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„The Market-Orientated Learning Organization“

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1 Introduction

The aim of this paper is to provide a framework that assists companies in becoming a Market-Orientated Learning Organization. This type of organization strongly focuses both on its organizational learning activities and its orientation by the market demands and requirements. The management literature, as well as current management trends, emphasize the importance of business agility (Luftman et al. 2015). In particular, the increasingly dynamic nature of business environments and markets calls for dynamic organizations that can anticipate and rapidly react to changes in a proactive manner (Kim, Egan & Tolson 2015). One crucial aspect of business agility and long-term corporate success is the organization's ability to learn (Santos-Vijande, López-Sánchez & Trespalacios 2012).

There is a wide range of reasons why companies should become learning organizations, and there are, at the same time, a great number of *enablers to develop learning organizations* (Wilkinson 2013). However, many companies have not yet managed to make this transformation (Senge 2014). As a consequence, comprehending the reasons why some organizations are superior in learning to others is an area of active research (Argote 2011, p. 1123). At the same time, marketing practitioners and academics have observed for many decades now that market orientation affects business performance (Narver, Slater 1990). It is commonly agreed upon the scientific community that market orientation should be a crucial element of corporate strategy and should be actively pursued within a firm (Baker, Sinkula 2007). However, some organizations are more market-orientated than others (Jaworski, Kohli 1993). Consequently, there is still a need for further research into how firms can improve their market orientation (Chang et al. 2014). This paper attempts to combine these two streams of research by answering the following questions: "How can companies be assisted in becoming a learning organization?" and "How can the learning activities in organizations be aligned to market needs and requirements?"

This paper will address these questions through the use of the case study research approach including the development of a theoretic framework and the conduction of eleven case studies. The theoretic framework of this paper adapts the five disciplines of a learning organization by Peter Senge (1990). One major adaption is the suggestion to

place market orientation in the center of the five disciplines as it could provide the alignment of organizational learning to market needs and requirements and increase the motivation of the organizational members to increase their learning activities. To further research facilitators and crucial factors for becoming a learning organization and to analyze the transferability of the theoretic framework to real-world environment eleven case studies were performed. Based on their results several adaptions will be made to the theoretic framework within this paper. The findings of the case studies will show that it could be preferable to relabel the discipline of a shared vision, postulated by the underlying model by Peter Senge (1990), into a shared goal. In addition, the case study results will support the idea that market orientation could serve as a goal which both the management and the employees share. The interviewees reported that several employees would be willing to pursue the five disciplines suggested by the framework, but in part lacks the empowerment to perform changes to processes and routines. At the same time, many organizational members of different hierarchical levels do not see the potential of becoming a learning organization and even oppose it. Therefore, this paper will suggest to incrementally implement the principles behind a Market-Orientated Learning Organization, starting with pilot teams and using spill-over effects to spread it within the remaining organization. Within this context job shadowing will be discussed as a facilitator for the implementation.

The paper is divided into 11 chapters. Chapter 2 introduces the underlying methodological model for case study research followed in this paper. Chapter 3 shows how learning in organizations occurs along the individual, interpersonal and organizational levels, and discusses different perspectives and definitions in these three levels. Next, Chapter 4 illustrates different frameworks for learning organizations, with a discussion and distillation of why the five disciplines of Peter Senge (1990) were chosen as the underlying theory for this paper. The focus of Chapter 5 is on the state of the art in the literature combining market orientation and organizational learning. Chapter 6 provides a conclusion about the present state of research and finds that, to the extent of the author's knowledge, no paper so far has combined Senge's (1990) five disciplines with market orientation as guideline for learning. To address this research gap, the idea of the Market-Orientated Learning Organization is theoretically developed in Chapter 7, based on the insights from the previous chapters. This idea provides the basis for the case studies performed. The design, preparation and performance of the case studies is

explained in Chapter 8. The empirical findings of the case studies are presented and interpreted in Chapter 9, followed in Chapter 10 by a critical discussion of the findings against the background of theory. This discussion leads to the further development of the framework of the Market-Orientated Learning Organization. Finally, Chapter 11 concludes this thesis by stating the overall results of the paper, answering the above-mentioned research questions and discussing different limitations and directions for further research.

2 Methodology of this Research

The above described structure of this paper, follows Robert Yin's (2008) procedure model, which is one of the most widespread and accepted models in the field of scientific case study research (Padgett 2016). Yin (2008) defines case study research as a "linear but iterative process" (p. 1) involving six phases (cf. Figure 1). Before deciding to conduct case study research, there is a planning phase that includes identification of the research field as well as selection of the research method. For this thesis, these steps will be done in the present Chapter.

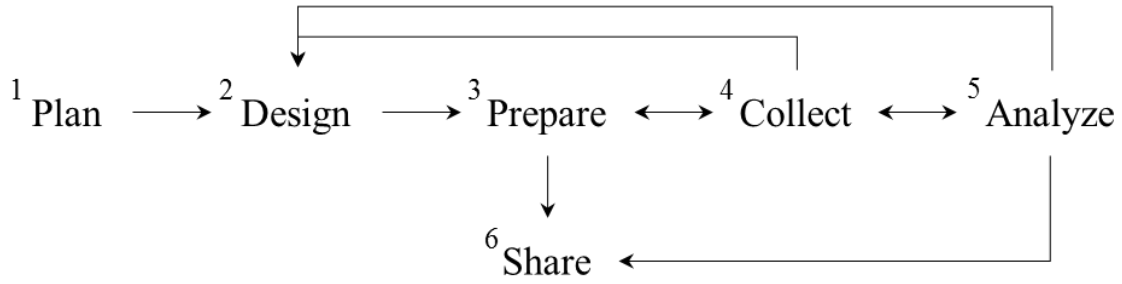

Figure 1: Case Study Research Design (based on Yin 2008)

Following the planning phase is the design stage, which involves identification of the different components of the research design, such as the propositions, the units of analysis, and the logic linking the data to the propositions. The preparation phase focuses on the necessary preparation for the case study, e.g. the training of the personal skills of the researcher, screening for candidate cases, and a pilot case study. Next, the collection of data is performed. The collected data is analyzed in the fifth phase with the identification of theoretical and observational patterns. Sharing the insights gained with the public is the final phase in Yin's model. These phases can be performed both sequentially and iteratively, if needed.

PLAN: SELECTION OF THE CASE STUDY AS THE RESEARCH METHOD

As mentioned above, the planning phase deals with two crucial questions: the identification of the research question, and the decision of whether case study research is the appropriate approach for answering the research question (Yin 2008, p. 2).

Inspired by personal reports from different firms of the great difficulties faced in transforming their organizations into learning organizations as well as with establishing

a market-oriented, corporate-wide mindset, the author of this thesis decided to scientifically investigate the following questions:

> *"How can companies be assisted in becoming a learning organization?" and*
>
> *"How can the learning activities in organizations be aligned to market needs and requirements?"*

The literature on the philosophy of science provides a wide set of research methods (Schurz 2008, pp. 26-31), and Yin (2008) argues that there is "no formula, but your choice depends in large part on your research questions" (p. 4). The author of this thesis identified three variables for the selection of the optimal research method: whether the research requires the control of behavioral events, whether it focuses on contemporary or past events, and the form of the research question being addressed (cf. Table 1).

Table 1: Selection of Research Method (based on Yin 2008, p. 8)

METHOD	***Requires Control of Behavioral Events***	***Focuses on Contemporary Events***	***Form of the Research Questions***
Experiment	Yes	Yes	How, Why?
Survey	No	Yes	Who, what, where, how many, how much?
Archival Analysis	No	Yes/No	Who, what, where, how many, how much?
History	No	No	How, Why?
Case Study	No	Yes	How, Why?

Both of the formulated research questions take a "why" form. According to the selection table, this suggests the use of experiments, historical analysis or case study. The aim of this thesis is to analyze the contemporary situation regarding market orientation and learning in organizations. Therefore, the experiment and the case study should primarily be taken into consideration. An experiment and a case study can be distinguished by the control of behavioral events (Yin 2008). Since an experiment creates an artificial research environment, it can focus on distinct cause and effect relationships, but can capture the effects of a real environmental situation only in a limited sense. To the contrary, case studies focus on the observation of events in non-artificial environments. The latter increases the danger that the researcher is not able to clearly identify cause and effect of

the observations. At the same time, performing case studies instead of experiments allows the reduction of biases induced by an experimental setting as the observant are in the real environment (ibid.).

Within the scope of this paper is the analysis of the current real environment situation at different firms, as well as the derivation of insights to answer the above-mentioned questions. Hence, despite the danger of the above-mentioned biases, the selection of the case study design as the research method seems preferable. In addition, the iterative case study process described by Robert Yin (cf. Figure 1) is well suited to the field of research. Some authors, such as Lee, Courtney, and O'Keefe (1992) or Sinkula, Baker, and Noordewier (1997) have argued that the process of organizational learning is iterative, because "individuals' actions lead to organizational interactions with the environment, and outcomes are interpreted by individuals who learn by updating their beliefs about cause-effect relationships" (Sinkula, Baker & Noordewier 1997, p. 306).

STEPS OF INQUIRY

According to the underlying model, this paper addresses all of the six phases (cf. Figure 1) in three blocks of inquiry:

1. Design I: Literature Review and Theory Development [1]

According to Yin (2008), theory development "is essential, whether the ensuing case study's purpose is to develop or to test theory" (p. 35). This view includes the idea that case studies can be inductive or deductive. In addition, it is possible to work both deductively and inductively within the same case study.

The first step of theory development should be a review of the literature related to the field of study (Häder 2010). Based on the two initial research questions, a detailed search for literature in the field of organizational learning was performed, looking in particular for papers about learning organizations, as well as the connection between market orientation and organizational learning. The results are presented in Chapters 2-6. Building on the insights gleaned from the literature, the idea of the Market-Orientated Learning Organization is developed theoretically to address the research gap

[1] In order to increase its structure and readability, this paper illustrates the design phase of Robert Yin's model (2008) in two parts. The first part (Design I) focuses on the theoretical part of this thesis, the second part (Design II) on the empirical part.

(cf. Chapter 7). Yin (2008, p. 37 f.) identifies four types of theories: individual, group, organizational, societal. Case study research does not necessarily fall into only one of these categories, but can also cut across different types (ibid., p. 37). The segmentation of the Market-Orientated Learning Organization into the three levels of learning cuts across the individual, group and organizational types of theory and is therefore in line with Yin's categories.

2. Design II, Prepare, Collect: Case Studies

To further analyze the concept of the Market-Orientated Learning Organization, it was decided to perform eleven case studies. In this way, the paper follows the analytical generalization pattern suggested by Yin (2008, pp. 38 f.), which can be applied to both single- or multiple-case study designs. In this approach, the previously developed theory is utilized as a template with which to compare the empirical results of the case study. If several cases support the same theory, the researcher may claim replication (ibid.). Chapter 8 will provide the details of the design and preparation of the case studies and the collection of the data. As suggested by Yin (2008), the phases were performed iteratively, involving, for example, the adaption of the interview guide based on the experiences from previous interviews. The findings gained via the case studies are presented and interpreted in Chapter 9.

3. Analyze: Discussion and Theory Adaption

In Chapter 10, the findings will be discussed against the background of the concept of the Market-Orientated Learning Organization developed in the first step of inquiry. According to the both deductive and inductive character of case studies (ibid.), this will involve a critical discussion of the concept as it was developed before the case studies were performed, along with further development and adaption of the concept based on the insights from the case studies.

3 Learning (in) Organizations

The literature provides a wide set of definitions and theories of learning. Easterby-Smith, Crossan and Nicolini (2000) attempt to map the development of organizational learning in their paper. They note that the literature on learning, and particularly on organizational learning, provides "far too much material […] to allow full coverage in any single publication" (p. 783). Therefore, the following Sections will focus on definitions for organizational learning in a brief manner in order to keep within the scope of this thesis. Next, Peter Senge's approach to understanding a learning organization and the six most relevant papers in the field of market-oriented learning in organizations will be introduced.

3.1 Can Organizations Learn?

Compared to research on learning in general, the specific field learning in organizations is relatively recent (Argote 2013). According to Crossan, Lane and White (1999), Cangelosi and Dill were the first authors to explicitly use the expression "organizational learning," and did so as early as 1965 (Cangelosi, Dill 1965). Since then, the literature on this topic has rapidly increased and its popularity in the research community has grown dramatically (Santos-Vijande, López-Sánchez & Trespalacios 2012).

Even until now, there still seems to be disagreement about how the term "organizational learning" should be defined and how it can be conceptualized (Easterby-Smith, Crossan & Nicolini 2000). The primary reason for this is the fact that organizational learning has been applied in many different domains, for example, innovation (Nonaka 1991) or the influence of management decisions (March, Olsen 1975); the definition therefore needs to account for the various demands of different fields in one common definition (Crossan, Lane & White 1999). This discussion grants authors from different research areas the ability to contribute to the field of organizational learning (Easterby-Smith, Crossan & Nicolini 2000).

One crucial area of dissent among the research community regarding organizational learning appears to be the question of whether organizations themselves are able to learn, or whether learning in organizations is just a function of what individuals learn (Easterby-Smith, Crossan & Nicolini 2000); this question will be examined in the following Section.

ORGANIZATIONAL LEARNING IS THE SUM OF INDIVIDUAL LEARNING

Those who see organizational learning as "simply the sum of what individuals learn within organizations" (Easterby-Smith, Crossan & Nicolini 2000, p. 785) argue that it is not possible to attribute human subjective characteristics such as "learning" or "thoughts" to objects like organizations (e.g. March, Olsen 1975). Another point of criticism comes from Garratt (1987), who focuses on the fact that only very few organizational members have a significant influence on the strategic direction of an organization. He further argues that it could be sufficient to solely analyze how key organizational members think and act in order to predict how the organization as a whole will think and act. Making a connection between thought and action, Kim and Mauborgne (1993) suggest that individual learning involves operational and conceptual learning. Operational learning includes the improvement of one's own effectiveness over time, whereas conceptual learning primarily comprises the formation of meaning and structure to deepen understanding (cf. Section 3.3) (Bell, Mengüç & Widing II 2010). Following this idea might indicate that organizational learning solely happens in the heads of the organization's members. Hence, there is only individual learning, and no organizational learning per se.

Simon (1991) adds to this view, stating that "all learning takes place inside individual human heads; an organization learns in only two ways: (a) by the learning of its members, or (b) by ingesting new members who have knowledge the organization didn't previously have" (p. 125). He further argues that "[what] an individual learns in an organization is very much dependent on what is already known to or believed by other members of the organization and what kinds of information are present in the organizational environment" (p. 125). Following this conceptualization, Simon (ibid.) further postulates that the transfer of information among individual organizational members and groups is crucial for organizational learning and that individual learning should be seen as a social rather than solitary phenomenon.

ORGANIZATIONS CAN LEARN

Other researchers, like Crossan, Lane and White (1999), argue that organizations are "more than simply a collection of individuals [and that] organizational learning is different from the simple sum of the learning of its members" (p. 529). This is because some learning appears to be embedded in the organization itself, for example, in the "systems, structures, strategy, routines, prescribed practices of the organization, and in information systems and infrastructure" (Crossan, Lane & White 1999, p. 529). Hence, organizational learning also reflects the collective ideas, activities, systems, processes and structures of an organization (e.g. Baker, Sinkula 2007).

Furthermore, even though its leadership might change and its members might come and go, an organization seems to preserve a certain memory about mental maps, norms and behavior. Therefore, although only humans can change such organizational memory, it seems to stay with the company, even when employees leave the organization. According to Hedberg (1979), organizations do have cognitive systems and memories" (p. 6), and the results of learning can be stored in an organization. This indicates that organizational memory and learning must be more than just the sum of individual leaning. At the same time, Fiol and Lyles (1985) and Nonaka (1991) describe companies as living organizations and consider their organizational characteristics, such as processes, structures, routines or norms, as influential over individual learning (Scott 2011).

From the author's point of view, both streams are consistent in terms of their argumentation. However, the argument that organizations retain knowledge in the form of organizational characteristics, despite the fact that organizational members may change, led to the decision to base the thesis on the latter conceptualization, namely: "Organizations can learn." This view enables a more detailed analysis of the effects of learning, as it provides three separate levels of learning – individual, interpersonal and organizational (cf. Chapter 3.2). Consequently, this thesis will follow the perspective of three levels of learning within organizations, which the next Section will describe in greater detail.

3.2 Three Levels of Learning

According to Crossan et al. (1995), "there is a reasonable degree of consensus that a theory of organizational learning needs to consider the individual, group, and organizational levels" (cf. Figure 2). The group learning level is often also called interpersonal learning (Easterby-Smith, Crossan & Nicolini 2000). In Kuhn's (2012) understanding, paradigms are "universally recognized scientific achievements that for a time provide model problems and solutions to a community of practitioners" (p. viii). According to Crossan et al. (1995), the three-level perspective could therefore be seen as an underlying paradigm with which to analyze learning in organizations. Those three levels are presented briefly in this Section and in greater detail in Sections 3.3-0.

THE STRUCTURE OF THE THREE LEVELS

According to Easterby-Smith, Crossan, and Nicolini (2000), in this threefold segmentation individual learning involves learning by unique human individuals. Yet, there is also evidence that humans not only learn by themselves, but also from and inside groups. This happens on the interpersonal level, which includes learning that occurs during interactions between individuals in groups, interactions between groups, as well as through exchange with parties from outside the organization. The literature provides several examples of how learning in groups differs from individual learning and should thus be analyzed differently (see also Argote 2013). As discussed above, it seems that organizations themselves can learn (Crossan, Lane & White 1999, Simon 1991, Bell, Mengüç & Widing II 2010). From an organizational learning perspective, the characteristics of an organization – e.g. processes, routines and structure – can be seen as experience and knowledge. Following this view, an organization learns when its human members update and improve these characteristics (Argyris, Schön 1978, Simon 1991, Nonaka 1994, Bell, Mengüç & Widing II 2010, Scott 2011).

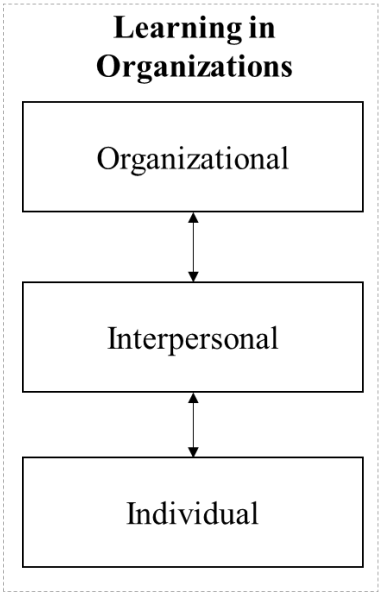

Figure 2:
Three Levels of Learning
(based on Crossan et al. 1995)

Since these levels are named differently by various authors (e.g. Argyris, Schön 1978, Simon 1991, Neuberger 1994, Crossan, Lane & White 1999, Easterby-Smith, Crossan & Nicolini 2000, Bell, Mengüç & Widing II 2010, Scott 2011, Becker 2013), they will be referred to in this paper as the "individual level," "interpersonal level" and "organizational level." To prevent misunderstandings, the expression "learning in organizations" will be used to refer to all the learning that occurs inside an organization, including the individual, interpersonal and organizational levels.

INTERACTION BETWEEN THE LEVELS

Santos-Vijande, López-Sánchez, and Trespalacios (2012) explain that learning within the three levels does not happen independently of the other levels, but that it can rather be seen as a "two-way processes of knowledge transfer" (p. 1080). In their conceptualization, the individual stage can be interpreted as the beginning of learning: individuals receive environmental stimuli and interpret them. On the next level, the interpersonal, social interactions lead individuals to share new insights with others such as colleagues. In a process called "dialogue," people begin to form a shared interpretation of a certain fact. If the group can agree on a shared interpretation, the third stage begins; this involves the adaption of organizational structures through use of the insights gained in levels one and two. Vice versa, groups and individuals can learn from organizations, e.g. in terms of best practices. Therefore, the three levels seem to be highly interdependent (ibid.).

Although the topic of organizational learning has been continuously addressed in the literature for more than 50 years (Cangelosi, Dill 1965, Huber 1991, Slater, Narver 1995, Sinkula, Baker & Noordewier 1997, e.g. Bell, Menguc 2002, Scott 2011, Santos-Vijande, López-Sánchez & Trespalacios 2012), surprisingly little attention has been paid to the contribution of individual learning to organizational learning (Bell, Mengüç & Widing II 2010).

3.3 Individual Learning

As discussed above, the issue of how individuals learn seems to have a decisive impact on the field of learning in organizations (Easterby-Smith, Crossan & Nicolini 2000). Learning has constituted one of the most fundamental topics of research since the beginning of early psychology, and is being addressed by research from many different disciplines (Lefrançois 2015, Argote 2013). It seems that as long as 2000 years ago, humans had begun to identify learning as a fundamental process. Aristotle, and later, John Locke and David Hume, supposedly formulated the idea that we learn through association (Myers 2008). Since then, the literature has provided a wide set of approaches, definitions and theories on learning (Lefrançois 2015). As mentioned above, Easterby-Smith, Crossan, and Nicolini (2000) argue that the field of learning (inside and outside of organizations) provides "far too much material available to allow full coverage in any single publication" (p. 783). Consequently, this paper only focuses on the most prevalent theories in the field of learning.

Some of the definitions of individual learning are illustrated in the following Sections, which conclude with the conceptualization of individual learning used within this thesis. Friedlander (1983) argues that change that results from learning does not necessarily need to be visible behavior; it may also result in new and significant insights. According to this view of learning, it is crucial for an individual to be consciously aware of alternatives as well as differences between reality and one's own cognitive maps or understandings, and the individual needs the willingness to adapt those maps and understandings. Different views see learning as a process that is "based on experience and [which] causes relatively permanent changes in behavior or behavioral patterns" (Zimbardo, Gerrig 1999, p. 206). Zimbardo and Gerrig (1999) further argue that the process of learning itself cannot directly be observed, but can only be indirectly deduced from observable shifts in behavior.

Kolb (1984, p. 38) defines experiential learning as "the process whereby knowledge is created through the transformation of experience." Therefore, learning is rooted in the ability to create higher concepts, generalizations and routines, enabling individuals to later revise these knowledge structures (Bell, Mengüç & Widing II 2010). Vaill adds that "learning must be a way of being" and that it is therefore necessary to continuously question one's "ongoing set of attitudes and actions" (Vaill 1996, p. 42). Kim (1993)

suggests that learning seems to be built on the acquisition of knowledge or skills. He further distinguishes the physical ability to produce a certain action (acquisition of know-how) from the ability to "articulate a conceptual understanding of an experience" (know-why) (p. 2). In his definition, both know-how and know-why are crucial for successful higher-level learning. Fiol and Lyles (1985) argue that there is a difference between behavior and cognition. In their view, "changes in behavior may occur without any cognitive association development" and similar to that, "knowledge may be gained without any accompanying change in behavior" (p. 806). They consequently postulate that learning leads to changes in cognition and that adaption implies changes in behavior. It is therefore necessary to not solely focus on learning, but also on the process of adapting the learned matter into behavior.

Merz (1971) was one of the first authors to formulate a definition of learning that became widely accepted among other researchers (Gerrig, Zimbardo 2008, Lefrançois 2015, Schütz, Selg & Lautenbacher 2005). Merz (1971) considers learning to be "the relatively permanent changes in potential for behavior that results from experience" (p. 427). Lefrançois (2015) built on this definition and reformulated it so say that "learning is all relatively permanent changes in potential for behavior or changes in actual behavior that result from experiences, and which are not initiated by fatigue, sexual maturation, drug use, injury or illness" (p. 5). He further states that learning can be conceptualized as resulting from the influence of experience on the human organism and changes in behavior can be seen as the result of learning. In this definition, even the potential for behavioral change is included. Lefrançois (2015) explains this by using the results of a 1940 experiment looking the learning behavior of rats. In this experiment, Buxton (1940) set up a labyrinth with boxes at the starting point and exit. At first, both boxes did not contain any food, and the rats just moved around non-directionally and were not capable of intentionally finding the exit of the labyrinth. Therefore, it appeared that the rats were not able to "learn" the structure of the labyrinth in order to get to the exit. After a few days, Buxton (1940) placed food into the exit box. The rats were placed in the starting box again and found their way through the labyrinth without making any mistakes. Thus, the rats had obviously already learned the structure of the labyrinth and therefore possessed the potential for behavioral change but lacked the sufficient motivation to transfer this latent knowledge into observable skills. Consequently, the results of learning do not necessarily involve direct observable changes in behavior, but can entail latent

behavioral potential that requires certain factors, such as an adequate situation, disposition and motivation, to become observable (Lefrançois 2015, p. 5-6).

Of the definitions of learning that fall within the scope of this thesis, Lefrançois's (2015) offers the best basis upon which to address market-oriented organizational learning. It provides a solid foundation for further discussion and is built on previous, widely-accepted definitions. It does not solely cover actual changes in behavior, but also considers change in behavior potential. Within the organizational environment, latent skills play a crucial role, as many situations cannot be precisely forecasted (Senge 1990).

3.4 Interpersonal Learning

The second level of learning is the interpersonal level. However, it has not received much attention in the literature. In particular, the early literature on learning in organizations only focused on the individual and organizational levels, while only a few studies explicitly mentioned interpersonal learning (e.g. Cangelosi & Dill 1965). According to Bell, Mengüç, and Widing II (2010), few theoretical insights have been gained on how individual learning affects interpersonal learning, and consequently, organizational learning. As a result, there still is a demand for research on the role of interpersonal learning within the organizational context (see also Argote 2013). As the literature often uses the expressions "group learning", "social learning" and "interpersonal learning" synonymously (e.g. Bandura 1986, Cangelosi, Dill 1965, Gerrig, Zimbardo 2008, Reed et al. 2010, Argote 2013), these expressions will be subsumed under "interpersonal learning" in this thesis. In the following paragraphs, selected theories about group learning, followed by different definitions of interpersonal learning will be introduced. Then the conceptualization of interpersonal learning to be used within this thesis will be distilled.

One of the main theoretical models regarding group learning was developed by Bandura and McClelland (1977, cited in (Bell, Mengüç & Widing II 2010). This theory postulates that "individuals develop attitudes and behaviors through a variety of learning experiences as they interact with other individuals in a number of different contexts" (Bell, Mengüç & Widing II 2010, p .188). Here, the context in which learning takes place, as well as the relationships among the learning individuals, significantly influence the extent

of learning (Bandura 1986). This type of learning is often summarized by the expression "social learning." Social learning is based on observation of the behavior of others. It is based on the assumption that the behavior of any individual is based on learning. Following this idea, the specific behavior of a separate individual might provide an indicator of how to behave optimally in a certain situation, as the other individual might have already mastered this challenge. Therefore, it could be seen as superior to copy and adapt the behavior of others. This type of learning creates great potential for a species, as strategies and experiences can be transferred among its members. In this way, not every individual needs to make the same time-consuming efforts and mistakes (Gerrig, Zimbardo 2008). One of the most famous experiments on this topic came from Albert Bandura and colleagues (Bandura, Ross & Ross 1963). In it, they presented a doll (named "Bobo") to children (which is why the experiment is often called the "bobo doll experiment"). Before the children came into actual contact with the doll, one group watched a movie in which adults behaved very aggressively toward the doll, punching and kicking it. The other group did not watch the video before meeting the doll. Through the experiment, Bandura and colleagues were able to show that the children who watched the video were significantly more aggressive than the group that did not watch the video. This indicates that the children learned from watching the adults in the video and imitated their behavior. Bandura later extended his "social learning theory" (Bandura, McClelland 1977) and renamed it the "social cognitive learning theory" (Bandura 1986) to emphasize the importance of cognitive processes involved in learning. Within the organizational context, this type of learning can be found quite commonly.

