

***AN ORGANIZATION'S READINESS TO CHANGE
TOWARDS THE DEVELOPMENT OF A LEARNING
ORGANIZATION.***

Theme: Strategy, Competitiveness and Learning

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Abstract

The purpose of this paper is to describe a research to verify the relationship between learning organization (LO) attributes of cultural values; leadership commitment and empowerment; communication; knowledge transfer; employee characteristics; and performance upgrading, and the organizational readiness to change. The mobile phone service providers in Thailand have been selected to examine this relationship as most studies about learning organization are conducted in the more developed countries. The industry is chosen owing to the recent privatization policy in Thailand as well as its changing competitive contexts. Results of the study will be presented in a subsequent paper.

1. Introduction

To survive in a turbulent global economy, organizations continue to search for management prescriptions to develop competitive capabilities for survival and growth. Since the early 1990s, the concept of “Learning Organization (LO)” has been hailed as tool for managers to build up an organization’s ability to respond to the changing business environment.

This paper proposes research to investigate whether organizations with LO attributes also possess a high level of readiness for change, so as to verify the hypothesis that organizations which have successfully developed attributes of LO are more ready for change.

2. Learning organization (LO) attributes and LO Inventory

Since the emergence of the concept of LO, researchers have been trying to identify the characteristics of organizations and to find ways to develop such characteristics. Senge, the advocator of LOs’, suggests that an organization can develop its LO attributes through system thinking, personal mastery, mental model, share vision, and team learning (1990). On the other hand, Garvin (1993) argues that an LO should possess capability for system problem solving, experimentation, learning from past experience, learning from the best practices of other organizations, and quick and efficient transfer of knowledge. Echoing Garvin’s arguments, Goh (1998) also provides additional attributes of LO such as shared leadership and involvement, teamwork, and cooperation, transfer knowledge across organizational boundaries, and an emphasis on mission and vision.

From the perspective of employee learning, Watkins and Golembiewski (1995) emphasize that a learning organization is an organization which continuously learns and transforms itself. They suggest that learning takes place at individual, team and organizational levels. Learning is continuous, purposeful, procedure-integrated, and operates parallel to work. They conclude that learning enhances organizational capability for innovation and expansion and that an LO should have embedded systems to capture and share learning. These ideas are supported by Gephart and Marsick (1996) who add the ability to learn, adapt and change as an important LO attribute.

Based on the preceding literature review, it seems that an LO is *an organization that continuously learns through its members individually and collectively to create a sustainable competitive advantage by effectively managing internally and/or externally generated change* (Bennett and O’Brien, 1994; Watkins and Golembiewski, 1995; Gephart and Marsick, 1996;

Senge, 1990; Ulrich et al., 1993; Ahmed et al., 1999; Popper and Lipshitz, 2000; Porth et al., 1999; Neven, 1992; Dibella, 1997; Appelbaum, 1997). There are vital attributes that distinguish an LO from others, and that enable it to successfully operate in changing business environments. They help develop an organization's capability to acquire, share and utilize learning or knowledge essential for managing change. This section explores the attributes of a learning organization and expands them into an inventory that can be used to indicate how far an organization may have developed its LO capabilities.

2.1 LO attributes

From the review of the literature, the major attributes of an LO are recognized to be continuous learning or knowledge acquisition (Nevens, 1992; Day, 1994; Barrett, 1995; Dibella, 1997; Porth et al., 1999; Addleson, 2000; Popper and Lipshitz, 2000); knowledge sharing (Senge, 1990a; McGill and Slocum Jr., 1992; Ulrich et al., 1993; Hill 1996; Leitch et al., 1996; Black and Synan, 1997; Dibella, 1997; Prokesch, 1997; Liedtka, 1999; Porth et al., 1999; Elliot et al., 2000); and knowledge utilization (Huber, 1991; Davis and Botkin, 1994; Miles et al., 1998). The conventional wisdom implies that an organisation with these attributes should be able to adapt to and be ready for the changing business environment, hence maintaining a competitive advantage over competitors. This part of the paper elaborates on the attributes of LO based on literature review.

2.1.1 Continuous knowledge acquisition

Continuous knowledge acquisition is one of the most important features of an LO. The reason for this is that an organization's ability to adapt to uncertainty and change stems from an ability to update itself (Ulrich and Van Glinow, 1993; Popper and Lipshitz, 2000); and continuous acquisition of knowledge is essential for adapting to and hence surviving in a competitive environment (Porth et al., 1999).

Continuous knowledge acquisition can be achieved through both formal and informal activities such as market research, research and development, competitor analysis, or the reading of newspapers and professional journals (Romme and Dillen, 1997). The other sources of knowledge acquisition are learning through direct experience and learning from others' experience or benchmarking (Romme and Dillen, 1997). However, it is important to note that managers are highly involved in these activities; for example, they have to encourage experimentation and risk taking in their employees, willingness to innovate and try new idea, and demonstrate acceptance of mistakes and refrain from using punishment for failures.

