DIMENSIONS OF THE LEARNING ORGANIZATION WITHIN PHARMACEUTICAL COMPANIES IN ROMANIA

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ABSTRACT

The present research paper brings evidence both from theory and practice in order to provide new insights on the learning organization's dimensions. Within the first part of the paper we approach the concept of the learning organization through a dual perspective of general and specific theory. After introducing our perception about the well-known concept of the learning organization we present in detail the main five disciplines of Senge and other contributors. The theoretical part includes the concept description and the argumentation of its scientific and practical relevance. The second part of the paper presents gradually the research scope, research methodology, research instrument, data analysis and interpretation of results. The main goal of the paper is to shape the portrait of the learning organization through argumentation of the theoretical background and the case study -analysis of the dimensions of the learning organization in pharmaceutical companies in Romania, highlighting particular aspects observed both in SMEs and large companies. The desired result is to identify a practical framework, to formulate viable recommendations for companies in Romania in order to join the learning organization philosophy. One conclusion of our work reveals that organizations that will truly excel in the future are those which will discover how to capture people's commitment and how to boost capacity to learn at all levels of the organization.

KEYWORDS: learning organization, knowledge, organizational learning, SMEs,

JEL CLASSIFICATION: M12, M14, M16.

1. INTRODUCTION

The learning organization or knowledge based organization is that "organization that continually expands its capacity to create the future; for such an organization, it is not enough merely to survive. (Senge, 1990) The learning for survival, often seen as the adaptive learning, important and necessary, couples with generative learning that develops substantial capacity to create." The aim is to find how to create and improve learning capacity of the organization, aiming at achieving superior results in practice.

The concept of learning organization has gone through many changes both the theoretical development and the practical application tests. Surely all organizations in one form or another, learn. In recent years, however, some organizations have declared their intention to learn and try to establish strategies for how to learn, how to capture and transform knowledge into results for the organization.

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There was the idea that an organization can learn through independent means without the individuals that form it. It was first formulated by Cyert and March, in the year 1963. Indeed the published work has generated much discussion and debate.

In 1978, Argyris and Schön made a distinction between the organizations which are able and unable to engage in learning. Their approach drew attention to the fact that often the human behavior in organizations cannot change at pace with economic changes. A learning organization is "an organization with a strong philosophy for anticipating, reacting and responding to change, complexity and uncertainty." The key ingredient of the learning organization lies in how organizations process their managerial experiences (Malhotra, 1996). Overmeer (1997) considered the learning organization as "a particular organizational environment that facilitates individual learning, which in turn is valued by the organization and encourage the continued development of new behaviors and practices."

One thing is certain: the learning organization is the organization that transforms itself continuously. Learning is a continuous process, a strategic process, work integrated and ongoing with work itself-process.

In the context of a learning organization the learning methodology is closely linked to the methodology of knowledge sharing. Considering learning a strategic approach to lifelong learning we refer to the increasing need of development on the individual level, the collective level and intellectual capital level. According to Marsick and Watkins (1996) learning and knowledge sharing in an organization takes place on four levels, first as individuals learn on their own; and after they became integrated into an organization individuals go in terms of learning in a group/working team. We support the idea that the development of learning methods is based on an individual's willingness to learn and evolve. Later these evolve into methods and techniques of group learning.

To begin with, for the first level of learning, the individuals realize meanings/significations, build up their skills and accumulate knowledge. The next level, the peer learning is achieved when employees are working together to create knowledge and develop the ability to collaborate. At the organizational level learning is reflected in the organization's culture, policies, operating procedures and/or information systems. When the organizational level is exceeded we reach the thinking globally issue.

This paper aims to shape the portrait of the learning organization and the analysis of the dimensions of the learning organization in pharmaceutical companies in Romania, highlighting particular aspects observed both in SMEs and large companies. It aims to identify a practical framework, to formulate viable recommendations for companies in Romania in order to join the learning organization philosophy.

2. DIMENSIONS OF THE LEARNING ORGANIZATION AND CONTRIBUTIONS TO THE CONCEPT DEBATE

We can say that the concept of learning organization is discussed since the early twentieth century. Although it seems that this concept was first introduced by Garratt in 1987, in literature and in conversations with various practitioners, authors whose names were mentioned repeatedly as "founders" of this approach were: Peter Senge, Chris Argyris, Donald Schön and Margaret Wheatley.

