement of openness of new ideas. Periodic training and adequate training are used as variables for education and training. The collection of data has been made through the questionnaire containing 19 questions that covers sixteen variables. Mean and standard deviation is calculated. The result of these variables shows that which variable is properly used in these organizations. After that the analysis for each element has been conducted separately by taking the average of all variables that lie in elements. The result of these elements shows that each element lies in what quartile. The results are compared with the scaled scores given by David A. Garvin.

Result Interpretation

Descriptive analysis is used to analyze this study which shows mean and standard deviation of variables. The results of descriptive analysis are shown in table 1 given in Appendix A. The table 1 shows the mean and standard deviation of all the variables as a whole from which it is evaluated that which variable is applied in the organization properly or an effort have been made to use the variable. From this table it is evaluated that adequate training has been provided to the new employees and to increase performance the comparison has been made to the rivals. For checking reliability of results Cronbach's alpha is used which shows that the results are reliable. In table 2, the reliability test shows 0.871 value which shows that the results are reliable because the value of reliability should be above 0.7.

Element Interpretations

Supportive learning environment consists of five elements psychological safety, appreciation of differences, time for reflection, openness of new ideas, and one is taken from training. All these five elements cover different variables. The average of mean of the variables shows the value of each element and then the value of these elements is compared with the scorecard given by David A. Garvin. Table 3 shows the benchmark score given by David A. Garvin and the table 4 shows the results that has been calculated for the elements and then compare these results to the scores given by David A. Garvin.

Psychological Safety: The result in table 4 shows that the element of psychological safety lies in the bottom quartile as its score is 56 and the range given by David A. Garvin for bottom quartile is 31-66. The element of psychological safety covers three variables such as speaking power, information sharing and problem sharing. The result shows that the employees have low right to speak about what they have in their minds, they cannot discuss their problems and the information is not shared within the organizations properly. Manufacturing sector of Small and medium enterprises should need to give the right to employees that they can share what they have in their minds about the improvement of the organization.

Appreciation of Differences: The element of appreciation of differences included two variables such as new ways or alternatives and opinion handling. Opinion handling shows that different opinions provided by the employees are welcomed and the employees are appreciated for their different and new or alternative

ideas. The results in table 4 shows that the appreciation of differences lies in second quartile with the score of 57 and the score given by David A. Garvin is 57-63 of second quartile while that is 14-56 of first quartile. So the results lie in second quartile.

Time for Reflection: The third element is time for reflection that shows whether the employees have time to look out that what they have performed and what they should make improvements in their working. In this study three variables are used for this element such as time to review, time for improvement and stress level. Stress level shows that pressure is putting on the employees for improving performance. The results of this study shows that the employees have the proper time to check out that what is the proper working which have been made by them and in what areas they have to make improvements. The result calculated in this study is 62 while the score range given by David A. Garvin for this element is 51-64 in the third quartile. The result shows that the employees have enough time to review that what they have done.

Openness of New Ideas: Openness of New ideas covers two variables which includes better ways and new ideas. Better ways show that the employees have interest in doing the things in new manners and the new ideas provided by the employees are appreciated. This element lies in bottom quartile with the value of 64 and the range given by David a. Garvin is 38-80 for the bottom quartile. The result shows that the small and medium enterprises should provide the employees the opportunity of giving new ideas and should appreciate them so that they can give new ideas and the firms can get competitive advantage by providing something new.

Training: Training is the fifth element which covers two variables periodic training and adequate training. Periodic training should provide to the experienced employees so that they can flourish themselves. Adequate training should be given to the new employees. The new employees should have a full visit of the organization and proper information should be provided to the new employees about the organization. In this study this element falls in the second quartile with the value of 74 while the value given by David A. Garvin was 69-79 for the second quartile.

