

## **EMPLOYEE TRAINING AND DEVELOPMENT AND THE LEARNING ORGANIZATION**

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**Abstract.** *The global competition and swiftness of changes emphasize the importance of human capital within organizations, as well as the swiftness and ways of knowledge gaining of that capital. In the economy where uncertainty is the only certainty, knowledge is becoming a reliable source of sustained competitive advantage. Knowledge is becoming basic capital and the trigger of development. Previously built on foundations of possessing specific resources and low costs, present day competition is based on knowledge possessing and efficient knowledge management. Modern organizations, therefore use their resources (money, time, energy, information, etc.) for permanent training and advancement of their employees. Organizations which are constantly creating new knowlegde, extending it through the entire organization and implementing it quickly inside the new technologies, develop good products and excellent services. These activities determine the company as a learning organization with constant innovation being its sole business. These are organizations which realize that learning and new knowledge are becoming the key of success, and that education is crucial for abundance.*

**Key Words:** *human resource management, knowledge management, learning organization, education, development, knowledge workers*

### 1. INTRODUCTION

Changes in technology, especially information technology, generate knowledge spreading up at tremendous speed, as well as its quick obsolescence. In the period between 1900 and 1950, the amount of human knowledge doubled, and since then it has doubled every 5 to 8 years. Knowledge is becoming obsolete so quickly that all of us need do double our knowledge every 2 to 3 years in order to keep up with the changes. [6]

On the other hand, the increasing complexity, turbulency and uncertainty of the environment requires different and greater knowledge. Modern business requires more and more knowledge and skills that are still inadequatly present in the formal school education, i.e. the gap between business requirements and the knowledge acquired at school is growing.

The period of mass producing is over and the customers are very selective. Increased consumer demands require new solutions and knowledge. Due to increasing competition, the organization is required to constantly revise its product and service mix, managerial methods, and to increase productivity. Modern conditions of dynamic competition, sophisticated information technology, knowledge economy, market globalization, has changed the relation to importance of human resources in organization. These conditions actualize the human capital as the strategic resource of every organization. Differences between the organizations exist exactly due to the differences between human capital, i.e. the organizations human resources, ways of their management and development.

In a more and more global, complex and turbulent environment, knowledge is the only reliable source of competitive advantage. Traditional factors of manufacturing as the soil, labor and capital did not disappear, but their significance is not primary anymore. Knowledge is viewed as the key of realization of a competitive advantage. And therefore the question of where the corporative knowledge is located, how to release it and develop to achieve organizational goals has become very important. Since the organizational knowledge is largely located inside the human mind, i.e. the head of employees, as carriers of knowledge and activities, human resources are becoming the key factor of business success. Organizational development is always conditioned by human knowledge and skills. That is why, contemporary organizations pay more and more attention to the development of their employees. Thus, employee education and training are becoming an optimal answer to complex business challenges, and the management of human resources is taking central role in modern management. Through the process of employee training and development, the management of human resources provides constant knowledge innovation, creates conditions for mutual knowledge and experience exchange and proactive behaviour, in this way contributing to competitive advantage and satisfaction of all participants in business procedures.

As a consequence of these procedures a learning organization has formed. The aim of this paper is to point to the fact that education and development of human potential are the basic factor for creation of basis for transformation from traditional to a learning company. Learning organization is organization that promotes learning of all of its members and it transforms permanently. Individuals and societies that do not have enough knowledge are in inferior position, compared to societies and organisations that have it and even permanently acquire new knowledge. That is the reason why we say that success is not among the educated but among those that are learning permanently, and everything changes except knowledge acquirement, which is constant. The fore mentioned statements in the best way show the direction in which learning organizations move.

## 2. EMPLOYEE TRAINING AND DEVELOPMENT

Understanding the phenomenon of employee training and development requires understanding of all the changes that take place as a result of learning. As the generator of new knowledge, employee training and development is placed within a broader strategic context of human resources management, i.e. global organizational management, as a planned staff education and development, both individual and group, with the goal to benefit both the organization and employees. To preserve its obtained positions and

increase competitive advantage, the organization needs to be able to create new knowledge, and not only to rely solely on utilization of the existing. [10]

Thus, the continuous employee training and development has a significant role in the development of individual and organizational performance.