Continuous knowledge acquisition also involves learning at different levels of an organization, which encompass individual, team and organizational learning. Individual learning occurs when people acquire tacit knowledge through training, education and experimentation (Ulrich and Van Glinow, 1993), while team learning occurs when members in an organization interact actively among themselves (Romme and Dillen, 1997). Organizational learning occurs as the system and culture in an organization maintain learning and transfer new ideas to new individuals (Ulrich and Van Glinow, 1993).

To facilitate knowledge acquisition, it is important to identify where knowledge comes from, ie. the sources of knowledge. An organization can obtain knowledge from its own members - employees who deal directly with routine work and problems. Customers are considered as a key

element of an organization's vision (Evan, 1998). Competitors are another source in that an organization can learn from their success and failure. At the same time, an organization can learn through collaboration with its suppliers and other stakeholders. Thus, an organization's survival and success mainly depend on its capability to learn continuously (Ulrich and Van Glinow, 1993).

In short, continuous knowledge acquisition is critical for an organization to develop into an LO. It is suggested that members in an organization have to learn continuously or acquire life-long learning from their organization's knowledge sources of employees, customers, competitors, and suppliers. Then they can learn through direct experience or other's experience. All in all it needs to be supported by leaders.

2.1.2 Knowledge sharing

Knowledge sharing is the distribution of knowledge, or of what has been previously learned (Applebaum and Reichart, 1997). Fielden (2001) argues that knowledge is useful only when it is made freely available, so sharing useful information with employees is critical for an organization's learning and success.

Knowledge sharing starts with making information available to employees (Dixon, 1999). It can be enlarged through developing a shared mindset among employees - shared vision, values, knowledge, communication and information, and through developing the cultural norms of openness, trust and honesty (McGill and Slocum, 1992, 1993; Ulrich and Van Glinow, 1993; Bennett and O'Brien, 1994; Jones and Hendry, 1994; Watkins and Golembiewski, 1995; Dibella, 1997; Black, 1997; Ahmed et. al, 1999; Liedtka, 1999; Porth et. al., 1999; Addleson, 2000).

In addition, sense of ownership, sense of commitment to the organization, localized decision making or empowerment and teamwork are important aspects of knowledge sharing (Hill, 1996; Leitch et al., 1996; Elliot et al., 2000; Popper and Lipshitz, 2000). Knowledge can also be shared either within or outside the organization, and managers must be highly involved in encouraging and facilitating their employees in knowledge sharing activities. Furthermore, a sense of corporate responsibility and leadership commitment has been found to be critical to the success of a change program in general (Goh, 1998; Popper and Lipshitz, 2000).

Knowledge sharing is crucial to the success of a knowledge management strategy (King, 2001). To distribute knowledge to other employees, teams or other departments in the organization requires shared mindset, vision, and communication within a culture of open-mindedness, trust, and honesty. In addition, leadership commitment is a catalyst to accelerate and reinforce knowledge sharing. After knowledge is acquired and shared, it needs to be stored in an organizational repository system so that members can easily access and use it in their work. This leads to the subject of knowledge utilization, another essential LO attribute.

2.1.3 Knowledge utilization

Knowledge utilization is the integration of learning for application in new situation (Applebaum and Reichart, 1997). It is also the use and extension of knowledge in the organization's decision making process. It relies heavily on the effectiveness of an organization's memory and knowledge acquisition in relation to previous learning. As a result, employees need to understand the utilization process in order to use knowledge to create action and for decision making.

Awareness of knowledge's location is important for its effective management and use (Bohn, 1994), hence the important role of organizational memory in knowledge utilization. Organizational memory is the accumulation of implicit and explicit knowledge. It is suggested that knowledge in organizations should be located in explicit forms such as data files, instruction sheets, and handbooks, otherwise when members leave an organization knowledge is at risk of being lost (Argote, 2000). Therefore, a capturing and coding system facilitates the organization's ability to store and use its knowledge more effectively (Cross and Baird, 2000; Olivera, 2000).

Hence, knowledge utilization is the process by which organizational knowledge is retrieved, analyzed, and applied, to a decision making process in similar and dissimilar situations. Its qualification as a key LO attribute requires the existence of an effective and easily accessible organizational memory.

Thus far, the authors of this paper have identified and elaborated on the three key attributes of LOs, namely, continuous knowledge acquisition, knowledge sharing and knowledge utilization. They can be expanded into an inventory of LO indicators which can be used to determine whether organizations measure up to the specifications of a learning organization.

2.2 An inventory of LO indicators

From the review of the literature, the authors have found that learning organization indicators can be grouped into six categories. Firstly, cultural values are important since problematic situations and uncertainty, mystifying data, and unclear links between problems and situations are all interpreted through organizational culture (Mahler, 1997). Secondly, leadership commitment and empowerment are vital for leading an organization to learn continuously. Thirdly and Fourthly, communication and knowledge transfer are essential in order to disseminate knowledge across an organization. Fifthly, employee characteristics are the most important measurement since learning starts from each individual in an organization then advances to team and organizational levels. Sixthly, performance upgrading is the objective of organizations aspiring to be an LO. These LO indicators are suggested in order to assess the LO attributes of continuous knowledge acquisition, knowledge sharing and knowledge utilization.

