

## Offer Strategies for Improving Organizational Performance by Learning Organization & Transfer of Training

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**Abstract.** This study aims to explore a relationship between the learning organization and transfer of training as strategies for learning and managing knowledge to make performance improvements gain or maintain a competitive advantage. Various similarities are identified in the literature that is indicative of relationship between the learning organization and transfer of training such as: emphasis on both as strategies for a competitive advantage, focus on learning and knowledge, emphasis on taking action to improve performance and link between individual learning and organizational learning. This paper proposes a positive relationship suggesting that learning organization is more likely to practice transfer of training. In addition to introduces an important stream of research relevant to a relationship between the learning organization and transfer of training as strategies for facilitating learning and knowledge management. The importance placed on the learning organization and transfer of training as critical factors for improving performance and gaining a competitive advantage necessitate that both areas be further investigated. Any relationship between the learning organization and transfer of training could lead to performance improvements and maximize the benefits gained and enable organizations to remain competitive in the face of global competition, a constantly changing environment, and unstable economic conditions.

**Keywords:** Strategy, Organizational Performance, Learning Organization, Knowledge Management, Transfer of Training

### 1. Introduction

The dynamics of global competition, technological advancements, corporate restructuring and unstable economic conditions are converging on business and making it more important than ever those organizations learn and adapt to make improvements in performance. A common theme of the most popular strategies is a focus on intellectual capital or the knowledge of people as an important strategic resource for gaining and maintaining a competitive advantage [1]. In recent years, the level of interest in the fields of organizational learning, intellectual capital, and knowledge management has been phenomenal [2]. Knowledge has become the primary source of competitive advantage for organizations operating in turbulent environments [3]. The importance placed on learning, knowledge management, and a knowledgeable workforce has increased emphasis on the advantages of operating as a learning organization and improving transfer of training as valuable strategies for facilitating learning at both the micro and macro levels, and for enabling organizations to benefit from all aspects of learning. The emphasis on the learning organization and transfer of training results from previous studies that focus on the need for formal and informal learning [4]; learning of tacit and explicit knowledge [5]; and learning at the individual, group, and organizational levels [6]. Studies also suggest the learning organization and training are the keys to learning [7] and developing human capital [8], and that training plays an important role in a learning organization [9].

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Research suggests that the learning organization and transfer of training are both critical tools for learning and managing knowledge in organizations. Furthermore, the learning organization and transfer of training are considered to be important competencies for organizations to develop in order to succeed in today's turbulent marketplace. The learning organization is a valuable tool for facilitating learning and knowledge management, and has been described as an important strategy for making improvements in organizational performance and maintaining a competitive advantage. Emphasis has been placed on the need for organizations to improve the effectiveness of training programs to ensure learning and transfer as a means of increasing the knowledge base of workers and improving performance. Despite agreement on the importance of practicing transfer of training [10] and becoming a learning organization [11] as strategies to gain and maintain a competitive advantage, it is commonly accepted that many organizations fall short of success in either area. The achievement of either could lead to improvements in individual performance and organizational performance. Emphasis on the learning organization and transfer of training as strategies to enable organizations to maintain a competitive advantage warrants additional research in both areas.

The focus of this study is on the relationship between the learning organization and transfer of training based on similarities identified in the literature including: the importance on both as strategies for a competitive advantage, focus on learning and knowledge, emphasis on taking action to improve performance, the link between individual learning and organizational learning, and the focus of previous studies. Despite the similarities, the relationship between the two and implications for research and practice have not been explored. This paper proposes that organizations that exhibit the dimensions of a learning organization are more likely to facilitate transfer of training. The proposed relationship suggests that fostering a learning organization can improve transfer of training, and that both can lead to performance improvements enabling organizations to remain competitive in the face of fierce global competition, a constantly changing environment, and unstable economic conditions.

## **2. Learning Organization**

As coined by Peter Drucker we are in "The Knowledge Society" which places emphasis on knowledge and organizations compete for knowledge workers. The importance placed on learning, knowledge management and a knowledgeable workforce has increased emphasis on the advantages of operating as a learning organization. The learning organization is a valuable tool for facilitating learning and knowledge management, and has been described as an important strategy for making improvements in organizational performance and maintaining a competitive advantage. Learning Organizations have been defined in literature from several viewpoints. Some authors define it from the perspective of a living organism, which is continuously learning and transforming itself, not just by the learning of members within the organization but also by members outside the organization like customers, suppliers and other stakeholders Baker and Camarata (1998), Armstrong and Foley (2003) have defined it from the perspective of building a culture and climate that supports learning and transformation.

