

## 6. Theories of Organizational Learning

The theory of organizational learning focuses on the creation of knowledge and the use of that knowledge within an organization. Key aspects of organizational learning theory are that learning happens when people interact while finding and solving problems.

### 6.1. Organizational learning definition

Organizational learning is the process of creating, retaining, and transferring knowledge within an organization. An organization improves over time as it gains experience. From this experience, it is able to create knowledge. This knowledge is broad, covering any topic that could better an organization.

### 6.2. The Types of Organizational Learning

Argry and Schon (1996) identify three levels of learning which may be present in the organization:

- **Single loop learning:** Consists of one feedback loop when strategy is modified in response to an unexpected result (error correction). E.g. when sales are down, marketing managers inquire into the cause, and tweak the strategy to try to bring sales back on track.

- **Double loop learning:** Learning that results in a change in theory-in-use. The values, strategies, and assumptions that govern action are changed to create a more efficient environment. In the above example, managers might rethink the entire marketing or sales process so that there will be no (or fewer) such fluctuations in the future.

- **Deuterolearning:** Learning about improving the learning system itself. This is composed of structural and behavioral components which determine how learning takes place. Essentially deuterolearning is therefore "learning how to learn."

### 6.3. Theories of Organizational Learning

#### 6.3.1. Experiential Learning Theory

Kolb's (1984) experiential learning theory (ELT) is based in psychology, philosophy, and physiology, and has significantly influenced leadership and organization development and contributed to principles of the learning organization since its introduction. Its basic premise is that learning occurs through the combination of grasping and transforming experience. ELT constitutes of a four-stage learning cycle: concrete experience (CE) and abstract conceptualization (AC) comprise the grasping component, while reflective observation (RO), and active experimentation (AE) make up the transforming experience component.

This learning process is characterized as a cycle in which the learner proceeds through the sequence of experiencing, reflecting, thinking, and acting in a repeating progression that is unique to each learning circumstance. Specifically, concrete experiences (experiencing) spark observation and reflection (reflecting), which is internalized and integrated into abstract concepts (thinking) that spark

new behavioral experimentation. This learning cycle can be entered at any point, but the stages are always followed in sequence.

### **6.3.2. Adaptive and Generative Learning Theory**

Kolb's ELT model influenced scholar Peter Senge, who evolved another cognitive theory of organizational learning that prominently identified mental models – deeply ingrained assumptions, generalizations, or pictures and images that influence how we understand the world and how we take action as a crucial component. The other four of the five disciplines required for acquiring skills and competencies (learning) at the individual, team, and organization level, as introduced in Senge's theory, are personal mastery, building shared vision, team learning, and systems thinking.

One of the important principles of Senge's work is the differentiation between adaptive and generative learning. He characterizes adaptive learning as focusing on the foundation of existing knowledge, and amending that with new thinking, to accomplish an objective. This kind of learning is particularly salient to organizations seeking continuous improvement. For example, understanding the gaps between one's own firm's productivity, quality, costs, or market agility, and that of the competition, enables the generation of additional ideas by which to close those gaps.

By contrast, when new strategies, product lines, resources, or other assets are urgently needed, a different kind of learning is required to produce radical new ideas and discontinuous change – which is the nature of generative learning. This is validated soon after by scholar James March (1991), who expanded on this theory to identify two modes of organizational learning:

- exploitation, or the use of existing knowledge and resources to gain value from what is already known.
- exploration, or thinking in previously unused or unforeseen ways.

### **6.3.3. Adaptive and Generative Learning Theory**

Assimilation Theory Different from the cognitive theories, behavioral approaches to organizational learning emphasize the action-based changes that take place as individuals learn through performance. These approaches characterize learning as observable, rational, and quantifiable.

Scholars Nevis, DiBella, & Goulds' (1995) theory presents a learning process featuring three unique stages:

- knowledge acquisition, consisting of the development or creation of skills, insights, and relationships.
- knowledge sharing, characterized by the dissemination of what has been learned.
- knowledge utilization, comprised of the integration of learning to make it broadly available and generalized to new situations. All three of these stages are strongly behavior-linked and focused on practical application more than cognition.