

Learning Organization in Germany

Report

Learning organizations break-down traditional silos and enable all areas to work together towards a common vision. They ensure there is consistency and alignment of values and behavior around learning and encourage the sharing of learning, skills and knowledge, as well as coaching and mentoring across the organization. In Germany economy learning organization can be found throughout the entire economy. The concept was introduced in the German economy in the early 90s and since then adopted by companies operating in different industries (Hilse et. al., 2003). While the idea of transforming towards a learning organization is present, many companies fail with the implementation of actually becoming one. This report should help understand what type of German companies have adapted learning behavior and with what strategies they managed to do so.

Type of companies adapting the concept of becoming a Learning Organization (LO)

By analyzing which type of companies successfully transformed to a learning organization, is an addition to help understand which steps lead to a successful adaption of the concept of becoming a learning organization. In an economy, are two main types of companies public and private ones. While public ones are less performance driven but rather concerned in balancing out the economy and keeping it in equilibrium, the process of privatization is pushing companies towards competition between each other, fostering innovation. Innovation is the process of translating an idea or invention into a good or service that creates value (Business Dictionary). It involves a deliberate application of information, imagination and initiative in deriving greater or different values from resources. Hence, companies which are innovative are usually more open to new ideas and perspectives and therefore more successfully are able to adapt the concept of a learning organization. Additionally, to innovative companies, organizations which are internationally represented, such as multinational corporations (MNCs) often have the means, such as experience or/and assets, to work towards a learning organization. This is because of the

positive degree of internationalization-performance' relationship. But companies that expand to new environment with new players are required to continually create, acquire and transfer knowledge in order to adapt to the unpredictable faster than rivals can. Especially in the case of Germany, some historical aspects need to be considered. Before the unification there was learning in the state-owned firms in the former German Democratic Republic (East Germany): learning by improvisation, by research and development, by imitation and by spying out Western firms. This learning process was rather slow (Albach, 1995). Due to their history, the people in the east of the country have a different mentality, which could make it difficult to integrate new concepts such as the learning organization into the company. Learning is quite intensive in the West, this has increased with the intensification of competition, increasing globalisation and a greater emphasis on innovation. Innovation and R&D activities are closely related to investment. The German government grants special financial grants for foreign investors for conducting Research and Development. The financial aids are provided in the form of low interest rate loans. The interest rates are particularly low for SME's in order to accelerate innovation in those companies. Assuming, the size of a company is correlated to its financial assets (Khodamipour, 2013), its again usually MNCs which are more open to adapting learning behavior. However, also non-profitable and small companies, especially startups are in their stage of an "automatic" learning behavior, where strategies are build and investment usually flows. Start-ups usually have young mentality and pushing creativity and development of the company, while more established companies usually have a fixed system in place and are less flexible towards change (Hilse et. al., 2013). In order to increase the speed of learning in the organization, the firms cut out several levels in the hierarchical structure of the firm. Startups have lower levels of vertical hierarchy which usually help process of learning.

The Motives of companies transforming towards a LO

Companies have various reasons that inspire and motivate them to do things. Usually they are very profit-oriented to ensure that they can remain economically vital. When companies decide that they need a new source of growth, which is especially the case in industries that are in

decline, they open their doors to new ideas. In this sense, the learning organization may not be entirely a goal of a company to be achieved, but rather a means or consequence of pursuing its main goal. Therefore, companies may not necessarily be intended to become a learning organization, but rather to develop management and overcome strategic challenges, and transformation into a LO may be less the goal than the consequence of their need to improve performance (Hilse et al., 2003). The objectives of transformation are primarily training to support employees in the right way and to acquire the correct knowledge to enable them to continue learning.

The Levels in the companies that are targeted to adapt learning behavior

Before discussing how companies actually adapt learning behaviour, it is important to analyse which components of the company are geared towards adapting learning behaviour. Is it the whole enterprise, individual departments or lower level employees who perform critical tasks? According to Hilse et. al. (2013) it is mainly the top or higher management that should participate in learning behaviour programmes. In the case of strategy-relevant issues, links must be established between different areas of the organisation and placed in a corporate perspective. This makes sense if one considers where strategic development takes place, i.e. usually at board or divisional level. However, this also depends on the problems of the company itself (individual problems) and requires an in-depth analysis of individual companies. However, top and senior level management has a model function for the entire company and is therefore mainly addressed. After all, when managers show a willingness to take alternative viewpoints,

employees feel encouraged to contribute new ideas.

