

## Individual and Organizational Barriers Impeding the Establishment of Learning Organizations: An Application on the Egyptian Banking Sector

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### Abstract

*The study aims to explore the individual and organizational barriers that impede the establishment of a learning organization. These barriers are studied and analyzed in alignment with Peter Senge's five disciplines of the Learning Organization (LO). This is an exploratory research; with a small sample size of five international banks in Cairo. Using a qualitative approach, semi-structured interviews were conducted with banks' managers and self-administered questionnaires were distributed to banks' employees to study the research individual and organizational variables. This study makes a distinct contribution to the field by proposing a continuum to evaluate the degree of learning organization at any institution. The study indicates that employees' non-readiness to learn, organizational unsupportive culture and transactional leadership are three barriers towards the establishment of LO. The analysis could not however identify the mechanistic organizational structure as a barrier towards the establishment of a learning organization.*

**Key words:** Individual and Organizational Barriers, Learning Organization, Peter Senge's five disciplines, Egyptian Banking Sector

### 1. Introduction

The turbulent nature of the business environment calls for a more contemporary type of organization that is adaptive and, more importantly, proactive to the future. That is especially true in the wake of the contemporary global, political, and social disorder in the world, in general, and in the Middle East, in particular. A 'Learning Organization' is a popular example of nowadays needed organizations. Much of the literature on learning organizations discusses the factors of which presence are crucial for the establishment of LO. This paper, however, investigates the obstacles towards LO establishment and classifies them as individual and organizational barriers. Moreover, this study integrates Peter Senge's five disciplines of LO; which are Personal Mastery, Mental Models, Shared Vision, Team Learning, and Systems Thinking (Senge, 2006), with these barriers.

### 2. Literature Review

The notion of the Learning Organization (LO) has emerged since 1938 when John Dewey introduced the concept of experiential learning (Fieldbook, 2009) in his book Experience and Education (Starnes, 1999). Since then, the concept received much attention from many theorists, consultants and professionals. However, the idea of establishing a learning organization was not yet popular until it was brought back to public attention in the 1990s by the father of The Learning Organization Theory - Peter Senge.

According to Senge (2006), learning organizations are "*organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together*". In fact, many definitions exist for learning organizations; nevertheless, they all have a common theme: the *continuous learning and sharing of knowledge* as the two major dimensions of a learning organization. Despite the importance of learning organizations, it is noticed that it is not applied in many organizations due to some impeding factors. The study defines the barriers towards establishing LO into individual and organizational barriers. This classification tends to be reasonable as a learning organization can be seen as "*a set of related elements at both individual and organizational levels*" (Abu Khadra & Rawabdeh, 2006).

## 2.1. Individual Barriers towards Establishing LO

As stated by Jamali, Khoury and Sahyoun (2006), “*Commitment to individual learning is vital, given that organizations learn only through individuals who learn*”. Therefore, employees’ non-readiness to learn; whether due to their ‘inability’ or ‘unwillingness’ to learn and share knowledge could be a major obstacle in LO. The first discipline that Senge identifies to distinguish learning from non-learning organizations is ‘*Personal Mastery*’; which is the individuals’ capability to expand their personal capacity so as to create the results they desire the most (Senge, Ross, Smith, Roberts, & Kleiner, 1994). People having high levels of personal mastery live in a continual learning mode (Smith, 2001). Another learning discipline is related to the ability of individuals to develop and understand their own ‘*Mental Models*’ (Senge, et al, 1994). Employees who are unable to develop and understand their mental models and view issues from others’ perspectives, will become resistant to new perceptions and insights and thus, will be unable to learn. Budd (2005) argues that one of the important determinants of establishing a learning organization is the knowledge workers’ ability to reconstruct more effective mental models.

An exploratory study found that one of the common factors inhibiting the establishment of a learning organization was a lack of motivation to engage in either learning processes or new tasks (Sambrook & Stewart, 2000). Reasons for employees’ unwillingness to share knowledge could be due to lack of trust. A research that was conducted in a Chinese bank to explore the knowledge sharing barriers at the individual level; concluded that fear of loss of knowledge power is a major reason that prevents employees from sharing knowledge (Huang & Davison, 2008).