The strategic procedure of employee training and development needs to encourage creativity, ensure inventiveness and shape the entire organizational knowledge that provides the organization with uniqueness and differentiates it from the others.

Education is no longer the duty and privilege of those in higher positions and skilled labour, but it is becoming the duty and need of everyone. The larger the organizations, the more funds they spend on education and provide their employees with greater and diverse possibilities of education and development. Understanding the tremendous significance of education for the modern organization and confident that it represents a good and remunerative investment, present day organizations set aside more and more resources for this activity. Most of the organizations invest 3 to 5% of their revenue into adult education. It is estimated that the organizations that desire to keep the pace with changes need to provide their employees with 2% of total annual fund of working hours for training and education. [9] Thus, it is necessary to accept the model of permanent, continuous learning. That truth has been known for more than two centuries. Denis Diderot, a French philosopher and literate of the Age of Enlightenment, wrote the following: "Education shouldn't be finished when an individual leaves school, it should encompass all the ages of life...to provide people in every moment of their life with a possibility to maintain their knowledge or to obtain new knowledge". [4]

The only way for present day organizations to survive is the imperative to innovate or perish. Since this depends on the knowledge the organization possesses, this imperative could be read as: learn faster than competition. The logical sequence is: knowledge creation – innovation – competitive advantage. If knowledge is good, is it not true that the more knowledge we have, the better we are? Many organizations which consider knowledge as a good thing are trapped into the pitfall of gathering as much knowledge as possible. Knowledge that is not necessary is exactly what it is: unnecessary. And the efforts to obtain it are wasted efforts. The only important knowledge is the knowledge with strategic importance to the company, knowledge that helps to increase the value of the company, knowledge with significance to the strategy of the company.

It is not about knowledge for the sake of knowledge, but rather knowledge according to the needs, applicable knowledge, knowledge to create innovation and competitive advantage. [8] Obtaining knowledge, learning, education, all could have a real effect on the quality of labour only if they are harmonized with the needs of a particular organization, its goals and the goals of its employees. The further choice of educational contents and educational methods, and the efficiency of educational effectiveness control depend on clearly defined educational goals and needs, answers to the questions of which knowledge is necessary to realize the strategy and the survival of the organization in general, which employees need to possess this knowledge and will this knowledge solve certain problems.

Employee training and development does not imply only obtaining new knowledge, abilities and skills, but also the possibility to promote entrepreneurship, introduce employees to changes, encourage the changes of their attitude, introduce the employees to important business decisions and involve them actively in the process of decision making.

[3] To precisely define expectations and attract skilled workforce, more and more employment advertizings offer a certain number of annual hours or days for education. The most wanted resources are the people with particular knowledge, skills and abilities. Managers must learn to manage them, and the organizations to employ and retain them. Knowledge based organizations must preserve their competitive advantage by retaining skilled workforce, workers of knowledge, strengthening their motivation and improving the reward and compensation systems according to the workers' performances.

Within the context of learning organization, it is not sufficient for the worker only to add value to the organization based on his knowledge, but he also has to receive knowledge. He gives as much knowledge as he receives. For the present day employees the wage by itself is not a sufficient incentive, but they also need investment into themselves in a sense of investing in their knowledge. Empolyees no longer work for money alone, nor can they be influenced by traditional attractive financial packages.

### 3. CONCEPT OF A LEARNING ORGANIZATION

Every individual should appreciate lifelong learning, and every successful organization has to become a permanently learning organization. Many successful organizations describe themselves as learning organization or one of their strategic goals is to become such an organization. Companies such as Coca-Cola, Motorola, General Electrics and Cisco have assigned vice presidents for knowledge, learning or intellectual capital whose task is to create knowledge management systems that enable them to quickly adopt development tendencies, influencing in that way the customers, competitors, distributors and suppliers.