Some authors see interpersonal learning solely as individual learning that is mediated by organizational context (e.g. March 1991), whereas others explicitly conceptualize interpersonal learning as an independent type of learning (e.g. Miller, Zhao & Calantone 2006). Yet others argue that a group develops a distinct group learning culture (Schein 1996). Schein (1996) suggests that a learning group continuously tests and adopts the ideas of influential group members and, as a consequence, generates shared schema and understandings of certain topics.

Fernandez-Gimenez, Ballard, and Sturtevant (2008, p. 4) conceive of social learning as "an intentional process of collective self-reflection through interaction and dialogue among diverse participants (stakeholders)." Pahl-Wostl, Mostert and Tàbara offer a definition that includes "developing new relational capacities, both between social agents,

in the form of learning how to collaborate and understand others' roles and capacities differently" (2008, p. 2). Reed et al. (2010, p. 6) argue that "researchers have defined social learning in multiple, overlapping ways and confused social learning with the conditions and methods necessary to facilitate social learning or its potential outcomes." Therefore, the authors define social learning as "a change in understanding that goes beyond the individual to become situated within wider social units or communities of practice through social interactions between actors within social networks" (Reed et al. 2010, p. 7).

Like the majority of authors in this field, Miller, Zhao, and Calantone (2006), and Orlikowski (2002) believe that "[face-to-face] interaction can be critical to knowledge transfer" (Miller, Zhao & Calantone 2006, p. 709), and consequently, for organizational learning. In addition, according to Reed et al. (2010), Fernandez-Gimenez, Ballard, and Sturtevant's (2008) definition of interpersonal learning seems too focused on the process of group self-reflection. It neglects learning based on imitation and simple-loop reflection of others, as well as the acquisition of new knowledge that is not based on past experiences but on theoretical assumptions or that is influenced by disposition. Therefore, I will follow the approach of Reed et al. (2010) and define interpersonal learning in this thesis as "a change in understanding that goes beyond the individual to become situated within wider social units or communities of practice through social interactions between actors within social networks" (p. 7).

3.5 Organizational Learning

The third level of learning in organizations is the organizational level – often called the systems level. It will be briefly discussed in this chapter, including an overview of the prevalent conceptualizations, followed by the definition of organizational learning used within this thesis. As the literature employs a variety of labels for learning on the third level, the different expressions will be subsumed under the term "organizational learning" (cf. Chapter 3.2).

The two perspectives on organizational learning described in Chapter 3.1 (organizational learning as the sum of individual learning vs. organizations can learn) already indicate that the literature does employ one universal definition of organizational learning but a diverse set of approaches. Additionally, there has been broad discussion regarding whether organizational learning involves changes in organizational behavior or in cognition (Easterby-Smith, Crossan & Nicolini 2000, Argote 2013). The stream of research postulating that organizational learning should be conceptualized as *changes in cognition* focuses on the cognition of organizational members (e.g. Huff, Jenkins 2002). Those arguing for a behavioral approach address changes in the knowledge and behavior of the organization itself and not only its organizational members (e.g. Levitt, March 1988). Here, knowledge and behavior entail "both declarative knowledge or factors and procedural knowledge or skills and routines" (Argote 2013, p. 31). Transferring this discussion to the two perspectives mentioned previously, it could be said that those who follow the *changes in cognition approach* primarily postulate that organizational members, but not the organizations themselves, can learn. Vice versa, those focusing on the changes in organizational behavior see the potential for organizations themselves to learn. For the reasons presented in Chapter 3.1, this thesis will follow the idea that organizations themselves can learn.

The literature provides various perspectives on the organizational learning process. Most of the literature describes organizational learning as a process in which organizational members act as learning agents. Those agents respond to internal organizational and external environmental changes by detecting areas for optimization, improving those areas, and identifying and correcting errors in the organizational theory presently being used (Argyris 1985, Sinkula, Baker & Noordewier 1997). Learning agents develop structured relationships and "some of the individual learning and shared understandings

developed by groups become institutionalized as organization artifacts" (Crossan, Lane & White 1999, Hedberg 1979).

Lee, Courtney, and O'Keefe (1992) add that the process of organizational learning is cyclical. According to Sinkula, Baker and Noordewier (1997), "individuals' actions lead to organizational interactions with the environment, and outcomes are interpreted by individuals who learn by updating their beliefs about cause-effect relationships" (Sinkula, Baker & Noordewier 1997, p. 306). One typical example of organizational learning is operational learning, i.e. "processes for improving individual effectiveness over time" (Kim, Mauborgne 1993, Bell, Mengüç & Widing II 2010, p. 189), often also referred to as "learning curves" (Argote 2013). Such curves indicate increases in knowledge and skills and the resulting declines in throughput time and costs as identical tasks are performed repeatedly by the same individuals (Argote 2013). As Bell, Mengüç, and Widing (2010) note, this type of learning matches the cognitivist theories of learning, since this approach focuses on "the connection between thought and action, where knowledge is revised iteratively over time" (p. 189). Hence, there seems to be a strong interdependency between individual learning and the learning of organizations (Bell, Mengüç & Widing II 2010). Lado and Wilson (1994) merge two definitions from Bower and Hilgard (1981), and March (1991) into the following: "Learning takes place when, for a given work-related stimulus, employees respond in different and qualitatively better ways from their responses to similar stimuli in the past" (Lado, Wilson 1994, p. 706). In addition, learning can be seen as economically efficient, to the extent that it leads to reduced variability in the employee's performance over time or results in increased productivity (March 1991). Argote (2013) also regards "organizational learning as a change in the organization's knowledge that occurs as a function of experience […] Knowledge includes both declarative knowledge or factors and procedural knowledge or skills and routines" (p. 31).

Within the thesis, I will follow this latter definition by Argote (2013), as it covers most aspects of the above-mentioned debates and follows the notion that organizations themselves can learn. It focuses on both work-related stimuli (cf. Lado, Wilson 1994) and the potential for organizations themselves to learn (in contrast to Lee, Courtney & O'keefe 1992). In addition, it is complementary to the definition of learning (cf. Section 3.3), as skills and routines as well as procedural knowledge are seen as organizational behaviors and characteristics. Changes in organizational knowledge that are not immediately

transferred into visible structural adaptions are similar to latent learned skills in individuals that have the potential to become changes in behavior. The latter meets the definition of individual learning within this thesis (cf. Section 3.3).

To summarize, organizations can learn on three different levels – individual, interpersonal, and organizational. Such learning can happen on a single or multiple levels at the same time, as the levels are highly interdependent (cf. Chapter 3.2).

4 Underlying theory: Models of a Learning Organization

Following the above discussion of the different types of learning in organizations, this Chapter will focus on conceptualizations of learning organizations. First, different approaches to defining a learning organization will be presented in Section 4.1. The subsequent Sections will then discuss different theoretical frameworks, including that of Cangelosi and Dill (1965) in Section 4.2, that of Crossan, Lane and White (1999) in Section 4.3 and Peter Senge's (1990) in Section 4.4. This will be followed by a brief discussion of why it was decided to build the present thesis on Peter Senge's fifth discipline model.

4.1 Definition of a Learning Organization

In order to move toward defining a learning organization, different approaches in the literature will be discussed, followed by the conceptualization used in this thesis. Wilkinson (2013, p. 6-7) describes an "organizational evolution" that organizations undergo to become learning organizations. The first step is the *knowing organization*, the second is the *understanding organization* and the final step is the *learning organization*. Wilkinson regards a knowing organization as having a "command and control style of management" with strict processes and norms (ibid., p. 6). In his view, the understanding organization is evolved in that it seeks alternatives to existing organizational behavior, but it still relies on "strongly articulated core company values" (ibid.). Finally, the learning organization trains its managers to identify, analyze and fix problems through "reactive management programs and initiatives" (ibid.).

Among researchers, there has been a call for consensus on a single definition of a learning organization (e.g. Jamali, Sidani & Zouein 2009). Some researches even consider the learning organization as a "Management Rorschach Test" (Yeung 1999, p. 10), as "one can see whatever one wants to see in this concept" (Yeung 1999, Friedman, Lipshitz & Popper 2005, p. 20). Wilkinson (2013, p. 11-14) provides an overview of common approaches to defining the learning organization and sets up a list of 18 definitions. But despite being thorough, this list still only represents a few examples, as there are far more

definitions used in different fields of research (Wilkinson 2013). In this paper, I will follow Wilkinson's (2013) pre-selected definitions, extended with the addition of one definition by Sinkula, Baker and Noordewier (1997), as it supports the purpose of the thesis. The next paragraph will discuss those definitions. In addition, due to the scope of this thesis, I will only focus on definitions that seem to be commonly accepted and/or contribute to the idea of the Market-Orientated Learning Organization.

Cangelosi and Dill were among the first authors to address the topic of organizational learning (Crossan, Lane & White 1999, p. 522); they argued that organizations learn through discomfort, performance and disjunctive stress (Cangelosi & Dill 1965 p. 200). Argyris (1977) developed the concept of double-loop learning. In this view, single-loop learning focuses only on solving a specific problem, while double-loop learning also questions the underlying goals, beliefs and structures and analyzes their impact on the problem. Therefore, reoccurring problems can be better addressed (ibid.).[2] Later on, David Garvin (1985, p. 80) defined a learning organization as "an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights." In 1989, Pedler, Boydell and Burgoyne characterized a learning organization as one that "facilitates the learning of its members and continuously transforms itself" (p. 91). Peter Senge (1990, p. 3) sees a learning organization as "an organization where people continually expand their capacity to create the results they truly desire, where new patterns of thinking are nurtured, where collective aspirations are set free, and people are continually learning how to learn together." Furthermore, Crossan, Lane and White (1999, p. 525) assert that a learning organization should focus on four processes: intuiting, interpreting, integrating and institutionalizing. One of the definitions that is not found in Wilkinson's (2013) list comes from Sinkula, Baker and Noordewier (1997, p. 305), who contribute a pretty wide definition to the discussion by arguing that organizations that are "competent learners are called learning organizations."

Summarizing these definitions, there is consensus view that an organization must fulfill certain criteria in order to become a learning organization, although there are different perspectives and models for what the crucial criteria are (e.g. Pedler, Boydell & Burgoyne

[2] The concept of double-loop learning was adopted and further developed in *The Fifth Discipline* (Senge, Klostermann & Freundl 2011). Therefore, It was decided to focus on the newer and more extended model in this paper.

1989, Sinkula, Baker & Noordewier 1997, Calantone, Cavusgil & Zhao 2002, Senge, Klostermann & Freundl 2011, Argote, Miron-Spektor 2011). All of the definitions emphasize the notion that learning should be viewed as a continuous process of reflection and improvement. This thesis follows the definition provided by Peter Senge (1990), as he focuses on organizational members as the driving force behind a continuous learning process. This view emphasizes the idea that only humans can change organizational characteristics while still fitting with the theory that organizations themselves can learn. To simplify this paper, the term *learning orientation* is used to describe the framework for learning that an organization must implement to become a learning organization. The expression *organizational learning* is utilized to describe the learning outcome of a successfully implemented learning organization. In addition, following the practice of several authors, the expression "learning orientation" will include the criteria that are crucial to the formation of a learning organization (e.g. Baker, Sinkula 1999, Calantone, Cavusgil & Zhao 2002, Keskin 2006). Within the scope of this thesis, three of the most influential concepts regarding the learning organization (Wilkinson 2013) will be introduced and discussed: those of Cangelosi and Dill (1965); Crossan, Lane & White (1999); and Senge, Klostermann and Freundl (2011).

4.2 Cangelosi and Dill (1965) – "Organizational learning: Observations toward a theory"

As mentioned above, Cangelosi and Dill (1965) were among the first to address the topic of organizational learning (p. 522, Crossan, Lane & White 1999).

THE UNDERLYING EXPERIMENT

Cangelosi and Dill performed an experiment in which students simulated an extensive business case over a span of fifteen weeks. Within this simulation, students acted as managers of a manufacturing firm and their goal was to "induce the team to organize on a hierarchical, functionally specialized basis" (Cangelosi & Dill 1965, p. 176). Every participant specialized in one specific job and it was not possible to easily switch jobs or take over the role of another team member. Therefore, the students had to learn together as a team, as the group's overall success was dependent on every single team member. Furthermore, the business environment was highly dynamic, such that the participants

continuously needed to make business decisions. In order to ensure the motivation to succeed, every team was competing with one or more other teams and the participants invested 10 to 50 dollars of their own money. Building on the insights gained from their experiment and on a review of previous experiments – in particular those of Chapman et al. (1959) and Cyert and March (1963) Cangelosi and Dill formulated a model for the learning organization. Essential to their model was their view of organizational learning as a "series of interactions between adaption at the individual or subgroup level and adaption at the organizational level" (Cangelosi, Dill 1965, p. 200).

STRESSORS

Within the experiment, Cangelosi and Dill (1965) observed different kinds of stress that led to learning outcomes. They therefore derived a definition of learning that primarily involves adaptions and is based on the different stressors. Those adaptions on the individual and subgroup levels involve discomfort stress and performance stress (pp. 201-202). Learning on the organizational level seems to primarily depend on performance and disjunctive stress, but not on discomfort stress (cf. Figure 3).

Discomfort stress involves the pressure that is "a result of the complexity of the environment relative to the time, energy, and ability that groups can expend understanding it and the uncertainty in the environment relative to a group's ability to forecast the future" (ibid., p. 200). Discomfort stress basically occurs when individuals or groups in a certain situation need more resources – such as time and energy – than they have available. As a consequence, they feel discomfort caused by the environmental circumstances. Discomfort stress, according to Cangelosi and Dill (ibid.), leads to individual and subgroup adaptions.

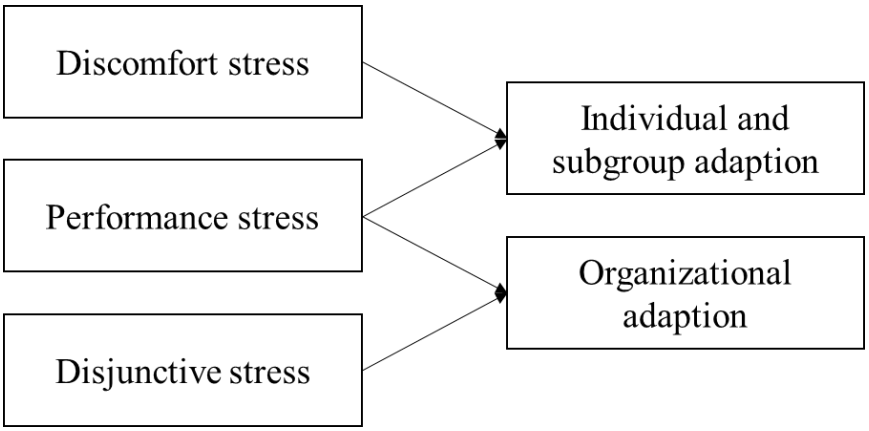

Figure 3: Stressors and their impact on learning (based on Cangelosi and Dill 1965, p. 201)

Performance stress in this model is "affected by the outcomes of previous decisions, by changes in preferences or aspiration levels, by incentives existing within the organization and manipulated by its leaders, and by the degree to which management is challenged with the newness of its task" (ibid., p. 200). This type of stress corresponds to the tension that is induced by the attempt to achieve success or prevent failure or to match one's performance with internal or external expectations. To develop the performance stressor idea, Cangelosi and Dill (ibid.) modified the idea of "failure stress," which Chapman et al. (1959) introduced and defined as "stress that arises from the disparity between aspiration and performance" (ibid., p. 266). Performance stress in this model leads to both an adaption of the individual or subgroup level as well as to organizational adaptions (cf. Figure 3).

The third form of stressor, namely disjunctive stress, arises from "increasing degrees of divergence and conflict in the ways in which individuals and subgroups behave" (Cangelosi & Dill 1965, pp. 201-202). The authors argue that organizations typically have norms and expectations about which activities should be coordinated and to which extent. These expectations and norms are both "a function of the organization's environment and over-all task" (p. 202) and "a function of the kinds of individuals who make it [the organization's environment] up" (p. 202). Hence, organizations provide a framework to work in that has been built by its current and former human members. Individuals or subgroups in this model tolerate a certain degree of conflict between their personal expectations and norms and those of the organization. However, if the conflict exceeds a certain threshold, the individuals or subgroups will attempt to adapt the organization's norms or expectations. Therefore, disjunctive stress can lead to total-system learning and therefore to organizational adaptions.

FACTORS INFLUENCING CHANGE

Despite the existence of earlier models on organizational learning (e.g. Cyert, March 1963), the implementation of such total-system solutions and the consequent changes in organizational characteristics (shown in the Cangelosi and Dill experiment) have not happened smoothly and incrementally, but rather in discrete and larger steps, as in the model of Chapman et al. (1959). Furthermore, Cangelosi and Dill (1965) observed that most learning first occurred among individuals or subgroups, and they identified the creation of "tensions" as different members of an organization "learned different things

without communicating them among each other" (p. 196). Only when these tensions reached a certain level were organizational adaptions made. The tensions also seemed to trigger a search for "total-system solutions" (pp. 196 ff.), as they interfered with organizational activities. Following Cangelosi and Dill (ibid.), there are two factors on each level that impact the extent to which stress turns into adaption. These factors are called "attention focus" and "threshold levels."

As long as the degree of discomfort, performance or disjunctive stress has not reached a certain threshold level, no adaption will be made. Hence, not every stressful element will automatically lead to learning in an organization, but only those with a certain severity. This supports the idea that learning or change happens in larger increments and not continuously (see above). Along with Hirschman and Lindblom (1962), Cangelosi and Dill (1965) describe the second factor influencing whether one of the three stressors will lead to adaptions as the attention focus. The focus of attention depends on factors such as "perceptual biases acquired in prior training and experience", "personal interests in and preferences for different activities", "environmental cues about what needs attention," and "hypotheses about the boundaries between variables which management can control" (ibid., p. 202).

Furthermore, Cangelosi and Dill (ibid.) argue that change will occur more frequently if individuals rather than groups are involved. Another factor is the environment. If the persons involved are "not under great time pressure to maintain current programs and activities [or] if the adaption can be implemented routinely and without stress" (p. 202), change happens more frequently. Another crucial element is whether implemented changes can be retracted or reversed if they result in undesirable outcomes (ibid.).

4.3 Crossan, Lane and White (1999) – "An organizational learning framework: from intuition to institution"

Crossan, Lane, and White (1999) added to the literature on learning organizations by further analyzing the underlying processes of learning that occur within the three levels. The authors define organizational learning as a "principal means of achieving the strategic renewal of an enterprise" (p. 522). In line with March (1991), Crossan, Lane, and White (1999) state that renewal requires organizations to "explore and learn new ways to address the challenges and solutions while simultaneously exploiting the already learned" (Crossan, Lane & White 1999, p. 552).

From that, the authors derive a framework that involves four processes of learning – Intuiting, Interpreting, Integrating and Institutionalizing – which the authors label the "4

LEVEL	PROCESS
Organization	Institutionalizing
Group	Integrating
	Interpreting
Individual	Intuiting

Figure 4: Four processes along the three levels (based on Crossan, Lane, and White 1999, p. 525)

I's" (cf. Figure 4). Here, intuiting and interpreting primarily occur on the individual level of learning, integrating occurs on the interpersonal (group) level and institutionalization occurs on the organizational level. The four processes are described briefly below.

INTUITING

The first process, intuiting, is defined as "the preconscious recognition of the pattern and/or possibilities inherent in a personal stream of experience" (Weick 1995, p. 25 in Crossan, Lane, and White 1999). There are two different types of intuiting: expert intuition and entrepreneurial intuition (Crossan, Lane, & White 1999). Expert intuiting is a process of (past) pattern recognition. It is based on the experience and knowledge of an

expert, which the expert recalls in the form of complex and highly sophisticated mental maps. On the way to becoming an expert, the process of accessing knowledge seems to move from the conscious and explicit level to an unconscious, tacit level. Experts do things in a certain way, which – if asked – they sometimes cannot explain. Apparently, experts almost spontaneously know what to do in a given or similar situation because they recognize a familiar pattern (see also Polanyi 1967). Crossan, Lane, and White (1999) describe expertise as "unconscious recollection" (p. 526). Expertise is highly subjective and deeply rooted in individual experience, which might be an indicator of why it is so difficult to transfer from one person to another. The second type of intuiting is entrepreneurial intuition. Crossan, Lane, and White (1999) regard intuition as the beginning of acquiring new knowledge and argue that an entrepreneur's commercial success depends on effective learning at all three levels and not solely on his individual intuitive insight. Here, trying to consciously force intuition prevents it from occurring. Furthermore, due to intuition's preverbal or even nonverbal character, it is difficult to share its resulting insights with others (ibid.)

INTERPRETING

The second process, interpreting, connects the individual and the group levels. The major difference between intuiting and interpreting is in awareness. As intuiting primarily occurs on the subconscious level of learning, interpreting involves active and conscious reflection on the results of intuiting (ibid.). Crossan, Lane, and White (1999) define interpreting as "the explaining, through words and/or actions, of an insight or idea to one's self and to others" (p. 525). The authors postulate that interpreting happens when individuals generate cognitive maps about the environment in which they work. Due to their complex and rich set of cognitive maps about a certain domain, experts might be able to recognize environmental items in a way that others cannot. Consequently, based on their own cognitive maps, individuals might interpret an identical stimulus differently. Interpretative processes can happen individually, but also in groups. Interpretation develops and adapts common ways of communicating and can lead to shared understanding. Groups have a group-specific interpretive capacity that is dependent on the group dynamics and group makeup. Therefore, interpreting can be seen as the bridge between the group level of learning and the third process of learning – integrating (ibid., p. 525-528).

INTEGRATING

Integrating is seen as the process of "developing shared understanding among individuals and of taking coordinated action through mutual adjustments" (ibid., p. 525). Whilst interpretation changes the underlying understanding and actions of individuals, the integrating process focuses on collective and coherent action. The development of coherence requires members of a specific group to create a shared understanding. A collective mind and shared understanding only emerge when the members of the group continuously share practices, communicate with each other, and adjust their collective actions based on their new insights (ibid.). Brown and Duguid (1991) reveal that innovation and organizational learning require people to comprehend the contextual environment in which they operate. Therefore, similar to the process of interpreting, the contextual surroundings are crucial to the integrating process (Crossan, Lane, & White 1999).

INSTITUTIONALIZING

Crossan, Lane, and White (1999) answer the question of whether organizations can themselves learn in the affirmative: yes, organizations involve more than just a "collection of individuals" (p. 529). Therefore, the fourth process in their framework distinguishes organizational learning from individual and group learning. Institutionalizing is defined as "the process of ensuring that routinized actions occur. Tasks are defined, actions specified, and organizational mechanisms put in place to ensure that certain actions occur" (ibid., p. 525). The authors explain an organization's capacity to learn by the fact that even though employees change, all of the knowledge held by departing employees does not necessarily leave with them. A part of it remains codified or tacit in, for example, routines, strategy, structure, processes and information systems (see also Chapter 3.1). While individual and group learning often occurs in a relatively incremental process, system learning happens in a more abrupt and disjointed way. When new knowledge becomes formalized, it will usually not be changed again for a period of time. Especially significant changes to the organizational characteristics usually happen very infrequently and are punctuated. The transfer of individual knowledge to groups, and further to an organization, requires time and consideration.

4.4 Senge, Klostermann and Freundl (2011) – "Die fünfte Disziplin: Kunst und Praxis der lernenden Organisation"

One of the most influential theories on learning organizations comes from Peter Senge (1990) (cited in Argote 2013). Senge's concept was first published in 1990 in his book *The Fifth Discipline* and was further developed by several publications, which extended his concept to the business environment. This following Subsections will present Peter Senge's model based on three editions of the book (Senge 1990, Senge 2006, Senge, Klostermann & Freundl 2011).

Senge conceptualizes learning as "at once deeply personal and inherently social; it connects us not just to knowledge in the abstract, but to each other" (Senge 1990, p. 4). Senge, Klostermann & Freundl (2011, Chap. 8) cite Kazuo Inamori (founder of Kyocera), who pointed out that

> *"[w]hether it is research and development, company management, or any other aspect of business, the active force is 'people.' And people have their own will, their own mind, and their own way of thinking. If the employees themselves are not sufficiently motivated to challenge the goals of growth and technological development … there will simply be no growth, no pain in productivity and no technological development."*

Along with this belief, the authors focus on the motivation and abilities of individuals within an organization. They assert that an organization will only learn if its organizational members are willing to learn. According to Senge, a learning organization is based on the following five disciplines: personal mastery, mental models, building shared visions, team learning and system thinking. Those disciplines are highly interdependent and it is therefore necessary to successfully implement all five in order to create a learning organization. In the following Subsections, Senge's five disciplines will be discussed. All of the text passages used are from Senge, Klostermann and Freundl (2011). In order to enhance the readability of the Chapter, I will only provide references for direct citations or if the sources lie outside the previously named reference. In addition, Peter Senge oftentimes uses so-called 'system archetypes' to explain the relationship between system thinking and the remaining disciplines. Due to the scope of this thesis,

the system archetypes are not described in detail. For further reading, please see Senge, Klostermann & Freundl 2011.

4.4.1 Personal Mastery

Senge's first discipline, personal mastery, represents an individual's lifelong striving for the development of one's own personality. This involves four principles: clarifying and deepening personal visions, seeking and utilizing creative tension, dealing with structural conflicts and committing to the truth.

PERSONAL VISION

Peter Senge emphasizes the importance of continuously clarify and deepen one's own personal vision, as it is the expression of individual demands and intrinsic desires. According to Senge, most adults only have goals and material wishes, but not real vision. He argues that if you ask most people about their vision, they talk about what they want to remove from their lives, such as changing their current job, moving to a better area, buying a better car, etc. In addition, many people focus on instruments and not on the *real purpose*. To support this notion, Senge points out that if executives are asked about their vision, they mainly focus on high market share, high revenues, or the like. But those are only proxies for the real purpose, which is "remaining an independent company and providing save jobs" (Senge, Klostermann & Freundl 2011, p. 162). Senge argues that negatively formulated visions and not focusing on the "real" purpose is rooted in the way society treats us, as we have to continuously adapt to common standards and fight problems but not seek solutions. As George Bernhard Shaw (Shaw 2000, cited in Senge, Klostermann, and Freundl 2011) argues, it "is a true joy in life, the being used for a purpose recognized by yourself as a mighty one; the being a force of nature instead of a feverish selfish clod of ailments and grievances complaining that the world will not devote itself to making you happy." Senge further distinguishes between purpose and vision. From his point of view, a purpose entails guidelines or directions, whereas a vision is a specific *place of arrival*. He illustrates this with the example of the purpose "putting a man on the moon" compared to the specific vision "a man on the moon by the end of the '60s" (Senge, Klostermann & Freundl 2011, p. 163). Pursuing a personal vision therefore means focusing your energies on your personal goals and on *what you want* rather than on what you do not want. According to Senge, individuals who have reached

high levels of personal mastery tend to be more motivated and committed to their work, as they value their work for itself rather than focusing on secondary goals. Moreover, they show a deeper sense of responsibility in what they do and learn faster. Yet, it is not possible to force someone to increase his or her personal mastery; individuals must make the decision to pursue it.