## 2.2. Organizational Barriers towards Establishing LO

An organizational unsupportive culture, mechanistic structure and transactional leadership style are the focus of this research as the three major organizational barriers that could impede the application of the LO concept.

### 2.2.1. Organizational Culture

A study that was conducted to assess the development of the LO concept in Jordanian industrial companies showed that two of the most critical foundations for a learning organization are a supportive culture that encourages experimentation and a learning climate (Abu Khadra & Rawabdeh, 2006). In other words, Cummings and Worley (2009) describe the learning organization’s culture as one that promotes openness and creativity among its members. Such a culture cultivates new patterns of thinking, supports taking calculated risks, considers failures as learning opportunities, encourages innovation and also encourages collective learning through information sharing. In his book *Developing a Learning Culture in Non-profit Organizations*, Gill (2009) argues that the culture can be a barrier to learning as he states that “*in some organizations, the culture discourages risk taking but without risk taking, there is a little opportunity for learning*”.

### 2.2.2. Organizational Structure

The second organizational barrier to establishing LO is an organizational mechanistic structure. Learning Organizations “*have open lines of communication with employees, customers, suppliers, and competitors*” (Abu Khadra & Rawabdeh, 2006) and thus need organic structure. An organic structure facilitates decentralized decision making which encourages empowerment and systems thinking. Known as the fifth discipline, ‘*Systems Thinking*’ is the cornerstone of learning organizations as it brings the other four disciplines together and helps them to work for the benefit of the organization. It is the employees’ ability to think about and create a language to describe and understand the forces and interrelationships that shape the behavior of systems (Senge, et al, 1994). Moreover, the organization’s organic structure facilitates ‘*Team Learning*’; which is another discipline introduced by Senge. He highlights the significance of team learning for LO by stating that “*People who need one another to act are becoming the key learning unit in organizations*”. According to Dymock and McCarthy (2006), the internal structure of a learning organization should be designed in a way in which cross-functional groups are used in work “*to access different modes of thinking*” where they exchange knowledge and information.

### 2.2.3. Organizational Leadership

According to Senge (1990), learning organizations call for a new view of leadership (as cited in Smith, 2001). He believes that leaders should act as *designers, stewards and teachers* in LO. Acting as stewards, leaders should be responsible for maintaining and sharing the organization vision; as ‘*Shared Vision*’ is one of Senge’s five disciplines.

The four main characteristics of transformational leaders; which are *Idealised Influence, Inspirational Motivation, Individualised Consideration, and Intellectual Stimulation* match Senge's view of the new leadership style that is needed for LO (Robbins, Judge, & Hasham, 2012). Similar to Senge, Bass and Riggio (2008) stress that the perception of leaders is changing and that new type of leaders is actually needed. They claim that, among other things, the contemporary emphasis on creating LO "have made the organizational leadership environment more conducive to transformational leadership". Conversely, transactional leadership hinders the establishment of the learning organization; "command-and-control' seems to be a widespread barrier to learning" (Buckler, 1998). That is especially true since empowerment is one of the most important aspects that nurture 'Personal Mastery'; as emphasised by Jamali et al. (2006), "Empowerment encourages individuals to pursue their growth process, to seek development opportunities, to surface, experiment, challenge and adapt; hence nurturing the drive towards personal mastery".

### 3. Methodology

This is an exploratory study investigating the individual and organizational barriers that obstruct the establishment of learning organizations in the banking sector through examining four research questions. First, is employees' non-readiness (in terms of their inability and/or unwillingness) to learn and share knowledge a barrier to applying learning organizations? Second, would an organizational culture; that does not support continuous learning be a barrier towards the establishment of a learning organization? Third, does a mechanistic organizational structure impede the establishment of learning organizations? Fourth, is transactional leadership an obstacle in applying learning organizations? The study is applied on five international banks in Cairo. The research is based on qualitative analysis of the different individual and organizational barriers in alignment with the five disciplines of Senge's learning organization; that is known as the founder of the Society for Organizational Learning.