The organization is a social invention, a systematic arrangement of people gathered together to achieve specific goals. After more than a century, studies of organizations emphasized that there is, or should be, an organization suitable for every purpose designed (Drucker, 2000). Experience has shown that an organization's suitable model has changed several times since the business environment itself has changed. It is this continuous change in the business environment that has led organizations to adopt a lifelong learning process, in order to maintain them effective and efficient over time. A learning organization is "an organization that continually expands its capacity to create its future. For such organizations, it is not enough to survive on the market" (Senge, 1990).
In this context, business adaptation is prerequisite for survival, and the way to realize it - the performance condition. More and more talks about the intelligent organization, the learning organization, networked organization, democratic organization, expressive organization, organizational life generally reveal a scientific and a business world that values to a much greater extent than in the past knowledge, skills, motivation and innovative spirit. The success of these organizations will depend on the effective use of talented people and the way they are encouraged to develop permanently. Although discussed much on account of this topic is relatively hard to find examples in practice. This might explain the fact that the results of this concept are not tangible on short-term, that is a long process that some managers believe that it is relevant to the requirements and dynamics of organizations. Secondly, the focus on creating a template and the need to present it in a commercially attractive way for consultants and authors, led to a decrease in the power of the theoretical framework for learning organizations.

A summary of the main contributions to the development of this concept is shown in the following table:

<table>
<thead>
<tr>
<th>Contributors</th>
<th>Formation and contributions</th>
<th>Developed concepts and ideas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Peter Senge</td>
<td>CEO at Innovation Associates - MIT Research Center - Center for Organizational Learning</td>
<td>The five learning disciplines: shared vision, team learning, personal mastery, mental models, systems thinking</td>
</tr>
<tr>
<td>2. Chris Argyris</td>
<td>Professor Emeritus in Education and Organizational Behavior at Graduate School of Business, Harvard, CEO at Monitor Group</td>
<td>- single-loop learning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- double-loop learning</td>
</tr>
<tr>
<td>3. Donald Schöen</td>
<td>Graduate of Yale and Harvard - Arthur D. Little - Consultant</td>
<td>- research on: reflection-in-action - elaboration of learning dialect, within organization - practice of learning how to learn - commitment towards a new educational paradigm that teaches practitioners to reflect along auctioning (reflect-in-action)</td>
</tr>
<tr>
<td>4. Margaret Wheatley</td>
<td>Professor at Marriott School of Management, Brigham Young University and at Cambridge College, Massachusetts Consultant and researcher</td>
<td>-systemic thinking, change theory, chaos theory - developed a new vision on leadership and organizations (especially their capacity of self-organization)</td>
</tr>
</tbody>
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Source: the authors

Peter Senge, in his work The Fifth Discipline: The Art and Practice of the Learning Organization, published in 1990, defines the learning organizations as „... 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..."
personal mastery means that organizations must encourage employees to continually learn and
develop their skills and abilities. Each individual must have a clear vision and long-term goals, to
recognize clearly the difference between vision and current situation, and to be willing and
determined to change the current situation.

Team learning is considered to be essential "because teams, not individuals, are the fundamental
unit of instruction in modern organizations." The emphasis is on dialogue, teamwork, information
sharing, constructive discussions, openness, collaboration, and free thinking - which is essential in
team learning.

A mental model is a way of seeing the world, and determines how we think and act. We must
examine our beliefs objectively to see things as they are, without making generalizations, to say
what we think, to receive criticism without being constantly on the defensive, to recognize mistakes
and correct them, and not to avoid risks.

Shared vision is another critical factor in the success of the organization, and shared vision must be
created through interaction with individuals in the organization and not imposed by top
management. A shared vision provides encouragement and support to members of the organization
to learn and innovate. Commenting on this model Gorelick (2005) stated: "I think Senge's five
disciplines are integral components in a learning organization that provides tools and methods that
are applicable and useful in organizational learning."

It is not surprising that this concept of learning organization has recently received more attention
because it captures many of the qualities essential to organizations today, namely teamwork,
participation, flexibility and responsiveness. Bierly (et al., 2000) noted that "literature deals with
various topics which emphasize the unprecedented need for a learning organization able to create,
integrate and implement knowledge, these features are critical to companies that are to increase
their competitive advantage." Also Robbins and Coulter (2005) completes the set: "an
organization's ability to learn and apply what they learn may be the only source of sustainable
competitive advantage." In general, says Ghosh (2004), "there is a wide consensus in the literature
on organizational learning that can help achieve sustainable competitive advantage." Thomas and
Allen (2006) pointed out that "the ability to learn, has become a critical factor in the ability of firms
to respond and successfully treat market opportunities in the knowledge economy (....) The rapid
changing nature of work, organizations have begun to believe, more than ever, learning to be an
important factor, a vital factor."