Nonaka (1991) defines from the perspective of knowledge creation. Lewis (2002) also defines it from the knowledge perspective. A common thread of the definition encompasses three key components: learning, changing and improving. The learning aspect includes gaining of new knowledge, continuous learning, learning from mistakes and learning by all members of the organization. The change aspect includes change in behavior and change in the processes used based on the knowledge gained. The improvement aspect includes improvements in individual performance and organizational performance from actions taken because of the learned information. Role of Leadership in Learning Organization Peter Senge (1994) who popularized the concept of Learning Organization has identified different roles for leaders in learning organization as compared to leaders in traditional organization. In the role of "designers," "teachers," and "stewards" leaders are responsible for articulating and communicating a shared vision and creating environments where learning can flourish. Marquardt (1996) also identifies six different roles for leaders of learning organization. In his view the role of "instructor," "coach," "mentor" is the most important aspects of leadership in learning organization. They are responsible for motivating followers to perform at their best.

Brown and Posner (2001) proposed a strong relationship between leadership and learning and suggested that leadership is a highly complex ongoing learning process. Leadership is the factor to affect organizational learning and leaders can improve the process and result of organizational learning activities. Leaders can enhance the capability of organizational learning by creating a vision and providing learning opportunities to the subordinates. The roles of leaders of learning organization identified by various authors are suitable to a transformational leader. In this age of rapid change and global turbulence, leaders must be able to respond to constant change and lead their organizations in not simply surviving but transforming their structure, functions, funding and methods of delivery to effectively advance the mission . The construct of transformational leadership has evolved to describe the characteristics of leaders who are most effective in navigating turbulent circumstances and facilitating dramatic organizational change.

Learning organizations are also operating under conditions of environmental uncertainty hence transformational leaders provide the vision and enable members to cope with change. Through intellectual stimulation and individualized consideration, transformational leaders encourage followers to become more innovative and creative. The leaders themselves engage in innovative, novel, unconventional and counter normative behaviors and hence encourage followers to think creatively and become innovators .These leaders are champions of technological innovations. Risk taking and innovative behaviors are encouraged in learning organization. Transformational leaders change long held assumptions, values and beliefs and encourage employees to learn new behaviors and they are learners themselves and make use of a variety of strategies for learning from experience and create the climate for organizational members to learn. As identified by Coad and Berry (1998) learning orientation is the desirable characteristic of the members of the learning organization therefore the preferred leadership style is transformational leadership. Chang and Lee (2007) in their study of business organizations in Taiwan show that transforming to learning organization without a transformational leader would result in a failure.

### 3. Knowledge Creation and Conversation

The interactions between tacit and explicit knowledge are called knowledge conversion. Through the conversion process, tacit and explicit knowledge expands in both quality and quantity. There are four modes of knowledge conversion - socialization, externalization, internalization, and combination. The knowledge creation and conversion processes are modeled below in the figure 1.

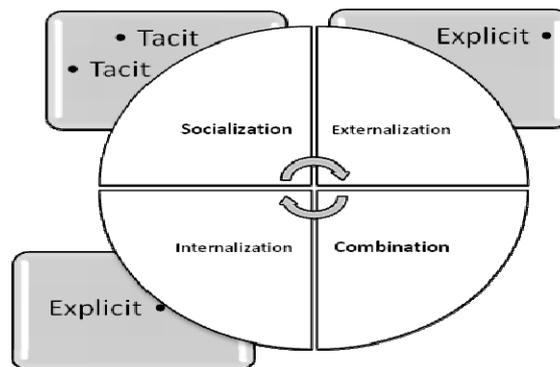


Fig 1. The Knowledge Creation Spiral of Nonaka

- *Tacit to tacit* – happens when two or more human beings interact, and tacit knowledge is expressed in a social way and passed from human to human which is called *socialization*.
- *Tacit to explicit* – happens when human captures tacit knowledge by writing it down or capturing it on computer (digitizing/codification) and is called *externalization*.
- *Explicit to explicit* – this happens when multiple sources of external knowledge are brought together within a new context, like researching multiple sources, or when computers reference different data sources and is called *combination*.