Additionally, in order to facilitate the communication process, an organization should implement the tools of discussion and dialogue in the corporate culture, so that individuals have the possibility to discuss, clarify and deepen their personal vision. Within this context, it is important to understand that the goal is not to develop people towards an organizational target but rather to reach a covenant between the organization and its members (see also Flood 1999).

CREATIVE AND EMOTIONAL TENSION

Furthermore, many people seem to find it difficult to speak openly about their personal vision, even if it is clear and matches with their true goals in life. Senge describes this as a gap between personal vision and reality. However, this gap also entails the potential for creative energy, which is why Senge also calls this gap "creative tension" (Senge, Klostermann & Freundl 2011, p .165). As the creative tension is built up between two factors – the vision and the reality – there are only two ways to resolve it: either adapt the reality to the vision or adapt the vision to the reality.

As the gap cannot easily be shortened, it does not only involve the potential for positive creative energy, but often also involves negative feelings like desperation or even anxiety. Senge describes these negative feelings as "emotional tension" (ibid., p. 166), which leads to the internal pressure of restricting or lowering one's personal vision in order to decrease the gap between the reality and the vision. However, restricting the vision often backfires, as it leads to the system archetype of "eroding goals" (ibid, p. 457-458). Once you have restricted your vision, it is highly probable that you will further restrict that already restricted version over and over. This leads to long-term problems as the "true vision" is eroded, and the "new" goals therefore differ greatly from one's "real purpose." The alternative is to adapt the reality to the vision, which means attempting to achieve the vision. This also reduces the gap between the reality and the vision, while the actual vision remains unchanged, and thus the archetype of eroding the vision can be avoided. However, in order to successfully align reality and vision, one needs the willingness to change one's

own and surrounding environment, the commitment to make mistakes in order to learn from them, and the endurance to pursue one's real vision. This also requires remaining in action instead of only reacting when action is inevitable, primarily in the form of restricting the vision.

STRUCTURAL CONFLICT

Senge next describes a factor that limits our ability to pursue our vision: structural conflict. This type of conflict arises from believing in *one's powerlessness*. According to Senge, Klostermann and Freundl (2011, p. 172), Robert Fritz discovered that the reason for this self-disbelief originates in childhood:

> *"As children we learn what our limitations are. Children are rightfully taught limitations essential to their survival. But too often this learning is generalized. We are constantly told we can't have or can't do certain things, and we may come to assume that we have an inability to have what we want." (Fritz 1989)*

Senge, Klostermann and Freundl (2011, p. 171) further develop this idea of the "power of your own powerlessness" and argue that disbelieving in our own capabilities prevents us from reaching our personal vision. This conflict was labeled the "structural conflict" by Fritz as well as Senge, Klostermann and Freundl (2011, p. 173). In addition, the latter authors discovered common *generic strategies* that people use to try to solve the structural conflict, but that often worsen it. The first generic strategy is eroding our vision (see above).

The second strategy is called *conflict manipulation*. It is the attempt to manipulate oneself into greater effort by setting up an artificial conflict. Here, instead of focusing on what they want to achieve, people focus on what they want to avoid. Therefore, they develop, for example, anti-drug, anti-smoker, and anti-corruption campaigns. In the business context, this idea can be found when managers outline the impending negative consequences if specific business objectives are not met. Conflict manipulation opposes the idea of personal mastery, as it concentrates on the states that should be avoided and on the negative feeling of anxiety, instead of focusing on the optimal or intended state.

The third generic strategy is called *willpower*. This strategy works in some ways opposite to conflict manipulation, since it focuses on the vision we aim to achieve and is based on

the belief that we can overcome all obstacles. With willpower, people try to push themselves to a maximum level of performance. This involves the danger of ignoring problems that arise along the path towards the goal. In the context of system thinking, one works in this strategy without using leveraging effects, rather focusing on the use of brute force to push towards the goal. People who use this strategy often reach their goals but are entirely exhausted when finished and begin to doubt whether reaching the goal really justified the efforts made. According to Senge, people who follow this strategy are often very successful in one area of their life, but are failures in many others; an example would be high-level managers who have been divorced multiple times. Those people also primarily believe that they are powerless (in this case, especially so with regards their family life) despite all their successes.

All in all, none of the three "generic strategies" leads to long-term success. The only way to resolve the difficulties of the structural conflict, according to Senge, seems to be changing the underlying beliefs regarding our self-efficacy. Senge emphasizes that this is a troublesome task, since self-disbelief is often developed over a long period of time and thus changing that also involves a considerable amount of time.

COMMITMENT TO THE TRUTH

The fourth principle is labeled *commitment to the truth*. In Senge's model, this involves the aim of overcoming restrictions to perceiving reality. He compares this to a football player who continuously tries to extend his view to encompass the whole field in order to predict the actions of his opponents. In the business context, this principle means having an overview of the organization's characteristics, including structures and processes. Senge argues that "structures of which we are unaware hold us prisoner" (ibid., p. 177). Therefore, the first important task in dealing with structural conflicts is to openly identify those conflicts and the behaviors that result from them. To successfully understand and identify individual as well as organizational problems and inefficiencies, the "truth" must be realized and openly committed to. "Truth" in this context involves many aspects, such as individual limits, strategic actions, motivation and underlying mindsets, or so-called mental models.

UTILIZATION OF THE SUBCONSCIOUSNESS

Committing to the truth forms the basis for another aspect of Senge‘s concept of personal mastery: the act of consciously using our subconscious capabilities. He argues that we perform many of our complex daily tasks without thinking about them, such as walking or driving a car. Learning to drive a car requires a great deal of attention toward gathering the relevant information, interpreting it, and coordinating both the hands and feet simultaneously. But when we practice driving and do it very often, the sequence of movements becomes subconscious, Such acquired skills and behaviors are very resistant to modification. Senge also suggests that before we focus our energy on a specific goal or aspect of our vision, we should ask ourselves the following: “If I actually had this, what would it get me?” (ibid., p. 182). This question might reveal underlying intentions and wishes (see see above Section on creative and emotional tension). Answering it might also save us from losing motivation if we are about to concentrate on subprime personal goals, which would cause us to lack the energy to reach our primary goals.

The subconscious might also be the cause of the above-mentioned emotional conflicts. Senge states that “as soon as we think of some important personal goal, almost immediately we think of all the reasons why it will be hard to achieve – the challenges we will face and the obstacles we will have to overcome” (ibid., p. 182). This way of thinking seems to be rooted in the subconscious disbelief in ourselves (see above). It therefore appears important to continuously reflect on current personal goals and recognize that negative thinking restricts us, whereas positive thinking enables us to perform even better than expected.

According to Senge, most people rarely think about how they can use the subconscious and increase the *rapport* between our conscious and unconscious selves. To understand what we do without noticing and how we do it is necessary in order to identify our “underlying goals” and to comprehend and form our “true personal vision” (see above).

4.4.2 Mental Models

As described above, our world seems too complex to be entirely seen and understood by single individuals. Senge further argues that humans are not capable of having an entire organization "in mind"; the only thing we memorize and deal with are pictures, presumptions and stories (ibid., p. 193). Hence, after the power of personal mastery, the next discipline in Senge's framework is *mental models*. Like models in general, mental models represent a simplified version of reality. They help us understand a complex world and make quicker decisions. Yet, those mental models cannot be complete, and entail the danger of being partly or utterly incorrect about the reality they aim to represent (ibid., p. 196). To illustrate this, Peter Senge cites Plato's "Allegory of the Cave," in which a person who is chained to a stone only sees silhouettes of objectives; from this limited information the person imagines how the real objectives must look like (Elliott 1967). As in this allegory, our mental models represent our selective interpretation of the world and the causalities we assume, and they therefore strongly influence our behavior. The expression *selective* already indicates our limited capacity to capture all stimuli present in our environment, as well as the sensorial selection performed by the brain to filter out allegedly irrelevant information.

Mental models are deeply rooted in the individual and cannot be changed or adapted easily. To underline this point, Senge quotes a GM manager who visited a Toyota production in the 1970s, saying, "They didn't show us real plants […] There were no inventories in any of these plants. I've been in manufacturing operations for almost thirty years and I can tell you those were not real plants. They had clearly been staged for our tour" (ibid., p. 195). The GM manager's mental model of how a manufacturing plant has to be was so deeply rooted that he could not understand that one of Toyota's lean management approaches was "just-in-time manufacturing," which explicitly involves the reduction of inventories to a minimum level (see also Hall 1983).

Senge postulates that there are three areas that need to be considered in order to deal with mental models in an organization: tools that increase personal reflection skills (see also Section on personal mastery), an infrastructure that iteratively institutionalizes a process for revealing and adjusting the present mental models, and a corporate culture that fosters open discussion and thinking about mental models. This will lead to a shift from the classical management dogma of "management, organization, controlling" to "vision, values and mental models" (Senge 2006, p. 133). Employees should be enabled to stop

hidden political strategies and openly reflect upon the idea that there is no *truth*, but that we only see the world through our mental models, which are always incomplete by their nature.

This way of thinking and working can only be reached by institutionalizing the two skills of "reflection" and "inquiry" (ibid., p. 135). Reflection here means to be aware of one's own mental models in order to distinguish "between espoused theories (what we say) and theories in-use (the implied theory in what we do)" (ibid., p. 136). It also implies the need to recognize "leaps of abstraction," what Senge calls the process of "noticing our jumps from observation to generalization." This happens when individuals move from "direct observation (concrete data) to generalization without testing" (ibid., p. 137). According to Senge, this occurs due our limited capacity to process all the information provided by our environment. Inquiry skills involve "how we operate in face-to-face interactions with others, especially in dealing with complex and conflictual issues" (ibid., p. 135). It is the search for and understanding of the others' mental models. Senge argues that most managers are trained to be "advocates" who must find solutions for upcoming problems and "debate forcefully and influence others" in order to push their solutions (ibid., p. 141). Yet, when managers move up into higher positions, their advocate traits become counterproductive, since the problems often become too complex to be solved based simply on one's own experience and capabilities. Instead, two upper managers who behave like internal advocates usually enter into and get caught in the system archetype of escalation with one another. Senge postulates that managers need other skills, such as *reciprocal inquiry*. Reciprocal inquiry follows the idea of reciprocally asking for the opinions of others and then outlining one's own perspective in order to learn from the other and find a common basis (ibid.).

However, according Senge, it is not necessary to achieve convergence with others in every aspect. Understanding others' viewpoints and mental models can already increase the chance of developing solutions more easily and effectively, and can even help prevent future problems.

4.4.3 Building Shared Visions

Senge considers a shared vision the main supplier of energy for learning within an organization, as it answers the question "What do we want to create?" (Senge, Klostermann & Freundl 2011, p. 226).

THE POWER OF SHARED VISION

Senge distinguishes between *vision*, *purpose* and *core values*. Vision answers the question "What is the picture of the future we seek to create?" Purpose signifies the "why? - the organization's answer to the question, 'why do we exist?'" Core values answer the question "How do we want to act, consistent with our mission, along the path toward achieving our vision?" (Senge 2006, p. 158).

Senge describes a shared vision as a "(palpable) force of impressive power in people's hearts" (ibid., p. 147). A shared vision is imperative when seeking to build a learning organization, as it focuses the energy for learning. According to Senge, the enormous success of companies such as Apple and AT&T would have not been possible without a shared vision. Many companies already use the expression "vision," yet Senge criticizes this use, in that most of the supposed visions do not fulfill the criteria for becoming a shared vision. This is partly because they are too focused on extrinsic factors such as competitors; the vision of Pepsi, for example, includes achieving a higher market share than Coca-Cola (ibid., p. 148). Other "visions" intend to maintain the status quo, such as the current market share or current customers. According to Senge, compared with real shared visions, those visions only rarely promote creativity and motivation in the company's employees. Shared visions, on the other hand, possess the power to turn the mindset of employees from seeing the organization as "their company" to "our company." Employees will then want to become an active part of the organization. As Maslow (Maslow 1965 in Senge 2006, p. 149) states, "The task was no longer separate from the self […] but rather [the employee] identified with this task so strongly that you couldn't define his real self without including that task." Senge (2006) further argues that a shared vision "provides a rudder to keep the learning process on course when stresses develop" (p. 149), since people with a shared vision are more likely willing to talk openly about their mental models and to reveal personal and organizational mistakes.

Moreover, shared visions address the fundamental challenge in systems: the search for long-term and sustainable solutions. Senge relates his experience with training managers

regarding thinking and acting sustainably: most of them indeed understood the problems that arise from non-systemic solutions, but very few changed their behavior in the long run. Most of the managers returned to producing short-term solutions. Only managers who were following a certain shared vision kept up with the systemic problem solving methodology. Therefore, Senge postulates that only when a shared vision is involved is systemic thinking and acting possible within firms.

HOW CAN A SHARED VISION BE BUILT?

Senge argues that people are not motivated by the vision of others, but only by their own personal vision. Therefore, a shared vision clearly needs to be built on the basis of the personal visions of the members sharing it. As with a personal vision (cf. personal mastery), a shared vision should be based on positive thoughts. According to Senge, there are two "fundamental sources of energy that can motivate organizations: fear and aspiration" (2006, p. 159). Although negative visions can provide motivation, they are often reactive instead of proactive, and therefore are mostly of a short-term nature (ibid., p. 159). Senge (ibid.) describes the formation of a shared vision as similar to a hologram. If you cut a photograph into two pieces, each piece holds only half of the information. However, if you could cut a hologram in half, both halves hold the entire picture, but from different angles. The same is true for a shared vision that is built on individuals' personal visions. Every individual holds his own picture of the shared vision that is itself is complete but might be from a different standpoint than other personal visions. The same applies for a shared vision: the more sources that are projecting into one hologram, the stronger the hologram becomes. Consequently, the attitude of the members sharing a vision towards this vision is crucial (ibid.). Possible attitudes towards a vision, according to Senge (ibid., p. 154), are summarized in Table 2.

Senge illustrates the different attitudes with the example of a 120 kph speed limit. Someone who is committed to the speed limit will never go faster than 120 kph. Someone who only formally agrees with the speed limit will drive up to 10 kph above it, as he or she knows that there will be no fine for this amount of speeding. Someone who is grudgingly compliant would also go about 130 kph, but would continuously complain about the speed limit. Non-compliant persons would go as fast as they could, thus ignoring the speed limit (ibid.). Consequently, a vision only becomes a truly shared vision when the organizational members are at least genuinely compliant or optimally

committed to the vision. It is therefore crucial that the organizational members have the chance to actively shape the vision *bottom-up*.

Table 2: Attitudes towards visions (based on Senge 2006, p. 154-155)

Commitment	Wants it. Will make it happen. Creates whatever "laws" (structures) are needed.
Enrollment	Wants it. Will do whatever can be done within the "spirit of the law."
Genuine Compliance	Sees the benefits of the vision. Does everything expected and more. Follows the "letter of the law." "Good soldier."
Formal Compliance	On the whole, sees the benefits of the vision. Does what's expected and no more. "Pretty good soldier."
Grudging Compliance	Does not see the benefits of the vision. But, also, does not want to lose job. Does enough of what's expected because he has to, but also lets it be known that he is not really on board.
Non-compliance	Does not see benefits of the vision and will not do what's expected. "I won't do it; you can't make me."
Apathy	Neither for nor against the vision. No Interest. No energy. "Is it five o'clock yet?"

CHALLENGES IN CREATING A SHARED VISION

Nonetheless, most visions of companies appear to be created *top-down*. Oftentimes, the top management discuss the organizational vision, mostly assisted by external consultants (Senge 2006, p. 152). This, according to Senge, primarily leads to reflecting on and dealing with the past, but not to the creation of a true vision. A vision resulting from such a process is commonly a "one-shot vision, a single effort at providing overarching direction and meaning to the firm's strategy. Once it's written, the management assumes that they have now discharged their visionary duties" (ibid., p. 152). However, a shared vision should try to create commitment, which must be built on the basis of the individuals' personal visions. Therefore, it will most likely not be sufficient to instruct the employees to adapt their personal visions to the top-down vision. In fact, it is the other way around: the personal visions should inform the contents of the shared vision. Discussion and development of the shared vision should also be a part of day-to-day life in a company. "Being a visionary leader is about solving day-to-day problems with my vision in mind" (ibid., p. 153). Thus, working with a vision in mind strongly involves listening to the organization and its members. However, "listening is often more difficult than talking, especially for strong-willed managers with definite ideas of what is needed" (ibid., p. 154).

Peter Senge illustrates the challenge involved in changing from a traditional hierarchy to a learning organization with a commitment to a shared vision. As for hierarchical structures, compliance is often sufficient, since the leaders have already segmented the tasks and delegated them to the employees. Therefore, there is less of a need for autonomous reflection on the tasks. Hierarchical leaders might perceive contestation of their ideas as doubt in their leadership skills. Another challenge in attempting to create a shared vision is that "there is really nothing you can do to get another person to enroll or commit. Enrollment and commitment require freedom of choice" (ibid., p. 157). This emphasizes the role model function of a company's leaders. If the managers actively model *enrollment* or *commitment*, it could stimulate the employees to join in on the vision. If they are not *committed* to the vision, there will be no move towards a learning organization.

4.4.4 Team Learning

In particular, groups within organizations provide the potential to utilize a "team IQ that exceeds individual IQs" (Senge 2006, p. 183). This means that a team can perform better together than the sum of its team members acting in isolation.

ALIGNMENT OF TEAMS

Team learning as a type of collaboration requires team alignment, i.e. individuals who are working together as if they are "one single entity" (Senge, Klostermann & Freundl 2011, p. 255). Senge compares this phenomenon to coherent laser light. The light produced by a laser is almost perfectly aligned and parallel, focusing on one specific spot. This spot represents a shared vision or goal. Continuing with this metaphor, unaligned teams rather resemble a light bulb, from which the light spreads over the entire room but never reaches the intensity of the laser light on one specific spot. One typical symptom of unaligned teams is waste of energy. Individual team members may work extraordinarily hard, but their efforts are not pointing towards one goal. On the contrary, the more strongly single team members try to focus their individual goals, the more strongly other team members will try to push towards their own goals. If those goals do not match, the team members are working against one another.

Aligned teams have a shared vision – which does not necessarily mean that every team member holds the exact same personal vision as the others. The shared vision extends the

members' personal visions rather than replacing them. If team alignment has been achieved, empowerment of individuals can increase the team's performance significantly. Empowerment, in Senge's (ibid.) view, involves enabling individuals to make the decisions they need to in order to perform independently in their job. Senge compares such a team to a Free-Jazz Ensemble. Every musician has the possibility to freely play his or her own instrument without written musical notes or other restrictions. When all the musicians are aligned, they are able to play almost as if they were one single entity. However, raising the empowerment level of a team's members before the team is aligned could lead to significantly negative results. As stated above, without alignment, individuals push into different directions. When team members have the power to autonomously make decisions, they will most likely work more intensely in different directions. Continuing the example above, the music of an unaligned Jazz Ensemble, in which every musician has the ability to play without restrictions, would sound chaotic (Senge, Klostermann & Freundl 2011, pp. 255-257).

DIAGLOGUE AND DISCUSSION

According to Senge, Klostermann and Freundl (2011), team learning requires three critical dimensions:

1. Teams must learn to think insightfully about complex issues (using the potential for several minds to be more intelligent than one mind alone).
2. There is a need for coordinated, innovative action.
3. There is an influence of teams on other teams.

Senge (2006, p. 169), along with Bill Isaacs (1999) and Bohm, Hiley and Barrow (1965), postulate that the technique of *dialogue and discussion* is crucial in order to comply with these three dimensions. Discussion is regarded as a *Ping-Pong game* in which the different standpoints of the players involved are alternately shared. The game could be assessed as a victory when one's own opinion is accepted by the group. The process of dialogue is described as "meaning passing or moving through […] a free flow of meaning between people, in the sense of a stream that flows between two banks" (Senge 2006, p. 169). Bohm further assumes that groups can access a larger "pool of common meaning which cannot be accessed individually" (p. 170). Hence, individuals cannot *win* in dialogue, but a victory can be seen as the entire group reaching beyond individual limitations. Within the scope of this paper, dialogue and discussion will not be discussed

in greater detail (for further reading, please see Senge, Klostermann & Freundl 2011, Chap. 11).

DEFENSIVE ROUTINES

It is often a troublesome task to properly use the technique of dialogue. Bohm (cited in Senge, Klostermann & Freundl 2011, p. 267) even assumes that true dialogues are not possible in a traditional business environment because participants lack the potential to see each other as equal partners due to a strong hierarchical structure. Such a structure facilitates a phenomenon that Senge (2006, p. 168) calls *defensive routines*. These defensive routines are

> "entrenched habits we use to protect ourselves from the embarrassment and threat that comes with exposing our thinking. Defensive routines form a sort of protective shell around our deepest assumptions, defending us against pain, but also keeping us from learning about the causes of the pain." (Senge 2006, p. 167)

One possible common cause of such behaviors is the potential for conflicts within teams. This, however, does not imply that teams should try to prevent conflicts in general: teams without any official conflicts are likely to have strong defensive routines in order to "defend against the conflicts" (ibid. p. 168). One possibility for reducing defensive behavior is to openly communicate conflicts and integrate them into the process of dialogue. Even the search for the presence of defensive routines will lead to defensive routines: we are trained to avoid having deficits. In particular, managers frequently think that they are expected to know "what's going on" and to have "the answer to any problem" (Senge, Klostermann & Freundl 2011, p. 274). Accordingly, it is a very difficult task to minimize defensive routines, which can only be mastered through continuous training in the dialogue technique (Senge 2006, p. 167).

4.4.5 System Thinking

In Senge's model, the fifth discipline is called system thinking; it involves and combines the four previously discussed disciplines. According to Senge, system thinking is a discipline that helps and encourages participants and employees to see whole systems instead of single parts of complex systems (Senge, Klostermann & Freundl 2011, p. 86).

DETAIL AND DYNAMIC COMPLEXITY

According Senge, the system thinking approach has continuously gained importance, as humans continue to develop a world that exceeds their capability for comprehension. More information than any single individual can process is constantly being created and made available. Products, services and collaboration have become so complex that individuals can often no longer perceive the interdependences involved (ibid.). Senge regards this development as a possible cause of phenomena such as the collapse of large enterprises that fail due to their inability to coordinate the different functions within the company or forecast customer needs and market development. System thinking might help individuals identify underlying structures in complex systems and learn to control them. It involves realizing that humans are active parts of their surrounding systems and are not just passively influenced by certain developments. This implies that humans affect the whole development of an enterprise. The difference among the different individuals is the direct visibility of their impact. For example, the decisions of a CEO might have a more direct impact on the perceived organizational change than the actions of someone in the lower levels of a traditional hierarchy. However, if a single employee has an idea for an innovative product, he or she can potentially change the entire enterprise – to a far greater extent than C-level decisions (ibid.). Senge distinguishes between two types of complexity: *detail complexity* and *dynamic complexity*. Detail complexity is commonly known, as it refers to the complexity in products or services and is characterized as a high number of variables that have an impact on the result. The second type is more tacit and focuses on the dynamics within systems. Dynamic complexity occurs in situations "where cause and effect are subtle, and where the effects over time of interventions are not obvious" (Senge 2006, p. 61). This impact especially shows in situations where actions either have different effects in the short term versus the long term or have hidden parallel or subsequent impacts on other parts of the system (for further reading, please see Senge 2006, p. 61f). It appears that humans tend to try to solve complex problems with more

detailed solutions (e.g. more precise processes), but have difficulties analyzing what is causing the underlying problem (e.g. the organizational structure) (Senge, Klostermann & Freundl 2011).

NON-LINEAR CAUSALITY

Concerning the aforementioned problem, Senge (2006, p. 62) postulates that a shift in mindset is needed with regards to two aspects of system thinking:

- Seeing interrelationships rather than linear cause-effect chains.
- Seeing processes of change rather than snapshots.

This primarily implies understanding the phenomenon of *feedback*. In terms of system thinking, feedback entails all reactions that a system returns upon the completion of a specific action within the system. Senge (ibid.) provides many analogies of linear and non-linear or circular feedback processes. One of the reasons for neglecting the feedback processes of systems is anthropocentrism – seeing ourselves as the center of activities (ibid.). Yet, humans are simply part of different systems, which they control, but which at the same time control them. Furthermore, this implies that we can form a structure, but the structure we work on and live in also impacts our behavior significantly. Consequently,

> *"all causal attributions made in everyday language are highly suspect! Most are embedded in linear ways of seeing. They are at best partially accurate, inherently biased toward describing portions of reciprocal processes, not the entire process." (Senge 2006, p. 66)*

However, for many situations, the traditional way of describing interdependecies seems to be sufficient. Filling a glass with water is possible even if the individual does not understand the feedback circle of the process. Senge (Senge, Klostermann &Freundl 2011, p. 98) even describes it as "waste of time" to address simple processes systemically. Therefore, it is important to identify the problems that involve dynamic complexity and focus on applying the systemic thinking approach to them. Senge further mentions reinforcing and balancing feedback system archetypes. Within the scope of this thesis, explanations of the different types of system archetypes will not be discussed. For further reading on the system archetypes, please see Senge, Klostermann & Freundl (2011, pp. 113-150).

To facilitate system thinking, Senge postulates that an organization and its members must shift their mindset and analyze the processes and upcoming problems from a systemic point of view. It is necessary to *commit to the truth* in the sense of personal mastery and to openly talk about underlying mental models in order to identify and analyze present and future challenges. Moreover, an organization needs a shared vision as a guideline in order to focus efforts on team learning to both exchange already existing knowledge and generate new knowledge. Consequently, to form a learning organization, all of the five disciplines are equally important and need to be implemented simultaneously.

4.5 Critical Reflection on the Different Theoretical Models

After having described three of the most influential concepts regarding the learning organization (cf. Chapter 4.1), this Section will critically discuss the different concepts and distill, why Peter Senge's framework forms an appropriate underlying theory for the aim of this paper.

4.5.1 Cangelosi and Dill (1965)

Based on their delineated experiment, Cangelosi and Dill (1965) arrived at the conclusion that learning happens on three different levels. They labeled those levels "individual learning," "subgroup learning," and "total-system learning" (p. 196). Although this segmentation into three levels can already be found in earlier literature (e.g. Chapman et al. 1959, Cyert, March 1963), Cangelosi and Dill were among the first to identify the interdependencies between the three levels within the organizational context. The authors see individual or subgroup learning as the major predecessor of organizational learning. Therefore, they perceive it to be crucial to further analyzing the interdependences between the levels, especially focusing on the level between individual and organizational learning (Cangelosi, Dill 1965, p. 196 ff.).