Results and Discussion

In this study it is noticed that in manufacturing sector of small and medium enterprises only one element is under consideration that is time for reflection out of five elements while the remaining four are used in learning process but not properly. Time for reflection is the most important element of supportive learning environment in

which there is the main focus on time. The time for improvement and time for review are the variables covered by this element. Time for improvement means that how much time is invested by the people that helps in improvement of ways through which the work is done. The further discussion about it provides the suggestions that the organization should focus on all the elements for attaining competitive advantage. New ideas should be welcomed as the innovation is necessary for achieving competitive advantage. The result shows that manufacturing sector of small and medium enterprises are poorer in focusing on the learning processes and practices as well as many other elements covered by the supportive learning environment. Manufacturing sector of Small and medium enterprises should provide the employees proper training not only to the new employees but also to the experienced employees. The information should be circled within the organization, the employees should have the right to discuss their problems and give new ideas.

Conclusion

This study provides a most important participation in the literature as it gives the result about the learning in manufacturing sector of small and medium enterprises. However it is not easy to give results about supportive learning environment as there is no benchmark score is given about it, but it can be provided through different elements that includes in this building block. In this study there are five elements such as psychological safety, appreciation of differences, time for reflection, openness of new ideas and education and training. All these elements cover different variables about which data is collected from different organizations through a questionnaire. This study covers only one building block that is supportive learning environment. The second block concrete learning processes and practices and the third block leadership that reinforces learning are not included in this study. This study shows that the manufacturing sector of small and medium enterprises needs continuous learning process for increasing their performance and gaining competitive advantage. Different research can be made in numerous areas of learning organization as this study covers only one building block, the further research can be made on second and third block such as concrete learning process and practices and leadership that reinforce learning in small and medium enterprises. It is concluded that manufacturing sector of small and medium enterprises should pay full attention towards the efforts which are necessary for their learning and improvements. It is concluded that the firms need to increase their level of learning in manufacturing sector.

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Appendix A
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Speak power	50	14.28	100.00	50.8416	28.00346
Problem sharing	50	14.28	100.00	53.4096	27.03864
Opinion Handling	50	14.28	100.00	53.4088	24.95617
New Ideas	50	14.28	100.00	63.4080	25.01859
Difference of opinion	50	14.28	100.00	55.9808	25.45909
Better ways	50	14.28	100.00	64.8376	27.71175
Stress Level	50	14.28	100.00	59.8968	27.93433
Time To Review	50	14.28	100.00	65.1192	21.23571
New Ways	50	14.28	100.00	61.4096	27.86727
Untried Approaches	50	14.28	100.00	57.8944	25.47848
Performance	50	14.28	100.00	77.4088	21.23012
Attention	50	14.28	100.00	66.5472	23.37197
Adequate Training	50	28.56	100.00	77.8936	19.39971
Periodic Training	50	14.28	100.00	70.8340	23.79151
Time For Improvement	50	14.28	100.00	61.8936	25.39412
Information Sharing	50	14.28	100.00	64.2640	24.01402
Valid N (list wise)	50				

Appendix B
Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.871	.875	16

Appendix C
Scaled Scores Given By the David A. Garvin

Dimensions	Scaled Scores				
	Bottom Quartile	Second Quartile	Median	Third Quartile	Top Quartile
Psychological Safety	31-66	67-75	76	77-86	87-100
Appreciation of Differences	14-56	57-63	64	65-79	80-100
Time for Reflection	14-35	36-49	50	51-64	65-100
Openness of New Ideas	38-80	81-89	90	91-95	96-100
Training	26-68	69-79	80	81-89	90-100

Appendix D
Results Shown by the Study of Manufacturing Sector of small and medium enterprises

Dimensions	Scaled Scores				
	Bottom Quartile	Second Quartile	Median	Third Quartile	Top Quartile
Psychological Safety	56	---	---	---	---
Appreciation of Differences	---	57	---	---	---
Time for Reflection	---	---	---	62	---
Openness of New Ideas	64	---	---	---	---
Training	---	74	---	---	---