- *Explicit to tacit* – happens when a human consumes explicit knowledge by reading/ viewing/hearing from the media it was externalized, and this process is called *internalization*.

Since Nonaka's SECI Model caters for other explicit and tacit knowledge and it has been widely used in Knowledge Management literature, it was adapted for the purpose of this study.

#### **4. Transfer of training**

Garavaglia (1993) defined transfer of training as the effective and continued application to trainee's job of the knowledge and skills gained in training. Saks (2002) defined transfer as the impact of instruction on the trainees' subsequent job performance. Another definition by Gist (1997) described transfer as the knowledge used after training is complete. Gist emphasized the fact that employees must not only practice the appropriate behavior in training, but should perform the right behavior in the workplace. Gumuseli and Ergin (2002) define transfer as the process of implementing knowledge, skills, attitudes, and other qualities acquired in the training program into the workplace. The authors emphasize that training is more than learning the information covered in a training program, the information must be generalized to the job and maintained over a period of time.

Previous research on transfer emphasizes the fact that it is multi-faceted. A common thread of the research depicts transfer as involving a three-step process: learning or mastering the information covered during a training program, using the new skills and knowledge on the job, and maintaining the change in behavior over time. Although most definitions focus on the actual transfer from training to the job, training cannot be transferred unless learning has occurred, and any benefits or gains of transfer can only be realized if the transfer is maintained over time.

#### **5. Relationship between learning organization and transfer of training**

This paper proposes a relationship between the learning organization and transfer of training based on the numerous similarities identified in the literature. The similarities or connections between the two are relevant to the importance of each as a strategy for competitive advantage, the focus on learning and knowledge, the emphasis on taking action for performance improvements, the link between individual learning and organizational learning.

- *Strategies for a competitive advantage*

The need to become learning organizations by focusing on continuous learning and use of knowledge to improve performance is considered a critical key to success for organizations to facilitate individual, team, and organizational learning leading to continuous improvement and innovation in business operations. The level of interest in the dimensions of a learning organization and how to facilitate transition to becoming one is worldwide and unparalleled [13]. Researchers and practitioners have stressed the importance of the learning organization as a strategy to improve performance, and as the only sustainable competitive advantage for organizations responding to an increasingly unpredictable and turbulent business environment. Emphasis has also been placed on effective training and specifically on transfer of training as a strategy for competitive advantage. The turbulent environment has increased emphasis on transfer of training as organizations are forced to curb corporate expenditures, improve performance, and be held accountable for results [14]. US organizations spend over \$100 billion annually on learning and workforce training in an effort to improve individual and organizational performance [15]. However, the return on investment (ROI) for the training dollars spent is seldom realized due primarily to a failure to transfer the skills and knowledge from the training session back to the job [16]. Early estimates put the loss on the investment in training at about 87 to 90 percent, indicating that only about 10 percent of the investment in training actually results in transfer of the training or improvements in performance [17]. Many organizations have expressed concerns over the added value of training programs and the return on investment from training.

Research indicates that transfer of the training to the job may be a critical factor impacting a return on investment for training, and that lack of transfer maybe one of the most important issues facing organizations [10].

- ***Focus on learning and knowledge***

Much has been written about the importance of learning as a strategy for competitive advantage [7]. A key component of both the learning organization and transfer of training is the emphasis on learning. Transfer of training focuses on learning by requiring individuals to learn and retain information covered in a training program. The learning organization focuses on learning by requiring individuals, teams, and the organization as a whole to be involved in continuous learning and sharing of learning. Studies have also focused on knowledge as an important resource for organizations [18]. Studies on knowledge distinguish between explicit knowledge and tacit knowledge [5].

- ***Action for performance improvement***

The learning organization and transfer of training focus on learning and taking action based on learning to improve performance. The learning organization emphasizes the need to take action and make changes based on learning that has occurred, and transfer of training requires the participants in a training program to take action by actually using or applying the learned skill or knowledge to the job. So both are focused on the transfer or action that occurs after learning has taken place. In addition, the learning organization and transfer of training are both ultimately aimed at making improvements in performance. The learning organization is an effort to continuously learn and make changes in order to improve performance, and transfer of training is important so that members of the organization learn, retain, and apply valuable skills and knowledge to improve performance. So ultimately, both are aimed at improving individual and organizational performance through learning and taking action on the learning.