I agree with the idea that individual learning can be the predecessor of subgroup learning, which itself can be the predecessor of organizational learning. However, Cangelosi and Dill (1965) have neglected the reverse path. Organizational knowledge can have an impact on both groups and individuals (cf. Section 3.2). Moreover, the strict focus on stressors appears to be too limited to fully capture the motivation of individuals within an

organization to learn. It only focuses on reactive behavior of the learners and ignores other aspects of motivation, such as shared vision (cf. Section 7.1). Nonetheless, the theoretical ideas of Cangelosi and Dill (1965) provide a solid basis for further analyzing learning in organizations, as they clearly illustrate the three levels of learning and point to interdependencies among them. However, they do neglect two-sided interdependencies between the levels, as well as the motivation of organizational members to perform learning on all three levels.

As the scope of this thesis lies in the challenge of motivating organization members to implement a learning organization, as well as in the aim of understanding how learning on the different levels can be facilitated, the framework provided by Cangelosi and Dill (ibid.) does not provide a sufficient underlying theory for this thesis.

4.5.2 Crossan, Lane and White (1999)

With their framework, Crossan, Lane, and White (1999) see organizational learning as a multi-level process and they therefore follow the paradigm of segmenting learning into three levels (cf. Section 3.2). Moreover, the three levels are linked by psychological and social processes (the four processes of Intuiting, Interpreting, Integrating and Institutionalizing). Hence, to the extent of my knowledge, Crossan, Lane, and White (1999) were the first authors to not solely suggest a segmentation into three levels of learning, but to also explicitly describe the effects and interdependencies among the levels and the influence of the different levels on one another. Crossan, Lane, and White's (1999) framework thus seems to provide a solid basis for understanding the different perspectives of organizational learning. However, the impact of motivation in organizational learning is not explicitly addressed. The authors describe in detail how organizational learning happens, but seem to neglect how to motivate the organization's members to perform the four processes of their framework.

As the focus of this thesis lies in the challenge of motivating organization members to implement a learning organization, the framework provided by Crossan, Lane, and White (1999) does not provide a sufficient underlying theory.

4.5.3 Peter Senge (1990)

In his book *The Fifth Discipline*, Senge describes his idea of a learning organization theoretically and supports his descriptions with case studies.

SHORTCOMINGS OF EMPIRICAL EVIDENCE AND CITATIONS

Senge illustrates his concepts using single case studies, such as the one of the Singapore Police Forces (Senge, Klostermann & Freundl 2011, pp. 323-328). In line with Flood (1999), I argue in this thesis that those cases are more narrated success stories than scientifically-based case studies that could provide a basis for a critical reflection on the model. Within the cases, the impact of the individual disciplines and the interdependencies among them cannot be clearly identified. In addition, Senge provides little reliable empirical or theoretical evidence to prove that his concept is transferable to the business context, or that the implementation of his learning organization concept will positively impact organizational learning and the long-term performance of a company. The number of references cited is relatively small, especially since some components of the five disciplines had already been identified by other authors prior to 1990 (Flood 1999, pp. 27ff.). For example, the concepts of personal mastery and shared vision (e.g. Argyris, Schön 1978, Normann 1985) or of mental models (De Geus 1988) were formulated before the publication of Senge's book. The Chapter on system thinking is presented with very few references, even though the literature on this topic was diverse at the time of the book's release. Flood (1999, p. 28), for example, criticizes the fact that "only a footnote on page 401 notes Checkland's soft system approach" and there is only a "brief reference on page 185 to Ackoff's interactive planning" (p. 28), although many ideas of these two authors seem to be the foundation for Senge's discipline. Moreover, according to Flood (1999, pp. 28ff.), "Senge fails to recognize and take into account other important insights system thinkers have to offer." Due to the great amount of literature and models in this field, the discussion on system theories and system thinking can be extended vastly (ibid.). Therefore, within the scope of this thesis and due to the great detail of Flood's (1999) examination, no further analysis will be done in this paper on the comparability of Peter Senge's model with the literature on system theory.

Another criticism is that Senge's book is written in a rather non-reflective manner: he has often simply formulated his ideas of a learning organization while omitting a discussion of the limitations of those ideas. As a consequence, some authors have criticized the lack

of scientific discourse within Senge's model (e.g. Flood 1999, Gnyawali, Park 2009, Wilkinson 2013). Jackson (2000) analyzes why Senge's model "attracted so much interest in comparison to a number of other management fashions" (p. 206) by conducting a *fantasy analysis*, which is a method of rhetorical criticism development. The author finds that "the dramatic qualities of his socially rooted vision, that is, its ability to inspire followers to see themselves actively engaged in building a learning organization, […] have helped it to stand out from other competing conceptions" (pp. 206-207). Jackson even uses the expression "preaching" (p. 207) to describe Senge's way of illustrating his learning organization model. This characterization might add further support to the claim that Senge's model is not entirely scientific.

I offer an additional criticism regarding how *The Fifth Discipline* presents Senge's ideas in a narrative, but not necessarily scientific, manner. The reader gains the impression that Senge is presenting his idea of *the one and only truth*, but he does not discuss his idea in an adequately critical manner or directly compare it to other approaches. This is particularly contradictory, as the model strongly involves continuous reflection on one's own ideas, mental models, concepts and views (e.g. Senge, Klostermann & Freundl 2011, p. 269). Therefore, there seems to be a need for further scientific examination of the five disciplines.

LEARNING IN THE LEARNING ORGANIZATION

Several researchers have already addressed the five disciplines (e.g. Flood 1999, Gnyawali, Park 2009, Wilkinson 2013). However, there is still a need for further analysis and reflection on the compatibility between Senge's five disciplines and the field of organizational learning. Although Senge (1990) labels his concept 'the learning organization,' he neglects to discuss the fundamentals that underlie learning in organizations, specifically the segmentation into the three levels of learning.

As illustrated in Chapter 3.2, most of the relevant research suggests that learning in organizations should be segmented into three levels: individual, group and organizational. Such a segmentation allows the analysis of the different types – and thus the different effects – of learning (e.g. Easterby-Smith, Crossan & Nicolini 2000). Senge does not explicitly deal with these three levels in *The Fifth Discipline*. Instead, he subsumes all effects resulting from the five disciplines under the expression 'learning.' In doing so, he neglects the fact that the different disciplines impact different levels. Hence, the

segmentation into the three levels could reveal far more insights regarding the causes and effects within a learning organization. For this reason, the advantages of separately analyzing the three levels will be further discussed in Section 7.1.1 of this thesis. The five disciplines will then be segmented and analyzed them along the three levels. This analysis will reveal that Senge's model (1990) focuses on the individual and interpersonal levels, but neglects the systemic level. In fact, there are indicators that Senge has not explicitly utilized the potential of the systemic approach, even though his fifth discipline is labeled "system thinking." Despite that, this thesis will show that Senge's five disciplines do impact the individual, interpersonal and system levels of learning.

COMPREHENSIBILITY OF THE FRAMEWORK

Senge's five disciplines are an accepted framework for the learning organization in the research community. According to Wilkinson (2013, p. 7), Senge was cited 17,124 times up until 2012. The 300,000 copies of his book sold by 2000 (10 years after the first publication) indicate that researchers are not the only ones who are interested in this framework (Wilkinson 2013, p.7). Jackson (2000) analyzed the reasons why Senge's concept spread so quickly through both the scientific and non-scientific organizational learning community. One of the causes seems to lie in Senge's rhetorical and visionary style of writing, which persuades people to follow his disciplines. Another reason might be found in the book's application-oriented focus (Wilkinson 2013). This might be supported by the finding that many subsequent papers on learning in organizations used aspects of Senge's model to derive further theories (cf. Section 5.2). A reason why Senge's model is perceived as application-oriented might be the fact that it presents itself as a "predominantly individual-based view of organizational learning" that is written from the perspective of "leaders [who are] surfacing and challenging mental models, developing personal vision, and applying system thinking" (Crossan et al. 1995, p. 345). This narrative level probably makes Senge's model more accessible than other more abstract models, such as that of Cangelosi and Dill (1965).

Despite the criticism of Senge's work, the five disciplines model seem to provide the most application-oriented model for learning organizations of the three discussed above. Moreover, the five disciplines address in depth different ways to motivate organization members, which is within the scope of this thesis. Therefore, the five disciplines were selected to serve as the underlying theory of this thesis. Nonetheless, the model needs

further discussion against the background of the literature, particularly regarding its impact on the different levels of learning. In addition, its transferability to the business context needs to be discussed.

5 Market Orientation and Organizational Learning: State of the Art

Following the review of the main literature concerning learning organizations, this Chapter will address the scientific work on market orientation and organizational learning. In line with the focus of the thesis, this overview will address in particular work that is based on Senge's model.

5.1 Definition of Market Orientation

This Chapter deals with market orientation by providing a brief description of the prevalent streams of thought in this area, and discussing the distinction between customer and market orientation. Subsequently, the conceptualization of market orientation used within this thesis will be presented.

THE THREE PREVALENT STREAMS OF MARKET ORIENTATION

Many authors have suggested that understanding how organizations process market information is crucial in order to comprehend how they learn (e.g. Day 1994b, Huber 1991, Keskin 2006, Sinkula, Baker & Noordewier 1997) and to understand how they operate innovatively (Baker, Sinkula 2007). Therefore, the scientific literature has dealt with the challenge of defining and measuring market orientation (Ruekert 1992). Three predominant ways to approach market orientation have been developed over time and are still used today (Ruekert 1992). The approaches come from Kohli and Jaworski (1990), Narver and Slater (1990) and Kohli et al. (1993). Kohli and Jaworski (1990) describe market orientation as the

> *"implementation of the marketing concept. Hence, a market-oriented organization is a type of organization which actions are consistent with the marketing concept." (Kohli, Jaworski 1990, p. 1)*

Furthermore, they conclude that market-orientated organizations focus on the organization-wide creation and dissemination of market intelligence as well as responsiveness to it (Deshpandé, Farley & Webster Jr 1993, Jaworski, Kohli 1993).

To operationalize market orientation, Kohli and Jaworski (1990) developed the so-called MKTOR scale. Narver and Slater (1990) extended this definition by conceptualizing market orientation as the

> *"organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuously superior performance for the business."*
> *(Narver, Slater 1990, p. 21)*

The MKTOR scale involves three aspects: *customer orientation, competitor orientation* and *interfunctional coordination*. Kohli et al. (1993) further developed the MKTOR scale into the MARKOR scale, which also focuses on behaviors, but primarily deals with behaviors that are related to the three categories: information acquisition, information dissemination and information responsiveness. The MARKOR scale places information at the center of the analysis. Thus, Kohli et al. (1993) define market orientation as the

> *"organization-wide generation of market intelligence pertaining to current and future needs of customers, dissemination of intelligence horizontally and vertically within the organization, and organization-wide action or responsiveness to market intelligence." (p. 467)*

Although many ways to measure market orientation have been developed since 1993, Baker and Sinkula (2007, p. 316) found those traditional ways of capturing market orientation (i.e. MKTOR, MARKOR) to still be applicable to the modern situation. Within the scope of this qualitative empirical thesis, the abovementioned quantitative scales for measuring market orientation will not be discussed in further detail here.

MARKET AND CUSTOMER ORIENTATION

Within the context of market orientation, one expression that has been extensively researched is customer orientation (Menguc et al. 2016). According to Deshpandé, Farley & Webster Jr. (1993), early authors (e.g. Kohli and Jaworski 1990) used the expressions 'market orientation' and 'customer orientation' synonymously. As a consequence, Deshpandé, Farley & Webster Jr. argue that they "see customer and market orientation as being synonymous with the term 'market,' defined in the conventional manner as a set of all potential customers of a firm" (1993, p. 27). In their definition, customer orientation is "the set of beliefs that puts the customer's interest first, while not excluding those of all

other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise" (p. 27). In contrast, Narver and Slater (1990) segment market orientation into three dimensions: *customer orientation, competitor orientation* and *interfunctional coordination*. Therefore, they actively modeled customer orientation as one element of market orientation. This implies that the expressions 'market orientation' and 'customer orientation' cannot be used synonymously.

Menguc et al. (2016) distills three streams of customer orientation from the literature that depend on the context in which they occur. Firstly, some authors see customer orientation at the *firm level* as "a dimension of market orientation" (p. 67). The second perspective, which looks at the *individual employee level*, postulates that customer orientation focuses "on the behavioral perspective, which centers on the implementation of the marketing concept" (ibid.). The last level is labeled the *psychological perspective* and perceives customer orientation as a "surface trait and work value" (ibid.). Here, the behavioral perspective models customer orientation as "work-attitude outcome (e.g., job satisfaction)" (ibid.), whereas the psychological perspective conceptualizes customer orientation as a "driver of work engagement" (ibid.). Building on this, Menguc et al. (2016) define customer orientation as "an employee work value that captures the degree to which employees enjoy meeting customer needs and are committed to customers' interests and well-being" (p. 65).

MARKET ORIENTATION WITHIN THIS THESIS

In this paper, I follow the perspective of conceptualizing customer orientation as one part of market orientation. Focusing on customer orientation might therefore provide a more narrow and focused perspective than looking at market orientation, which includes not just present or potential customers, but also the entire market surrounding. Since the primary aim of this thesis is to identify a vision that most organizational members are willing to share (because they can align their personal goals to the shared vision), market orientation seems to provide a better underlying basis than customer orientation for achieving this aim, due to its wider character. In addition, the impacts of market orientation on firm performance (Bell, Mengüç, and Widing II 2010; Horng and Chen 1998; Keskin 2006) as well as on organizational learning and innovativeness (Baker & Sinkula 2007) have been widely investigated. Therefore, the literature concerning market orientation provides a good basis upon which to build this thesis.

Thus, Kohli et al.'s (1993) definition of market orientation will be adopted. It suggests not only focusing on the market concept, but also on the generation and dissemination of information as well as the organization's processing of and response to the information. These dimensions are similar to the process of learning, which also involves information/stimuli and the transformation of information into behavior or potential behavior (cf. Chapter 3). At the same time, this definition is very oriented to the current and future needs of the customers, since customer orientation is explicitly addressed as part of market orientation.

5.2 Key literature on Market Orientation and Organizational Learning

After having discussed different approaches to market orientation, this Section will focus on the literature that combines the concepts of market orientation and organizational learning. Within the scope of this thesis, the focus will on literature that builds on the underlying framework of this thesis: Peter Senge's learning organization. This implies that only papers published after 1990 (the year of Senge first publication of *The Fifth Discipline*) will be taken into consideration. To the best of my knowledge, six papers constitute the key literature in this area. Those papers will be discussed in the following Subsections. To enable comparability between papers, they will all be analyzed using the following three questions:

1. What are the scientific variables and hypotheses in use?
2. How have the authors conceptualized learning orientation?
3. How have the authors conceptualized market orientation?

The results of the first question provide the basis for the main causality diagram presented in the following Chapter. To analyze the impact of Peter Senge's framework of the learning organization, the papers will be analyzed against the backdrop of this framework in the second question. The third question investigates which definition of market orientation the authors utilize. The results of this analysis are summarized in Chapter 6.1.

5.2.1 Slater and Narver (1995) – "Market Orientation and the Learning Organization"

Slater and Narver (1995) describe a learning organization in which the creation of superior value for the customer is the shared goal that focuses the energy of the employees. This learning organization acquires, processes and disseminates organizational knowledge about both external markets, and internal processes and routines. Learning organizations, in this view, are able to anticipate and act on opportunities presented by dynamic markets. According to the authors, market orientation itself already provides strong norms for learning from competitors and customers. However, an entrepreneurial drive is needed in order to enable higher-order learning. Slater and Narver (ibid.) argue that market orientation without an adequate learning orientation only leads to adaptive learning. Generative learning can only be achieved by organizations whose market orientation is sufficient to trigger an adequate learning orientation. Therefore, the marketing department in particular is seen as the lead advocate for entrepreneurial values and for creating the culture of a learning organization. Thus, it is the marketers who must set up the structure for learning behavior that draws information from outside and inside the organization. They must then transfer it – along with their market-related knowledge – to the other business departments as well as to key suppliers and customers.

VARIABLES AND HYPOTHESIS

The three variables that Slater and Narver (ibid.) deal with are culture, climate and market orientation. In their model, market orientation leads to learning orientation and forms a culture and climate that increases organizational learning (ibid., p. 67, Figure 2). The climate and culture have a positive impact on customer satisfaction and new product success, which in turn lead to sales growth and profitability.

CONCEPTUALIZATION OF LEARNING ORIENTATION

Slater and Narver (1995) refer to Senge's (1990) model of a learning organization in two Sections of their paper. First, the idea of providing all organization members with a shared vision and the questioning of the current mental models are in line with the eponymous two disciplines in Senge's model. The second influence of Senge's model is the concept of higher-order learning, which Slater and Narver (1995) subdivide into generative learning (Senge 1990) and double-loop learning (Argyris 1977). As mentioned above, Senge himself deals with Argyris's double-loop learning approach several times in *The*

Fifth Discipline and further develops the approach. Using this conceptualization, Slater and Narver (1995) address the disciplines of personal mastery and mental models and mention parts of the concept of team learning. However, they do not explicitly label those dimensions within their empirical model (ibid., p. 67, Figure 2). In addition, they neither refer to the discipline of system learning, nor segment their model into the three levels in which learning takes place (see Section 3.2).

CONCEPTUALIZATION OF MARKET ORIENTATION

Within their paper, Slater and Narver (ibid.) define market orientation as "continuously collecting information about target customer's need and competitor's capabilities and using this information to create superior customer value" (p. 63). This definition builds on their earlier definition of market orientation (Slater & Narver 1990).

The authors regard market orientation as the cultural foundation for the creation of a learning organization. In their view, the marketing department should be the key driver for establishing the culture of organizational learning (Slater, Narver 1995).

5.2.2 Sinkula, Baker, and Noordewier (1997) – "A Framework for Market-Based Organizational Learning: Linking Values, Knowledge, and Behavior"

Sinkula, Baker, and Noordewier (1997) developed a framework for modeling market-based organizational learning and conducted one of the first empirical studies on the process of learning in organizations. They found that there is no "one way" of learning in organizations, but rather regard learning as specific to the individual corporate. The theoretical model they propose addresses this idea by considering the quality and efficiency with which an organization learns as function of its corporate core values. Furthermore, they argue that organizations need two information systems: a logistical system with which to generate and disseminate information, and an interpretive system that facilitates the exploitation of information by organizational members to generate value.

VARIABLES AND HYPOTHESIS

Sinkula, Baker, and Noordewier (ibid.) regard the generation and dissemination of market information as a result of efficient and effective learning behaviors. To test their ideas empirically, the authors measured learning orientation and the short-term outcome of

learning. Connecting these topics, they modeled the higher-level construct of market information processing behaviors, which involves the sub-constructs of market information generation and dissemination behavior (cf. ibid, p. 307, Figure 1). The results show that a higher learning orientation directly increases the generation and dissemination of market information, as well as the propensity for organizational change.

Organizational learning (the outcome of a learning organization) is operationalized by the behavioral construct "changes in marketing strategies." Sinkula, Baker, and Noordewier (ibid.) argue that market performance constructs are not sufficient to measure the direct short-term impact of organizational learning, as the impact of these changes are characterized as long-term and they are influenced by numerous corporate effects.

CONCEPTUALIZATION OF LEARNING ORIENTATION

In their model, Sinkula, Baker, and Noordewier (ibid.) view learning orientation as a "set of organizational values that influence the propensity of the firm to create and use knowledge" (p. 309). These values not only ensure learning, but also determine the speed and accuracy with which it is achieved. According to the authors, learning orientation involves three dimensions: commitment to learning, open-mindedness, and a shared vision. Based on the authors' descriptions, commitment to learning is comparable to Senge's discipline of personal mastery, open-mindedness directly relates to Senge's dimension of questioning mental models, and shared vision is analogous to Senge's argument regarding creating a shared vision. The disciplines of team learning and system thinking, as well as the differentiation into the three levels of learning, are not explicitly discussed within the paper.

CONCEPTUALIZATION OF MARKET ORIENTATION

Sinkula, Baker, and Noordewier (1997) use the expression 'market orientation' to derive the broadly focused constructs of market information generation and dissemination. Therefore, their conceptualization of utilizing market information fits better with the definition of market orientation of Narver and Slater (1990) than with the marketing-focused approach of Kohli and Jaworski (1990).

5.2.3 Santos-Vijande et al. (2005) – "Organizational learning and market orientation: interface and effects on performance"

In their paper, Santos-Vijande et al. (2005) address the relationship between learning orientation, market orientation, learning in organizations and organizational performance. In addition, they analyze the role of learning orientation in long-term strategic client relationships.

VARIABLES AND HYPOTHESIS

Santos-Vijande et al. (2005) postulate that learning orientation has a positive impact on market orientation (H1) and organizational performance (H3), and that market orientation itself increases organizational performance (H2). The authors do not find any influence of market orientation on learning orientation (cf. Santos-Vijande et al. 2005, p. 191, Figure 1). Furthermore, they identify a positive effect of learning orientation on the constructs of trust and affective commitment, and consequently on the continuity of the client relationships as well.

CONCEPTUALIZATION OF LEARNING ORIENTATION

The authors utilize the construct of learning orientation provided by Sinkula, Baker and Noordewier (1997). Thus, as with Sinkula, Baker, and Noordewier's paper (1997, cf. Section 5.2.2), commitment to learning is comparable to Senge's discipline of personal mastery, shared vision is analogous to Senge's argument regarding creating a shared vision, and open-mindedness directly relates to Senge's dimension of questioning current mental models. Santos-Vijande et al. (2005) do not explicitly address the disciplines of team learning and system thinking, and do not differentiate between the different levels of learning.

CONCEPTUALIZATION OF MARKET ORIENTATION

Santos-Vijande et al. (ibid.) operationalize the construct of market orientation with a strong focus on organizational culture, in accordance with the definition given by Kohli and Jaworski (1990). Santos-Vijande et al. (2005) argue that "learning orientation stimulates the market-oriented behavior […] and the establishment of long-term relationships with strategic clients" (p. 187).

5.2.4 Keskin (2006) – "Market orientation, learning orientation and innovation capabilities in SMEs"

Keskin's (2006) paper analyzes the interrelationships between market orientation, learning orientation and innovativeness, and their impact on firm performance in small- and medium-sized enterprises (cf. Keskin 2006, p. 409, Figure 1). This is done via a survey with managers from SMEs operating in Turkey.

VARIABLES AND HYPOTHESIS

The main variables in Keskin's survey are market orientation, learning orientation, innovativeness and firm performance. The results indicate a positive impact of corporate innovativeness on company performance and a positive influence of learning orientation on the firm's innovativeness. In addition, a higher market orientation increased the learning orientation. Furthermore, learning orientation seemed to mediate the relationship between market orientation and innovativeness (cf. Keskin 2006, p. 409, Figure 1). The author concludes that learning orientation is important for business performance, whereas market orientation provides the foundation on which an effective learning orientation can be built. To summarize, Keskin's (2006) argument is that market orientation leads to learning orientation, and learning orientation leads in turn to innovativeness, thus positively impacting organizational performance.

CONCEPTUALIZATION OF LEARNING ORIENTATION

Learning orientation was set up as a second-order construct, referring to the first-order constructs of "commitment to learning," "shared vision," "open-mindedness," and "intraorganizational knowledge sharing." Keskin (ibid.) directly refers to Calantone et al.'s (2002) definition of learning orientation, which itself refers to that of Hult and Ferrell (1997). Hult and Ferrell (1997) derived their dimensions of learning orientation from several authors who were influenced by Senge's five dimensions. Due to this, three of Keskin's four dimensions are structured similarly to Senge's. Commitment to learning, for example, is not identical but is similar to Senge's dimension of personal mastery. The first-order construct of shared vision can be interpreted as analogous to Senge's suggestion of the need to jointly develop, communicate and spread a shared vision. Likewise, open-mindedness builds on Senge's recommendation to continuously question, adapt and improve the current mental models. The fourth construct, "intraorganizational knowledge sharing," is defined as "collective beliefs or behavioral routines related to the

spread of learning among different units within the organization" (Keskin 2006, p. 404). Collective beliefs could be subsumed under Senge's dimension of a shared vision, whereas behavioral routines could be seen as a systemic aspect. In the literature, processes and routines are mainly associated with the system learning stage (cf. Section 3.5), which is why I suggest that the abovementioned behavioral routines related to the spread of knowledge among different units can at least indirectly be seen as part of Senge's dimension of system thinking. Keskin (ibid.) does not address the discipline of team learning, nor does he segment the effects of learning into the three levels of learning.

CONCEPTUALIZATION OF MARKET ORIENTATION

Market orientation is built as a second-order construct involving the first-order constructs of "selection and use of market information," "development of market-oriented strategy," and "implementation of market-oriented strategy." Keskin (2006) draws on Rükert's (1992) definition of market orientation as "cultural and behavioral processes and the activities associated with creating and satisfying customer by continually assessing their needs and wants to increase business performance" (cited in Keskin 2006, p. 403). This definition is similar to the MKTOR scale from Kohli and Jaworski (1990).

5.2.5 Baker and Sinkula (2007) – "Does Market orientation Facilitate Balanced Innovation Programs? An Organizational Learning Perspective"

In their paper, Baker and Sinkula (2007) address the question of how a firm can optimally balance its innovation practices between a customer-led and a lead-the-customer strategy, since the former is important for incremental innovations primarily involving aspired knowledge, while the latter typically brings radical innovation based on generative learning.

VARIABLES AND HYPOTHESIS

Baker and Sinkula empirically measure a company's market orientation, radical and incremental innovation priority, generative and adaptive learning priority, and the innovation outcome operationalized via new product successes. The results indicate that a strong market orientation in an organization will facilitate the preservation of a balance between radical and incremental innovation (Baker and Sinkula 2007, p. 318, Figure 1).

CONCEPTUALIZATION OF LEARNING ORIENTATION

Learning orientation is regarded by Baker and Sinkula (ibid.) as a part of innovation practices and is measured as a distinct but related construct to market orientation. It is defined as the higher-level construct "learning style," built on the first-order constructs of gleaning, adaptive learning, and generative learning. In the authors' view, generative learning in particular involves the questioning and adaptation of the present mental models, corresponding with Senge's eponymous discipline.

Agreeing with Slater and Narver (1995), Baker and Sinkula (2007) postulate that a successful market orientation requires a clear "commitment to the marketing concept and to organizational learning" (p. 320). This commitment to learning can be interpreted as analogous to Senge's discipline of personal mastery. Commitment to the marketing concept in a market-oriented organization might be understood as the organization-wide shared vision.