The organization is not only the user of knowledge, but also its creator. According to the views of Peter Senge described in the book named "The Fifth Discipline", the learning organization implies free flow of knowledge, i.e. lifting of all barriers on developing knowledge and new ideas at the very beginning. [7] In the future it will not be possible to "unthread things from above" and for all the others to follow the "big brother's" instructions anymore. The top organizations of the future will be distinguished by their knowledge about how to encourage engagement and develop the learning potential on each organizational level. Peter Senge's model of a learning organization is very interesting since it recognizes the organization as a whole, i.e., in his organization, through their functions and sectors within the organization, all the employees influence the course of business procedures, and the knowledge creation, consequently the creation of new values both for the organization and its customers. With this definition, Senge has made significant qualitative progress compared to the classical organization, since he emphasized the necessity of ability development through the process of learning.

Besides Senge, Chris Argyris was a great popularizer of a learning organization as well. In his book "Teaching smart people how to learn", he says: "Any company that aspires to succeed in the tougher business environment must first resolve a basic dilemma: success in the marketplace increasingly depends on learning, yet most people don't know how to learn. What's more, those members of the organization that many assume to be the best at learning are, in fact, not very good at it. I am talking about the well-educated, high-powered, highly committed professionals who take up key leadership positions in the modern corporation." [1]

Organizations learn only through the learning individuals. Individual learning does not guarantee organizational learning. But without it there is no organizational learning as well. The ability to learn faster than the competitors may be the only sustainable competitive advantage. Thus, the learning organization is the organization that learns and encourages people to learn in the organization. It motivates information exchange between employees and creates staff with different knowledge. Chris Argyris explains this: "On the other hand, there is a problem of existence of individuals within the organization who know how to learn, but that doesn't create automatically conditions for the organization to learn as well. This is due to the indisputable view that knowledge is still the only private property the man owns. This means that individual learning, and even learning of all the employees, doesn't imply the existence of a learning organization. To have a learning organization, it is necessary to know how to transfer individual into organizational knowledge, i.e. into organizational learning." [1]

The starting point of knowledge management concept is in the fact that power does not come from knowledge, but from the exchange of knowledge. It starts from the synergic effect. By exchanging knowledge, combining individual knowledge, we get much more qualitative knowledge than the individual knowledge. Obtaining and sharing knowledge is the core of the learning organization.

The reasons to become a learning organization are the following: people are developing (greater motivation, flexibility of employees, people are more creative, improved social interaction), better working teams and groups (knowledge sharing, mutual dependence), benefiting organizations (greater work productivity, more qualitative products/services/procedures, competitive advantage, profit). [4]

#### 4. APPROACH TO TRAINING AND DEVELOPMENT WITHIN OUR ORGANIZATIONS AND NEED FOR TRANSFORMATION

Unfortunately, the procedures of employee training and development within our organizations are undeveloped. They are mainly performed occasionally, and not connected with organizational strategy, nor do they have some strategic significance. They are mostly enforced when such business problems occur or are perceived that are considered relievable or solvable by organizing a training, course or seminar for some of the employees. Employees view the training as an imposed obligation, rather than a way to maximize their potential and they do not realize that by improving their performances and innovation of their knowledge they may contribute to better business results of the organization they belong to. Unfortunately, top managers do not realize this as well. From their relationship with the employees it is plain to see that the employees are still treated as an expense, rather than an investment worthy of investing. In our organizations there is no culture of obtaining and sharing of knowledge. [11]

Many of our managers are under the influence of prejudices such as: training is expensive, training is an expense burdening the current business, it is not rewarding, training is for the young, etc. Knowledge *is* expensive, but ignorance is even more expensive. Human possibilities to learn are unlimited, unless individuals do not limit their abilities within their minds. Many studies have shown that investing in employee training and development has larger business effects than investing in equipment and other

material resources. Our organizations must harmonize their approach to employee development with the changes. Employee training and development has to be connected with the organizational goals and strategy, they need to fulfill the new requirements of the environment. Employee training and development needs to become a managerial function. It is a managerial challenge to consider the employees of the organization from a strategic perspective (future orientedness) and constantly monitor and encourage the development of new skills and knowledge as the foundation of organizational development.

