The Importance of a Learning Culture

Expanding Your Learning Culture

There have been enormous shifts in the economic, technological and social fronts over the last few decades. These changes demand that our workplaces evolve to meet the new challenges and opportunities. To that end, even companies who currently train their people need to expand their efforts to create a culture where learning is truly valued and seen as a strategic business tool.

Additionally, the demands for creating this type of culture require that training efforts be both cost-effective and able to provide human support as employees learn new skills and cope with rapid change.

In his e-book entitled *The Six New Management Imperatives: Leadership Skills for a Radically Changed Business Environment*, Bruce Temkin defines the new skills that business executives must master. All six imperatives must be supported by expanding enterprise learning:

- Invest in culture as a corporate asset
- Make listening an enterprise-wide skill
- Turn innovation into a continuous process
- Provide a clear and compelling purpose
- Expand and enhance the digital fabric
- Practice good social citizenship

The Learning Culture as a Corporate Asset

Developing a strong corporate culture is a competitive advantage for today’s organizations. The advantages are numerous and include increased employee productivity, improved communication and cooperation, and greater loyalty from both employees and customers.

Ed Schein, Professor at MIT Sloan School of Management, agrees that a strong corporate culture is clearly advantageous for organizations, but feels that one of the challenges of developing a strong culture is defining the organization’s underlying values and operating principles. He states that it is relatively easy to identify the physical culture of an organization and even the intangible organizational rituals and traditions, but determining the values and operating principles of an organization is much more difficult.

For example, if organization leaders say one thing and model another, their actions drown out their words and create confusion within the organization. Employees see this lack of authenticity and do not know whether to follow the words or the actions of senior leaders. The values and operating principles are obscured and meaningless.

Organizations, therefore, need to identify values and operating principles and instruct employees at all levels on the importance of these values and principles. Then, they must spend time training to the skills that support their strategic direction and future growth.

As noted, a strong learning culture is a source of sustainable competitive advantage; however, according to Arie de Geus, head of Shell Oil Company’s Strategic Planning Group and visiting professor at London Business School, a learning culture is not only a strong source of sustainable competitive advantage ... “learning is the only source of sustainable competitive advantage.” The learning culture itself becomes a critical corporate asset.
Why Learning Cultures Make a Difference

In the annual survey of “elite organizations” conducted by *Fortune* and the Hay Group, the results continually show the one thing each of these elite organizations has in common is that their corporate cultures value people and how they learn.

“These companies don’t just claim people are their best asset; they behave that way. They offer intensive leadership-development programs that address individuals’ needs and the organization’s strategic goals. They emphasize the importance of people and recognize that this value must be balanced with financial results.”

If people are an organization’s best asset, then the skill level of the employees must be continually developed, which is the essence of a learning organization.

“The skill mix required by organizations is changing, with employers demanding generic skills such as communication and problem-solving skills, in addition to technical skills. As such, workplace learning, both formal and informal, is taking on an increasingly important role in the education and training of the workforce.”

Measuring the Value of Learning

It is clear that in elite organizations, the value of learning has been measured and determined to be worth the investment. How this measurement is done varies with and sometimes within the organizations. While no one method appears to be best, it does appear that the value of the learning outcomes must be measured and defined by the businesses themselves.

According to a study done by Accenture and validated by leading university professors, they found that “for every dollar Accenture invests in learning, the company receives that dollar back plus an additional $3.53 in measurable value to its bottom line—in other words, a 353 percent return on learning. The ROI study made it clear that enterprise learning is a strategic initiative of the highest importance.”

A study entitled *Profiting From Learning: Do Firms’ Investments in Education and Training Pay Off?* conducted by the American Society for Training and Development (ASTD) was designed to measure the link between money spent on training/learning and the companies’ total shareholder return (TSR). TSR is defined as the change in (a company’s) stock price plus dividends. This measure was selected because it is considered by many financial analysts as the best measure of a stockholder’s actual return.

- ASTD found that the top quarter of the companies in the study group spent $1595 per employee while the average companies spent $680 per employee per year.
- The top companies had an average TSR of 36.9% while companies investing below the average had only a 19.8% TSR.