CONCEPTUALIZATION OF MARKET ORIENTATION

The authors build on Slater's and Narver's (1995) concept by following Day's (1994a) characterization of market orientation as "pervasive commitment to a set of processes, beliefs, and values reflecting the philosophy that all decisions start with the customer and

are guided by a deep and shared understanding of customers' needs and behavior, and competitors' capabilities and intentions, for the purpose of realizing superior performance by satisfying customers better than competitors'' (cited in Baker and Sinkula 2007, p. 321). Baker and Sinkula argue that market orientation facilitates efficient and effective generative learning activities within a firm.

5.2.6 Bell et al. (2010) – "Salesperson learning, organizational learning, and retail store performance"

Bell et al.'s (2010) article in the field of market orientation and organizational learning focuses on salesperson learning and its spillover effects on organizational learning. Because of their supposition that the transformation of learning from the individual level to the organizational level does not always occur, Bell et al. performed an empirical study to analyze which factors facilitate such a transformation. To do this, they developed a model and tested it on a sample of 422 respondents from 113 retail stores from a national chain.

VARIABLES AND HYPOTHESIS

Bell et al.'s (2010) study examines the impact of salesperson learning on organizational learning. In their view, this impact is moderated by the two factors, "Climate for Organizational Learning" and "Information Dissemination Efficiency" (cf. Bell et al. 2010, p. 189, Figure 1). They find a significantly positive relationship between salesperson learning and organizational learning, and a moderating effect of organizational learning climate on this relationship. Thus, a climate for learning seems to be a crucial factor in learning and information dissemination in companies.

CONCEPTUALIZATION OF LEARNING ORIENTATION

Bell et al. (2010) define salesperson learning as the "individuals' understanding of their work environment and their engagement in activities that improve job-related skills and knowledge" (p. 188). Organizational learning is seen as an "organization's capacity to take effective action as a result of new insights, shared understanding, and organizational memory development" (ibid., p. 188f.). Comparing these two definitions with Senge's model, shared understanding can be interpreted as a shared vision. The "effective action as a result of new insights" in combination with the "understanding of their work environment," as well as "engagement in activities that improve job-related skills and

knowledge" (ibid., p. 188 ff.) might be construed as Senge's dimension of questioning present mental models. Salesperson learning and organizational learning can be interpreted as the outcome of a successful learning organization (cf. Section 3.2).

Along with this, the authors consider the construct *climate for learning* as a signal to employees that "learning-oriented behavior (e.g., experimentation, questioning of assumptions) is encouraged and valued" (ibid., p. 191). Therefore, the *climate for learning* variable can be interpreted as the learning orientation that facilitates the move from individual learning (salesperson learning) to organizational learning.

CONCEPTUALIZATION OF MARKET ORIENTATION

Bell et al. (2010) do not explicitly provide a definition of market orientation. However, their survey is based on data collected from salespeople and store managers, who probably have a strong customer orientation due to their jobs. Furthermore, the authors utilize items from the market orientation scale of Kohli et al. (1993) in order to measure information dissemination efficiency, which indicates that the disseminated information is presumably market-related.

6 Research Gap

Having presented the key literature that constitutes the scientific basis for a connection between market orientation and organizational learning, the present Chapter will now compare and interpret the insights gained from the literature. This will be accomplished with the help of a comparison table (Table 3) and a main variables diagram (Figure 5).

6.1 Comparison of Key Papers

A comparison of the key papers in the field of market-oriented organizational learning reveals the following insights (cf. Table 3). As mentioned, the key literature was primarily analyzed with regards to the dimensions of learning orientation and market orientation. These dimensions are discussed in the following.

LEARNING ORIENTATION

To analyze the literature, the dimension of learning orientation was segmented into the five disciplines that constitute Senge's model of a learning organization (cf. Section 4.4): personal mastery, mental models, shared vision, team learning and system thinking. In looking at the conceptualization of learning within the papers, the presence of the three different levels was investigated: the personal, the interpersonal and the organizational levels (cf. Section 3.2). These dimensions were selected according to the underlying theory of this thesis.

The analysis reveals that every paper utilizes personal mastery according to the conceptualization from Senge's model – three in direct referral to Senge's concept, and three by utilizing a construct named "commitment to learning," which itself is very similar to Senge's personal mastery dimension (cf. Section 5.1). Senge's second discipline, mental models, is addressed by five authors directly and indirectly by one author. Bell et al. (2010) use the dimensions "effective action as a result of new insights," "understanding of their work environment," and "engagement in activities that improve job-related skills and knowledge" (p. 188 ff.), which I interpret as a reference to Senge's idea of continuously questioning the current mental models.

Five of the authors agree on the need for a corporation-wide shared vision, while Bell et al. (2010) do not explicitly address this dimension. Team learning is directly covered by Bell et al. (2010) and Slater and Narver (1995), while the remaining four authors do not explicitly deal with these dimensions in their papers. Senge's fifth discipline, system thinking, is only addressed by Keskin (2006); the others do not explicitly discuss this mindset. Even Keskin (2006) only deals directly with questioning collective beliefs and behavioral routines. These could be interpreted as characteristics of a system and not only of individuals. Therefore, even though all of the authors address at least some disciplines from Senge's model, surprisingly none discussed all of the five disciplines.

As stated above, the second dimension of my analysis within the construct of learning orientation is the segmentation into the three levels of learning: personal, interpersonal and organizational (cf. Section 3.2). Four of the authors do not segment their models into the three levels (Baker, Sinkula 2007, Keskin 2006, Santos-Vijande et al. 2005, Slater, Narver 1995), nor do they discuss which of their variables impact which level. Sinkula and Narver (1997), as well as Bell et al. (2010), refer to the first (personal learning) and third (system learning) levels, but not to the connecting level (interpersonal learning). Thus, surprisingly, none of the authors unequivocally utilizes the Senge's entire model of a learning organization, nor segments learning into the three levels of organizational learning.

Table 3: Comparison of Key Literature

Author(s) Titel	*Slater and Narver 1995* „Market Orientation and the Learning Organization“	*Sinkula et al. 1997* „A Framework for Market-Based Organizational Learning: Linking Values, Knowledge, and Behavior”	*Santos-Vijande et al. 2005* “Organizational learning and market orientation: interface and effects on performance”	*Keskin 2006* „Market orientation, learning orientation, and innovation capabilities in SMEs”	*Baker and Sinkula 2007* “Does Market Orientation Facilitate Balanced Innovation Programs? An Organizational Learning Perspective”	*Bell et al. 2010* “Salesperson learning, organizational learning, and retail store performance”
Learning Orientation						
Personal Mastery	Yes	Indirectly	Indirectly	Indirectly	Yes	Yes
Mental Models	Yes	Yes	Yes	Yes	Yes	Indirectly
Shared Vision	Yes	Yes	Yes	Yes	Yes	No
Team Learning	Yes	No	No	No	No	Yes
Systems Thinking	No	No	No	Indirectly	No	No
3 Level Framework	No	Indirectly (level 1 and 3)	No	No	No	Indirectly (level 1 und 3)
Market Orientaiton						
Base Scale of Market Orientation	MKTOR	MARKOR	MARKOR	MKTOR	MARKOR	MARKOR
Research						
Method	Theoretical	Empirical	Empirical	Empirical	Empirical	Empirical
Causality between Learning Orientation and Market Orientation	Market Orientation -> Learning Orientation	Learning Orientation -> Market Information Generation and Dissemination (Market Orientation)	Learning Orientation -> Market Orientation	Market Orientation -> Learning Orientation	Market Orientation -> Learning Orientation	No direct causality

MARKET ORIENTATION

Regarding the market orientation dimension, four of the papers use the MARKOR scale provided by Kohli et al. (1993) to operationalize the construct of market orientation (Baker, Sinkula 2007, Bell, Mengüç & Widing II 2010, Santos-Vijande et al. 2005, Sinkula, Baker & Noordewier 1997). Slater and Narver (1995) use their own MKTOR scale (Narver, Slater 1990), while Keskin (2006) uses the scale from Rükert (1992), which is similar to the conceptualization of Narver and Slater (1990). Consequently, all of the authors (at least indirectly) utilize either the MARKOR or the MKTOR approach. This underlines the notion that those two scales constitute the state of the art in the field of market orientation research.

RELATIONSHIP BETWEEN LEARNING AND MARKET ORIENTATION

Three papers argue that market orientation leads to learning orientation (Baker, Sinkula 2007, Keskin 2006, Slater, Narver 1995), whereas two papers postulate the opposite – that learning orientation leads to market orientation (Santos-Vijande et al. 2005, Sinkula, Baker & Noordewier 1997). Bell et al. (2010) do not explicitly address the relationship between these two constructs. However, they do argue that learning orientation moderates the learning process of salespersons and increases shared understanding, which, for salespersons and store managers, is mainly oriented to the market. As the scope of this thesis is market-oriented organizational learning, the following Section will further illustrate the relationship between these variables.

6.2 Main Variables Diagram

The variables addressed in the key literature are summarized in Figure 5. In addition, the relationships between those variables, according the cited papers, are provided.

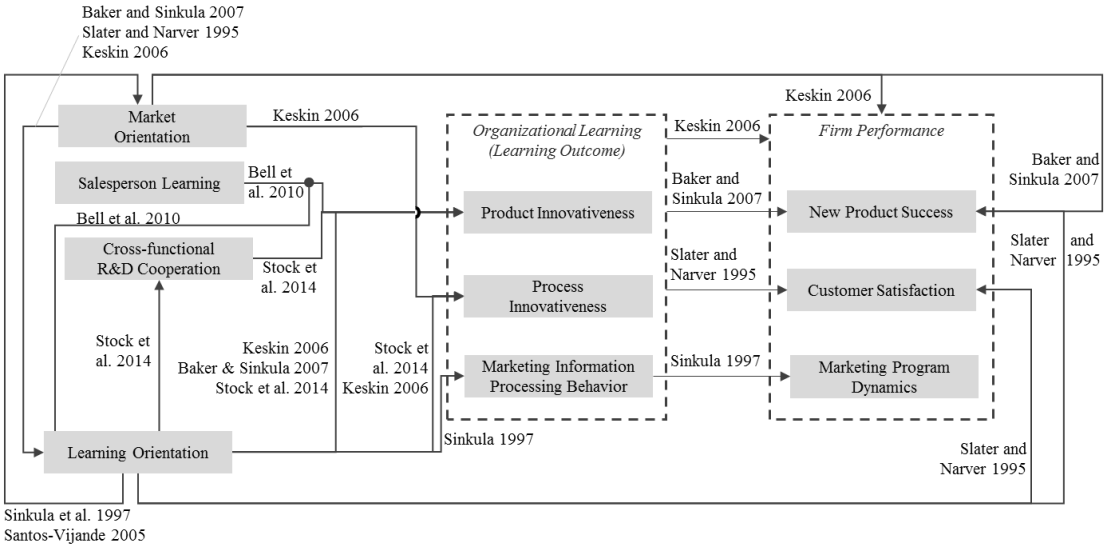

Figure 5: Main Variables of Key Literature

To simplify the causality diagram, the variables "climate" and "culture" of organizational learning, as well as "commitment to learning" are aggregated under the variable "learning orientation." In addition, as mentioned above, the construct of market orientation is conceptualized according to Kohli et al. (1993). This involves the dimension of "customer orientation" being integrated into the variable "market orientation."

In line with the definition used in this thesis, learning can be seen as a process and as a result (cf. Section 3.3). Referring to this conceptualization, the expression "learning orientation" can be viewed as the framework that provides the basis for a learning organization. "Organizational learning" is seen as the result, i.e. as sufficient learning that occurs within a learning organization. The constructs "product innovativeness" and "process innovativeness" are considered proxies for changes in the current product portfolio respective of the underlying structures, processes or routines. Similarly, changes in "market information processing behavior" can be interpreted as changes to structures and processes that deal with the processing of market information. Therefore, within this paper, those constructs are subsumed under the term "organizational learning." In addition, many authors refer to the construct "firm performance," which involves long-term effects such as "new product success," "customer satisfaction," and "marketing

program dynamics." Therefore, "firm performance" is modeled separately from "organizational learning."

The analysis of the different causalities reveals that the authors agree that there is a positive effect of both market orientation and learning orientation on organizational learning (as the outcome of learning). In addition, the key literature confirms that organizational learning has a positive impact on firm performance. However, the authors disagree on the direction of the causal relationship between market orientation and learning orientation. Some authors postulate that market orientation leads to learning orientation (Baker, Sinkula 2007, Slater, Narver 1995, Keskin 2006), whereas others argue for the opposite direction, i.e. that learning orientation leads to market orientation (Sinkula, Baker & Noordewier 1997, Santos-Vijande, López-Sánchez & Trespalacios 2012).

6.3 Need for Further Research

The above-illustrated findings indicate the need for further research in the field of market-oriented organizational learning. Therefore, this Section identifies possible areas for further research.

THE FIVE DISCIPLINES AND MARKET ORIENTATION

As described in Section 5.2, all of the key literature on market orientation and organizational learning are influenced by Peter Senge's disciplines. Surprisingly, however, none of the studies utilize all of the five disciplines, but are instead based on single disciplines, predominantly mental models and building a shared vision. The remaining disciplines of a learning organization remain largely unaddressed in these papers. Hence, further insights could be gained by analyzing market orientation alongside all of the five disciplines. Consequently, this thesis will discuss the potential and impacts of market orientation on the entire five disciplines, and vice versa, below. In addition, the key studies in the literature model market orientation and learning orientation as two separate constructs, and their authors disagree on the direction of causality between the two constructs, some postulating that market orientation leads to learning orientation and others postulating the opposite (cf. Section 6.2). Hence, there seems to be a need to further address the relationship between market and learning orientation. This paper will do so

in Section 7.3, and will suggest viewing market orientation as the shared vision from the five disciplines.

LEARNING IN THE LEARNING ORGANIZATION – THREE-LEVEL DISTINCTION

It also appears that the key literature on market orientation and organizational learning do not directly address the different types of learning within an organization. None of the cited authors analyze their frameworks according to all of the three levels of learning (i.e. personal, interpersonal and organizational). As discussed in Section 4.4, Peter Senge (1990) describes five disciplines that an organization should develop in order to become a learning organization. However, he neither discusses the impact of the disciplines along the three levels, nor does he explicitly address the learning process itself (cf. Section 4.5.3). According to the commonly-used paradigm in the field of organizational learning (cf. Section 3.2), this thesis will follow the three-level perspective. The segmentation into three levels provides a basis for conducting a detailed analysis of the impacts of different effects and different approaches on organizational learning (e.g. Crossan, Lane & White 1999). Thus, I suggest that Senge's five disciplines should be analyzed in terms of their impact on the three levels, as will be done in Section 7.1.1. This would provide insights into how and where Senge's model could be applied in an organization. Moreover, as seen in Section 4.5.3, many authors have addressed the scientific reliability of Senge's model, and have reported that Senge's model is indeed based on common, scientifically agreed-upon ideas. However, Senge fails to clearly cite the earlier authors. In addition, particularly for the literature on systemic research, Senge only utilizes single aspects of the available theories and therefore neglects the entire potential of the systemic approaches (e.g. Flood 1999). I agree with this perspective. Hence, Senge's model is suitable as an underlying theory for the thesis but there is a need for further discussion of the five disciplines alongside scientifically validated insights. I therefore suggest looking at the five disciplines as well as the role of market orientation against the background of the literature on learning in organizations. In the current paper, this analysis will be segmented into the three levels of learning, as discussed above.

NEED FOR A COMPREHENSIBLE AND TRANSFERABLE FRAMEWORK

Another criticism is that the theories on learning organizations, particularly those discussed within this thesis (Cangelosi, Dill 1965, Crossan, Lane & White 1999, Senge 1990), have a high level of abstractness (cf. Section 4.5). Several authors have criticized the concept of the learning organization as being too vague and have stated that there is a lack of consensus on how it should be defined (e.g. Friedman, Lipshitz & Popper 2005, Jamali, Sidani & Zouein 2009). In the case of Peter Senge's framework, the level of abstractness might be one reason why the authors of the key literature on market orientation and organizational learning do not utilize his entire five-discipline framework, but only parts of it. The authors especially fail to discuss the very abstract, system thinking level, which Senge perceives as the most important discipline within his framework (cf. Section 4.4.5). As Wilkinson (2013) states, Senge's theory "described, in detail, the disciplines required to become a learning organization but it did not explain how an organization could set about transforming itself into one" (p. 1). Furthermore, the abstractness hampers the comprehensibility and tangibility of the model, which could be one of the reasons why managers do not see the potential of a learning organization or do not understand how to implement one (see also Wilkinson 2013, pp. 5 ff.). Regarding transferability to the business context, Senge formulates the idea of a shared vision as the primary motivation for organizational members to co-operate and learn. However, he does not provide more specific direction or guidelines for aligning organizational learning efforts with customer values. Furthermore, he only describes the criteria for a good shared vision on an abstract level, but fails to break it down into the specific criteria a shared vision must fulfill in order to be successful. Senge and his colleagues have addressed this criticism by publishing a series of "fieldbooks" (e.g. Senge et al. 1994, Senge 2000, Senge 2014) that contain case studies of companies and other organizations that have successfully become learning organizations. However, some authors criticize those fieldbooks as also being "far too vague" (Wilkinson 2013, p. 1).

Nonetheless, compared to the other concepts in the field of learning organizations, Senge's is relatively tangible. However, in my view, parts of Senge's concept remain in an abstract form, especially with regard to system thinking, the creation of a shared vision, and personal mastery. Consequently, Senge's model appears to provide a good basis for implementing organizational learning, but leaves space for further discussion and development, especially regarding the framework's tangibility and transferability.

7 The Idea of a Market-Orientated Learning Organization

With the crucial definitions and key literature from the field of market-oriented organizational learning having been provided in the previous Chapters, this Chapter will examine learning in organizations from different points of view and analyze it against the backdrop of Senge's (1990) five disciplines.

7.1 The Learning Organization along the Three Levels of Learning

The five disciplines will be segmented into the three levels of learning in Subsection 7.1.1. Subsections 7.1.2, 7.1.3 and 7.1.4 will then discuss crucial elements of learning organizations along the three levels and compare them to the five disciplines. This will show that the five disciplines provide a solid framework for learning along the three levels, but that questions remain unanswered. Three of those questions (Q1-Q3), which particularly regard how to implement a learning organization, are distilled within this Chapter. These questions will then be addressed by adapting Senge's five disciplines.

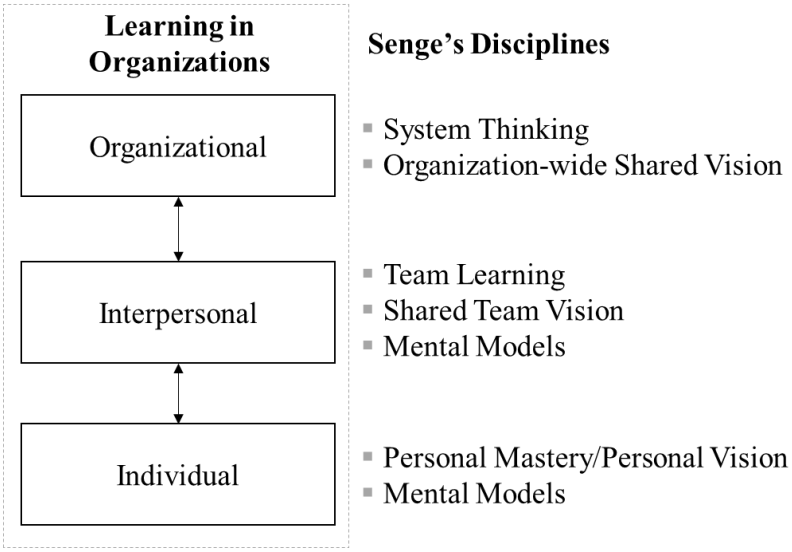

Figure 6: Matching of Senge's disciplines with three levels

7.1.1 Segmenting the Five Disciplines into the Three Levels

In the first part of the analysis, the five disciplines are discussed in terms of the literature on learning, and segmented into the three categories based on their impact on learning (cf. Figure 6).

PERSONAL MASTERY

This first discipline primarily involves "personal growth and learning" (Garcia-Morales, Llorens-Montes & Verdú-Jover 2006, p. 22). This stems from forming "personal visions" over holding "creative tension," and utilizing "structural conflicts" to strengthen the "commitment to the truth" (cf. Section 4.4.1). These dimensions might influence the behavior or potential behavior of individuals and therefore involve individual learning (cf. Section 3.3). Thus, personal mastery can be considered a discipline that contributes primarily to the first level of learning.

MENTAL MODELS

As illustrated in Section 4.4.2, the discipline of questioning mental models entails bringing to the surface and facing our internal beliefs and models of "how the world works." Those internal models are created by humans as a processing mechanism due to our sensorial and cognitive inability to continuously capture and process the entirety of the information provided by their environment. As a consequence, humans create their own "picture of the causalities in the world." The discipline of consciously dealing with such mental models might therefore help individuals change their behavior or potential behavior, which is the same as the definition of individual learning within this thesis (cf. Section 3.3). In addition, the questioning of mental models might also lead to changes in understanding that go beyond single individuals to social units, which denotes learning on the interpersonal level (cf. Section 3.4). Consequently, mental models primarily lead to learning on the individual and interpersonal levels (see Figure 6).

TEAM LEARNING

In Peter Senge's (1990) model, team learning comprises three crucial dimensions: a need for innovative and coordinated actions; thinking "insightfully" about complex issues; and the impact of teams on other teams. The coordination of actions and of the spillover effects from one team to another require training, as well as the creation of relationships

between team members and with members of other teams. In addition, thinking insightfully necessitates empathy and understanding of other organizational members (cf. Section 4.4.3). Therefore, team learning can be subsumed under interpersonal learning, as it might lead to changes in the behavior of social entities (cf. Section 3.4).

SHARED VISION

Senge argues for the need for an organization-wide, shared vision that every organizational member is able to identify with or at least accept and pursue. Such a vision needs to be formed through a shared process involving as many organizational members as possible, since the vision should be built upon the personal visions of the individuals (cf. Section 4.4.3). The idea of forming a vision that is shared by several individuals can potentially lead to changes in the behavior of social entities. Therefore, the discipline of shared vision contributes to learning on the interpersonal level (cf. Section 3.4). In addition, a corporate-wide shared vision could, in a wider context, be conceptualized as declarative knowledge (cf. Section 3.5). Consequently, changes in the corporate vision might also involve system learning.

Whether the discipline of shared vision also leads to learning on the individual level could be discussed, as it may influence the behavior or potential behavior of individuals. Nevertheless, it was decided that individual vision would be dealt with in this thesis under the expression ‘personal vision,’ which is part of the discipline personal mastery (cf. Section 4.4.1).

SYSTEM THINKING

Senge’s fifth discipline focuses on the underlying system operating within an organization. The whole is dealt with here, rather than the independent parts, since most actions do not only influence a single part of a system but also other areas, often without even being noticed. Senge therefore postulates that one should think systemically when considering or performing actions (cf. Section 4.4.5). The primary impact of thinking and acting systemically probably leads to adaptations to organizational knowledge, for example, when adapting processes, structures or ways of communicating (cf. Section 3.5). Therefore, system thinking and action predominately lead to system learning.

Based on the above, it can be said that Senge’s five disciplines can successfully be segmented along the three-level perspective of learning. All of the three levels are

addressed by at least one of the disciplines. At the same time, some disciplines, such as building a shared vision and questioning mental models, can induce learning on more than one level. As discussed in Section 4.5.3, Senge's model does not directly refer to research on systems, but only considers parts of this field. In addition, the five disciplines primarily focus on the role of individuals in organizations, and therefore largely impact the individual and interpersonal levels. Nonetheless, it can be said that the model also addresses the system learning level, as Senge mentions adapting organizational structures, routines and guidelines through the disciplines of shared vision and system thinking, which is in line with the definition of organizational learning (cf. Section 3.5).

Having segmented Senge's five disciplines along the three levels of learning, the following three Sections will build upon the insights gained, and will discuss the requirements and challenges involved in the implementation of a learning organization, including which of those challenges cannot be addressed by Senge's five disciplines.

7.1.2 Individual Perspective

As stated by Senge, Klostermann and Freundl (2011, p. 153), "Organizations only learn when individuals learn." The individual perspective of learning therefore focuses on individual human beings acting within an organization. As stated in Section 3.3, learning within this thesis is defined as "relatively permanent changes in behavior or potential behavior." Following this definition, to look at the individual level of learning in organizations should include analysis and identification of changes in behavior or potential behavior of "single" human organizational members. This is done within this Chapter.

UNLIMITED NUMBER OF SKILLS AVAILABLE – WHAT SHOULD BE LEARNED?

There are a great number of competencies that can be acquired and developed. In other words, the potential basket of skills an individual can learn is nearly limitless (Campion et al. 2011, Becker 2013). Competencies in the organizational context often involve the three dimensions: skills, abilities and knowledge (Becker 2013, pp. 6 f.). As Baker and Sinkula (2007, p. 317) state, "The quality and effectiveness of organizational learning is dependent on not just how much firms learn, but also on how firms learn." Different streams in literature additionally postulate that companies must focus on developing the

strategic competencies needed to create a strategic advantage over competitors (e.g. Barney 1991, Neuberger 1994, Keskin 2006). But how can those strategic competencies be identified? I propose adding an additional dimension to the "how much and how firms learn" question: "What should be learned?"

One approach utilized by many companies to align capabilities to business demands is the so-called "competency-based practices" (Gangani, McLean & Braden 2006) or "workforce planning" (Lawrence 2010, p. 6). Such practices are aimed at "measuring individual competencies [and as a consequence enabling] organizations to build ongoing snapshots of the overall knowledge capital and skills portfolio of its workforce [and improving] the developmental planning processes, [as well as] deploying its human capital more effectively" (Gangani, McLean & Braden 2006, p. 1111). As human resource development is frequently seen as an HR function, most companies seem to make competence-based practices a centralized business unit, often as part of the HR department (Becker 2013). However, it is probably a great challenge for a centralized business unit to develop sufficient job competency profiles, as this would demand that the department understand the specific requirements of each job as well as all the interactions within the job environment (Campion et al. 2011).

INDIVIDUALS SHOULD BE THE DRIVERS OF LEARNING

Greenleaf (1977) and other authors postulate that every individual organizational member should be a driver of learning (see also Robert 1977, Senge, Klostermann & Freundl 2011). Peter Senge addresses this with his discipline of personal mastery. He argues that providing a relatively open environment for learning guarantees higher learning success than traditional teaching practices, as the participants have a comparatively free choice of what they want to learn (see also Section 3.3). Therefore, it might be more effective to allow employees to decide which competencies they want to acquire, as opposed to predefining the competencies them (Robert 1977, Senge, Klostermann & Freundl 2011). Sandow and Allen (2005), members of the Society for Organizational Learning, which Peter Senge was one of the founding chairpersons of, build on Senge's model by stating that learning occurs when "we reflect on our actions" (p. 5). In addition, the authors argue that individuals who are open-minded towards learning tend to be "much more effective as a means of understanding how work is done and as a means to improving the productivity of the system of value creation" (p. 5-6). This is in line with learning theories

such the constructivist perspective on learning (Gerstenmaier, Mandl 2000). The constructivist theory argues that there is no one way to optimally teach all individuals. Instead, every person is thought to have his or her own way of constructing individual reality and therefore learns differently (Lefrançois 2015, Chap. 7). Knowledge, in this view, is thus "a function of how the individual creates meaning from his or her own experiences" (Jonassen 1991, p. 10). This implies the need for experience-based types of learning, which involve providing a space in which learners can try to solve problems on their own or in groups, while gaining new knowledge in the process (Robert 1977, Senge, Klostermann & Freundl 2011). Greenleaf (1977) adds that the best teachers only provide a framework, guidelines and assistance for learning, while the learners choose the competencies they want to develop as well as the method for doing so.