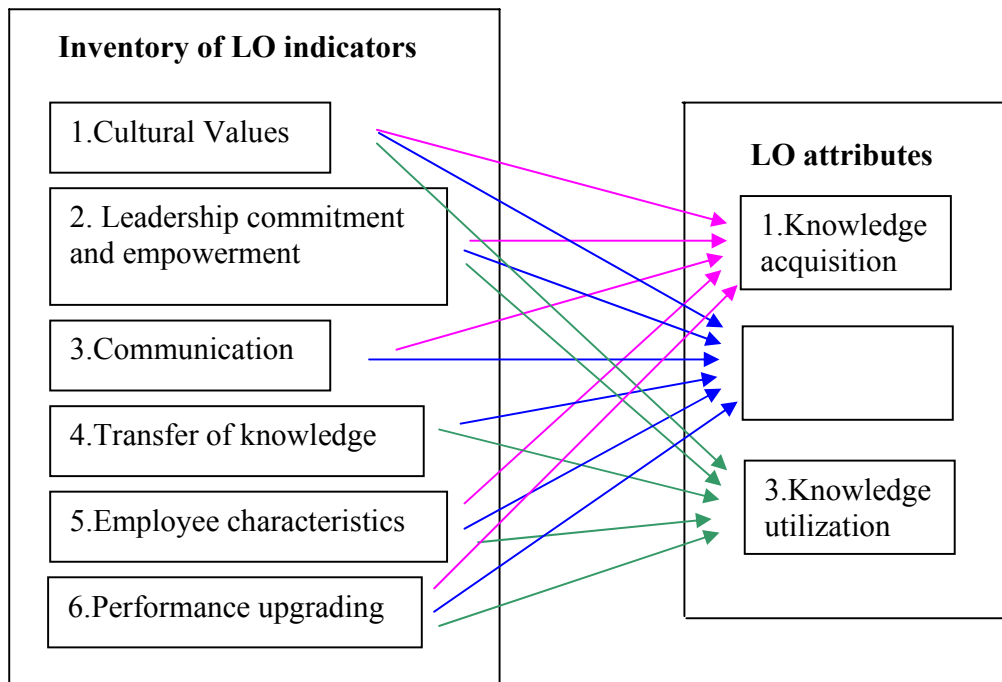


Exhibit 1.1 The link between the inventory of LO indicators and LO attributes

2.2.1 Cultural values

Cultures are formed from many sources such as individuals' education, professional, and work settings; the history of events and personalities in the organization; and an accumulation of collective efforts to make sense of all these over time (Mahler, 1997). Each business develops its own unique culture through its accumulated learning in terms of how to think, feel and perceive an environment that has contributed to the durability of the organization (Smith, 2002). It is agreed by Coutu (2002) that culture-changing programs are regular activities in today's organizations. As learning facilitates an organization adaptability to the rapidly changing environment (Prokesch, 1997), it reflects the culture in an LO.

Since learning is essential for an organization's continued existence, bringing flexibility and adaptability (Lucus, 2000) is also a key to successful cultural change. For that reason, for an organization to develop into an LO it needs to have a learning culture. The heart of a learning culture is an understanding of an organization's ability to learn and translate that learning into action (Abernathy, 1999). However, learning culture and values need to be supported by a climate of openness to experience, the encouragement of responsible risk taking and the willingness to acknowledge failure and learn from it (McGill and Slocum, 1993). This point will be further elaborated on under communication.

An organization with a learning culture is revealed by the following features. Firstly, organizations have a lifelong learning process. Which is characterized by a continuous process of learning and training; encouragement and facilitation of members' learning and experimentation (Barrett, 1995; Litch et al., 1996). Secondly, an LO is an organization with a learning environment, demonstrated by the freedom to try things and fail, acceptance of mistakes and failure without punishment (Ahmed et al., 1999, Barrett, 1995). Third, a boundaryless

organization, in which members desire learning and are forced to share, facilitates a learning culture (Ulrich and Van Glinows, 1993; Abernathy, 1999). Finally, continuous innovation (Hitt, 1995; Waldersee, 1997) is one of the goals of an LO.

In addition, to facilitate the learning culture, Schien (1993) suggests that incentives for employees when they do the right things have an impact on their behaviour. Likewise, Solomon (1999) and Mile et al. (2000) advocate that a reward system is needed for employees, teams who continuously learn and share knowledge. The rewards could be both material and psychological due to the risk that the employees or leaders have taken to develop themselves (Rowley, 1998). Hence, it is essential that this to be instilled in the organization's cultural values.

To summarize, cultural values are important characteristics of an LO. They have an influence in driving an organization towards the action of continuous knowledge acquisition in order to create innovation and improvement. Consequently, knowledge is acquired, shared and utilized among members within an organization

2.2.2 Leadership commitment and empowerment

To turn an organization into an LO, leadership plays a vital role in an organization. Goh and Richards (1997) imply that the achievement of the goal of learning needs to be committed to by leaders. Additionally, leadership makes organizations living systems – people learn and develop to meet new requirements over time (Smith, 1997). It is also suggested that the initiative to implement organizational learning must come from the top down, from senior managers who demonstrate to employees their own intention and commitment to learn (Vowles, 1993). Therefore, leadership commitment is essential as one of the organization's cultural values in order to encourage employees to learn or acquire, share and utilize knowledge.