This is not about assigning the employees to appropriate jobs, but rather about the constant dynamic of encouraging and discovering new possibilities. This is a new type of leadership, significantly different from the classical model of organizational management. The leaders are no longer expected to be all-knowing bosses and supervisors, but rather moderators and inspirators. Since people do not share the information which is the source of their power instinctively, the leaders need to recognize, attract and release knowledge in the organization. One of the main challenges of modern organizations therefore is how to manage the process of knowledge transfer. "The answer is that wisdom, just because it is the most important, doesn't need to be located inside a tall building where the chief executive and his main assistants hang their hats (and soon their heads as well – unless they join the revolution of the mind). [5] This picturesque answer of Tom Peters refers to decentralization and substantivity of employees (turning every workplace into business), which implies a high degree of employee competence and orientation toward the participative style of management.

The process of democratisations, transitions, opening towards the EU, privatisations and arrival of foreign companies and praxis contributed considerably to transformation of approach to employee training and development within our organizations, from the ad hoc processes that originate from the goals and strategies, to a modern approach where human resources and their knowledge are gaining more and more significance.

## 5. CONCLUSION

Business conducting and survival in the present day turbulent environment are relying on organizational knowledge in a sense of a giving timely and appropriate answer to challenges. The ability of individuals and organizations to obtain and master new knowledge has become the key comparative advantage. The concept of knowledge management and management of human resources, especially the function of employee training and development within the learning organization, are engaged with the basic resource of modern business, i.e. with knowledge and its utilization. Renewing knowledge is an imperative for the organization, and not an option. The rate of learning has to be greater than the rate of changes. Training and development of employees is a continuous procedure which is the only meaningful and logical approach in the condition of knowledge obsolescence, dynamic changes and increasing need for constant product and service innovations. Human resources represent intellectual capital which is the new source of organizational resources, and the organization could increase them only through training, development and motivation of employees. The prosperity of organizations becomes explicitly dependent on the intellectual capacity of their employees and their ability to change and adjust to the dynamic business environment.

The learning organization is the result of a strategic relationship with the employee training and development and the recognition of the fact that knowledge is the answer to the numerous challenges from the environment. Every organization is becoming an institution that learns and teaches. The successful learning organization is able to attract the most talented people, to involve them into all business procedures and to motivate them to generate and exchange knowledge, enabling them in turn to maintain and improve their individual professional skills.

It could be concluded that an organization which fails to recognize in due time the emergence of knowledge economy and does not transform into an organization of knowledge, i.e. does not realize and accept the changes unfolding on a global level, gradually, but inevitably is headed to self-destruction. In that context, the introduction of employee training and development as a managerial function and business orientation represent a huge challenge for our organizations.

The level of the learning organization directly determines the competitive advantage, and lifelong learning and knowledge spreading are becoming the main managerial task and the task of all employees. Without it, it is difficult to implement the changes and adjust them to changes in the environment, to create innovations and guarantee the success of organizations, as well as the success of the individuals within the organization. In that sense, organizations will be more like classrooms, managers like teachers, and employees like disciples.

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## OBUKA I RAZVOJ ZAPOSLENIH I UČEĆA ORGANIZACIJA

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*Globalna konkurencija i munjevitost promena potenciraju važnost ljudskog kapitala u organizaciji, kao i brzinu i načine na koje taj kapital stiče znanja. U ekonomiji u kojoj je jedina izvesnost neizvesnost, siguran izvor trajne kompetitivne prednosti postaje znanje. Znanje postaje temeljni kapital i poluga razvoja. Konkurentnost koja se ranije gradila na posedovanju specifičnih resursa, niskim troškovima ustupila je mesto konkurentnosti koja se bazira na posedovanju znanja i na efektivnom upravljanju znanjem. Zato savremene organizacije sve više svojih resursa (novca, vremena, energije, informacija isl.) posvećuju obrazovanju i stalnom obučavanju zaposlenih.*

*Uspesne organizacije postaju one koje konstantno kreiraju novo znanje, rasprostiru ga kroz celu organizaciju i brzo ga ugrađuju u nove tehnologije, proizvode i usluge. Te aktivnosti određuju kompaniju kao učeću organizaciju čiji je jedini posao stalna inovacija. To su organizacije koje su shvatile da učenje i novo znanje postaju ključ uspeha, a obrazovanje krucijalno za bogatstvo.*

*Ključne reči: menadžment ljudskih resursa, menadžment znanja, učeća organizacija, obrazovanje, razvoj, radnici znanja.*