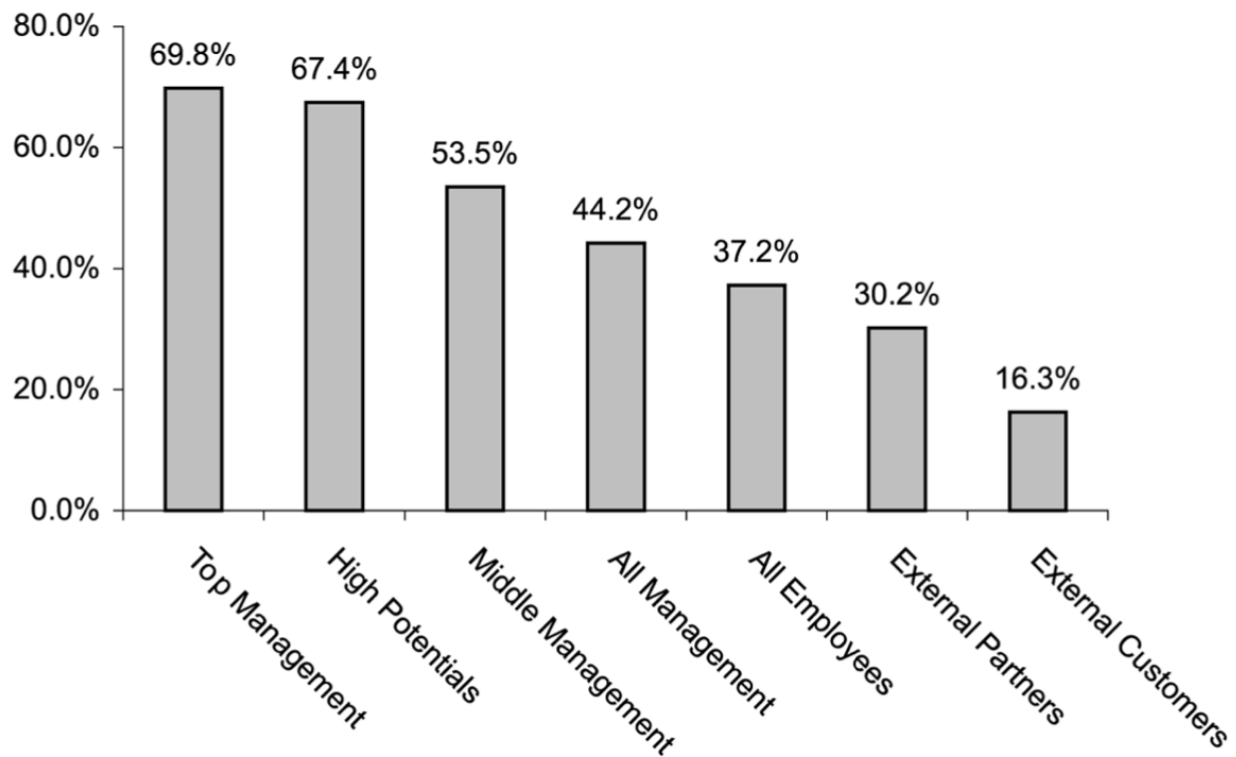


Figure 1: Share of Participants in learning behavior programs. Adapted from Hilse et. al., 2013.

