

Executive Summary

Research Question

How can organizations instill a continuous learning culture to drive innovation and growth?

Introduction

The single biggest driver of business impact is the strength of an organization's learning culture³. Living in today's fast-changing environment, more and more companies are realizing that by instilling a learning culture, the company can achieve a wide variety of business benefits, including innovation, learning agility, market share, and growth (Exhibit 1)³. In addition, the current competition among organizations lies beyond the abilities to leverage their current resources and capabilities.

In order to win the '20s, leaders will need to reinvent and redesign their enterprise as a next generation learning organization¹. In other words, leaders need to focus on how to ensure their company is looking forward and preparing for the future to drive innovation and increase growth in order to sustain and survive. Despite the numerous business and economic advantages of having a learning culture in an organization, a recent study by the Society of Human Resource Management shows that only around 1 in 10 companies have a true learning culture⁷. Therefore, this report will focus on why learning is essential to innovation and growth, what a learning organization looks like and how companies can build a learning culture.

Why Is Learning Essential to Innovation And Growth?

As mentioned above, it is beneficial for organizations to instill a true learning culture to drive innovation and achieve growth ultimately. However, many managers think they can create better products just by improving the development processes, adding new tools, or creating great products to improve innovation and enhance growth. Contrary to the common belief, it is the skilled people in the organization who are the centre of innovation and growth². Employees with a learning mindset are constantly learning and updating their skill sets to match the current demand for the market. Employees can leverage those updated skills to produce innovative and state-of-art products that will ultimately lead to business growth. A learning culture will be essential to encourage employees to get into the mindset of always learning all aspects of the new era.

Build A True Learning Organization

It is important to build a true learning organization and assess whether your organization is learning or not. Here are the recommendations to build a learning organization to drive innovation and increase growth:

- a) To create a collaborative and supportive environment with flexible project structure to let employees solve problems systematically and to make failures become acceptable⁴
- b) To provide sufficient resources and funds for employees to experiment in order to gather necessary knowledge and information⁶, and to offer relevant recognition and rewards for achievements⁴
- c) To learn from past experiences through reviewing all past successes and failures, identifying lessons learned and document relevant lessons in accessible formats⁶
- d) To learn from other companies, industries and customers to gain new perspectives⁶
- e) To enable easy and accessible knowledge transfer and sharing among different teams, units, departments and entities⁶

In addition, an organization should have a personalized, actionable and easy-to-apply definition of a learning organization with a safety net to allow failures, clear guidelines for practice, dedicated support from senior management and well-defined tools to measure the impacts and results.

What Does A True Learning Organization Look Like?

A true learning culture is what enables Cisco, Google and Apple to out-innovate their competitors, survive in fierce competition and achieve sustainable growth. It is also what enables Wal-Mart, UPS

and Dell to drive down costs and maintain service quality⁵. These companies demonstrate through their business results that it is essential to have a true learning culture, but what is it exactly and how does a true learning organization look like?

As mentioned previously, it is important for organizations to continue to learn in order to encourage innovation and generate long term growth, especially when there is an increasing unpredictability in the global business environment with fierce competition, constantly changing technologies and shifting customer preferences. Most importantly, employees are at the heart of building a true learning organization in order to leverage those business benefits.

Employees continually create, acquire and transfer knowledge in a learning organization helping their organization adapt to the unpredictable and uncertain more rapidly than their competitors¹. Therefore, it is crucial to know whether your organization is learning or to identify the characteristics of a learning organization. There are three factors to help assess one's team, department or company's organizational learning and adaptability are, and help detect areas for improvement⁵:

1) A Supportive Learning Environment

- To provide a safety net for employees for asking naïve questions, providing different sometimes opposing opinions and ideas, owning up to mistakes and presenting minority perspectives⁵
- To create a secure environment for employees to take risks and explore the unknowns⁵
- To ensure organizational processes can sustain a supportive learning environment¹
- To construct an organizational culture to allow a supportive learning environment to exist. Exhibit 2⁸ provides the 10 basic principles on how to mobilize one's organizational culture

Example: Children's Hospitals and Clinics in Minnesota implemented a new procedure called "blameless reporting" to replace any threatening and negative terms with "less emotionally laden ones"⁶.