Senge (1990) suggests that leaders' new work in building an LO is as a designer, teacher and steward which involves the responsibility for learning – people continually expanding their capabilities. A leader as a designer is the role of designing an organization's policy, strategy which needs to integrate vision, value and purpose. While, a leader as a teacher is the role of not just teaching but of encouraging members to learn. In contrast, leaders as stewards need to see the way individuals are devoted to their work in expressing their own sense of purpose.

Other researchers (Gephart and Marsick, 1996; Goh, 1998; Ahmed et al., 1999; Popper and Lipshitz, 2000) suggest that leadership provides a role model for employee learning and continuous improvement, and is also instrumental in encouraging an experimental culture, while Locke and Jain (1995) advise that leaders' key tasks are to instill a clear, shared sense of purpose to encourage teamwork, and empowerment investigation and risk taking within the organization. Additionally, Johnson (1998) cites Barrow and McLaughlin (1992) that leadership involves four main responsibilities which are creating vision; creating an atmosphere of trust; scanning the environment for opportunities and threats; and developing employees.

Furthermore, empowerment of employees should be pursued by leaders. Hitt (1995) and Symom (2000) propose that leaders in an LO can empower their staff by developing shared vision and delegation of authority, while Waldersee (1997) suggests that effective leaders facilitate self-regulation of employees by finding ways to set goals as well as helping employees to set their own goals and providing feedback on performance. As members become more empowered, they understand themselves better so that they can manage themselves in positive ways; are able to

cope with uncertainties; can manage their boundaries with others; can manage and be managed by others; and also help others to help themselves (Lee, 1995).

Leadership commitment and empowerment are significant characteristics of an LO. They promote continuous knowledge acquisition in an organization that in turn creates innovation and improvement. Moreover, it is essential as a cultural value of an organization to entrench leadership commitment and empowerment in organizational members. Therefore, it supports the activities of knowledge acquisition, sharing and utilization in an organization. As a result, leadership commitment and empowerment are justified as important indicators of an LO.

2.2.3 Communication

Communication among employees is essential in supporting learning in an organization. Effective communication between management and employees both upward and downward and among members, allows advanced improvement of knowledge, insight and meaning within an organization (Stambaugh, 1995; King, 1996; West III and Meyer, 1997; Nesan and Holt 2002). Additionally, it provides the link between individuals' communicative behaviour and organizational performance (Lundberg and Brownell, 1993). Therefore, communication is a condition for an LO.

In principle, an LO should have a clear purpose and a vision of how it wants to achieve this. All employees should have a chance to take part, discuss, share and contribute to this major concern (Leitch et al., 1996), ensuring that the vision and purpose is communicated effectively to its members (Hill, 1996; Prokesch, 1997). Therefore, members in an organization receive information and knowledge and recognize that they are heading in the same direction.

The basis of effective communication practices is conversation and coordinated action (Kofman and Senge, 1993). Effective communication in an LO needs to be clear, fast, and focused (Goh and Richard, 1997). Garvin (1993) advocates that knowledge must be spread effectively or, more specifically, accurately and timely. Moreover, it must be available to whoever needs it and presented in a form that facilitates its use (McGill and Slocum, 1993). Additionally, the enlightening of cultural values underlying a free and open communication system - team-building, knowledge-sharing, and break-through thinking throughout the firm - are means of support for an LO (Gephart and Marsick, 1996; Lei et al., 1999).

Furthermore, a climate of trust (Bennett and O'Brien, 1994; Gephart and Marsick, 1996; Elliott et al., 2000) is essential to develop a blame-free culture within an organization, a pre-cursor to learning stemming from effective communication. As a result, encouragement of experimentation and risk-taking is encouraged (Garvin, 1993; McGill and Slocum, 1993; Ahmed et al., 1999). The risk-taking culture includes freedom of experimentation and expectation for the employees; innovation is a part of their job (Ahmed et al., 1999). It is the role of communication to support cultural values for the seeking and testing of new knowledge.

Additionally, scholars such as Jones and Hendry (1994), Goh (1998), and Prokesch (1997), suggest that in order to facilitate communication in an LO, the organizational structure must be flat or with fewer levels of management, as well as being flexible and supporting team empowerment (Stambaugh, 1995; Buckler, 1996). In addition, cross-functional teamwork is recommended (Ulrich, 1993; Bennett and O'Brien 1994; Teare and Dealtry, 1998), along with face-to-face interaction, so as to form deep personal relationships (Prokesch, 1997).

Effective communication is suggested as an important facilitating factor of knowledge transfer in organization (Bresman et al., 1999). Communication is an essential indicator in supporting the learning culture or the cultural values of an organization as well as leadership commitment and empowerment. It must

- a) be free and open between members, customers, suppliers, competitors, and all stakeholders (Hill, 1996);;
- b) be fast, clear, and focused (Goh and Riochards, 1997);
- c) be open and shared (McGill and Slocum, 1993; Gephart and Marsick, 1996; Ahmed et al., 1999);
- d) expect and accept conflict of opinion(Barrett, 1995; Ahmed et al., 1999),
- e) view mistakes as a shared opportunity for learning (Gephart and Marsick, 1996),
- f) entail a willingness to share ideas and opinions (Bennett and O'Brien 1994; Liedtka, 1999); and
- g) be conducted in a climate of trust, a blame free culture in which members feel free to report errors (Elliott et al., 2000).