The ways in which companies adapt learning behavior in Germany

One way in which companies adapt learning behavior is through strategic planning. Strategic planning examines decision-making processes as well as their relation to the organization and deals with planning methods, questions of implementation and so on (Lechner and Mueller-Stewens, 2002). It follows sequentially the steps of goal setting, internal and external analysis, strategy formulation, implementation and monitoring. This involves the concept of 'corporate universities', which have been established with the help of local colleges, to compensate for the inadequate level of education of the companies employees, right down to operator level. As seen above different levels within a company needs to be addressed in order to reach a transformation, critical for success however is the senior management, who, with the support of planning staff, analyzes the situation thoroughly and defines the "right" strategic content. One

example of such corporate university is the Lufthansa School of Business (LHSB). LHSB was founded in 1998 as the first corporate university in Germany. From the very beginning, the central goal was to harmonize the development of the individual with the development of the organization and thus to integrate personnel development and organizational development more closely.

In addition, it applies:

- effectively and efficiently support the strategic thrust of the Group,
- to bind intellectual capital to the company as an essential component of corporate success and to develop it further,
- as a school of business, to closely link the academic expertise and experience of partner companies with its own business practice,
- to promote and advance the common management culture of the company,
- to offer the individual opportunities for personal development options and developmental thrusts.

Thus, on the one hand, the LHSB stands for strategy-oriented, needs-based and innovative further training of (junior) managers. On the other hand, it supports the company-specific interaction between business strategy and corporate culture by providing management and employees with platforms for strategic dialogue.

Additionally, to corporate universities, companies try to create a supportive learning environment themselves. The automotive company Bayerische Motoren Werke, or better known as BMW, does so by integrating “psychological safety” and guarantees its employees to freely express their thoughts and even pushes for it. They implemented a similar audit system as the “whistleblower audit” committee, where employees anonymously can report to management about their thoughts. It is not just a matter of correcting mistakes or solving problems, but of developing new approaches. This audit should also encourage employees to be creative and also express their ideas. Hence, employees do not have to fear being belittled or marginalized when they disagree with peers or authority figures, ask naive questions, own up to mistakes, or present

a minority viewpoint because this would hamper the learning process. This audit program shows, that BMW represents a company in which leadership reinforces learning. Organizational learning is strongly influenced by the behavior of leaders. When leaders actively question and listen to employees, and thereby prompt dialogue and debate, people in the institution feel encouraged to learn. If leaders signal the importance of spending time on problem identification, knowledge transfer, and reflective post-audits, these activities are likely to flourish.

Some enterprises also implement concrete learning processes and practices. These include experiments to develop and test new products and services, gathering information to monitor competitive, customer and technology trends, and training to develop new and established employees. One example is Deutsche Kredit Bank AG (DKB), which enables employees to combine work and family life. DKB is a bank that operates entirely online and, with the support of the Fraunhofer Institute for Industrial Engineering, is testing the idea of flexible working in terms of time and space. Project teams develop solutions for communication, accessibility, technical requirements and a fair distribution of tasks. At the same time, managers learn leadership at a distance. The aim is to satisfy the needs of employees, companies and customers.

Here again, BMW made some progress towards becoming a learning organization by adapting the concept of Reverse mentoring. The car manufacturer is simply inverting the hierarchies, so that both sides learn from each other: Trainees are training managers. Young digital natives are giving tips to experienced engineers and managers on the use of mobile appliances and social media in the work environment. Or a young apprentice may explain how intelligent digital technology works in the company's cars. "This is highly motivating for the young trainees," says Konstanze Carreras-Solé, head of apprentice training at the BMW Group.

In general, German companies learn by transferring knowledge into their company through external knowledge sources such as o Workshops, seminars, corporate universities. However, these training courses take place irregularly and are mainly aimed at top management only. Another method of learning is the trial and error process, in which managers try to be open-

mindful and try to incorporate new ideas into the working environment. Moreover, learning in a team is generally faster than learning between groups (Albach, 1995). Therefore some companies reduce the number of departments in the organisation and increase the number of departments, trying to internalise the learning process.

Conclusion

In summary, it can be said that Germany is one of the most innovative nations in the world. This is also reflected in its economic environment, which includes innovative products and business models such as corporate universities and internal restructuring to create a conducive learning environment. Nevertheless, companies have not yet fully transformed themselves and there is a high potential for improvement. Enterprises should not get stuck in their transformation, and certainly not stop transforming after conducting a single audit or better training of their employees. It is a continuous learning process to increase the extent to which companies can transform.