

'Learning' as a business function

Dattanx FZE

June 2024

Organizational learning or 'learning' has been talked about for decades, but lately governments and enterprises have been paying greater attention to adoption of learning in earnest. It is about time that learning is adopted as an independent business function, rather than as an information technology (IT) backed strategy initiative or people management function. On the contrary, effective learning requires reliable information systems to support IT related capabilities, goal-oriented people managers and clever strategies. The importance of learning and its intended use is constantly evolving. Which is why we advocate for instituting learning stewardship in organizations reporting to governance functionaries.

Sugato Das, PhD is co-founder and Executive Partner at Mulberry Tree Partners. He advises on private equity investment, business strategy and entrepreneurship. He received his doctoral from Indian Institute of Foreign Trade in international business and graduate degree in economics from Delhi School of Economics, Delhi University.

Ananya Som is co-founder of Dattanx and an experienced professional in strategy and analytics with a purpose to make organizations AI-ready. She is pursuing doctorate in data science from Rennes School of Business, France.

Knowledge and Learning

In a connected business environment, operations have become more complex and dynamic, requiring workplaces to become 'learningful' (Senge, 1990). All organizations, large or small, incorporated or distributed, engage in transactions within and outside their proprietary boundaries. These transactions, commercial or otherwise, are outcomes of informed decisions and carry qualitative and quantitative data that could be direct information input into business functions or used as referrals viz. signals and indicators (Spence, 1974).

Organizations also gain information through experienced hires, business, product and process research, expert advisory and digital media networks. Information gained by organizations can be collectively referred to as 'knowledge' and their absorption as 'learning'. Not all information gathering and learning within an organization is premeditated. Learning also occurs in informal and incidental unstructured and ad-hoc (Marsick & Watkins, 1990). The truth is organizations will keep learning, sponsored or not. But structuring, supervising and governing the learning function should yield higher quality transactions and enhance all-round capabilities. Heading

Evolution of Organizational Learning

Organizations have been learning ever since they came into being. Just like humans, organizations dispense learnings for immediate functional requirements or add them to a repository, loosely termed as 'experience'. In the early years of agricultural and industrial revolution, entrepreneurs, who were usually inventors or master craftsmen, had more experience than others. It kept them at the head of workplace learning, and at their discretion would percolate their knowledge down to the apprentice line. In fact, apprenticeships have been practiced in Europe for at least eight hundred years, wherein young people have gained the experience and knowledge

needed to carry out a wide range of skilled jobs through formal agreements with employers in which they exchange labor for training (Prak & Wallis, 2020).

Over the years, organizations metamorphized giving rise to variants based on objective, purpose, scale, control and modus operandi. Accordingly, the process of learning and knowledge sharing grew in its complexity (Lundqvist et al., 2023; Shiferaw & Werke, 2023; Stam et al., 2023; Uy et al., 2024). Departing from a top-down approach, modern organizations learn at all levels of their hierarchy. They authorize differentiated limits to conduct transactions and gather information across the management chain, from the chief executive level down to the interns.

The Case of Hotdog Vendor

Small scale entities usually resort to informal and incidental learning, which though very helpful is difficult to apply as organizations grow in size and complexity. But it is useful to visualize organic learning method of a sole proprietary business, akin to using Robinson Crusoe economics, when explaining production system in freshman classes. A hotdog vendor on the promenade purchases buns, sausages and condiments from her local wholesaler a few times each week. Every purchase she makes provides her with information related to price, quantity, manufacturer, ingredients, production date, shelf-life and storage recommendation. Traditionally, she would have considered price as the only input for her purchase decisions. Now, she notices that her decision making, albeit subconsciously, is also a function of her current inventory, anticipated offtake, expected weekly sales at the wholesalers' and most importantly available space in her refrigerator. She also learnt that customers are more satisfied when she uses sausage brands that claim higher fat content (Baer & Dilger, 2014).

Our hotdog vendor, being the sole proprietor, is mentally assessing her transactions, deriving data, and putting them into play for her next purchase decision. Her learning is natural, continuous and a critical function of her

business execution. Besides transaction driven learning, she is also gathering recipe knowledge from YouTube channels, and in the process learning about various relevant product brands available in the marketplace through web commercials. She might not be switching brands immediately, but she would surely indulge in a comparison of alternatives before her next purchase.