It is also suggested that an organization's structure be flattened or have fewer levels of management (Stambaugh, 1995; Buckler, 1996) to facilitate effective communication.

2.2.4 Knowledge transfer

Knowledge transfer generally takes place both within and across organizational boundaries (Bhagat et al., 2002). This study will be limited to the transfer of knowledge within an organization. Knowledge transfer arises when knowledge is circulated from an individual to others (Roberts, 2000). Filden (2001) suggests that knowledge is useful when it is freely available. The transfer of knowledge provides opportunities and an information base for members, groups or teams in organizations who are learning so that they can continuously innovate products or services, and processes. Therefore, knowledge transfer is one of the indicators for an LO.

Knowledge transfer is supported by communication. Bresman et al., (1999) cite Meyer (1991); Haspeslagh and Jemison (1991) advocate that the more interactions between individuals are encouraged, the higher the level of knowledge transfer. Moreover, knowledge transfer can be observed in the quick and efficient spread of knowledge throughout an organization (Garvin, 1993).

Advanced technology and the web are suggested as a means to obtain and distribute information; such computer systems facilitate communication among employees and ensure that members gain data relevant to their jobs (Bennett and O'Brien, 1994). Likewise, the motivation of employees is important and necessary for ensuring knowledge transfer (Sinclair, 2001).

However, learning in an organization can be decreased by a restriction of information flow and communication channels (Ahmed et al., 1999), and major obstruction of learning and quality improvement can result from poor communication (Stata, 1989). For that reason, leaders have to check the understanding of their employees through interaction with them (Waldersee, 1997).

Knowledge transfer requires leadership commitment and empowerment. Management needs to pay attention to and effectively promote relevant skills to their employees so that they can transfer, share and utilize knowledge which organizational members have successfully acquired in different ways. Therefore, one of the manager's priorities is to coach and help employees in shifting the concept of 'individual knowledge is power' to the concept of 'organizational knowledge is power' (Martinez, 1998).

2.2.5 Employee characteristics

Employees are the most significant assets of an organization (Hedgett and Luthans, 1994). In an LO, employees not only know how to do their job, they understand why they are important and how they contribute to the organization's goals (Stambaugh, 1995). Thus, all employees heading in the same direction and are in line with the organization's objectives.

To have such employees, an LO must possess an appropriate selection process. The human resource policy should emphasize hiring people who fit the organization, not just a particular job (Bhasin, 1998). Buckman (1998) suggests that the quality of the people that a company hires will be critical to its future success. It begins with recruitment and hiring people who continuously learn and who take pleasure in expanding and exploring their potential (Marquardt, 1999). Hitt (1995) advocates that an employee with the ability to learn must be a focus at this step. McGill and Slocum (1993) suggest that an LO must recruit people not simply for what they know, but for whether they are able to learn. Therefore, the human resource's recruiting procedure is underlined in LOs.

Once these employees who have an ability to learn join an organization, training and skill development are highlighted (Goh, 1998). Slocum (1994) has the same opinion that all employees must receive learning support and lifelong development. The skill sets required in an LO include shared leadership and coaching behaviour (Goh, 1998); ability in teamwork and problem solving (Bhasin, 1998); having a strong commitment to generating and transferring new knowledge and technology (Hedgett and Luthans, 1994); and a commitment to lifelong learning (Hill, 1996).

To respond quickly to new opportunities or changes, skilled employees' ability to learn (Hitt, 1995); ability in teamwork and problem solving (Bhasin, 1998); strong commitment to generate and transfer new knowledge and technology (Hedgett and Luthans, 1994); knowledge and understanding of how their jobs contribute to organizational goals (Stambaugh, 1995); and a commitment to lifelong learning (Hill, 1996) are a key success factor (Evans, 1998). In an LO, Hill (1996) clarifies that there is a high proportion of people who take pleasure in learning. Therefore, it is fair to say that employee characteristics are the main measures to assessing LO attributes since the 'right people' will embrace continuous acquisition, sharing and utilization of knowledge necessary for developing an LO.

2.2.6 Performance upgrading

Performance upgrading means continuous improvement and innovation, both of which can be achieved in processes, products and services (Buckler, 1998). The former is doing things better over time while the latter is doing better things. This requires behavioral changes in employees. The change of behavior stems from learning, for example, the acquisition and development of

new knowledge, attitude and skills. Thus members of an organization are expected to learn, which leads to an improvement in their performance.

Scholars recommend new paradigms for the advancement an organizational performance. For example Gill (1995) suggests that a high performance organization requires the following points: firstly, all business functions must be integrated. Then, all activities are a part of processes of continuous improvement. Next, there is the assumption that there are no quick fixes in an organization; the problems require analytic solutions. Subsequently, a long-term view is needed for meaningful results in which leveraged change must be emphasized. Finally, all employees are responsible for the systems in which they work.