2) Concrete Learning Processes

- To establish formal processes for generating, collecting, interpreting and disseminating information⁵
- To allow different types of experiments and utilise small experiments to gather incremental knowledge and test out ideas⁶
- To solve problems systematically through different types of instruments⁶

Example: U.S. Army's After Action Review was instituted to conduct "a systematic debriefing after every mission, project, or critical activity"⁶.

3) Leadership That Reinforces Learning⁵

- To demonstrate willingness from senior leaders that alternative and opposing opinions are allowed
- To send signals to employees that it is essential to spend time on learning and failures are acceptable, even though they are time-consuming and costly to the organization

Example: Harvey Golub, who is the former CEO of American Express, constantly "challenged managers to think creatively by asking them questions such as, "What alternatives have you considered?" and "What are your premises?"⁶ This had an impact on creating an open-minded culture and reinforcing the importance of learning.

Conclusion

Organizations need to realize the importance of a true learning organization and the business benefits the true learning culture can bring, especially on innovation and growth. Then they should evaluate their current learning culture to using the steps mentioned above to see whether their organizations are truly learning. This will also help them identify their strengths and areas for improvements and take appropriate and relevant actions in order to build a true learning organization to drive different types of innovation and achieve sustainable growth.

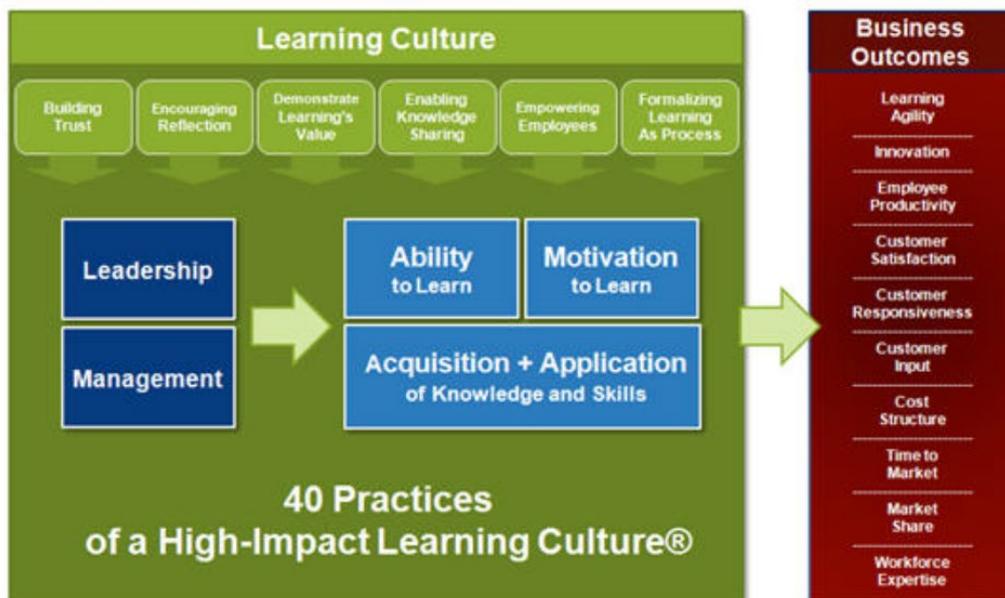
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Appendix

Exhibit 1

High-Impact Learning Culture®



Bersin. (2010). High Impact Learning Culture®: 40 Practices for and Empowered Enterprise. *Deloitte Bersin*

Exhibit 2



Katzenback, J., Oelschlegel, C. and Thomas, J. (2016). 10 Principles of Organizational Culture. *Strategy + Business*. Organizations & People February 15, 2016 Spring 2016 Issue 82