Complexities in Learning for an Organization

Organizations sponsoring learning may not fully comprehend capability dynamics and conflict of interest that get associated with knowledge gathering and sharing amongst ranks, functions, locations and employment contract types. There are the organization 'cheetahs' who are fast and eager learners. We usually find their concentration highest in junior executive ranks. The 'giraffes' bear an open mind and learn from the top brass as well as from grassroot executives. Then there are those who do not find a reason to learn, usually attributing it to 'little late in the day'. The cross functional teams have the widest access to vast knowledge pools, and if stonewalled, they leverage their proximity to authority and obtain access to knowledge. The 'territorials' hold their learnings in departmental silos to maintain misplaced significance. Missing the wood for the trees are functional teams, who fail to recognize the quantum of information that they access in their daily workings and limit themselves only to a subset that they can utilize as input for analysis and decision making.

Fortunately, our hotdog vendor does not have to bear these challenges. Her learnings are goal oriented, mission critical and profit driven. Unlike her *suo moto* initiatives, goal congruency and capability enhancement in an organization needs to be induced through incentives, pep talks and policies. Navigating learning complexities and creating a workplace culture of knowledge sharing may be suitably introduced as a charter item for governance functionaries seeking them to set up a 'learning committee'.

Conclusion

Learning in organizations engaging large number of resources, including employees, agents, advisors and service partners, needs to be meticulously organized. Certain types of learnings could be readily taken up and leveraged by functional groups, based on their roles and experiences, while other types need to be encapsulated into training modules for guided capability creation. The scope and deliverables of the above orchestration necessitates embodiment of learning as a unique business function - not an extension of strategic initiatives or technology enhancement. Organizations with large repository of learning, including those through informal and incidental methods, put together knowledge hubs. These hubs are supposed to carry out structured dissemination within and outside organizations, including knowledge transfer to clients, government and academia, using reliable information systems (Madhala et al., 2024) supporting IT capabilities.

While theoretically these hubs should deliver a stream of benefits, their existence and continuance are often debated due to lack of ownership and objectivity. The deliverables of learning management have grown beyond the scope and interest of strategists, technology directors and senior executive functionaries. An organization's capability in managing learning functions is gaining centerstage for orchestrating organization-wide executive functions. In our view, the management of learning has now become a business function itself, that needs to be operated and governed in compliance with a complex matrix of data quality standards in data analytics capabilities (Ciampi et al., 2021), proprietary information policies, and data privacy and protection laws.

References

Baer, A. A. & Dilger, C. A., 2014. Effect of fat quality on sausage processing, texture, and sensory characteristics. Meat Science, 96(3), pp. 1242-1249.

Ciampi, F., Demi, S., Magrini, A., Marzi, G., & Papa, A. (2021). Exploring the impact of big data analytics capabilities on business model innovation: The mediating role of entrepreneurial orientation. Journal of Business Research, 123, 1–13. https://doi.org/10.1016/j.jbusres.2020.09.023

Lundqvist, D., Wallo, A., Coetzer, A., & Kock, H. (2023). Leadership and Learning at Work: A Systematic Literature Review of Learning-oriented Leadership. Journal of Leadership & Organizational Studies, 30(2), 205–238. https://doi.org/10.1177/15480518221133970

Madhala, P., Li, H., & Helander, N. (2024). Developing Data Analytics Capabilities Through Organizational Learning. PACIS 2024 Proceedings. https://aisel.aisnet.org/pacis2024/track03_ba/track03_ba/6

Marsick, V. J. & Watkins, K., 1990. Informal and Incidental Learning in the Workplace. London: Routledge.

Prak, M. & Wallis, P., 2020. Apprenticeship in Early Modern Europe. Cambridge: Cambridge University Press.

Senge, P., 1990. The Fifth Discipline: the Art and Practice of the Learning Organization. New York: Doubleday/Currency.

Shiferaw, R., & Werke, S. (2023). Entrepreneurial leadership, learning organization and organizational culture relationship: A systematic literature review. Journal of Innovation and Entrepreneurship, 12, 38. https://doi.org/10.1186/s13731-023-00305-z

Spence, M., 1974. Competitive and optimal responses to signals: An analysis of efficiency and distribution. Journal of Economic Theory, 7(3), pp. 296-332.

Stam, K., van Ewijk, E., & Chan, P. W. (2023). How does learning drive sustainability transitions? Perspectives, problems and prospects from a systematic literature review. Environmental Innovation and Societal Transitions, 48, 100734. https://doi.org/10.1016/j.eist.2023.100734

Uy, F., Abendan, C. F., Andrin, G., Vestal, P., Suson, M., & Kilag, O. K. (2024). Exploring Strategies for Fostering a Culture of Continuous Professional Development and Learning: A Systematic Literature Review. International Multidisciplinary Journal of Research for Innovation, Sustainability, and Excellence (IMJRISE), 1(3), Article 3.

Watkins, E. K. & Marsick, J. V., 1992. Towards a theory of informal and incidental learning in organizations*. International Journal of Lifelong Education, 11(4), pp. 287-300.