In Locke and Jain's (1995) point of view, there are five inter-related dimensions in continuous improvement, which are: a view of what organization should become – vision; the culture of continuous improvement for everybody in an organization; how the firm organizes things as a reflection of how key tasks are carried out; leadership; and, finally, management.

Hitt (1995) recommends a balance scorecard. Critical indicators for performance include excellence in: on-time and better delivery, superior quality, increased market shared and zero rejection; financial performance improvement which can be seen from revenue, cost and project overruns; organization renewal; and cross-functional team, networking, staff development, investment in research and development, process design (Garvin, 1993; Hitt, 1995).

Performance upgrading as an LO indicator is slightly different from others. It is an organization's performance outcomes while in the process of developing itself into an LO. On the other hand, other LO indicators are driving factors which influence performance upgrading. Therefore, this study concludes that performance upgrading is a core product of knowledge acquisition, sharing, and utilization in an LO. Moreover, it is a decisive goal of an LO to obtain sustained competitive advantages.

Because an LO is an organization with the ability to adapt to change and continuously learn over time, it is anticipated that its performance must be experiencing either continuous improvement or innovation. Therefore, after an organization has developed the appropriate cultural values, leadership commitment and empowerment, communication, knowledge transfer, employee characteristic, and finally, has a performance upgrading outcome, it can be regarded as an LO provided these indicators are measurable. This leads us to the identification of research opportunities. The summary of inventories of LO attributes is shown in Appendix A.

3. Organizational change readiness

The business environment is uncertain and unstable. This is generated by changes in areas such as technology, politics and international trends – globalization, deregulation, and demographic and social trends(Drew and smith, 1995; Bates and Bloch, 1996; Chodak, 2001). Organizations have to undertake change within this dynamic business environment in order to stay ahead of competitors in the industry and to maintain a sustainable competitive advantage. To achieve this, organizations must make appropriate changes faster than its competitors and to ensure its superiority over them in the future through changes by utilizing acquired knowledge (Chodak, 2001). Thus, an organization with a high degree of change readiness should also possess strong LO attributes

Based on literature review, an organization with a high degree of change readiness should have the following characteristics:

- i) An organization with the characteristics of change readiness should be able to assess the external business environment. The organization needs to look to the future in order to understand and predict possible change in technology, the economy, demographics lifestyles and public policies which will be critical factors for creating and determining the new processes, products and services, and markets (Laczniak and Lusch, 1997). Therefore, due attention to the external environment will prepare an organization for its change readiness.
- ii) Leadership is considered as another factor that has an influence on change readiness. Henfoff (1990, cited in Laczniak and Lusch,1997) suggests that senior executives should be involved directly in the organization's future perspective, they should lead and motivate strategic initiative for their organization into action. Thus, a vision of the leadership is highlighted.
- iii) Organization with a high degree of change readiness should be characterized by an organizational culture that views change as the normal ongoing practice of extending organizational capabilities. Employees understand and are prepared to make the changes, while management encourages and ensures its implementation. Under these cultural conditions an organization is more adaptive to a changing environment (Smith and Mourier, 1999).
- iv) Management practices have been observed as a driving force for change readiness because practices such as management styles influence organizational change. Subsequently, communication is essential for all organizational processes, e.g. organizational change needs to be explained in terms of what, how and when (Smith and Mourier, 1999). Skill and job matching is also a vital management practice to ensure employees have the skills and capabilities to cope with change.
- v) Rewarding and recognizing change efforts are recognized as a key success factor for change implementation. People are willing to change if that change directly benefits them (Maurer, 2001; Coutu, 2002). Therefore, rewarding and recognizing change efforts are suggested as a features of change readiness in an organization
- vi) To foster readiness to change, an organization should have a structure that supports members to perform their work in new situations

There are numerous instruments for measuring organizational change readiness. The one developed in this study is based on review of the existing ones, and its key elements are provided in a summary in Appendix B.

4. Method for study

In order to verify the hypothesis that organization which have successfully developed attributes of LO are more ready for change, the researchers have selected mobile phone service providers

in Thailand, using the inventory of LO attributes indicators and change readiness indicators described above.

The mobile phone service providers in Thailand are chosen for the study as it is going through the period of hasty change due to privatization after economic crisis. The country is chosen as relatively few studies on learning organization have been conducted outside the more developed economies.

4.1 Industry background

The telecommunication sector equates to some 3 percent of Thai GDP (<http://www.tradepartners...telecom/Thailand>). The total revenue of telecom service in the country is US\$ 3.92 billion in 2001 and the total of mobile phone subscribers are 4.5 million in 2001 with growth rate of 35 percent. The mobile phone service providers in Thailand are organized under government concessionaires – The Telephone Organization of Thailand (TOT) and the Communication Authority of Thailand (CAT).