Learning methods should be chosen so that the benefits to be felt within the organization, not just at
the employee level. Farago and Skymre (1995), suggest a model structure of the learning methods in
four levels as follows:
1. Learning facts, knowledge, processes and procedures
2. Learning new skills / workplace skills that can be adapted to different situations
3. Learning to adapt
4. Learning to learn

Arguing on the profound significance of this model we observe an essential and valuable issue is that
neither learning nor the learning organization is limited to the development of skills and acquisition of
knowledge. These are rather more oriented towards learning how to view and to better understand
problems and situations, so that you manage to adapt your knowledge in a real context. We highlight
here the superiority of know-why and know-how on the know-what. The third level on adaptive
learning is given increasing importance as is considered to start creative processes and innovation.
The last level is the highest and not anyone can achieve it. Buckler (1998) believes that an
organization can only be as strong as the weakest employee. This statement follows from the systemic
perspective that the author is promoting. Imagining the organization as an interconnected system we understand that a weak link is the one that influences / dictates the outcome/result. Dynamic components and systems converge to an equilibrium point and the learning organization finds balance throughout its elements.

The learning capacity of organizations by self-instruction is essential, this being achieved by processing the organizational experiences, that is tacit knowledge "learned" through direct experience. However, as organizational experience relates only to what happened in the past, the history of the organization, processing organizational experience (tacit knowledge) is insufficient to ensure the survival of modern organizations. So even if for now this kind of knowledge are more valued, organizations cannot progress without appealing also to explicit knowledge, based on formal training. "Therefore, 'knowledge leaders’ must be aware of the existence of the tacit dimension of knowledge and of the organizational capacity to exploit them as appropriate, by stimulating conversion processes from individual tacit knowledge in the organizational tacit knowledge or individual and organizational – explicit knowledge." (Brătianu & Orzea, 2014)

In this context, it is important to note that there are certain elements that lead to differences in perception of the degree to which an organization is one that learns: for example, if we analyze the types of functions (execution and coordination), we may find that there are differences in perceiving the learning organization by employees, by executive positions and by those of coordination functions; these discrepancies in perceptions of the learning organization can be explained as follows: managers (both the top and middle) are first involved in learning various new aspects necessary in the organization, rules and procedures; managers are greater involved in the strategy and objectives formulation; meetings are frequently held at the managers level; in establishing training programs are considered mostly opinions of managers. The degree of autonomy in the learning process is another generator of differences in perception about the learning organization by the employees themselves: the greater autonomy in the learning process, the organization is perceived to a greater extent an organization that learns. In this context, for example, employees who participate in "experiential" learning (through experience), namely workshops, trainings, exchanges of experience have greater autonomy in the learning process and perceive the organization to a greater extent as a learning organization, compared to those who receive instrumental learning (case studies, programmed learning) etc. All this information is useful in outlining the plan to create a learning organization and to its further development. In addition, another key element is that the manager, as he can be considered the conductor of the creation and development of the learning organization. He is the one who provides feedback to employees, but also the need to promote an open attitude towards participation and reflexivity, namely to determine the employees to express their views, and carefully examine both their own ideas and those of colleagues.

The learning organization requires a new vision of leadership:-- the role of leadership is to define the vision and motivation, to create mechanisms to engage all employees so that they share the vision and work within the gravitational field that it creates. The existence of learning processes and organizational mechanisms is essential though they are different for each business area separately. We believe that it is based on the dynamics of organizational knowledge and teamwork. In terms of organizational culture, the most important is it to support the efforts of management and employees so as to form a convergence towards a common goal.

Dynamic capabilities of the organization (as the capability to learn) can take various forms but the key mechanism common to organizational learning and learning organization is translating knowledge, information or data from individual to group and organizational levels and ultimately be reflected in business success. As a conclusion of the above ideas, dynamic capabilities can be developed only through learning and the achieved effect will be sustainable competitive advantage of the organization. (Brătianu, 2011)
3. RESEARCH METHODOLOGY

For data collection we developed a questionnaire based on the study of reference models: the original experimental model developed by Senge (1990) and the model developed by Watkins and Marsick (1992) investigating the learning organization. Perhaps the most comprehensive survey is developed by Watkins and Marsick: Dimensions of the Learning Organization Questionnaire (1998). It is organized into four sections that address different aspects on individual level, team level, organizational level and global issues. This instrument has a scientific basis and has been tested empirically, fact supported by Molainen (2001).

A total of 34 statements in the questionnaire developed in our research are focused on identifying the six key dimensions of learning organizations, namely: Systems thinking: Q 1-7; Shared Vision: Q 8-12; Teamwork and collaboration Q 13-17; Leadership: Q 18-22; Organizational Culture: Q 23 to 27; learning environment and knowledge transfer: Q 28-34. Likert scale used is 6 points. Final questions made it possible to identify the size of the company, the position of the respondents and their level of training. In our analysis the size classification criterion of the companies is the benchmark.