Consequently, it seems to be crucial to provide a work-related space and a climate for learning, in which organizational members are empowered to independently learn and acquire or intensify the strategic resources required for the job they are currently performing or plan to perform in future.

HOW CAN LEARNING BE GUIDED AND MOTIVATED?

While providing a climate for learning is clearly important, Senge, Klostermann and Freundl (2011) argue that simply enabling organizational members to learn is not sufficient. An increase in job productivity will only happen if the employee "wants" to increase his or her individual productivity (ibid., p. 153). Furthermore, individuals do not generally oppose change, but resist "being changed" or being ordered to make a change that they do not agree with or do not perceive as meaningful (ibid., p. 171). The discipline of personal mastery might thus provide the motivation to change through the use of elements such as creative tension, commitment to the truth, being aware of structural conflicts and personal vision (cf. Section 4.4.1). The use of creative tension might particularly result in the motivation to learn. Such tension arises from the gap between personal goals and reality. Therefore, Senge, Klostermann and Freundl (2011) argue that individuals should autonomously develop ambitious goals that are aligned with the company's goals, and then pursue them. In the business context, this open approach will only work if employees accept and agree with the company's goals (Robert 1977).

To summarize, rather than predefining competency profiles, it might under certain conditions be preferable to solely provide a framework and a guideline for learning. This

would involve supporting organizational members in self-initiated selection of the competencies they feel they need in order to fulfill their job as best as possible. One of the conditions in which this approach would be appropriate is if the employees are motivated to select the competencies that are optimal for the firm, rather than misusing the choice in order to act in their own self-interest. Thus, while Senge's model addresses the need to empower individuals in an organization and could provide a framework that facilitates and motivates individual learning, it does not provide an adequate answer to the following question:

Q1: "What could serve as guideline for the self-initiated identification and development of the individual competencies that the organization needs?"

7.1.3 Interpersonal Perspective

In addition to the individual level, learning in organizations also entails the potential of learning in groups. This happens on the interpersonal learning level and requires the alignment of the group in order to be efficiently performed. Furthermore, it is important to identify and discuss the underlying mental models people hold and the different aspects of the discipline of team learning (cf. Section 4.4). This Section therefore discusses Senge's model against the backdrop of interpersonal learning, followed by a discussion on alignment, motivation and the importance of a shared vision. Lastly, the impact and importance of mental models will be addressed. The interpersonal perspective builds on similar aspects of human learning as the individual perspective, extended by effects that only occur when several people collaborate interpersonally (Neuberger 1994, Bell, Mengüç & Widing II 2010, Senge, Klostermann & Freundl 2011, Becker 2013). These effects are often called emergence effects and have been observed in different research environments (cf. Section 3.4). Emergent learning involves utilizing the combined potential of many minds as they exchange knowledge and problem-solving strategies. The effects of emergent behavior on socio-related systems can be both positive and negative (Becker 2013). Therefore, it is crucial to be aware of the negative risks, as well as the positive potential, of these emergence effects, as they are an inevitable result of human interaction – particularly within organizations (Gerrig, Zimbardo 2008).

CONSTRUCTING A COMMON UNDERSTANDING

One step towards the positive use of emergence effects is the creation of a common basis of understanding. As discussed in Section 4.4.2, the underlying framework of this thesis suggests that every human builds his or her own internal maps and models about subjective reality. This leads to the conclusion that that no two humans will have identical mental maps and models. However, there can be an interSection of two or more "mindsets." Majchrzak, More and Faraj (2012) add the dimension of knowledge differences and boundaries to this view. The authors argue that every team member, especially in cross-functional teams, has a different knowledge base. This can be due to differences in education, field of study, prior professional experience or specialization within the team. It is for this reason that many authors in the organizational learning field recommend the facilitation of *discussion and dialogue* (e.g. Bell, Menguc 2002, Majchrzak, More & Faraj 2012). Here, dialogue can be described as a tool for gaining new insights, and discussion as a tool for making decisions.

This is in line with Senge's (1990) discipline of questioning mental models. The process involves the organizational members being willing to openly question and discuss their current mental models and diverse individual beliefs regarding particular causal relationships in the business or private context (cf. Section 4.4.2). Furthermore, Senge, Klostermann and Freundl (2011, p. 208) argue that reflection only can happen if the company provides enough time to do so. If employees are too engaged with their daily workload, they will not focus on learning. Consequently, one critical element for utilizing emergence effects seems to be assisting organizational members in forming a common understanding of the subjective mental models and forming a shared knowledge base. Further crucial elements include alignment and motivation of teams.

ALIGNMENT COMES BEFORE EMPOWERMENT/MOTIVATION

Some authors argue that before individuals can perform as a team, there needs to be an alignment of interests and goals, and a framework that everybody agrees on (e.g. Kiefer, Stroh 1984, Senge, Klostermann & Freundl 2011). In their experiment (cf. Section 4.2), Cangelosi and Dill (1965, p. 181) discovered that the participants "felt goals were necessary to guide decisions, and practically, they knew that some statement of goals would be necessary to placate the board. They did not agree, however, about what the firm's objectives should be." The discipline of team learning outlined by Senge,

Klostermann and Freundl (2011) involves the idea that aligned teams operate as if they are "one single entity" (p. 255). Such alignment must be established before empowering and motivating the team, because empowered team members might otherwise push strongly in different directions, resulting in decreased productivity and demotivation of team members (ibid.).

Sinkula, Baker and Nordewier (1997, p. 309) furthermore state that "without commitment to and the agreement with the direction the organization is taking, less motivation to learn is likely." Hence, it also seems to be important to utilize the motivational power of a shared goal or vision. A shared vision brings alignment by combining several personal visions into one team-wide vision (Schilit, Locke 1982, Lado, Wilson 1994). According to Senge (1990), such an aggregation can only occur if organizational members discuss each other's personal visions and attune them into one joint vision. This process involves all organizational members understanding and identifying with the shared vision, and being willing to restrict aspects of their own personal visions that are in conflict with the shared vision. The goal the team is aligned with must also correspond to the shared vision of the organization.

Senge's (1990) discipline of team learning thus provides a solid framework that addresses the need for tools to construct a common understanding. In addition, he discusses the importance of a shared vision and aligning teams using the disciplines of shared vision and mental models. However, Senge remains too vague in regards to this point, as he simply postulates that every organizational member should actively participate in developing the joint vision. Large organizations, with thousands of employees, would probably face great difficulties with setting up a process in which every organizational member can participate in the development of the corporate vision. Therefore, there is a need for a common goal that most of an organization's members can generally agree on. If this common goal matches with most of the individual members' personal visions, it could serve as a shared vision and thus reduce the efforts of collecting information from each individual.

Thus, the second question for the interpersonal stage is:

Q2: "What could serve as an organization-wide shared vision and guideline to align and motivate teams?"

7.1.4 Organizational Perspective

The third perspective of learning is the organizational level (cf. Figure 6). As described in Section 3.5, the characteristics with respect to the knowledge of an organization, e.g. its processes, routines and structure, can be viewed as formulated experience and knowledge.

SELECTION OF COMPETENCIES

In the organizational view of learning, a system "learns" when its human members update and improve the organizational knowledge (Argyris, Schön 1978, Simon 1991, Nonaka 1994, Bell, Mengüç & Widing II 2010, Scott 2011). Therefore, organizational learning within this thesis is defined according to Argote (2013) as "a change in the organization's knowledge that occurs as a function of experience. […] Knowledge includes both declarative knowledge or factors and procedural knowledge or skills and routines." As stated in Section 7.1.2, there are an unlimited number of potential competencies, characteristics and knowledge that could be acquired by individuals. Similarly, organizations face the same challenge as individuals with regard to which characteristics or organizational knowledge should be developed. In the literature on this topic, a frequently discussed point is the need of companies to develop core competencies. Prahalad and Hamel (2006, p. 81) describe core competencies as the "collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies." This definition involves both the expressions "learning" and "collective," underlining the importance of analyzing how learning happens on the different levels. In addition, the definition expresses the need to focus on the most decisive elements of organizational behavior and proceedings, and to optimize those. The question that arises is thus how a company can identify those elements and then develop them.

SPACE TO LEARN

As indicated in Section 7.1.2, it might be preferable to empower individual organizational members and decentralize learning. In this view, the organization only provides the space and climate for learning, while it is the individuals who select the competencies they want to develop. Transferring this idea to organizational learning, one could, for example, assume that the best agents to optimize processes, routines and organizational structures would be those employees who actively work with or in those aspects.

Senge's *The Fifth Discipline* addresses this idea by noting that that centralized companies appear to be less crisis-proof than decentralized business models (Senge, Klostermann & Freundl 2011, p. 201). Case studies, such as the one on Shell (for further reading please see Senge, Klostermann & Freundl 2011, pp. 201 ff.), show that empowering decentralized business units to make independent decisions can lead to an increased adaptability of the entire company to changes in the market environment. Van Santen, Jonker and Wijngaards (2009, p. 343) suggest that firms should "reduce bureaucratic political context" in order to react with speed, focus and efficiency to crises and other changes in the business environment. Others authors argue that highly demanding jobs often involve a high degree of physical, psychological and organizational pressure to meet different, sometimes volatile, internal or customer requirements, and that to be able to react to those dynamic requirements, the employees must have access to the necessary resources, and must be given a high degree of autonomy in order to successfully fulfill their job requirements (Sleep, Bharadwaj & Lam 2014, p. 4). Consequently, one can argue that it would be beneficial to not only enable organizational members to identify and select the individual competencies they want to develop, but also empower them to autonomously improve organizational characteristics such as routines, processes or structure.

At the same time, the decentralization of power and learning creates other challenges. In this thesis, I will focus on two such challenges that are in line with Senge's disciplines: the need to think systemically and aligning the organization before empowering employees.

KNOWLEDGE ABOUT THE SYSTEM

Before employees can be empowered to learn autonomously, it is necessary that they understand the impact of their decisions on other areas within and outside the organization

(cf. Section 4.4.5). This challenge is oftentimes subsumed under the expression "system thinking" (Flood 1999, p. 1).

Senge, Klostermann and Freundl (2011) address this challenge with the discipline *system thinking.* They argue that the complexity of a system exceeds the common human way of thinking and organizational members therefore need to learn how to think and act systemically. This discipline involves seeing the whole, and not just the individual parts of systems, as the parts are often interdependent. The authors further postulate that non-linear causalities should be considered. In their view, the structures that we are unaware of hold us prisoner and prevent us from seeing the underlying non-linear causes and problems. Companies should therefore provide employees with a separate time to reflect on past, present and future actions in a systemically way (ibid.).

Although Senge, Klostermann and Freundl (2011) address the need to think and act systemically, they fail to identify what is required in order for individuals to be able to do so – i.e. knowledge about the system and its interdependencies. Without this knowledge, organizational members would not be able to understand the system, and especially the interdependencies present inside of it, and thus could not think or to act according to the system. Information about the structure and routines of other departments is necessary in order to understand the impact of one's actions, particularly on the departments that one interfaces directly or indirectly with. Hence, before empowering employees to perform systemic changes, it is necessary to provide them with knowledge of the system – and at the very least, of the direct interfaces.

According to Sinkula, Baker and Noordewier (1997), two steps must be performed to gain and use knowledge: generation and interpretation. Therefore, the authors postulate that a firm needs two systems in order to manage knowledge and learning: a logistical system and an interpretive system (cf. Section 5.2.2). In their conceptualization, the logistical system handles "the generation and dissemination of information," while the interpretive system "enables parts of the system to come to agreement on the interpretation of information" (ibid., p. 308). Therefore, there is a need for a flow of knowledge across different parts of the organization and a common interpretative system to enable and ensure appropriate system thinking and action. For this to occur, the interpretative system requires guideline to facilitate a common interpretation and understanding. Senge's discipline of shared vision (cf. Section 4.4.3) could serve this role by providing underlying pattern for the interpretation of knowledge and information.

To summarize, there are probably limitless possibilities for modifications that could be made to the characteristics of an organization. Because of this, there seems to be a need for a guideline to be used in selecting which strategic modifications are most crucial to optimal organizational development (Wernerfelt 1984, Barney 1991, Becker 2013); similar to the guideline for individual learning (cf. Section 7.1.2). Furthermore, in order to achieve successful and efficient organizational learning, members must be equipped with the knowledge and the power to think and act systemically and according to the goals of the system. This demands the presence of common goals and guidelines that the majority of organizational members will comply or identify with, such as a shared vision. Thus, Questions 3 is:

> *Q3: "What could serve as guideline for selecting the optimal changes to organizational characteristics?"*

In summary, Senge's (1990) five disciplines provide a solid foundation for a learning organization but they also leave some questions unanswered. Three of those questions (Q1-Q3), which have identified above, will be further discussed in the following Section.

7.2 Shared Vision as the Fifth Discipline

As illustrated above, the model by Senge (1990) provides a solid framework for achieving learning in organizations. The disciplines of personal mastery, in particular personal visions, and mental models could assist to facilitate and motivate individuals to learn the crucial competencies for fulfilling their job. Team learning, questioning mental models and following a vision shared among the team all facilitate interpersonal learning. And the disciplines of system thinking and an organization-wide shared vision could assist

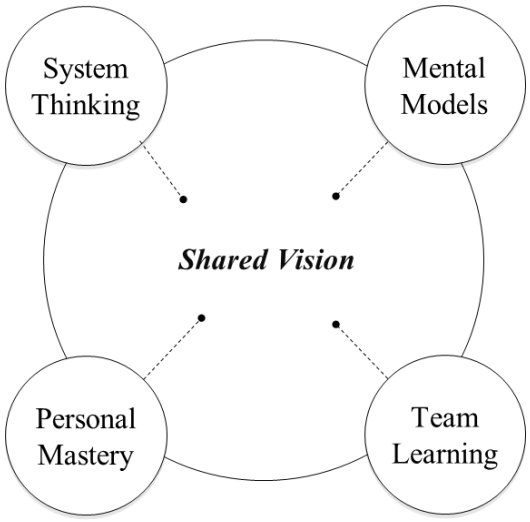

Figure 7: Shared Vision as the Fifth Disciplines

individuals in working systemically. In particular, the motivational power of a shared vision seems to affect all levels, from the individual to the interpersonal to the organizational level. None of the other four disciplines impact all the three levels. This is supported by several authors who see a shared goal or vision as a crucial factor in organizational learning and therefore discuss or actively consider it in their models (cf. Sections 4.4.3 and 5.2). In addition, the questions developed above (Q1-Q3) indicate the need for a guideline and framework for learning across the three levels of learning. For the these reasons, this paper suggests viewing the discipline of shared vision as the "Fifth Discipline," which forms the foundation for the remaining disciplines and serves as guideline for learning (cf. Figure 7). This discipline has the ability to both motivate and align individuals in an organization to successfully perform interpersonally and adapt organizational characteristics to the shared vision.

According to Senge (1990), when a vision becomes a shared vision, individuals' personal visions align with the shared vision. The individuals sharing a vision can identify with it and are actively trying to pursue it. As a consequence, the creative tension present in those individuals probably motivates them to perform to the best of their ability in order to achieve the vision. This could include the individuals deploying different management tools, if they are convinced that these tools can assist them in pursuing the shared vision. The different approaches of the discipline of personal mastery, such as the commitment to the truth or the utilization of the subconscious, could serve as such tools (cf. Section 4.4.1). Thus, a shared vision might be able to motivate individuals to actively practice the discipline of personal mastery. Furthermore, those individuals will follow the discipline of questioning mental models if they are convinced that this discipline will help them realize the shared vision. As the key literature in the field of market-oriented organizational learning has revealed the positive effects of questioning mental models are widely accepted among the research community. Consequently, it can be assumed that a shared vision would likely stimulate individuals to actively identify and reflect on their mental models. Moreover, a shared vision aligns different participants with one shared goal. Such an alignment is necessary in order for teams to perform efficiently, as it can provide 'team spirit,' or the motivation to co-operate with other team members in order to reach a shared goal that cannot be reached by one single individual. In contrast, a lack of alignment can prevent team members from collaborating successfully or might even be demotivating (cf. Section 4.4.4). As Senge, Klostermann & Freundl (2011) describe for the discipline of team learning, there can be spillover effects that affect both the team itself and other teams. The authors argue that if one team is successful in working in alignment with a shared vision, others will follow suit over time. Particularly when other teams realize the motivational power of a shared vision, they might try to adapt the approach to their own team. As a consequence, a shared vision can facilitate team learning, not just within one team, but might spill over to other teams. If the different teams continue to align their mindset and activities with the shared vision, there will also be adaptions to the routines within the teams and to the teams' interface with other teams. This can be considered system learning, as routines viewed as part of the knowledge of the firm (cf. Section 3.5). As for the motivation to use the tools of personal mastery (see above), those individuals who share the vision might follow the discipline of system thinking, carrying out adaptions to organizational characteristics. The more teams that

align themselves with the shared vision, the greater the magnitude of adaption that will be seen in the environments the teams work in. If this change reaches a certain threshold and the top management are convinced of the positive impact of aligning activities to a shared vision, alignment of organizational characteristics such as structures and processes will occur as well. In return, if the underlying organizational characteristics and several teams become aligned with the shared vision, the majority of the remaining (unaligned) teams will probably follow suit. In this way, the organization incrementally transforms into a learning organization.

Based on the insights from the previous Chapters, it can be said that a shared vision can lead to learning effects across the individual, interpersonal and organizational levels, spurred on by the organizational members sharing the vision. However, this reveals the strong need for a vision that both management and employees can identify with and are willing to share. One of the insights from Section 6.3 was the finding that the current models for learning organizations are still too vague and are therefore too difficult to be transferred to the business context. As a consequence, there is a need for a more comprehensible and tangible framework for learning organizations.

7.3 Market Orientation as the Shared Vision of the Learning Organization

This Chapter will address the need for a comprehensible and tangible framework for a learning organization by developing the idea of a Market-Orientated Learning Organization. It will be shown that market orientation could serve as a corporate-wide shared vision as well as a guideline for organizational learning in the sense of Senge's (1990) five disciplines. The Chapter will also discuss how this idea is distinct from the key literature, especially from the model provided by Slater and Narver (1995).

MARKET ORIENTATION AS AN ALREADY ACCEPTED GOAL

As mentioned above, individuals might find it too abstract to simply postulate about the creation of a shared vision that is aligned with the diverse personal visions of employees. Therefore, this paper suggests that a more precise goal is needed – one which every organizational member could identify with. Satisfying customer needs and demands has

already been integrated into the visions and mission statements of most firms (Slater, Narver 1995). Therefore, it can be assumed that the top management and shareholders of firms generally accept that directive as an important part of the corporate vision. To become an organization-wide shared vision, all organizational members must accept and identify with the vision (Senge, Klostermann & Freundl 2011). Thus, the satisfaction of customer needs is a goal that all top management could share. The literature indicates that satisfying customer needs to the extent that they would recommend or repurchase the company's products is crucial in order for a business to survive (e.g. Wernerfelt 1984). Lovett, Peres and Shachar (2013), for example, call word of mouth a "cornerstone of the marketing field" (p. 430), underlining the importance of creating positive customer experiences. Other authors argue that working at a well-performing company is a part of many employees' personal visions and therefore creates motivational power through creative tension. (Sinkula, Baker & Noordewier 1997, Keskin 2006, Senge, Klostermann & Freundl 2011). Thus, supporting the goal of satisfying customer needs is in the interest of the employees, as it will in turn secure their jobs on long-term sight. In addition, satisfying customer needs is in line with the definition of market orientation used in this thesis, which postulates that firms should focus on the "current and future needs of customers" (cf. Section 5.1). According to this definition, the generation, dissemination and processing of market intelligence is the key to achieving satisfaction of customer needs. Thus, a customer orientation requires market orientation in order to identify and collect market intelligence. Such information relates to the entire market environment, such as present and potential competitors or upcoming social or governmental changes, as well as the possibility of breaking into new markets with new products or services. Consequently, market orientation might serve as an accepted shared vision for both management and employees (cf. Figure 8).

IMPACT ON THE THREE LEVELS OF LEARNING

Building on the insights of the previous Section, a shared vision could be the fifth discipline, which impacts the other four disciplines. Let us assume that the satisfaction of customer needs is 100% accepted as a shared vision and applied by every organizational member within a company.

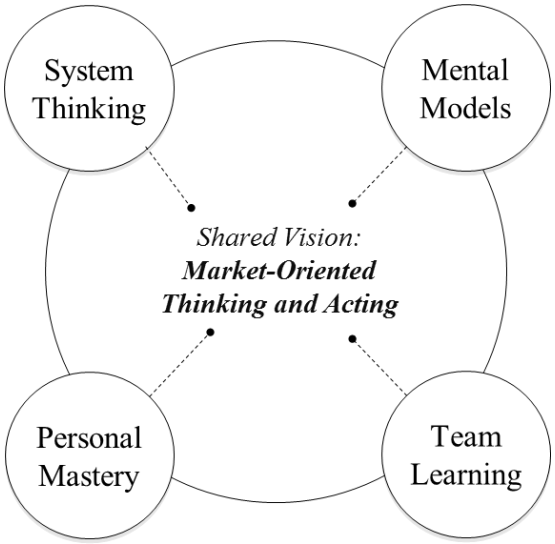

Figure 8: Market Orientation as Shared Vision

In this case, all organizational members would ask the question, "How can I contribute to the satisfaction of customer needs?" in order to perform their job to the best of their abilities. As mentioned in the previous Section, if 100% accepted, the shared vision will be aligned with the personal vision. Therefore, the individual employees would use this question as a kind of "mantra" with which to identify and acquire the individual competencies that are best suited to fulfilling the aim, as well as to adapt their organizational behavior to the corporate vision. Chapter 7.1 presented the idea that simply providing a space and framework in which to learn might be preferable to predefining competence profiles. If the organizational members share the vision of satisfying customer needs to the highest extent possible, they will probably also be motivated to learn autonomously and align their individual learning to this goal. Consequently, market orientation could lead to learning on the individual level.

Of course, the individual's selection of competencies will be limited to his or her subjective opinion about which competencies would be the best. This individual opinion might be incorrect, especially if there is a lack of knowledge about interdependencies with other organizational members, the external environment, and the organizational structures. That therefore leads to the need for individuals to extend their view from solely looking at their direct job environment to gaining an understanding of interdependencies with others. Under the assumption that market orientation is 100% accepted by everyone within the organization, teams will have the motivation to cooperate as best as possible to reach the shared goal. In the context of the five disciplines, this would require the continuous questioning of mental models and the use of team learning. Furthermore, market orientation could align the teams to the shared goal of satisfying customer needs (cf.). If so, this alignment could provide the basis for empowerment (cf. Section 4.4.4). Empowerment will in turn form the basis for creating the above-mentioned space for the employees to use to learn autonomously on the individual level.

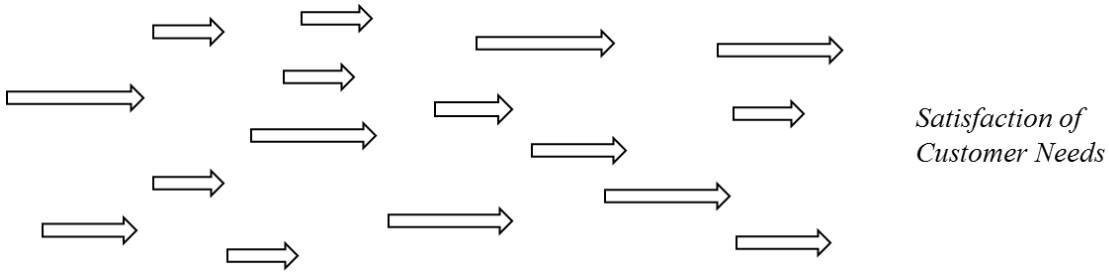

Figure 9: Teams aligned to the satisfaction of customer needs

According to Senge (1990), aligned teams have significantly higher motivation than non-aligned teams, as successful cooperation motivates teams. Hence, such alignment could also motivate employees to perform their jobs as best as possible and market orientation as a shared vision could increase interpersonal learning, alignment and cooperation.

If the employees intend to satisfy customer needs as best as possible, they might be motivated to understand their own contribution to the product or service the customer uses. Understanding that they are part of "something greater" and that they are contributing to this greater goal can motivate people and cause a shift in their mindset from working for "their company" to working in "our company" (cf. Section 4.4.3). However, even if highly motivated, the organizational members need knowledge about the system in order to be able to select the competencies that will optimal for increasing

their performance within the system. Hence, individuals could be motivated to actively gather information on the system, and to interpret und understand such information. The systemic thinking approach would assist employees in correctly understanding and interpreting information about interrelations between tasks and processes inside and outside of the company. Therefore, the discipline of system thinking would enable individuals to enrich their knowledge about the system and about customer needs. Such an enrichment will involve gaining a better understanding of their role, impact and contribution to the satisfaction of customer needs. In order to ensure its position in the market, the organization must continuously adapt and improve its organizational characteristics (Senge, Klostermann & Freundl 2011). Enriched knowledge about the organizational system enables members to optimize these organizational characteristics against the backdrop of maximizing the satisfaction of present and future customer needs. This improvement of organizational characteristics is in line with the definition of organizational learning (cf. Section 3.5). Thus, market orientation can motivate organizational members to perform as best as possible and to carry out organizational learning.

To summarize, market orientation as a shared vision could induce individual, interpersonal and system learning within an organization, and the five disciplines seem to support organizational members in identifying and satisfying current and future customers' needs. At the same time, if organizational members hold market orientation as a shared vision, they might be willing to create a learning organization according to the five disciplines, as this could support them in pursuing the vision.

TOWARDS THE MARKET-ORIENTED LEARNING ORGANIZATION

This paper suggests that using market orientation, and particularly the satisfaction of customer needs, as the fifth discipline is a more tangible goal than the rather abstract postulation of creating a shared vision (cf. Senge, Klostermann & Freundl 2011). The satisfaction of customer needs requires specific products or services that the employees of a firm can tangibly image and comprehend, even if they do not understand them in greater detail. In addition, any job within an organization should directly or indirectly contribute to the creation of valuable products or services. Hence, ideas about potential customer needs might already be present in most employees' minds. In contrast, the creation of a new shared vision that does not involve market orientation might entail a

greater risk of the individuals not sharing it because they cannot comprehend it or are not able to relate it to their specific job. Consequently, market orientation provides a tangible shared vision that can foster learning in organizations.