The present concessionaires are such as Advance Info Service Plc.; Total Access Communication Plc.; Digital Phone Co. Ltd., Wireless Communication Service Co. Ltd., Taiwan Mobile Telecom Co. Ltd.; and a company which is a joint venture between TOT, CAT and Radio Aviation of Thailand Co. Ltd. However, not all of these concessionaires are currently operating. The market is a duopoly that owns about 94.5 percent of mobile phone market. The first market leader gets hold of more than 69 percent of market share, while the second, about 25 percent. The penetration rate of mobile phone users is 6 percent in 2001/2002 and forecast to be 15 percent by 2003. The researchers have selected and obtained permission from these two market leaders to survey their employees in this study.

4.2 Research method

A self-administered questionnaire has been designed to test the hypothesis in this research. The questionnaire comprises 3 sections: the first section clarifies general information. The second is the inventory of learning organization attributes and the last one is the measurement of organizational readiness to change.

Multiple Rating List Scale is designed for this study under the heading of inventory of LO attribute indicators and change readiness assessment. A pilot testing of the survey instrument was undertaken in January 2003 to review possible errors in the design. The final version of the questionnaire consists of 129 questions and 348 and 335 copies were sent out to the two companies respectively. The quota sampling technique is applied in this study due to some limitation for example, the researchers are not allowed to have name list of employees in their companies. Hence, after stratified sample into management levels, the questionnaire is distributed internally by personal and public relations department. The questionnaire return rate is about 63 and 48 percent respectively.

The analysis of data is in process and will be examined in a later paper to be written and presented on the appropriate occasion.

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Appendix A

An inventory of LO indicators

Inventory of LO indicators	Activities to identify sub-indicators
1.Cultural values	<p>An organization which:</p> <ul style="list-style-type: none"> • Has the ability to learn and translate that learning into action; • Has individual members who expand their abilities through learning and sharing their insights with colleagues; • Can learn from its competitors’ successes and failures; • Can learn from the ideas of its suppliers and decide on a supplier according to customers’ needs; • Has a continuous process of training and learning; • Encourages and facilitates its members’ experimentation; • Encourages and facilitates its members learning from their own and others’ experience; • Has members who learn from both successes and failures and learn to improve their abilities from those experiences; • Has employees who develop new working relationships, build teams, acquire problem solving skills, identify and prioritize problems; • Invests in learning, measurement and track learning; • Has members who regard learning and training as routine; • Is willing to acknowledge failure and learn from it; • Has freedom to try things and fail; • Has a supportive climate of openness; • Has continuous innovation; • Has a culture of accepting mistakes without penalty; • Has a norm of speaking openly and honestly about important issues; • Has a norm of supportive relationships between members and an atmosphere of trust; • Is boundaryless in which members desire learning and are encouraged to share, facilitate learning culture; • Has rewards systems to reward its employees; • Has incentive and motivation to drive learning
2.Leadership commitment and empowerment	<p>Role models of knowledge acquisition and sharing activities;</p> <ul style="list-style-type: none"> • Highlight the organizational culture that fosters knowledge sharing and use technology to facilitate value creation; • Designing an organization’s policy, the strategy that integrates vision, value, purpose; • Senior management has a strong commitment to the organization; • Role models of learning and continuous improvement; • Management engages in selecting leaders who teach and have vision;

	<ul style="list-style-type: none"> • Involved in learning initiatives; • Develop their vision and delegate authority; • Create an atmosphere of trust; • Scan the environment for opportunities and threats; • Motivate employees to have intrinsic desire for learning to learn skills, a sense of ownership, a sense of cooperate responsibility; • Instill a clear, shared sense of purpose to encourage teamwork; foster a shared sense of trust, cooperation and confidence in the teams' capacity to achieve positive results; • Encourage the use of organizational knowledge in line with competencies and goals; • Facilitate self-regulation of employees; • Teach and encourage members to learn and develop to their full potential and encourage them to generate their own development plans; • Enhance an employee's ability to learn, provide learning opportunities; • Empower staff through localized and decentralized decision making in order to give them sense of responsibility for their actions; • Help members to integrate what they have learnt; • Management engages in teaching leaders to coach and facilitate their members learning; • Ensure that the learning environment is maintained; • Help employees to select their own goals; • Directly reward LO behaviour themselves; • Facilitate adequate resources and information
3.Communication	<ul style="list-style-type: none"> • Vision and purpose is communicated effectively to members; • Communication is free and open between members, customers, suppliers, competitors and all stake holders; • Knowledge is shared and break-through thinking is encouraged throughout the firm; • Knowledge is communicated quickly, clearly, and with focus; • There is an effective listening culture; • Members expect and accept conflict in communication; • There is a culture of allowing mistakes to be shared and viewed as an opportunity for learning; • Members feel free and unafraid to share ideas and speak their mind; • Members feel free to report errors; • Employees have a chance to take part in the discussion and sharing of key concerns • No barriers between management and employees; • Organizational structure is flat in order to facilitate communication;