## **6. Analysis of previous studies and discussion**

Previous studies on learning emphasize the connection between the learning organization and transfer of training. Bates (2001) stated that participation in learning, training, and other developmental activities is an important strategy used for employee and organizational growth. Studies on learning organizations have focused on the importance of learning and training as a means of remaining competitive in a dynamic environment (Lakewood Research, 1998). A key aspect of the learning organization is the training and education of the organization's members. Many researchers believe that training is a tool for learning, and learning leads to improvements in performance [13].

The increased interest in knowledge management, learning organizations, and transfer of training indicates the shift in organizations away from a focus on training as the only learning event to a broader focus on learning (explicit and implicit knowledge), and using formal training, informal learning, and knowledge management as tools to facilitate learning. This stream of research indicates a link between strategic human resource management issues such as learning and training and organizational strategies like a learning culture for improving performance and effectiveness .

The focus of each of these studies emphasizes the possible relationship between a continuous learning culture (learning organization) and effective training or transfer. A review of the literature clearly indicates agreement on the importance placed on the learning organization and transfer of training as important competencies for organizations to develop in order to succeed in today's turbulent marketplace. It is also commonly accepted that many organizations fall short of successfully becoming a learning organization or effectively practicing transfer of training [10]. The achievement of either could lead to improvements in individual performance and organizational performance.

***P1. There is a relationship between the learning organization and transfer of training.***

The conceptualization of a relationship between transfer of training and the learning organization results from the various similarities identified in the literature including: the importance placed on the learning organization and transfer of training as strategies for a competitive advantage, the focus that both place on

learning and knowledge, the emphasis on taking action based on the acquired knowledge to improve organizational performance, the link between individual learning and organizational learning, and the fact that previous studies indicate various connections that are indicative of a possible relationship. The proposed relationship is based on the fact that transfer of training requires individuals to learn and transfer knowledge and skills learned in training back to the job in order to improve performance. The learning organization requires individuals, teams, and the organization as a whole to continuously learn and take action on the learned information as a means of improving organizational performance. Both the learning organization and transfer of training emphasize the importance of learning (continuous and during a training program), taking action based on the acquired knowledge (action orientation of learning organizations and transfer of training), and making changes in order to improve personal and organizational performance. The process (learning = using or action = performance) is relatively similar for both, and both are ultimately aimed at improving organizational performance through the learning and actions of its members. Because of the similarities identified in the literature, this paper proposes a relationship between the learning organization and transfer of training.

*P2. There is a positive relationship indicating that a learning organization is more likely to practice transfer of training.*

This paper also proposes that the relationship between is positive suggesting that a learning organization is more likely to practice transfer of training. A positive relationship between the learning organization and transfer of training is proposed indicating that learning organizations are more likely to effectively practice transfer of training. This could be examined by measuring the dimensions of a learning organization and effectively practicing transfer of training in a variety of organizations and comparing the results. Various instruments have been developed to measure the learning organization such as the dimensions of a learning organization questionnaire (DLOQ) developed by Watkins and Marsick (1997), and transfer of training such as the learning transfer system inventory (LTSI) develop by Holton and Bates (1998).

## **7. Recommendations and Conclusions**

The importance placed on the learning organization and transfer of training as strategies for a competitive advantage suggests that both should be further explored. The learning organization and transfer of training are valuable tools for learning and managing knowledge within organizations, which is considered critical for success. Furthermore, focusing on both ensures that the learning that takes place covers learning of explicit and tacit information and includes learning at the individual and organizational levels. Even more important is the fact that both the learning organization and transfer of training take learning to the next level by focusing on taking action based on learning to improve performance for a competitive advantage.

If adopting the dimensions of a learning organization or making changes in the factors that affect transfer of training can improve performance, then both deal with important issues that should be addressed. In addition, if adopting a learning organization can improve performance and lead to improvements in the transfer of training, then this increases the pay off for the organization. By adopting the dimensions of a learning organization, it may be possible to improve transfer and the ROI for training that is lost on training each year. Furthermore, effective training and ultimately transfer is an important part of the learning process in a learning organization. Consequently, becoming a learning organization and improving transfer of training could be the critical factors necessary to improve learning, better manage knowledge, make improvements in individual and organizational performance, and maintain a competitive advantage in turbulent markets.

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