As illustrated above, the key literature in the field of market orientation and organizational learning have market orientation and learning orientation as two separate constructs that have interdependences with one another (cf. Section 6.2). Some of the authors argue that learning orientation leads to market orientation (Sinkula, Baker & Noordewier 1997, Santos-Vijande, López-Sánchez & Trespalacios 2012), whereas others postulate the opposite – that market orientation leads to learning orientation (Baker, Sinkula 2007, Slater, Narver 1995, Keskin 2006). Slater and Narver (1995) in particular see market orientation as part of the cultural foundation for organizational learning. Hence, they argue that a market-oriented company will automatically have an intention to learn. Therefore, the authors postulate that the marketing department should be the key driver of learning within a firm, as it is the primary holder of the firm's market knowledge (Slater, Narver 1995). This thesis supports the conceptualization of Slater and Narver (ibid.) that sees market orientation as crucial for organizational learning. However, seeing market orientation as the shared vision of a learning organization implies that market orientation with a focus on the satisfaction of customer needs is the goal that individual, interpersonal and system learning should be oriented to. Therefore, contrary to the above-mentioned literature, this paper suggests conceptualizing market orientation and learning orientation as one combined dimension. In this view, learning is aligned with market demands.

It is not primarily the organization itself, but the organizational members, that should be market-oriented, as it is the individuals who will align the organizational characteristics to that goal. Thus, the market-oriented learning processes should be decentralized and put under the purview of the experts holding the relevant positions. As a consequence, not one department, but every individual, should be the driver of learning. Nevertheless, one's own contribution to the final product or service may not always be obviously identifiable, especially when many different employees contribute to the end product, or there is a distance between one's job and the product or service. This also involves contributing to the satisfaction of customer needs via the product or service. For these reasons, the department closest to the customers' needs will play the crucial role of providing and disseminating knowledge about the customer. The individual learners need this knowledge in order to decide which competencies they should develop or which

adaptions to interpersonal routines or organizational characteristics should be made. In other words, they need information in order to select what should be learned on the individual, interpersonal or organizational levels. According to its definition in this thesis, market orientation involves the acquisition of, dissemination of, and responsiveness to, market information. Matching this with the paradigm of the three levels of learning reveals that the dissemination of information occurs primarily via the interpersonal level, since individuals communicate with one another on this level. Therefore, the business unit closest to the market and the customers (cf. Business Unit 1 in Figure 10) takes the primary role of acquiring the information and providing it to the other business units.

Dissemination must happen through the interpersonal interfaces between departments. New market information can influence the individual, interpersonal and organizational

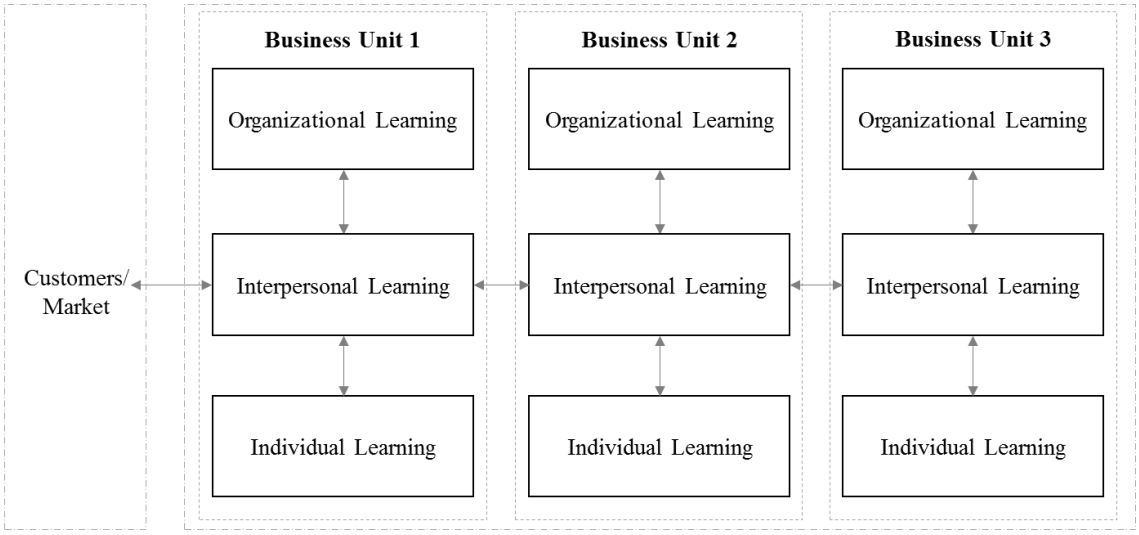

Figure 10: Dissemination of Market Information across the Three Levels of Learning

levels of learning. On the individual level, information on the market should serve as a guideline for decision making as well as for the selection and development of individual competencies. The team-level reactions could involve adjusting the focus of the work, routines, or form of cooperation. Changes on the organizational level might include structural or procedural adaptions, possibly involving radical changes such as the launch of new business areas or products and services.

For these reasons, the questions from the previous Sections 7.1.2 - 7.1.4 (Q1-Q3)

Q1: *"What could serve as guideline for the self-initiated identification and development of the individual competencies that the organization needs?"*

Q2: *"What could serve as an organization-wide shared vision and guideline to align and motivate teams?"*

Q3: "*What could serve as guideline for selecting the optimal changes to organizational characteristics?"*

might be answered as follows:

Market orientation with a focus on satisfying customer needs could serve as guideline that motivates individuals and assists them in understanding which individual competencies they need in order to optimally contribute to the shared vision of satisfying customer needs. Such competencies include those needed by individuals to perform their specific job, to cooperate with other teams, and to understand their individual role within the organizational context. In addition, as seen above, the goal of satisfying customer needs might also serve to motivate teams and help them align to reach the goal, at the same time enhancing their understanding of the firm's organizational characteristics. The latter primarily addresses Q3, as comprehending the system enables organizational members to better identify and enact organizational changes against the backdrop of aligning the organization with the goal of satisfying customer needs. Consequently, market orientation as a shared vision could serve as an optimal guideline for a learning organization.

8 Case Study: Design and Conduction

After having developed the theoretical framework of the Market-Orientated Learning Organization, the paper moves, according to Yin (2008), from the planning phase to the design phase (cf. Figure 1). In this Chapter, the design and preparation phases are described.

8.1 Design

A research design is a "plan that guides the investigator in the process of collecting, analyzing and interpreting observations. It is a logical proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation" (Frankfort-Nachmias, Nachmias 1992 in Yin 2008, p. 26). Case study designs should include five important components (Yin 2008, p. 27): the study's questions, its propositions, the units of analysis and the logic linking the data to the propositions.

THE STUDY'S QUESTIONS

As illustrated in Chapter 2, the form of the research question impacts the design of the case study. The following are the study questions of this thesis:

> *"How can companies be assisted in becoming a learning organization?" and*
>
> *"How can the learning activities in organizations be aligned to market needs and requirements?"*

In addition to the "need for a study question, researchers need propositions to help identify the relevant information to be collected […] Without such [study] questions and propositions, you might be tempted to cover everything about [the unit of analysis], which is impossible to do" (Yin 2008, p. 29).

THE STUDY'S PROPOSITIONS, IF ANY

Yin argues that "only if [researchers] are forced to state some propositions [can they] move in the right direction," as propositions tell you "where to look for relevant evidence" (ibid., p. 28). However, some approaches postulate the opposite – that propositions unnecessary, such as grounded theory (Häder 2010). This is based on the idea of collecting and analyzing data and then grounding a theory based on the insights found in the data. Nevertheless, most studies that use grounded theory also start with at least some propositions; otherwise the unit of analysis could not b selected (see also Section below "The Units of Analysis") (Häder 2010, p. 265).

Within this thesis, the following propositions were made:

- Market orientation is a shared vision that organizational members and stakeholders can identify with.
- Market orientation as a shared vision aligns learning and activities with market needs and requirements.
- Market orientation as a shared vision motivates organizational members to transform their company into a (market-oriented) learning organization.

THE UNITS OF ANALYSIS

There are a wide variety of possible units of analysis, as there are many different subjects, groups, situations, decisions, objects, clinical history of patients, historic or contemporary events, organizations, and countries (Yin 2008). Hence, Yin (2008) suggests carefully selecting the units of analysis before collecting data. Case study research can be of a quantitative or qualitative type (ibid.). The underlying assumption behind the different qualitative research approaches is that our social environment is structured in such a way that we can understand it by observing and interpreting its different aspects (Soeffner 1999, p. 43). Qualitative research is characterized by a high focus on the subject and is more like "casual small talk" than a standardized process, thus opening the door for deeper insight to be gained (Häder 2010, pp. 113ff.). As seen in Chapter 5.2, the majority of the literature on market-oriented organizational learning has utilized quantitative research designs. At the same time, however, learning is highly subjective (cf. Section 3.3), which is why this paper seeks to extend this area of research using a qualitative approach.

Yin (2008) further argues that "you should not think that a case study's design cannot be modified by new information or discovery during data collection" (p. 62). However, such flexibility should not weaken "the rigor with which case study procedures are followed" (ibid.). He therefore postulates that the researcher should choose carefully between a flexible and closed design. A flexible design was used for this study, since with the multiple-case study design, flexibility made it possible to take what was learned from the previous cases and apply it to subsequent cases. This was done in particular with the interview guideline.

Consequently, this thesis considers three qualitative units of analysis using a flexible design: semi-structured narrative interviews with experts, CVs of the interview participants, and the vision or mission statement of the companies the interviewees work for.

THE LOGIC LINKING THE DATA TO THE PROPOSITIONS

Different analytical techniques allow a link to be made between the data and the propositions, e.g. "pattern matching, explanation building, time-series analysis, logic models, and cross-case synthesis (Yin 2008, p. 34). Yin (ibid.) notes that it is not easy to identify the optimal analytical technique in advance of the data collection. However, discussing it in the design phase might create "a more solid foundation of the later analysis" (ibid., p. 34).

The different cases in this thesis were performed with experts who had already gained experience with direct customer contact. However, the experts came from very different business environments. Therefore, I considered a cross-case synthesis to be the optimal technique in order to highlight the shared and different attributes of the cases.

THE CRITERIA FOR INTERPRETING THE FINDINGS

As most case studies do not rely on statistical techniques for analyzing data, they need to focus on other ways of thinking about criteria for interpretation (Yin 2008, p. 34-35). The approach to interpreting the findings taken within this thesis will be described in the following Chapter 9.

8.2 Prepare

The third step in the case study research model is called the ‘prepare’ phase (cf. Chapter 2). According to Yin (2008), very few case studies end up exactly as planned, which is why proper preparation is necessary to reduce the risk of failure during the case study. This involves the following steps.

NECESSARY SKILLS FOR CONDUCTING A CASE STUDY

Yin (2008, p. 67) emphasizes that “good preparation begins with the desired skills on the part of the case study investigator.” Therefore, he postulates that researchers need to train in and develop the following skills:

- Ability to ask good questions and interpret the answers
- Being a good listener
- Being adaptive and flexible
- Having a firm grasp of the issue being studies
- Being unbiased

In order to develop those skills, I performed a literature review on qualitative research in general and on interview-based inquiry in particular. Three books (besides Yin 2008) were the primary influences in this phase:

Brosius, H., Koschel, F. & Haas, A. 2001, "Methoden der empirischen Kommunikationsforschung", *Eine Einführung. Wiesbaden,* vol. 10.

Häder, M. 2010, *Empirische Sozialforschung,* Springer.

Nohl, A. 2006, "Interview und dokumentarische Methode", *Anleitungen für die Forschungspraxis.Wiesbaden*

In addition to acquisition of skills from the literature, I performed three test interviews with early versions of the structured interview guideline. Furthermore, a pilot case study was conducted to further train myself in interview and analysis skills.

SCREENING CANDIDATE CASES

The aim of a screening procedure is “to be sure that you identify the final cases properly prior to formal data collection” (Yin 2008, p. 91). For this thesis, I screened possible cases based on following three categories:

1. The participant has had and presently has direct contact with internal and external customers in his/her job.
2. The participant has had direct contact with internal or external customers in his/her prior work experience, but has changed jobs to a work environment with no direct contact with customers.
3. The participant has never had direct contact with external customers, but with internal customers.

An overview of the case studies parameters is presented in Table 4. The order of the case studies resembles the chronological order in which the interviews were performed.

Table 4: Case Study Participants

	Position	**Branch**	**Size**[3]
Pilot	Consultant	Consulting	Medium
A	Materialgroup Manager	Automation	Very Large
B	HR Business Partner	Banking	Large
C	Projectmanager Purchasing	Electronical Manufacturing	Large
D	Head of HR	Pharma	Very Large
E	Head of Strategy	Real Estate	Medium
F	CEO	Consulting	Small
G	Head of Engineering	Aerospace	Medium
H	HR Developer	Aerospace	Very Large
J	Head of Key Account Management	Energy	Large
K	Welding Specialist	Aerospace	Medium
L	Teamleader Design and Engineering	Aerospace	Very Large

[3] The company size segmentation was done based on the European Union Commission's recommendation concerning the definition of micro, small and medium-sized enterprises (2006). This involves the segmentation by headcount: Small: <50, Medium: <250, Large: <1500, Very Large: >1500 employees.

Due to the different types of companies of different size and from different branches, it was possible to look at the impact of customer experience in various working environments. Furthermore, to improve reliability, candidate cases were selected to be as heterogeneous as possible (Yin 2008, pp. 122-125). This was done with regards to the work experience, age, sector, job, position and background of the participants. This selection was majorly performed using CVs and/or XING or LinkedIn profiles. The pool of possible candidate cases was sourced through business contacts and their colleagues/contacts, as well as private recommendations.

CONDUCTING A PILOT STUDY

Before conducting the case research, Yin (2008) suggests performing a pilot case study (pp. 92-95). The aim of the pilot study is to test the study design and procedures and to redefine them, if necessary. With regard to this recommendation, a pilot case was performed prior to the study cases. The pilot case was selected among the possible candidate cases (case number 1 in Table 4). The pilot case candidate fulfilled the same criteria as the participants of the main case studies. Because of this, the experiences gained during the pilot study would be expected to be similar to the subsequent cases.

The result of the pilot case revealed that the interview guideline was sufficient to analyze the different aspects studied within the scope of this thesis. Nonetheless, the guideline still needed to be modified in multiple places in order to increase the comprehensibility of the questions.

8.3 Collect

There is a wide set of possible sources of evidence, of which Yin (2008, Chap. 4) emphasizes the following six: interviews, archival records, documentation, direct observation, participant observation and physical artifacts. Within the context of this thesis, two sources were used to collect data: interviews and documentation. Like other researchers, I consider in-depth interviews to be an adequate method for addressing a research question on organizational learning in greater detail (Dymock, McCarthy 2006, pp. 530-531).

The interviews were conducted in two steps, and were led by myself. The first part was a semi-structured narrative interview, and the second part was an open conversation without predefined questions that occurred after the main interview. This two-step format was used to ensure that the conversation would address the research questions, while still providing space for the participants to freely narrate their thoughts in detail or address topics in a broader sense (Brosius, Koschel & Haas 2001, pp. 127-138). The semi-structured portion was strongly focused on the theoretical propositions, while the second part led to conversations that went beyond the topic of focus and revealed new insights about working in organizations in a wider sense. Therefore, it was decided to also record the second phase of the interviews, prolonging the interview duration to approximately one hour for both phases. The duration strongly dependent on the participants' response behavior.

The interview guideline for the semi-structured interview portion was developed following a number of steps. First, the author generated a pool of possible questions from different scales used in previous research on organizational learning and market orientation. In addition to the key literature (cf. Chapter 5.2), different items from the "Learning Orientation Scale" by Kiedrowski (2006), the "Taskwork Mental Model Survey Items" by Lim and Klein (2006), the "Organizational Learning Quick Scan" by Wilkinson (2013), the MARKOR scale by Kohli et al. (1993) and the "Market Orientation Scale" by Atuahene and Ko (2001) were influential for the development of the questions. In the next step, this pool of questions was enriched with additional questions thought to be interesting within the scope of this thesis. This was done by brainstorming against the backdrop of the underlying framework of this thesis: The Market-Orientated Learning Organization (Schnell 2012, Chap. 4). The questions were then segmented into the five

disciplines and the market orientation of the underlying model, with an additional category for basic personal data (ibid.). At this point, most of the questions were made into "open questions" in order to support the narrative character of the interview (Häder 2010). The interviewer guideline that was utilized in the semi-structured portion of the interviews was pretested, verified and refined. To do this, test interviews were conducted with three university students in the field of business administration. These interviews were done according to the cognitive method of validating interview guidelines (Collins 2003, Häder 2010). Interpretative validity refers to "whether the researchers accurately portray the meaning attached by the participants to what is being studied" (Wilkinson 2013, p. 48). In addition, a pilot case study was conducted (see above). The results revealed that some of the questions needed to be further tuned, partly for comprehension reasons.

After testing the interview guidelines, 11 case study interviews were conducted in the German language, either by telephone or in a personal interview setting. All interviews were audio recorded with a smartphone and later transcribed from the recording. The latter step will be discussed in greater detail in the following Chapter (Section 9.3).

Another method to increase the internal validity of a case study is to use both qualitative and quantitative data within interviews (Yin 2008, Chap. 4). Therefore, the participants were also asked during their interviews to rate the following five questions on a seven-point numerical scale, ranging from 0 = "strongly disagree" to 7 = "strongly agree" (Schnell 2012, p. 92):

> *Does the experience that you have gained in direct contact with the customer help you to…*
>
> *…better comprehend the corporate vision? (0…7)*
>
> *…better perform your current job? (0…7)*
>
> *…identify and initiate improvements to processes or structures? (0…7)*
>
> *…motivate you to support your colleagues? (0…7)*
>
> *…better reflect and understand the impact of your job on the entire company? (0…7)*

The results of these questions are provided in Section 9.3.3. To supplement the interview data, the structure and the contents of the companies' visions were evaluated. With this source of evidence, it was possible to analyze the way in which the interviewees had memorized the vision or mission statement of their organization and which categories the company had chosen to list in the statement. To do this, the corporate-wide vision or mission statement from the participants' companies were collected when available. The results from this analysis of shared vision statements can be found in Section 9.2.

9 Findings (Analyze)

The next step after collecting the data is to analyze it (Yin 2008). Yin's (2008) model captures the results of the case study within the collection and analysis phase. To increase the readability of this thesis, I have decided to summarize and interpret the case study results in a separate Chapter (Bryman 2015). This will involve an explanation of the generic strategies and techniques employed (Section 9.1), an analysis of the shared vision statements (Section 9.2), and the presentation and interpretation of selected the transcripts from the in-depth interviews (Section 9.3).

9.1 Strategy and Technique

The "analysis of case study evidence is one of the least developed and difficult aspects of doing case studies" (Yin 2008, p. 127). There are various ways to interpret the data, among which four general strategies are particularly emphasized by the research community (ibid., pp. 129-135):

1. Relying on theoretical propositions
2. Develop a case description
3. Using both qualitative and quantitative data
4. Examining rival explanations

Compared to other case study-based research, this thesis has placed a relatively strong focus on theory development (cf. Chapter 7). Consequently, the best choice of these four strategies seems to be the first: "Relying on theoretical propositions." This indicates a focus on the front-up developed theoretical propositions. The idea behind this strategy is that the propositions would have "shaped your data collection plan and therefore would have given priorities to the relevant analytic strategies" (Yin 2008, p. 130). In particular, using "how" and "why" questions can be useful in guiding the analysis of the case study.

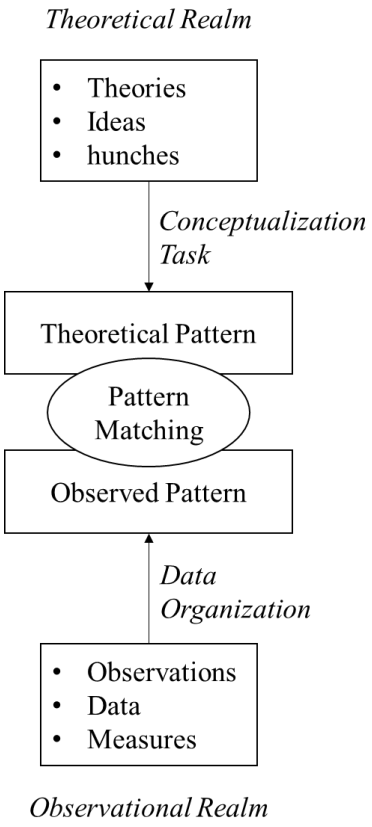

Figure 11: Pattern Matching (based on Yin 2008)

In addition to the strategies for collecting case data, there are numerous techniques for processing the collected data. One of them is "pattern matching" (Yin 2008). Pattern matching involves an attempt to "link two patterns, where one is a theoretical pattern and the other is an observed or operational one" (Trochim 1989, p. 356). Figure 11 illustrates this attempted link. The top part of the Figure represents the theoretical realm, which is based on theories, ideas and hunches. Those are conceptualized to the theoretical pattern. The bottom part of the Figure shows the observation realm. It consists of observations, data and measures, which are organized to the observed pattern. This process is carried out in the current and following Section. The final step is to analyze whether the two patterns match and to identify the specific points of matching and mismatch (Trochim 1989, pp. 356f.).

9.2 Shared Vision Statements

Within the scope of this thesis, it was decided to analyze the shared visions of the participants' companies. This was done with the intention of better comprehending which dimensions were being addressed in the currently-used corporate visions. First, how the vision statements were titled was analyzed, followed by an analysis of the dimensions included in the statements.

TITLE OF THE STATEMENT

Five of the ten observed companies had a statement that explicitly included the word "vision" (cf. Table 6). Four firms did not explicitly have a vision statement, and the interviewees gave the following company statements when asked for the corporate vision: "Mission & values" (Case D), "our values" (Case E), "mission" (Case G) and "corporate goal" (Case J). The online presence of those firms and related press articles were searched, with no explicit vision statement found. Therefore, the previously mentioned statements

were analyzed as the current shared vision statement. One firm did not, according to the interviewee, have any such statement at all (Case C). The online presence and press articles related to the firm from Case Study C were searched and no comparable statement was found.

The above indicates that not every firm uses the expression "vision" to conceptualize the idea of a corporate-wide shared vision in the sense of the discipline of shared vision. Instead expressions, such as mission, values, goal and vision are used synonymously.

STATEMENT DIMENSIONS

Participants G and K worked for the same company and thus the number of observed objects was ten. Nine of those ten had a corporate-wide guideline or goal, such as a vision/mission statement, which were analyzed according to the document analysis method provided by Brosius, Koschel and Haas (2001). The method involves the screening, coding and subsuming of content into categories, which allow both comparability and the anonymization of the documents (Brosius, Koschel & Haas 2001, chap. 9). The screening step provided the insight that most of the statements were already segmented into different bullet points or paragraphs. Therefore it was decided to follow the already-present structure and code the points separately. Table 6 provides the codes of the different segments.

The next step of coding involved the grouping of segments based on codes. Analysis of the different dimensions revealed that all constructs could be subsumed under the five codes listed in Table 5.

Table 5: Common Categories for the statement dimensions

Compliance	Points concerning the commitment to conform to the given rules.
Innovation	Points that address the innovativeness of the firm.
Market	Points that involve customers or competitors or position in the market.
Quality	Points that focus on the product or service quality.
Team	Points that include how the firm cares for its employees, or the attributes the firm assigns to its employees, as well as the climate for cooperation.

Table 6: Categories of shared vision statements

Case Study	A	B	C	D	E	F	G	H	J	K	L
Categories	1. Market/ Innovation 2. Market 3. Team 4. Compliance	1. Market 2. Market 3. Team	No Vision available[1]	1. Quality/ Compliance 2. Market 3. Innovation 4. Team	1. Market	1. Market 2. Team 3. Team 4. Market 5. Compliance 6. Market 7. Riskmgmt. 8. Innovation 9. Team 10. Team 11. Market 12. Quality	1. Market 2. Team/ Market	1. Market/ Quality 2. Market 3. Team 4. Market	1. Market 2. Quality 3. Team	Equals the statement of Case G[2]	1. Market 2. Market 3. Riskmgmt. 4. Quality 5. Innovation
Title of the Statement	Mission Statement	Our Guidelines		Mission & Values	Vision	Our Values	Mission	Vision	Corporate Goal		Our Five Behaviors

[1]Case C: No public shared vision statement was found on the official website, nor was the participant able to find an internal one.

[2]Case K: The participants of cases 8 and 10 work for the same company. To avoid biases, the author only listed the statement of case 8.

The shared vision statements were analyzed based on whether they mentioned the above categories. The results, summarized in Table 6, revealed that one category was included in 100% of the observed statements: market orientation, while 89% of the statements included the team category. The remaining categories of compliance, innovation and quality were addressed in some of the statements.

Table 7: Presence of categories in the corporate shared vision statements

Category	*Observed*	*Total*	*Relative*
Compliance	3	9	33%
Innovation	4	9	44%
Market	9	9	100%
Quality	5	9	56%
Team	8	9	89%

The analysis of the shared vision statements indicates that market orientation was a current goal at all of the companies. This supports the theory that market orientation could serve as a shared vision that top management from different types of companies can agree on. Besides the market focus, team orientation was also strongly communicated in the vision statements. This might suggest that team orientation could also serve as corporate-wide shared vision.

9.3 In-Depth Interviews

The case studies involved eleven in-depth interviews with experts from different professions and different companies. The interviews were analyzed following the abovementioned strategy of relying on theoretical propositions and the technique of pattern matching. To do this, the interviews were transcribed, and the transcripts were screened and coded (Brosius, Koschel & Haas 2001, chap. 9).[4]

First, the interviews were screened for overarching themes and to develop an overview of the codes and categories that would be needed. Next, the transcripts were coded in detail, searching for insights primarily with regard to market orientation and organizational learning. Throughout the process of coding, the list of relevant categories was modified and new categories were added when necessary. This led to the final list of theoretical and observational categories presented below.

Theoretical Category:

- Market orientation
- Shared vision
- Personal mastery
- System thinking
- Team learning
- Mental models

Observational Category:

- Impact of firm size
- Role of leadership continuity
- Influence of individual characteristics
- Job shadowing/visiting

The theoretical categories were derived from the theoretical propositions (the five disciplines and market orientation), while the observational categories were identified during analysis of the interview transcripts, for statements that did not fit under any of the theoretical categories.

All of the interviews were conducted in the German language. For reasons of efficiency, not all of the interview transcripts have been translated into English, but only those excerpts that are used within the thesis. Therefore, a relatively high number of excerpts are used in the thesis to provide as accurate of a reflection of the qualitative data as possible (cf. also Brosius, Koschel & Haas 2001). To enhance readability, the translations were done without phonetic information such as pauses or filler words. The quotes are

[4] The transcripts contained various corporate and personal/confidential insights. To protect anonymity and confidentiality, the transcripts are not attached to this paper. For further information, please contact the author.

also presented according to topic, meaning that statements from different case study participants will be placed together. Moreover, ensure the anonymity of the case study participants, all are referred to in the male form within this thesis. In order to provide a strict distinction between the findings and the interpretation of the data, the results for each category are divided into two parts. The overall findings are presented first, followed the interpretation of the data.