The study is conducted on two stages. The first stage aims to develop some criteria to identify organizations as either learning or non-learning organizations through a combination of primary and secondary data analysis. The primary data is gained by conducting semi-structured in-depth personal interviews with the banks' managers. That is to check if they are aware of the LO concept; to categorize the bank as either a learning or non-learning organization; and get the management perspective regarding the research variables and thus, assist in the interpretation of the employees' questionnaires analysis.

The second stage of the study comprises distributing a self-administered questionnaire to a convenience sample of banks employees. Some of the questionnaire questions are obtained from 'Dimensions Of Learning Organization Questionnaire' ('DLOQ') (Marsick & Watkins, 2003); whereas, the rest of the questions were developed as a result of the qualitative analysis of the managers' interviews. Each group of questions is designed to examine one of the research variables. The mathematical mean of each group of questions serves as an indicator of the degree to which this variable exist in the studied bank as exhibited in Table 1. The theoretical research frame work is illustrated in Figure 1.

### 4. Findings/Discussion

Although all the banks are learning organizations, with varying degrees, managers are unaware of the 'Learning Organization' concept. The qualitative analysis of the managers' interviews and banks' secondary data, lead to the development of the following common criteria as *preliminary indicators of a learning organization*:

- a) Bank's Reputation for Success;
- b) Awards Earned;
- c) Meetings' Purpose and Effectiveness;
- d) Brainstorming Sessions; and
- e) Training Programs.

It has been found that all above criteria are common among the five studied banks and reflect the essence of learning organizations. The type of meetings conducted and their output; calling for brain storming sessions to encourage creativity and innovation; and fulfilling organizational and individual needs for training and development, are all important tools of an organization that identifies itself as a LO. The banks' reputation for achievement, competitiveness and awards earned reflect the success of those banks in today's turbulent environment and thus, are positive indicators for LO.

Since the five learning indicators exist in varying degrees in each bank, it is found that every bank is a learning organization to a certain degree and no bank is to be considered a totally non-learning organization. In today's knowledge society, organizations are obliged to engage in a continuous process of learning if they are to thrive and even survive. Therefore, having two extremes of learning and non-learning organizations is unrealistic. And accordingly, the five banks would be better placed along a continuum as shown in Figure 2; where Bank 'A' covers all 5 criteria and thus it can be categorized to a great extent as a learning organization; followed by Bank 'B'. Bank 'C' could be considered a learning organization as it fulfils three of the five LO criteria. Compared to Banks 'A' and 'B', bank 'D' cannot be considered as a well-established LO. Bank 'E' is the least learning organization.

#### **4.1. Individual Barriers - Employees' Non-Readiness to Learn**

##### **4.1.1. Employees' Inability to Learn**

The first four questions in the questionnaire aim to determine the employees' ability to learn. As shown in Table 1, employees' ability to learn is the lowest in Bank 'E' with a mean value of 20.1 and highest in Bank 'A' with a mean value of 24.9. Meaning that the employees' inability to learn is highest in Bank 'E' compared to all other banks which is in congruence with the LO continuum (Figure 2). Although Bank 'C' is categorized as a higher learning organization than Bank 'D' on the LO continuum, it has a less mean value compared to Bank 'D'. It is important to explain this discrepancy through further investigation of Senge's two disciplines that affect the employees' ability to learn; i.e. '*Personal Mastery*' (questions 1&2) and '*Mental Models*' (questions 3&4). As Table 1 shows, the mean of personal mastery tends to be higher for the more learning organizations (banks) and lower for the less LO. However, personal mastery is higher in Bank 'D' than in bank 'C' which could partially explain the variant finding. Another explanation can be deduced from the interview with Bank D's branch manager who said that, "*the bank's employees have high potential to learn and gain experience but the bank does not support their needs*". This means that employees' ability and willingness to learn is not enough to categorize the organization as a learning one; and does not compensate for the organizational unsupportive culture. *Thus the answer to the first dimension of the first research question is that employees' non-readiness – in terms of inability to learn – is a barrier to applying learning organizations.* The findings are supported by Joyaux (2001) who states that "*an organization will only learn if the individuals within it learn too*".

