



FACTORS INFLUENCING THE EFFICIENCY OF ORGANIZATIONAL LEARNING MANAGEMENT

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Abstract

In order to be able to respond to all changes in the competitive environment, to achieve and maintain its competitive advantage, organization turns to what is specifically its own and what makes it different from other competitive organizations. It is the knowledge of organizations, which becomes the most valuable resource. Knowledge, which today represents a key resource that provides an organization's competitive advantage, needs to be adequately managed. By knowledge management we mean the transformation of the individual knowledge of employees in the organization into collective, organizational knowledge, which would be available at the right time and in the right way to all members of the organization at all its levels. This process is called the management of organizational learning, and it becomes a key process for achieving market dominance. This paper deals with factors that influence the effectiveness of organizational learning management, namely: organizational culture, information technology and control.

Key words: *Learning, knowledge management, intellectual capital, organizational learning.*

Introduction

One of the conditions for successful organizational study is not just preserving knowledge that will be available to all employees, it is making of knowledge that multiplies value of organization. The potential that this organization has for making additional values is called „KnoVa factor of knowledge value“ (The KnoVa-knowledge value) [1]. There are two significant elements that have an impact on this potential: the first, level of services that are provided by organization and intensity of using organization knowledge, and the second, the level on that organization used knowledge to make a product or to provide services. The significance of KnoVa factor is in that it shows that if organization wants to be successful in the knowledge economy, it would not be enough to focus only on the improving of service level or to improve knowledge about the activities that it led. The success depends on the work that goes into two directions, where level of services and level of knowledge are

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multiplied and the level and content of knowledge improved in order to help the company to give better services. In order for organization to cope with all the challenges of dynamic competitive environment it is necessary use technology, than at the same time develop ability to manage the knowledge. New and unpredictable business environment put the accent on innovations and creativity more than ever before. Because of that organization must know what they know, what their employees know and what is the best way to use that knowledge that they have. Very significant factors in achieving of this goal are organizational culture, management of human resources, leadership, informational technology and control.

Management of knowledge

Management of knowledge is a row of mutually connected activities of organization and management that are directed on strategy and ways of managing the human capital, or better to say development of knowledge, abilities and generally competitions of employees through their education, getting work and professional experience and so on. That is continuous process of managing with all different kinds of knowledge in order to accomplish all contemporary and future business needs, to identify, use and develop knowledge through new possibilities. Shortly, „the main purpose of knowledge management is to maximize efficiency of organizational activities related to knowledge. It should be followed, motivated and make easy all activities related to knowledge, improve and create all the time the knowledge infrastructure, and effectively distribute and accept.“ [2]



Picture 1. Knowledge circle

A clear opinion about knowledge became very significant. The leading movement force in that direction is perception and reality of the new global competition. Quick changes and enlarging of competition lead organizations towards the search of



advantage that will highlight them in their business environment. Managers realized that what their organization and employees know is actually the basic in functions and success of organization in the market. Dedication of a special attention to knowledge in every organization will lead to making possibilities to consider and eventually improve every action and decision making and by that they make a base for making competitive advantage in the business environment.

When individual knowledge on the level of one person socialize with other members of organization, a new knowledge spiral is created. This process of knowledge conversion makes a new knowledge that is previously used by knowledge gained before. So, that knowledge is the result of interaction of implicit and explicit knowledge. In the spiral of knowledge, the interaction of implicit and explicit knowledge becomes stronger, looking at individual than group and in the end organization.

Intellectual capital

Intellectual capital is a sum of total intangible possessions that organization through innovations and development managed to transform into knowledge and additional value, no matter if it was present or future value [3]. In the other words, intellectual capital related on whole intangible possessions (those that are not seen). Intangible assets with its development and providing new innovations became a useful knowledge for organization. In that way, intangible assets that is seen as intellectual capital, gives a significant value for that organization on the market. Regarding the professionalization sectors in economy, intellectual capital is relatively new concept, that has been used since 1997. Shift from industrial to economy of knowledge changes the way of peoples thoughts, not only in economy but also in their personal contemporary lives. What are main characteristics of intellectual capital in comparative to material? And characteristics of knowledge economy in a comparative to contemporary economy? These are, economic development, changes on the market that are no longer slow, than predictable. The life of products and technology is short, and the main leaders in economy are no more big industrial companies, than innovative business companies based on knowledge. In a difference with a sentence „big ones eat smaller ones“ now the accent could be put on the sentence „faster ones eat slower ones“ [4]. If the accent was on stability, in the future it will be on the change management. The key factor now is not the capital, now the key factors are: people, knowledge, capability. Automation and mechanization is changed for e-business and computer design. All of this explains the significance of knowledge improvement and organization.