The questionnaire was designed and implemented exclusively using virtual means. The target group consisted of pharmaceutical companies in Romania - manufacturers and distributors of drugs, both large companies that are in the top 20 pharmaceutical companies in Romania (according to 2012 official ranking), and small distribution companies in order to identify features seen on the 6 dimensions analyzed.

The interest in this study on pharmaceutical companies is motivated by the fact that these record high performances. Moreover, we cite the opinion of top managers who link the performances of the following: "Setting of business objectives is always correlated with the resources (...), be it technological resources, research and product development, or human resources", "we work and learn at the same time every day", "bearing in mind the maintenance of the balance of systems and subsystems of the company".

The pharmaceutical industry in Romania has risen significantly in national and international market and plays an important role in the Romanian economy. The top 20 companies control nearly 80% of sales, compared to 70% in 2010.

As a result of the investigation, we obtained 309 valid questionnaires.

4. RESEARCH RESULTS. Discussions and recommendations

Although the responses obtained for SME companies have a small share (11%), the remaining 89% are companies with over 250 employees, it is quite important to highlight several features observed in the analysis of the learning organization’s dimensions according to these criteria.

Average produced for each dimension and the type of the company is shown in the table below.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>SMEs (&lt;250 employees)</th>
<th>Large company (&gt;250 employees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems thinking</td>
<td>5.25</td>
<td>5.35</td>
</tr>
<tr>
<td>Common vision</td>
<td>4.45</td>
<td>5.09</td>
</tr>
<tr>
<td>Teamwork and collaboration</td>
<td>5.01</td>
<td>4.92</td>
</tr>
<tr>
<td>Leadership and employees’ empowerment</td>
<td>4.8</td>
<td>4.71</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>4.73</td>
<td>4.96</td>
</tr>
<tr>
<td>Learning environment and knowledge transfer</td>
<td>4.7</td>
<td>4.98</td>
</tr>
</tbody>
</table>
As expected, larger companies have higher scores on most dimensions: systems thinking, shared vision, organizational culture and environment of learning and knowledge transfer, strengthening the idea that important steps have been taken towards shaping the learning organization.

From the data we can see evidenced higher scores obtained by large size companies for shared vision. Our argument is that in large companies there is a shared vision, a common identity, which allows people to trust each other, work together, and strengthen their sense of belonging. Perhaps in small companies building a shared vision is a long process, as they are forced to constantly adapt, develop, identify the right people who are self-motivated, to build stable teams that face the challenges in the field. Scores obtained by small companies on dimensions like teamwork and collaboration, leadership and accountability come to reinforce the fact that they make significant efforts to be competitive. Within SMEs the employees’ level of education, of specialization are lower and thus their rhythm of processing knowledge is lower. In general SMEs focus more on operational processes and specialize their employees towards these. While complex, large companies have clear objectives and consolidated strategies in educating their employees in the spirit and the philosophy of the company. The difference between these approaches is that the first category of employees is less prepared for embracing change and thus any perturbation of their trajectory could lead to flaws in the organizational activity. On the contrary, large companies’ employees are permanently oriented towards change and adaptation. They early learn the policy of doing their daily work and permanently search for new ways of doing it better. Large companies implement the strategy of the shared vision in order to obtain a long term competitiveness.

Following we will analyze comparatively those dimensions that registered significant differences or points of interest that in our view may be require an interpretation.
In my company employees share and support the mission, vision and corporate objectives.

In my company employees participate in the development of vision and common goals.

In my company employees recognize the gap between the common vision and the current situation of the company.

In my company employees are motivated and determined to achieve the vision and common objectives.

The company's mission defines the fundamental values to which employees must comply.

**Figure nr. 2.** Items average of *shared vision* dimension by company type

The level of participation of employees in small and medium companies to develop shared vision and common goals is lower than within the large companies, so it is difficult to recognize the gap between the company's vision and current situation. A common, positive aspect refers to the employee motivation and determination to achieve the vision and objectives. In large companies, there is a higher level of compliance for the purposes of joining the mission and values of the company.

However, there is a great difference between compliance and commitment. The person who has made a commitment brings energy, passion and enthusiasm that cannot be generated by those who just comply. A group of people with a true commitment to a common vision is a force.

Unfortunately, traditional organizations do not focus on engagement because command and hierarchy structures based on control only require compliance.