##### **4.1.2. Employees' Unwillingness to Learn and Share Knowledge**

Questions 5-12 test the employees' unwillingness to learn and their resistance to change. As shown in Table 1, employees' willingness to learn tends to be highest in Bank 'A' which is the most well-established LO bank and tends to decrease along the LO continuum. *Thus the answer to the second dimension of the first research question is that employees' non-readiness - in terms of their unwillingness to learn and share knowledge - is a barrier to applying learning organizations.* Loermans (2002) states that one of the major reasons that organizations fail to establish as learning entities is the unwillingness to learn that exists among employees, especially at the senior level.

#### **4.2. Organizational Barriers**

##### **4.2.1. Unsupportive Organizational Culture**

Questions 13-16 examine organizational supportive culture towards learning; where the first two questions test the discipline of '*Mental Models*'. As shown in Table 1, Banks 'A' and 'B' have the highest mean value compared to Banks 'C', 'D' and 'E'. The higher the mean values, the more the organizational culture supports learning.

During the field study, it was recognized that the banks with strong organizational culture have a great influence on the promotion of LO. For example, Bank 'A' has a very strong supportive culture where logos that motivate and encourage employees' to learn and share information can be found everywhere around the bank, even in the manager's office where the following is posted: "*Individuals play the game but teams win the champion*". However, it should be taken into consideration that having a strong culture can be disadvantageous if it is unsupportive of the concept of learning and "*offers serious resistance to change*" (Fulmer, 2000). *Thus, the second finding is that an organizational culture; that does not support continuous learning is a barrier towards establishing LO;* which is supported by Senge's (2006) Theory of The Fifth Discipline, "*In a Learning Organization, people feel free to try experiments, take risks, and openly assess the results. No one is killed for making a mistake*".

#### 4.2.2. Mechanistic Organizational Structure

Questions 17-21 identify the dynamics of the organizational structure and the disciplines of 'Team Learning' and 'Systems thinking'. As presented in Table 1, the higher the mean value the more organic the organization is. The banks that are categorized highly on the LO continuum such as banks 'A' and 'B' have higher mean values. However Bank 'A' has a lower mean value than Bank 'B'; i.e. Bank 'A' has a less organic organizational structure than Bank 'B'. This could be partially explained by Bank 'A' branch manager who mentioned (in the interview) that: "*Although the organization is supposed to have a flat organic structure 'on paper', this takes place to a lesser extent in reality*". Nevertheless, he said that this does not hinder the organizational effective two-way communication where "*there is an open door policy*" between the employees and the top management. It is thought that it is of particular interest to examine closely two dimensions of how organic the organizational structure is. These two dimensions are the decentralization of decision making and team working.

##### 4.2.2.1. Centralization of Decision Making:

Reference to Table 1, it should be noted that the higher the value of the mean, the higher the decentralization of the decision making. The findings reflect that the more the bank's organizational structure is organic, the more decentralized the decision making is and the better established the bank as a LO. Nevertheless, although Bank 'A' is the highest on the LO continuum, its mean value is less than Banks 'B' and 'C'; i.e. it has less decentralized decision making process. The findings indicate that centralized decision making is not a barrier towards the establishment of LO as long as these decisions are effectively communicated using two-way street.

##### 4.2.2.2. Absence of Team Work:

In general, organizations with organic structure tend to be more team based. Ramezan (2011) suggests that, "organic structure leads to new capabilities for the firm and has improved the intellectual capital by enhancing teamwork, decentralization of power and control and a higher level of informality". Reference to Table 1, banks 'B' and 'D' have higher mean value of teamwork than bank 'A', although bank 'A' is placed higher on the LO continuum. These findings contradict that of the literature; Senge introduces the discipline of 'Team Learning' as a major feature of learning organizations which cannot be achieved unless teamwork takes place.