Management of organizational learning

Tisen and others (2006) represent a few definitions of organizing learning of knowledge and here we represent some of them. [5] These authors also mention a definition that was given by Shaw where he defines organizational learning as a



systematic procedure of maintaining and directing a whole organisation in the use of knowledge and to create business values and generate competitive advantage. Organisational learning is a process that through a concept of knowledge management transforms it into a knowledge that can be used and is available to individuals who use it in order to succeed in some organisational goals.

Knowledge Management is more and more a subject of attention, to those who specify it and as well as the public, because it is considered the base of new value making. Organizational learning is connecting of workers that has some knowledge with those workers that need knowledge, but also collecting good lessons in order to make it more easy for some future learning in organization.

If people do not have some good data that means that they will not have a good information and that will give the result of dangerous, various and also confusing knowledge. We can conclude that management of data is the main challenge, and from it we can see a challenge related to knowledge management. It can be said that the success of organization depends on their capability to transform personal knowledge of their employees, as well as the knowledge that comes in the books and other documents, into wide range of available organizational knowledge. By Teece (2000), organizational knowledge is explicit and systematic management of vital and accompanied process of creating, collecting, using and information exposure. [6] That means that it demands transforming of personal knowledge in industrial, or organizational knowledge that can be used in the whole organization. By the help of global informational infrastructure, system for electronic control of documents, and improving in the shape of system for tracking some changes and trends through some famous measures, it is possible to speak about knowledge management systems. By that we mean that the knowledge is a characteristic of an user and not a system. For knowledge management we can say that it is successful when technology is used so that workers can have an access to information they need, when they need it and use it in order to solve a specific problem and see a possibility instead of focusing on specific process and procedures.

Organizational learning can be seen from different angles and the main are:

- organizational learning as technology,
- organizational learning as a discipline,
- organizational learning as philosophy,
- organizational learning as a sociable and business movement.

Knowledge and continuous learning represent a key of success in the new economy, economy of knowledge. It does not matter if one has university degrees than continuous learning, it does not matter what one knows than what can he learn and how fast. Confrontation gives a place to cooperation and team work and employees are not considered as a cost than as an investment. The main component in value that product has for his user is indeed a knowledge that was put in that product. However the main movement is to knowledge as the prime source of value, and that means that the new economy leaders should be the ones who can manage the knowledge in effective way - who share, make and take care and combine it in the new way but faster than their competition.



In a business of modern organizations in economy of knowledge there are clearly two appearances that speak about the needs and that we must change old ways that organizations functioned with their users and market in the whole. One is the turn of products to services and the other is to observe a knowledge as a product. The turn from product to services is the result of widening attention to please the buyer and his needs and to gain their loyalty. [7] If we speak about that the number of agencies that provide services enlarged, and the number of jobs in industrial sector is now smaller. Economy of knowledge focuses on the user experience and the products and services serve as an asset to understand that goal.

In that sense and thanks to the enormous number, information flow and sharing, about the demands and needs of a buyer and by the help of a technology, services innovate in the direction of satisfaction more growing and more specific needs of the users of those services. Knowledge in economy is seen as a product. That means that knowledge that organization possesses now uses and combines one new and creative way. Observing of knowledge like a product allows, not only providing a service with an extra value for the user and service user, then encouraging innovations on all levels of organization. In the literature we can see examples of companies that used in a new way their intangible assets to create new possibilities on the market: *Mars*, organization for chocolate making, used their world-wide brand like a rocket for a new ice cream, that is considered in this industry like the most successful product making until now. They have created a new version of an ice cream; *Viktorinoks*, a company that is famous because of the military knife they made, used their brand and put on the market Switzerland military watches; *Harley Davidson* used its name to represent a new fashion line, fashion assets, perfumes and even a chain of popular restaurants.