Another dimension that is worth emphasizing, achieving a score higher in large companies, it refers to the learning environment and knowledge transfer.

**Figure nr. 3.** Items average of *learning environment and knowledge transfer* dimension by company type
In large companies it is created an environment where employees are encouraged to explore, where new ideas of employees are appreciated, and are established long-term plans on the development and training of employees at all levels, in all areas of interest.

Matters that come to a common point in both types of companies studied relate to employee trust that everything they learn will be put into practice and to initiate actions needed to expand and disseminate knowledge within the organization. Unfortunately, learning and transfer of best practices from other companies are limited initiatives, especially in small companies.

However, learning should not be treated as an appendage of work, but an integral part thereof. This approach is possible only by truly understanding people's work and identifying where and how specific learning approaches such as improving reflection may lead to a change in practice.

Some dimensions, such as teamwork and collaboration and leadership and employee empowerment have slightly higher scores in SMEs.

**Figure nr.4.** Items average of team work and collaboration dimension by company type

Employees of smaller companies feel collectively responsible for the results obtained, there is a better collaboration and communication among team members.

Bohm expressed doubts about dialogue in organizations because of collegiality specific conditions: "Hierarchy is antithetical to dialogue and it is hard to get rid of hierarchies in organizations" (Senge, 1990).

In accordance with results, in smaller companies, with fewer hierarchical levels, communication and dialogue are easier to practice. Employees can express their opinions openly, may have a point about the opinions of others.
In my company the top management embraces new ideas, encourages independence and autonomy at workplace. Managers and employees share a common vision and common goals. In my company managers accept criticism without reaction or defensive behavior. Managers usually provide feedback identifying potential problems or opportunities. The manager encourages employees to participate in decision-making process or solving problems.

**Figure nr.5.** Items average of *Leadership and empowerment* dimension of companies by type

Issues that have contributed to a slight advantage on this dimension refer, on the one hand, to the openness to new ideas of small and medium management, to encouragement of independence and autonomy of work, and on the other hand, less defensive attitude management to criticism. Smaller companies rely on a collaborative leadership style to find creative solutions. For a company to grow healthy, it must increasingly support growth of domestic leaders.

### 5. CONCLUSIONS

In conclusion we can say that both managers and employees need to strongly recognize knowledge as a vital source to achieve sustainable competitive advantage. Management should continue to strive to maintain and continually nurture the learning organization in order to achieve consistently high levels of performance.

According to our survey large companies obtained higher scores on most dimensions: *systems thinking, shared vision, organizational culture and learning environment and knowledge transfer*. This indicates that large firms have more opportunities to adapt to the philosophy of a learning organization through systems thinking, connecting to the environment, learning and knowledge transfer, and creating the organizational culture that encourages learning.

Some dimensions, such as *teamwork and collaboration and leadership and employee empowerment* have slightly higher scores in case of SMEs, supporting the idea that they make significant efforts, jointly, to be competitive.

As a recommendation we consider that special emphasis should be placed on: tolerating the mistakes of employees and to hold constructive debates, encouraging research, experimentation and innovation, expanding the use of team-based structures, accepting criticism by top-management, encouraging and nurturing mutual trust, openness, establishing contacts with various stakeholders, and also extend the learning and sharing of knowledge throughout society.

However, to achieve the desired results and to expand business in the future, pharmaceutical companies should consider the following alternatives: to consolidate and expand their capacity to learn, to adapt, innovate and change, i.e. to build and maintain the status of a learning organization. The overall objective of becoming a company that has a competitive advantage in a global environment can only be achieved by restructuring the company from the inside and efficient use of all the positive benefits arising from implementing long term strategies like organizational learning and the learning organization.

As concluding remarks of our theoretical and practical research we state the following ideas. The efficient functioning of a learning organization requires, in the first place – ‘learning employees’,...
which means that each employee must develop a specific thinking and behavior focused on the
learning process that can be achieved by: involving top managers; their personal example; facilitate
intense communication between all employees and their strong motivation to acquire, use, protect
and integrate knowledge in the organization. These are important determinants of organizational
transformation. Transforming the organization into an organization that is permanently learning
became thus a prerequisite to maintaining and developing its portfolio of knowledge to the level
required for the conduct of competitive activities in the short, medium or long term.

The model of a learning organization and the case studies in organizations need continuity in the
analysis. Organizations still need a way to diagnose their current status and ways to change, and
scholars seeking a better measure of learning for organizations to better compare between them and
explore the impact of organizational learning on organizational performance. This approach is
necessary, anticipating that organizations that will truly excel in the future are those which will
discover how to capture people's commitment and how to boost capacity to learn at all levels of the
organization.

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