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1. Creating a Learning Culture – Conner and Clawson
The Importance of a Learning Culture (continued ...)

**Five Ways Leaders Can Create or Expand a Learning Culture**

In “Creating a Learning Culture,” authors Marcia Conner and James Clawson state, “The decision to invest in learning is defined by a set of values, expectations, and behaviors related to actively managing organizational learning. The learning-oriented corporate culture sets the context of everything the organization does. All leaders can create such a culture, and all leaders should—but how?”

Conner and Clawson recommend five ways leaders can develop a learning culture.

1. **Value learning and model the behavior**
   
   Individuals are typically reinforced by modeling. For example, one of the benefits of classroom learning is that a participant who watches another participant successfully model a new skill or behavior has experienced an important learning tool.

   Leaders in an organization who model their belief in the value of learning by promoting training and continual learning motivate and inspire employees to value the learning process as well. Ultimately, this leads to an enterprise-wide behavior shift and the development of a learning culture.

2. **Ask tough questions**
   
   Typically, organizations train for two reasons:
   
   - Government requirements, employment law or compliance required training
   - Business skills development or performance development training

   A learning organization is “an organization that is continually expanding its capacity to create its future.” ⁴ Merely doing compliance training does not qualify an organization as having a learning culture.

   Leaders must question department heads and other managers to determine if compliance training is all that is currently being done. They must ask tough questions and listen to perhaps undesirable or unexpected answers.

   A true learning culture is driven by the desire to give employees the skills they need to “construct understandings and develop skills relevant to solving problems.” ⁵ A key to growth in any organization is the ability to successfully meet challenges and solve problems.

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⁴ *The Fifth Discipline: The Art and Practice of the Learning Organization* – Peter Senge

⁵ *How People Learn and Grow Through Learning* – Vadim Kotelnikov, 1000ventures.com
The Importance of a Learning Culture (continued ...)

3. **Be consistent**
   Do not allow developing or expanding your “learning culture” to be the project of the month. Too often organizations embark on a strategic direction only to pull up short and move on to the latest leadership or management trend in response to the ongoing changes with which businesses are challenged.

If this has been the culture of your organization, consistency in your efforts to develop a strong culture of learning is imperative. A learning culture is not a quick fix for the latest challenge, but rather the means to responding to changes effectively time and time again over the long term.

> "An organization's ability to respond effectively to constant (and inevitable) changes in its environment hinges on its ability to learn. Hence, training, development and innovation must be valued and supported in order for an organization to have the capacity to respond to changing conditions and consistently achieve strategic goals."  

4. **Share best practices**
   All organizations should take a look at what successful organizations are doing to stay ahead in these challenging times. Regardless of your products, services or size, find out what “elite organizations” do to create and sustain their learning culture and model your organization’s behavior after their success.

Examine your competition and other organizations in your industry. Determine best practices of learning organizations and identify strong learning partners who can share their expertise with you. Additionally, always share your knowledge and best practices internally. Again, according to Bassi and McMurrer:

> “Organizations that capture, apply, and re-use knowledge and best practices among departments and divisions, and that have successful, collaborative team structures are best able to leverage their knowledge and talent for business results.”

5. **Develop new routines**
   “... culture is the cement that holds an organization together. It is the behavior that results when a group arrives at a set of—generally unspoken and unwritten—rules for working together—and such rules can be especially influenced by the organization’s founder, executives, and other managerial staff because of their role in decision making and strategic direction. It is typically represented in groups through language, decision making, symbols, stories and daily work practices.”

As you strive to develop and expand your learning culture, you must examine existing organizational practices and daily work routines to be certain that they support a high standard. Place a premium on the quality of resources you make available to your people in order to develop a learning culture that truly allows each employee to develop to the fullest of their potential and to move your organization to the fulfillment of its business strategy.

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*What to Do When People Are Your Most Important Asset – Bassi and McMurrer*

*Managing Culture as a Critical Success Factor in Outsourcing* – Julie Beardsell

Swiss, Management Center University – Working Paper Series