If we want to make competitive advantage as an organization in the economy of knowledge, we need to multiply knowledge with our present one. Potential that the organization has for making additional value, *KnoVa*- a factor of knowledge value in the economy of knowledge depends on two important elements: a level of services that organization provides and intensity of using company knowledge; the level in which organization use knowledge is also important in order to provide service or a product. In that sense, if one organization wants to gain a symbol of *KnoVa* company, it needs to possess six abilities. [8]

1) Ability for production. Many organizations are mainly focused on the production of a product and to provide a service. Now they have to do it with a correct use of knowledge in a sense of a proper structures and processes. That means that it is necessary to give a constant control of complicated business processes by organizational knowledge, as well as the securing and harmonizing the network of suppliers, and to find the easiest and the cheapest way so that products can come to the user and so on.

2) An ability to answer. A big number of contemporary organizations that maintain on the top with success think that the key of their success is actually in the fast changes of market and their quick answer to it. One of the ways to achieve this demand is a close relation with clients and their needs, introducing a business units so that each of



it covers one part of a market. These business units provide decentralization of authority so that each of it gives quick answers to the market and its demands.

3) An ability of prediction. In order to be successful, organization must reconsider a full picture of business environment and not just to get answers on new trends than to be able to predict them.

4) An ability of creations. Companies are in a constant search of new ways to maintain their competition advantage. That highly depends on their ability to create knowledge and on different ways: to make new products and technologies, to use their present knowledge on a new way, to gain new knowledge about the clients and so on.

5) An ability to learn. Concept of organization that learn is popularized by the book of Peter Senge "The fifth discipline". The organization that learns would be the organization that incentives continuous learning on all levels, that developed the ability to learn all the time and to accommodate and change, where employees manage the knowledge in order to learn something new all the time and exchange with others and they are ready to apply it when they bring decisions or do their job. Practice shows how important is for the employees to learn from their experiences and from the competition or their colleagues.

6) An ability of duration. Knowledge employees will have a significant role in the knowledge economy. Companies will have to adjust to their abilities and to seek for better conditions of work and bigger autonomy, and on the other side they will have to develop their own way to revitalize and to update the knowledge of their employees.

Information technologies as a factor of influence on management of organizational learning

Researchers and practitioners in the field of knowledge management often emphasize the importance of information technology in the creation and sharing of knowledge. According to KPMG research, 62% of leading organizations in Europe and America focus on virtual components (intro-net, data storage), rather than the atmosphere in which team members work, to improve knowledge sharing. Also, Ernst and Young (Mishra, 2009) in their research prove that the majority of 432 American and European organizations introduce technological capacities. [9] The dominance of technology initiatives is not surprising, given the KPMG research and the assumption that the problem of knowledge sharing is technical in nature. However, information technology alone is not sufficient to successfully manage organizational learning. It is necessary to include and consider the psycho-social context in which knowledge is created and shared, which is designated as a collaborative climate. Some previous research has shown that information-communication technology is the main component of the concept and infrastructure of knowledge management and significantly contributes to the process of knowledge creation [10]. Corporate intranet, databases and document management encourage and facilitate the exchange of knowledge among employees. Proper knowledge management is unimaginable without appropriate technology. Managers need information systems to help them



find, track and build collective organizational knowledge. The essence of organizational competence is creating knowledge that can be quickly incorporated into technological solutions. Information systems can also facilitate systematic and active knowledge management. In addition to traditional technologies such as data warehouses, computer networks, and software, some companies use new and improved software designed to meet the requirements for tools that deal with knowledge management systems [1]. Technical means can provide the basis for the long-term effectiveness of organizations in the market. To successfully manage knowledge, information systems must be reliable, understandable, accurate and compatible with other platforms. Knowledge transfer is a key dimension of learning organizations. There is no use for knowledge, errors, and omissions that are merely documented in a database or exist in the minds of individuals. For mistakes not to be repeated in the future, they must be visible to all members of the organization so that they can learn from them and choose the best possible way to avoid them.