Through managers' interviews, it has been found that they do not understand the difference between group work and teamwork. Another interpretation could be due to the special nature of the banking field where information sharing is a must (not an option) for the banking processes and services to be delivered. But it is mainly shared through the banking official and unofficial networks and procedures embedded in the banking sector itself (e.g. the Central Bank of Egypt, the international stock markets). As stated by Nitschka (2012), "With respect to the construction of the measure of banking sectors' international interconnectedness two guidelines emerge from the recent literature....., it is important to not only incorporate information about links of domestic banks to foreign banks but also the links of domestic banks to their affiliates in foreign countries."

*Therefore, it cannot be confirmed that mechanistic organizational structure is a barrier towards the establishment of LO.*

#### 4.2.3. Transactional Organizational Leadership

The leadership style is identified through questions from 22-29. As shown in Table 1, the higher the mean value the higher the degree of transformational leadership style within the bank. The highest mean is that of Bank 'A' which is categorized as the highest LO, then the mean values decrease gradually till reaching the lowest mean of Bank 'E' which is categorized as the least LO. Some of the questions test the degree to which leaders empower their employees. The findings are supported by Senge (2006) who says that leaders should act as teachers, stewards, and designers in learning organizations. These characteristics match transformational empowering leaders. Moreover, it is in congruent with one of Senge's five disciplines which is 'Shared Vision'. As Neilson & Daniels (2012) describe it, "Through idealized influence, transformational leaders help followers realign their values with the leaders' vision and goals; they inspire followers to commit to a shared vision and goals for the group thereby creating a sense of cohesion".

*Therefore, the fourth research finding is that transactional leadership is an obstacle in applying learning organizations.*

## 5. Conclusion and Implications:

The major contribution of this study is proposing a continuum to evaluate the degree of learning organization in the banking sector; that is through the fulfillment of five preliminary indicators of a learning organization which are: Bank's Reputation for Success; Awards Earned; Meetings' Purpose and Effectiveness; Brainstorming Sessions; and Training Programs. The study indicates that employees' non-readiness to learn, organizational unsupportive culture and transactional leadership are three barriers towards the establishment of learning organization. Employees' ability and willingness to learn are not enough to establish a learning organization unless there is a supportive culture. A learning organizational culture is one that creates the challenging work environment necessary for nurturing learning. Transformational visionary leadership builds the supportive culture. Empowering leaders are able to shape organizational culture and climate, as well as inspire individuals to get committed to the learning process. The analysis could not however identify the mechanistic organizational structure as a barrier towards the establishment of a learning organization.

It is recommended that top management and HRD departments enhance staff awareness of the concept of learning organization. They also need not only to train staff on the application of LO; but also to educate them about the importance of LO, decentralization of decision making, and the difference between group work and team work.

This is an exploratory study that has been applied on five banks. The results of this study may be elaborated and sustained by another study that will be based on representative random sample and by using appropriate statistics inferences techniques. More research is needed to study the effect of organizational structure; 'centralization of decision making' and 'team work' on learning organizations.