	<ul style="list-style-type: none"> • Cross-functional teamwork and face-to-face interaction in the organization
4. Knowledge transfer	<ul style="list-style-type: none"> • Knowledge in organizations is freely available for members; • Members in organizations learn from each other; • Organizations have advanced technology to obtain and distribute knowledge; • Organizations share knowledge through every team doing something that others in organization could make use of and themselves using what others know; • Members in organization at both an individual and team level share insights with colleagues; • Organizations' members desire to learn and share knowledge and engage in improvement of product quality and speed, innovation and customer satisfaction; • Knowledge is freely exchanged with customers so as to match customer needs and the organizations' core capabilities; • Members feel confident to share knowledge with each other; • Individuals as a team members contribute their own set of experiences, beliefs, thoughts and feelings to the team process; • Knowledge is transferred through share mindset, vision, value, knowledge, communication and information; • Employees within organizations can learn from past failure and from other organizations; • Knowledge in organizations is spread quickly and efficiently • Knowledge is encoded, recorded and displayed for learning purposes. • Knowledge is embedded in documents, organizational routines, processes, practices and norms; • Knowledge is stored in explicit forms such as work manuals, instruction sheets, data files, and computer databases; • Individual knowledge is recorded and encoded in an explicit form as a part of an accessible organizational memory; • Members in organizations are motivated to share or transfer knowledge; • Organization has a systematic method of storing and using knowledge
5. Employee characteristics	<p>Members:</p> <ul style="list-style-type: none"> • Have the ability to learn; • Know and understand how their jobs are important and contribute to an organization's goal; • Know how to utilize knowledge to solve problems, generate new ideas for processes, products and services; • Have the ability to work in teams; • Have share leadership behaviour; • Have the ability to problem solve; • Have a strong commitment to generating and transferring new

	<p>knowledge;</p> <ul style="list-style-type: none"> • Have a commitment to lifelong learning; • Have knowledge and understanding of how their jobs are important and contribute to organizational goals; • Demonstrate a commitment to learn by constantly looking for new ways of working and building learning opportunities; • Management focus on HRD as a central policy; • Management emphasis on recruiting employees who fit the organization; • Organization has a high proportion of people who take pleasure in well honed, self-development and learning to learn skills; • Short- and long-term education and training can reform the existing environment and future possibilities; • Employees have appropriate education, experience and intellect
6.Performance upgrading	<ul style="list-style-type: none"> • All business functions are integrated; • A benchmark of performance indicators is sought; • Continuous improvement in processes and products or services; • Innovation in processes and products or services; • Rewards system encourages learning and sharing; • Alternatives to financial rewards motivate members; <p>The organization:</p> <ul style="list-style-type: none"> • is perceived as excellent in on-time-delivery and as having superior quality; • has zero reject product; • has an increasing rate of market share; • has excellent financial performance. • does things better and does better things

Appendix B

The list of readiness to change aspects

The aspect of change readiness	Description
1. External environment	<ul style="list-style-type: none"> • Knowledge of the organization's position in the industry in relation to competition in the marketplace • Customer perception of organizational members • Organization's members have knowledge of customers
2. Leadership	<ul style="list-style-type: none"> • Leaders support organizational goals and mission • Leaders motivate members to work as a team • Leaders conduct trustworthy and ethical processes • Leader communicate clearly and consistently about changes that affect members and their jobs • Leaders are consistent and decisive • Senior management's commitment to and a manager's competencies in supporting members, receptivity to new ideas, and willingness to act • Financial support from management
3. Organizational culture	<ul style="list-style-type: none"> • Organization should have a culture of empowerment • Cultural of supporting organizational members to perform their work, risk taking and change • Culture of readiness to change is considered in terms of vision value, information technology, in house experience availability, comfort level with new technology and value chain target
4. Management practices	<ul style="list-style-type: none"> • Management style involves encouraging members to make decisions, to be frank and open, to develop in both formal and informal ways • Members in organization share information and friendly relationship • Emphasizing the ability of each individual in terms of trust, cooperative, recognition and appreciation of diversity in the working group
5. Communication	<ul style="list-style-type: none"> • Communicate new ideas, openly share and contribute with other members, to build standards and procedures into the work place • Clear, concise communication as a way for assessing organizational readiness to change • Communication of change is emphasized to review whether organization is ready for change
6. Skill and Job	<ul style="list-style-type: none"> • To check whether employees are clear in what they need to do

matching	<p>and that their skills match their jobs</p> <ul style="list-style-type: none"> • Organization members' feeling of work challenge needs to be ensured • People leading change need to be capable at a number of skills: <ul style="list-style-type: none"> ○ Creating alignment among diverse interest ○ Listening to and eliciting concerns and fears ○ Working with others to create share vision ○ Anticipating and responding appropriately to resistance ○ Communicating by keeping people informed
7. Rewarding and Recognition	<ul style="list-style-type: none"> • People have to believe that change will benefit them • Rewards and compensation should link to organization success • Motivation emphasized in job satisfaction, level of employees moral, the feeling of being empowered, contributing to the organization's goal • The feeling of job security and self-worth in an organization
8. Organizational structure	<ul style="list-style-type: none"> • Organizational structure must help members to perform their work • Members have to understand the organization's goal and their roles in achieving that goal • If the organization is in the process of restructuring, it is essential to examine the employees' understanding of change • Have to determine whether systems policies and procedures help or hinder employees in their work • Technology supports members in doing their work