Knowledge transfer in organizations depends on its members, organizational structure, procedures and practices, culture and physical environment. According to the framework developed by Teah et al. (2006), knowledge is embedded in three basic elements of the organization: human component - employees, technological component - tools (hardware and software) and tasks that reflect the goals, intentions and purposes of the organization in support of knowledge management three groups of technologies are used: communication, collaborative technologies and warehouse architecture. [11] Communication technologies provide users with access to the necessary knowledge as well as communication between employees via the organizational intranet and electronic mail. Collaborative technologies provide the means for teamwork. Teams can use shared documents, simultaneously or asynchronously, in different places. A warehouse architecture represents the technologies and systems for managing databases to manage and preserve knowledge. At the beginning of this century, knowledge management information technology experienced a rapid development, which resulted in the integration of all three technologies into one package. At the end of 2000, numerous knowledge management packages appeared on the market, including Microsoft Tahoe and Lotus Domino Knowledge Discovery System, which we often call the pre-enterprise knowledge portal.

The information infrastructure must be such that it enables easy and efficient management of knowledge, quick and unhindered access to information and knowledge. The most important components of the information system are:

- Hardware - material/technical basis, which consists of information and other technologies used within information systems;
- Software - the intangible/program basis that consists of all programs, from the operating system to program packages to application software;
- Org-ware - organizational procedures, methods and instructions that connect all components into a functional unit;
- Life-ware - the personnel base of the information system, which consists of users, professional and specialist IT staff;



- Data - data, information and knowledge as resources;
- Net-ware - computer networks and communications, i.e. computer connection system for data exchange and connection of physically distant computers. The influence of information technology on the sharing of knowledge grows with the increase in the complexity and volume of work, as well as the speed of changes. In a study conducted by Thisen et al. (2006), employees strongly believe that the use of computer information systems [5].

Organizational culture as a factor of influence on management of organizational learning

Organizational culture is a very significant factor influencing the management of organizational learning, primarily due to the importance of organizational culture in making strategic decisions. All decisions made in an organization (about development directions, strategy toward competition) are the result of some initial beliefs, values, and assumptions characteristic of an organization. And on the other hand, they have to take into account all the information that is the result of organizational learning. Organizational culture is important for the organization's operations as a determinant of its ability to adapt to changes in the environment. Organizational culture is responsible for the speed and ability to adapt an organization to increasingly strong and dynamic changes in the modern business environment, such as the adoption of new knowledge. Organizational culture represents a coordination mechanism, which is key to building the knowledge base in the organization. Coordination of employees in the organization is facilitated and accelerated with the help of a strong and unique organizational culture. Organizational culture can be a very effective mechanism for controlling employee behavior. Control is achieved by imposing certain cultural values, beliefs and norms to help employees. A developed organizational culture that is imbued with information acquired through organizational learning significantly reduces conflicts in the organization [2].

Author Tissen and others believe that cultural barriers in an organization must be broken down to establish knowledge sharing. One of the main prerequisites for creating a culture of knowledge in an organization is managing awareness of its importance and willingness to support its implementation. The biggest resistance to creating a culture of knowledge in an organization stems from the idea that knowledge is power. People who know are more powerful than those who don't know. Knowledge was used as a weapon for the success and advancement of the individual, not for the success of the entire organization. Changing such an attitude to an attitude that would read: "The power is in the exchange of knowledge" cannot happen overnight. Prerequisites for creating an atmosphere of cooperation in the organization are: determination of direction and exchange of opinions on set goals, proper attitude towards employees as professionals, and a transparent structure based on development and teamwork. Lovrenčić et al. (2018) point out that a knowledge-friendly culture is the most important condition that leads to the success of organizational learning management programs. [8] Building such a culture implies



several different components: a positive orientation towards knowledge (employees are smart, intelligent, curious, willing and free to explore, management has confidence in their creative activities); the absence of all knowledge inhibitors in the culture (employees do not feel resentful in the company and have no fear that knowledge sharing will cost them their jobs) and the choice of a project type of knowledge management that corresponds to the organizational culture. Developing a management culture of organizational learning necessarily includes tasks such as encouraging trust, cooperation, and connection-building dynamic communication channels.