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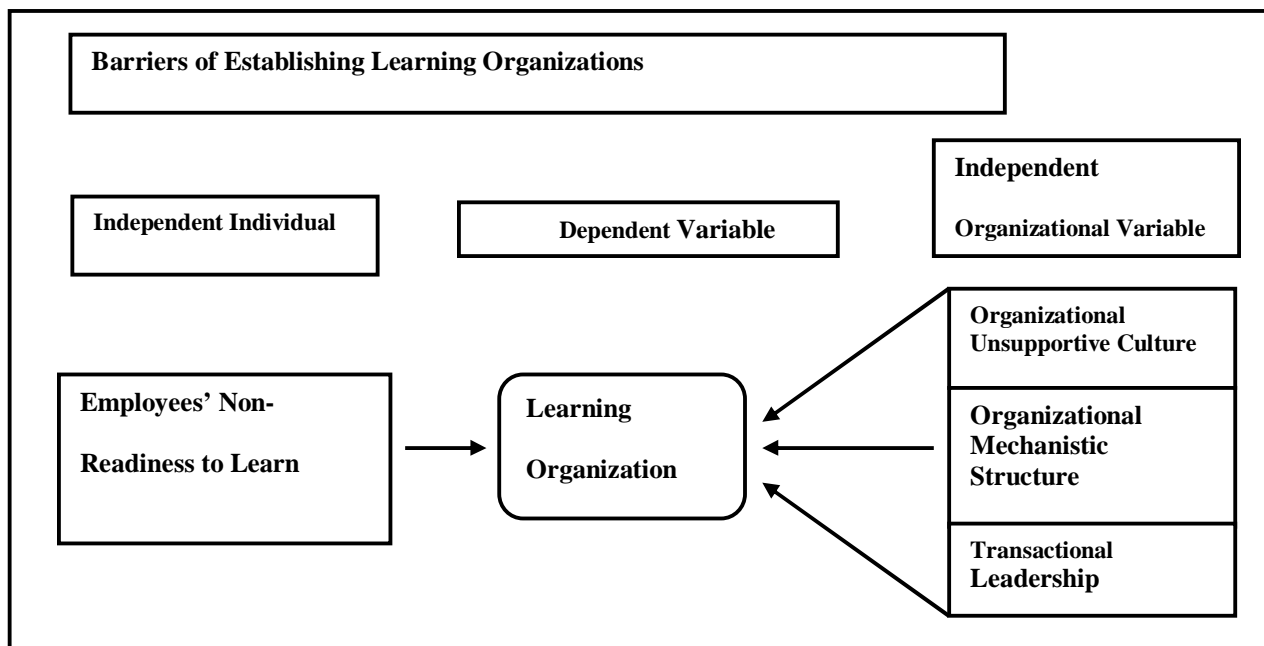
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**Figure 1: Individual and Organizational Barriers Impeding the Establishment of Learning Organizations**



**Figure 2: The Learning Organizations Continuum**

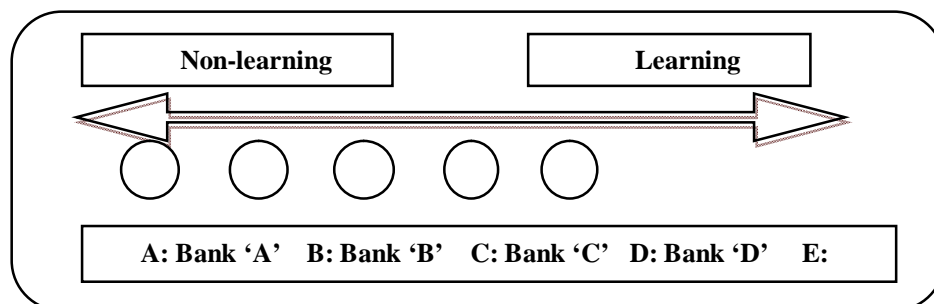


Table 1: The Mean of LO Barriers in the Five Banks

Criteria		The Mean				
		Bank 'A'	Bank 'B'	Bank 'C'	Bank 'D'	Bank 'E'
<b>First: Individual Barriers</b>	<b>1. Employees' Ability to Learn</b>	24.9	24.7	21.1	22.4	20.1
	<b>Personal Mastery</b>	19.9	19.5	16.7	17.9	16.0
	<b>2. Employees' Willingness to Learn</b>	10.0	9.1	8.1	7.9	6.6
<b>Second: Organizational Barriers</b>	<b>1. Organizational Culture</b>	17.9	18.1	13.7	12.4	10.9
	<b>2. Organizational Structure</b>	17.7	18.2	15.2	12.9	10.8
	<b>2.1. (Mechanistic Vs Organic)</b>					
	<b>2.1.1. Decision Making (Centralisation Versus Decentralisation)</b>	2.9	4.0	3.1	2.8	2.4
	<b>2.1.2. Teamwork</b>	4.5	5.2	4.2	4.6	3.9
	<b>3. Organizational Leadership</b>	37.3	36.0	29.0	29.4	26.0
	<b>Leadership Style (Empowerment)</b>	4.7	4.5	4.0	3.6	3.5