Control as a factor influencing the management of organizational learning

What is specific about the management of organizational learning and the motivation of workers to actively participate in the organizational processes of learning management is the necessity of balancing between control and autonomy. On the one hand, employees of participating organizations expect a high level of autonomy in their work environment and established models of assistance. Only in such conditions can their creativity and innovation be fully expressed. On the other hand, knowledge-based organizations require the existence of a certain level of control, so that they can be sure of the economic justification and expediency of their employees' activities. Achieving the aforementioned balance is one of the main challenges of knowledge organization [3].

Many authors claim that knowledge cannot be managed. Given that management as a process implies control, and that knowledge is based on creativity, authors who share the above opinion believe that rigid control can negatively affect creativity. The specificity of control in the conditions of implementation of the management of organizational learning, but also its importance for the development of the knowledge management system in the future, is emphasized by the author Malhotra. Namely, according to him, control is imperative in knowledge management models in order to determine in advance the expected meanings, actions and expected results of the system. On the one hand, consistency is imperative to ensure the homogeneity of processing the same information and knowledge in the same way in order to provide the same results, all while minimizing criticism and questioning of the existing situation. As a consequence of the above, innovation and creativity among employees may be stifled. On the other hand, however, the dynamics of the new business environment require a business model that is not based on control in the traditional sense, but that assumes the existence of new rules, specific information and a lot of freedom. The new knowledge management system should enable and facilitate the process of so-called "self-designing" of the organization. In such an organization, knowledge workers will not only define the problem and create their own solutions, but will also be able to evaluate and review their solutions. By encouraging experimental thinking, the creation of new knowledge and innovation is fostered in this way. The management control of organizational learning is a very demanding area and a complex problem, according to the authors who deepen this problem by



stating the problem of dichotomy of control. Namely, in their opinion, managers in the organization should opt for a centralized or decentralized approach to control. With a centralized approach, the right to make decisions belongs to one person or a few carefully selected employees, while orders are issued in the classic direction – directives from top to bottom. In a decentralized approach, the right to decide is available to individuals at all hierarchical levels. Individuals can make knowledge-based decisions that have an impact not only on their work, but also on the work of their environment, work team or entire department. According to the mentioned authors, whether a decentralized or a centralized approach to control will be chosen will depend on the type of organizational learning management process, the type of knowledge worker and the type of knowledge that is being managed.

Conclusion

When we talk about information technology as an element of the management process that enables and facilitates the full application of the management program of organizational learning, we must start from the repeatedly emphasized statement that human knowledge is a social category after all. Only by respecting the attitude that the creator and initiator of all innovative and creative knowledge is man, not technology, information technology can make its full contribution to the application of knowledge management programs, the dissemination, sharing and improvement of knowledge in organizations. This is the only way to prevent unsuccessful projects of introducing organizational learning management programs that relied exclusively on information technologies. If the development and use of information technologies in domestic organizations progresses, especially the technologies that we have brought in connection with knowledge sharing, we believe that this is the beginning of a solid foundation for the full implementation of the knowledge management program. We stated that organizational culture is the factor that has the most influence on the effectiveness of the management program of organizational learning. It should certainly be emphasized that only an organizational culture that is focused on knowledge management, sharing knowledge in the right way and incorporating learning management into the organizational structure, can enable users of the concept of organizational learning management to fully utilize all the benefits of this concept. This implies that the introduction of the management concept of organizational learning into the organization, as one of the ways of initiating changes within it, requires the realization of a basic assumption: a change in the organizational culture, i.e. the "mental set" of the organization. Finally, we must also emphasize the importance of control as a factor that affects the effectiveness of organizational learning management, because for the orientation of organizational managers and a good assessment of business situations in which they may find themselves, managers need an effective system of control, measurement, comparison and corrective action when making business decisions. In order for the control process to have an integrative function, it is desirable that all managers in the organization, regardless of whether their organizational parts perform tasks according to plan, should be



included in the control process. Measuring and comparing performance with standards can only be done if managers provide relevant information for this, through the creation of adequate knowledge bases. Managers must practice procedures and take measures regarding potential or manifested business problems in a preventive or corrective sense, and sometimes it happens that the necessary activities are to audit imprecise and unrealistically set standards that are not met, which is again based on effective organizational learning, and constant learning, as well as the creation and adoption of new knowledge.

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