9.3.1 Theoretical Category

As mentioned above, analysis of the in-depth interviews led to the identification of different theoretical and observational categories, or patterns. Findings for the theoretical categories are presented below, starting with market orientation and followed by the five disciplines of shared vision, personal mastery, system thinking, team learning and mental models.

MARKET ORIENTATION

The interviews revealed that the market orientation construct can involve both internal and external customers. Six participants only had internal customers (Cases A, B, D, E, H, K), two had only external customers (Cases G and J), and three had both (Cases F and L). Of the six with only internal customers, five did not have any contact with the external customers of the firm. Only the participant from Case D indicated also infrequently being in contact with external customers, although the participant's job focus was on contact with internal customers. All of the participants agreed with the statement that "creating customer value" was a vision they could share. Moreover, 9 out of 10 participants confirmed that their colleagues also shared the goal of achieving success in the market.

Table 8: Results for market orientation

Code/Case Study	***A***	***B***	***C***	***D***	***E***	***F***	***G***	***H***	***J***	***K***	***L***	***Total***	***n***
Internal/External Customer?	yes/ no	yes/ no	yes/ yes	yes/ no	yes/ no	yes/ yes	no/ yes	yes/ no	no/ yes	yes/ no	yes/ yes	9/5	11
Currently in direct contact with the internal/external customers?	yes/ no	yes/ no	yes/ yes	yes/ yes	yes/ no	yes/ yes	no/ yes	yes/ no	no/ yes	yes/ no	yes/ yes	9/6	11
Identification with "creating customer value" as possible shared vision?	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	11	11
End market orientation currently present in the minds of colleagues?	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	10	11

All of interviewees indicated that market orientation is a goal they could personally identify with. The level of identification spanned from average, such as in the following:

> *"Due to my job, I can mostly identify with the creation of customer value as a shared vision. I would rate it 5 on a scale of 1 to 7, where 7 means 100% identification." (Interview C, lines 320-326)*

> *"Due to our long development cycles, market orientation is not as important, because we have had the same customer for over 15 years. I don't need to continuously prove our 'first rank supplier' status (Interview G, lines 154-167).*

to a high level, such as in the following:

> *"100%. Market orientation is like a superior-goal that involves all other goals, like, for example, team orientation." (Interview D, lines 122, 138-140)*

> *"We survive by being customer oriented." (Interview B, lines 65-66)*

> *"Our primary goal is to serve our customer with optimal service and to satisfy their needs, because this legitimizes us in what we are doing." (Interview F, lines 308-310)*

The participants also emphasized the importance of a market-orientated mindset across the entire firm:

> *"The most important thing is to form a team concept in which we can manage to make customer orientation comprehensible." (Interview F, lines 506-509)*

> *"Our guiding working principle across the entire company is 'We are all sales persons.'" (Interview B, lines 72-74)*

> *"We have to work together to build the products our customers buy. Otherwise, the firm will not survive." (Interview K, lines 303-305)*

> *"Market orientation is what we do automatically. It is like a guiding principle for our daily business." (Interview E, lines 160-163)*

> *"Market leadership is the only goal that can be shared by every unit in our firm." (Interview H, lines 290-291)*

All participants but the one from case study C viewed the mindset of their department colleagues as currently market-oriented. This might indicate a link between market orientation and a shared vision, since market orientation is already seen as shared vision that spans the other goals.

The results for the market orientation category show that every participant indicated having either an internal or an external customer or both. This shows that all of the participants already orient their jobs to an internal or external market. Therefore, market orientation appears to have already been widely accepted by the studied organizations. However, the degree to which market orientation has been manifested in the companies (based on the participants' identification with the shared vision of creating customer value) still varied from average to high level, although all of the participants responded that they could identify with such a shared vision. Moreover, the participants indicated that a market orientation is also present in the minds of their colleagues, suggesting that market orientation could serve as shared vision for the development of a learning organization.

Since more than the half of the participants only indicated having contact with internal customers, establishing contact with external customers and gaining insights about the firm's external markets might provide the chance to align all company activities with those markets. Such a process would likely be strongly supported by the already-present orientation to internal markets. The employees already know how to focus on specific demands of a market (In this case, internal). Therefore, the underlying mindset of market orientation appears to be already present.

SHARED VISION

The second category derived from the theoretical propositions is the dimension of shared vision. Questions regarding this category involved, for example, the recognition, comprehension and identification of a shared vision and whether the participants perceived that their previous contact with the customer had had an impact on their comprehension of the vision.

All of the participants were asked whether their company had a vision statement and what it entailed (Annex: Interview Guideline, Question 1.1). Of the eleven participants, four were able to directly describe the vision or mission statement of their firm (Cases B, D, E and F), five described a shared vision that was different from the officially communicated vision or mission statement (Cases A, G, H, J and L), and one had not memorized any shared vision, although the firm officially had one (Case K). The remaining firm did not have any overarching goal (Case C, see also Table 6). The interviewees were also asked which parts of the shared vision they perceived as comprehensible and which were too abstract (Annex: Interview Guideline, Question 1.2). All participants reported that they could comprehend the importance of market orientation and, in particular, serving the customers. Although Case C's company did not have an official statement, the interviewee reported that he found a company goal of creating revenue and profit to comprehensible.

> *"Maybe increasing revenue and profit [could be a corporate vision]."*
> *(Interview C, lines 309-317)*

Six participants also emphasized team orientation as comprehensible and important (Cases B, D, F, H, J and L). Some participants mentioned a connection between different goals, and saw market orientation as an overarching goal. Case study A, for example,

revealed that product or service quality is particularly tangible goal, because it is the product that is being delivered to the customer/market. Participant K supported this perspective by arguing that only high performance can secure repurchases by the customer.

> *"Two aspects in particular are comprehensible for me: technological quality, because we need it to satisfy our customers; and market orientation, because we want to be the market leader." (Interview A, lines 35-37).*

> *"We have to deliver such high performance that the customer orders more from us." (Interview K, lines 435-438)*

Furthermore, the interviewees who had been directly involved in developing the shared vision statement perceived it as more comprehensible. Such involvement was due to their current job profile, such as Head of Strategy (Case E) or due to their position in the company, such as partner in the firm or member of upper management (Cases F, J and L).

> *"Due to my position, the entire vision is comprehensible." (Interview E, line 46)*

> *"The current vision is relatively new and I, as a partner, have dealt with it very intensively. Therefore, I hope it is comprehensible for all areas and people are able to identify with it." (Interview F, lines 116-120)*

The answers also revealed that the development of a corporate-wide shared vision was primarily a top-down process. It was performed by top management (Case F), the board (Case L) or specific business units, such as the strategy department (Case F).

> *"Our vision statement was developed and is continuously adapted through workshops that involve the company partners and the strategy board." (Interview F, 152-163)*

> *"The vision statement was majorly developed by the EXCOM [executive committee] and my supervisor and I developed our specific objectives from this vision statement." (Interview L, lines 79-82)*

Another factor that seems to increase the comprehensibility of specific shared vision dimensions is the relevance of the goal to the person's actual job. The more closely the dimension was related to the participant's job, the higher the perceived comprehensibility of that particular dimension.

> *"For me, the entire vision is comprehensible, but especially the team level, as it is relevant to my daily work." (Interview B, lines 47-51)*

> *"The most comprehensible aspects of the vision for me are those concerning the customer, probably due to my job." (Interview J, lines 78-79)*

With regards to the focus of this thesis, the participants were asked about the impact of previously gained internal or external customer experience on the shared vision. Specifically, they were asked whether the shared vision statement had become more comprehensible due to their experience with customers (cf. Annex: Interview Guideline, Question 1.2.2). This question utilized the combination of a seven-point Likert scale (cf. Chapter 9.3.3) and an open narrative design. After the participants gave their score, they were asked to explain their rating. The answers indicated that direct contact with the customer helps employees understand the importance of a shared goal of orientation toward the market. The responses also showed that previous sales experience has an especially positive impact on understanding one' current job (Case D), as well as on the ability to derive successful strategies (Case E). In addition, contact with the customer might also increase identification with the shared vision of market orientation (Case B) as well as the motivation to strive for high quality in products and services (Case G).

> *"Without my sales experience, it would be much more difficult to understand the needs and demands of customers." (Interview D, lines 68-70)*

> *"My sales experience has helped a lot, because every business is very customer focused. Therefore, successful strategies have to be oriented to the markets." (Interview E, lines 57-58)*

> *"I can entirely identify with market orientation as a shared vision […] I know from my sales experience that we survive by satisfying our customers" (Interview B, lines 66 and 75-79).*

> *"I realized the high demands for quality management we need to fulfill due to the direct contact with our customer." (Interview G, lines 617-627).*

The last Section of the interview regarding comprehensibility of the shared vision focused on how the participants would formulate a shared vision if it were up to them. Some answered that they agreed with the current vision (Cases A and E).

> *"I think our vision is already pretty good." (Interview A, lines 193-194)*

> *"The current vision is pretty close. I would only formulate it to be more global." (Interview E, lines 207-208)*

Others emphasized the importance of market orientation and team orientation simultaneously. They suggested aligning the current vision to those two goals. This entailed the wish to further adapt the current corporate vision towards the current markets (Case F) and to more strongly focus on the teams within the organization, as they are the crucial resources (Case G). Participants H and K supported this latter view, arguing that the employees are the key to reaching any economic goal. Participant J further added that market orientation is essential for any business. The statement by Participant D combined those views, as he stated that successful teams should continuously improve teamwork while simultaneously focusing on the customer.

> *"The present vision should be even more adapted to the market." (Interview F, lines 198-200)*

> *"We have to plan strategically and allocate our resources optimally to the market. In particular, we should focus on leadership and teamwork." (Interview G, lines 565-584)*

> *"Employee-centric. We all work together to reach a specific goal such as an economic goal. But I think it is important to include and respect everybody." (Interview H, lines 500-503)*

> *"A corporate-wide vision should entail respect towards the employees whilst we try to reach our financial goals. Market orientation is an necessary goal to be implemented." (Interview J, lines 418-421 and 424-425)*

> *"An already successful team should continuously try to get even better whilst focusing the customer - not as 'lone fighter,' but as a whole entity." (Interview D, lines 294-298)*

As mentioned above, only four of the eleven participants could directly cite the corporate vision statement of their firm. This indicates that organizational members do not have the company vision in mind during work. One of the reasons that several employees did not know their company vision might be the fact that some aspects of the vision were perceived as incomprehensible or too abstract. In addition, people involved in the creation of the shared vision seemed to have a higher comprehension of it. This supports the idea that a shared vision should be formed based on the personal visions of the organizational members (see also the subsequent Section on personal mastery). Yet, the process of creating a corporate-wide vision was reported to be a top-down process that did not involve the lower management or non-management employees. Consequently, there is still a need to address the process of creating a shared vision in firms.

Market orientation was the dimension of the shared vision that everyone could comprehend, while six of the eleven additionally perceived the team orientation dimension as comprehensible. Thus, a firm's shared vision should entail those two dimensions. The participants additionally found that different goals, such as product quality or team orientation, could be placed under the overarching goal of market orientation. This again supports the idea of utilizing market orientation as the shared vision of a learning organization. Moreover, the distance between the vision and the employee's job seems to be a crucial point. People working closer to the external customer, e.g. sales staff or parts of management, appear to have a higher comprehension of market orientation. Since all participants reported having either internal or external customer contact, the fundamental customer orientation seems to already be widely diffused among the employees. Yet, the specific demands and requirements of external customers are not always known (only six of the eleven participants reported having external customer contact). Thus, one way to improve the comprehension of external

market orientation might be to bring people from different departments into closer contact with the customers. Furthermore, the expression “vision” seems to be strongly associated with the official corporate vision statement of a firm.

PERSONAL MASTERY

After having focused on the comprehension of the shared vision in the previous Section, the third category of analysis is also derived from the theoretic model: the discipline of personal mastery. The participants were asked about the degree and type of personal identification with the shared vision (i.e. the alignment between personal and shared vision) and with the company on the individual level. In addition, the impact of direct customer experience on the participants’ jobs was further analyzed. Regarding the alignment between personal and shared vision, the participants were asked which of the components of the shared vision they could identify with most and which the least (cf. Annex: Interview Guideline, Question 2.1). The results revealed that all of the interviewees agreed with both the market and team dimensions. Some participants described their identification as being as high as 100% with the current company vision regarding team orientation (Case B). Others expressed high identification with the market orientation, as they had realized its importance during their previous work experience (Case E).

> *"I can identify 100% with the team aspect [of our corporate vision]." (Interview B, lines 82-97)*

> *"I can totally identify with the strong market orientation because I have seen its importance in my previous experiences." (Interview E, lines 72-73)*

Furthermore, several participants emphasized their wish to have a positive work atmosphere and to receive personal appreciation, independent of their hierarchical level or position (see the clockwork metaphor below, Case G). Participant K argued that his motivation at work was rooted in the fact that he enjoys his job and job environment.

> *"I can totally identify with the style of working that is described in the vision. We don't emphasize hierarchical levels, but people. It is just like the workings of clock, with larger and smaller cogs. All are*

equally important for maintaining the overall function." (Interview G, lines 215-221)

"I can identify 100% with my job and our goals because my job is fun and I enjoy going to work. I turned my hobby into a career." (Interview K, lines 40-44)

The participants were also asked if they kept the company vision in mind during their daily work (Annex: Interview Guideline, Question 2.2). The results suggest that this strongly depends on the job. The closer the connection between the job and the shared vision, the more the vision is present in the employee's mind. This can be the case for the entire vision, as with the head of strategy (Case E), or for single parts, such as the team dimension for an HR business partner (Case B) or the sales dimension for a head of key account management (Case J).

"Yes, [I think of the vision] very often due to my job. The vision helps me to focus again and again." (Interview E, lines 89 and 94-95)

"The team dimension [I] definitely [keep in mind]. That's what we live during our everyday work. It's what we do." (Interview B, lines 100-106)

"Our internal guidelines, yes [I do keep in mind]. The corporate-wide vision is too abstract for this." (Interview J, lines 87-90)

Employees without any direct touch points to the corporate-wide vision, on the other hand, seem not to keep the shared vision in mind during their work (Case A). Moreover, the degree of abstraction seems to impact whether the statement is kept in mind during work or not (Case L). Participant L stated his belief that it is the management's responsibility to transfer and explain the shared vision.

"[I don't keep the vision in mind] yet, because it's not necessary for my job so far. But it probably will be in the near future." (Interview A, lines 180-182)

"I do have [the vision in mind], but the not everyone within the organization has.. I think this is because management has not made [the vision] clear enough." (Interview L, lines 129-135)

Next, the influence of previously obtained internal or external customer experience on the performance of one's job was investigated. The interviewees were asked whether their experience has helped them better understand and perform their current job. This question combined a seven-point Likert-scale (cf. Section 9.3.3) with an open narrative design, whereby the participants were asked to explain the rating they gave. Eight of the eleven participants (B, C, D, E, F, G, J and L) confirmed that previous customer experience had a positive impact on their understanding of and the way they perform their job. Knowledge about customer demands seems to facilitate employees' understanding of the work of colleagues from departments that closely work with the customer, such as sales or customer service (Case B). In addition, Participant E indicated a positive impact of customer experience on the development of corporate strategies. Case G revealed that the research and development unit performs better and improves products and services due to customer knowledge.

> *"I can better understand my internal customers - the sales people - a lot better because I have done their job myself." (Interview B, lines 126-133).*

> *"Especially in the strategy department, the experience of practical implementation is oftentimes missing. The fact that I know our customers and products (from my sales experience) helps me bridge the gap." (Interview E, lines 100-102)*

> *"If you're not in direct contact with the customer, you don't realize how the customer really uses your product and what the consequences are if it doesn't work." (Interview G, lines 652-662).*

Participant D described a different impact of previous customer experience, arguing that it helped fill his job with life as well as aligning the job with the shared vision.

> *"[Customer experience helped] not to better understand [my job], but to fill it with life; [and] to check whether my job pays into our vision to serve the customer." (Interview D, lines 135-143)*

The remaining three cases that denied an impact of previous customer experience on the understanding or performance of their job had never had direct contact with the external customers (Cases A, H and K). However, there appeared to be the belief that there a

positive impact would probably occur in such as case, as well as a desire to gain direct customer experience (e.g. Case A).

> *"I don't think that my experience with internal customers necessarily helps me to perform my job in a better way, but I would love to see and understand what the external customer does with our machines." (Interview A, lines 239-240)*

Regarding individual motivation, Participant L added the dimension of self-efficacy as a motivation to change something. He argued that feeling that his actions and decisions are impacting the organization motivates him to perform the best he can. He expressed the wish to create something that will be sustainable and long lasting within the organization.

> *"My motivation is the feeling of having reached something – that I left my personal footprint in the firm." (Interview J, lines 352-359)*

The aspect of self-efficacy as motivator supports Peter Senge's (1990, p. 13) statement that many people aim to be "part of something larger than themselves" and to be involved in shaping it. Therefore, it is crucial that organizational members be able to match their personal goals with the shared vision. As mentioned above, all of the participants were able to identify with market and team orientation as a shared vision. This indicates that market and team orientation are possible or already-present aspects of the personal visions of the participants. Using these two aspects in the shared vision statement would therefore facilitate the alignment between personal and shared vision. This is in line with the findings from the previous Section on shared visions. Regarding the team dimension, the focus on a positive work atmosphere and personal appreciation indicates that the job environment is a crucial factor in firms' success – e.g. in terms of quality and productivity. As mentioned above, some participants argued that team orientation could be part of market orientation. The idea of using a team orientation to facilitate increased productivity and quality is supported by this finding and further underlines the potential of using market orientation as the shared vision of a learning organization.

An additional finding was that employees whose jobs were more closely connected to a specific dimension of the vision appeared to show higher identification with that dimension. This is supported by the previous findings that the more closely related the organizational members' work is related to an aspect of the shared vision, the better their

understanding of that aspect. As a consequence, there is a need to further address the question of how people can get closer to the different dimensions in a shared vision, especially regarding the external market. Such a need is supported is by the finding that 100% of the participants with previous customer experience reported that it helped them better understand and perform their job. In addition, those without this experience signaled their interest in having direct contact with the external customer.

SYSTEM THINKING

The third discipline according to the framework of this thesis is system thinking. This discipline aims to address current and possible conflicts in a system-focused manner and continuously search for ways to improve the organization beyond the border of one's own business unit or team. Within the context of this thesis, system thinking also includes aligning the system's structures to the shared vision.

Therefore, the participants were asked whether or not they perceive their current organization's structures to be aligned with the shared vision (cf. Annex: Interview Guideline, Question 3.1). The narrative answers revealed that none of the participants see both the current processes and structures to be aligned to the overarching shared vision. In his comment, Participant L distinguished between the structures and the processes.

> *"The structures are aligned to the vision, but the processes are not" (Interview L, lines 129 and 143-147).*

Some see the reason for this gap in rapid market changes, which would require rapid changes in the vision. If such changes do not happen, the gap will grow wider (Case J). In addition, external factors such as ISO norms and the need to qualify certain processes appear to support the maintenance of processes that are not aligned with the shared vision (Cases G and K). Interviewee K further explained that a company could change its certified processes, but this would involve a requalification of processes that must be performed along the entire supply chain, therefore involving high costs in terms of money and time. Consequently, processes are only changed if really necessary due to failures or major inefficiencies, and not just to adapt the processes to changes in the shared vision of the firm. Participant H added to the possible reasons for the gap the wording of the vision statement being too vague. Therefore, the alignment had not successfully occurred in the company due to lack of transferability of the vision to the specific jobs.

> *"[The vision and structures] were aligned, but due to fast market changes and the failure to adapt the vision, they are not anymore." (Interview J, lines 112-116)*

> *"Some processes are useful and some have just been implemented to match the standards of ISO 9000. The latter processes are, from my point of view, dangerous, because they allow people who do not want to work autonomously to justify their behavior by saying 'The process does not say that I have to do ...'" (Interview G, lines 238-251)*

> *"Our processes have to be certified and the costs of this certification are very high. Therefore, most of the processes are maintain for over 20 years or more." (Interview K, lines 55-62)*

> *"I think that there is a shared vision, but this vision is too wide. As a consequence, the units develop their own goals and work mostly independently" (Interview H, lines 177-182).*

Despite the apparent lack of alignment, all of the participants did see the need to facilitate the alignment of those processes. Four participants indicated that they were currently trying to do that (Cases A, E, F, and L).

> *"We're trying to do exactly this right now." (Interview A, lines 174-177)*

> *"Currently [they are] only partly [aligned], but there is a corporate-wide project right now, where we are trying to align them" (Interview E, lines 105-106)*

> *"[Processes] have to be aligned to the vision." (Interview F, lines 179-180)*

How processes and structures are changed within the companies was also explored. The participants were asked whether changes to processes and structures are initiated primarily by the management or by the staff members who perform the process or who work in the structure (cf. Annex: Interview Guideline, Question 3.1.1). All of the interviewees answered that the management predominantly initiates changes. Participant J suggested that a very high proportion (97%) of the changes within his organization were

initiated and implemented by management, while only 3% was implemented by the employees working with the process or in the structure to be changed. Furthermore, even if the staff contributes ideas for change, management has to approve them (Case L). The approval decision itself can be dependent on subjective factors, such as the supervisors' personal characteristics or their strategic goals (Case L).

> *"[Changes are initiated by] management, mostly without involving the staff […] I would say 97% by management and 3% by staff." (Interview J, lines 121-146)*

> *"Unfortunately, [change] happens only from the management side […] Non-leadership employees have few chances to change something structural […] It strongly depends on the supervisor, because changes have to pass through the hierarchal levels." (Interview L, lines 182-186)*

Due to the open narrative structure of the interview, the participants were also able to name and describe other factors impacting change. Internal and external factors were listed. Participant K indicated that changes in leadership usually involve subsequent changes in structures and processes. Participant A argued that the fast-growing company he works for implements processes in a top-down manner. Therefore, company history seems to impact the current state of processes and, as a consequence, the degree of necessity to change those processes. Besides the internal factors, external authorities, e.g. the BAFIN (Federal Financial Supervisory Authority, German: Bundesanstalt für Finanzdienstleistungsaufsicht), have the power to initiate structural changes in an entire sector (in this case, the financial services sector, Case B). Therefore, changes can also be influenced by external stakeholders. Within the scope of this thesis, external sources for change will not be discussed further.

> *"[Change] is mostly done by management and especially if the leader position changes" (Interview K, lines 171-173).*

> *"Management [initiates change]. Our firm has grown very fast and that's why we oftentimes don't have many processes. That's why [changes] are implemented top-down right now." (Interview A, lines 154-157)*

> *"Management [directs change], but it is also triggered by external factors, such as the BAFIN." (Interview B, lines 158-162)*

Building on these insights, I aimed to further understand whether firms see a positive or negative risk in multi-directional changes, and whether they are willing to move towards empowering employees to autonomously change organizational characteristics. The results revealed a mixed perception. All of the participants indicated that employees are willing to actively participate in change. However, management's response to such willingness can vary. On the one hand, participants cited resistance from the management side to approving changes initiated or suggested by employees (Cases A, C, J and L). Case C even reported an aggressive feedback of managers towards employees those intended to change organizational characteristics.

> *"I can try to adapt the process if needed, but it usually causes resistance if I try." (Interview A, lines 160-167)*

> *"If non-managers try to question current processes, the attitude towards them is aggressive." "Even though most changes are suggested by employees, oftentimes they are not accepted by the management" (Interview C, lines 249-251, 254-256).*

> *"People really want to change processes and we try to adapt them, but sometimes the management does not agree to the changes." (Interview J, lines 134-140)*

On the other hand, some of the firm leaders appear to be more open minded and are trying to facilitate the creation of structures in which the management and the employees cooperatively initiate change (Case L). However, Participant L stated that achieving this kind of cooperation could be a time-consuming challenge.

> *"With the new CEO, [the situation] is about to change. They are trying to break up the strong traditional hierarchy and enable every employee to participate. But this still requires a great deal of time." (Interview L, lines 160-199)*

The interviewees also mentioned specific departments and tools used to facilitate multi-directional change management. Participant H, for example, described a separate

department that focuses on managing change by collecting information about possible, but hidden, areas for improvement. Others reported that their firm utilizes tools such as a continuous improvement process (Case D) or an employee suggestion box scheme (Case G). In addition, a knowledge management system that captures lessons learned should stimulate employees to transfer their implicit knowledge into explicit knowledge (Case F). However, the participants also indicated that while such tools represent a step towards a multi-directional change culture, they have not yet managed to be successful. Overall, the management still plays the dominant role in initiating and implementing change (particularly for Cases D, G and F).

> *"[Structural changes are initiated] by management. We have a separate department for change management." (Interview H, lines 205-207)*

> *"Although there is a CIP [Continuous Improvement Process], structural changes are mostly initiated by the management." (Interview D, lines 163-164)*

> *"Mostly management [initiates change]. But there is an [employee] suggestion scheme, which sometimes generates ideas. In it, every employee can hand in ideas, which are judged. And if there is a theoretical or practical improvement, they are rewarded." (Interview G, lines 267-275)*

> *"Both management and employees [initiate change], but predominately management […] But we try to stimulate employees to share their insights with us, including those gained in external projects. Therefore, we have a knowledge management system." (Interview F, lines 204-216)*

When asked what could further stimulate and enable employees to initiate changes to organizational structures, the interviewees responded that willingness and commitment on the parts of both the employees and the management is crucial (e.g. Cases G and J). In particular, the commitment to strategically judge potential future risks and to report structural deficiencies as soon as possible seem to not always be present (Case J). One of the reasons might be the existence of hidden individual goals that lead organizational

members to act opportunistically instead of in the interest of the firm (Case E). In addition, Participant H argued that there is not enough time and the workload is too high to reflect on current processes and structures during his daily job.

> *"A lack of ownership is the big problem resulting from the highly procedural environment, because nobody cares about the grey areas." (Interview G, lines 458-464)*

> *"Most employees wait until severe problems have occurred before they go to the management and ask for changes in structures or processes." (Interview J, lines 148-150)*

> *"[For more bottom-up change to occur,] it is necessary that the employees think and work more strategically and less opportunistically." (Interview E, lines 112-113)*

> *"I would simply need more time to [reflect on which areas need change]. I'm fully loaded with work, so I don't have the time to think about changes." (Interview H, lines 434- 437).*

The participants were also asked what has helped them to identify and implement changes in the past (Annex: Interview Guideline, Question 3.2a). Five of the participants mentioned previous working experience with internal and external customers (Cases D, E, F, G and L). In addition to previous customer experience, one interviewee reported that conversational exchange between different departments, even those without a direct relationship to one another, has helped him to better understand the system, therefore enabling him to improve it (Case E). Participant F indicated that contact with other companies via networks or conventions also provided insights for further improvement of the firm. Also, maintaining frequent and intensive exchange with staff seems to enable managers to understand structural problems in a timely manner (Cases G and L).

> *"Many conversations with people from different departments and hierarchy levels [help me to identify and implement changes]. This provides a good impression about the actual situation inside the firm." (Interview E, lines 122-125)*

> *"The view outside the company, networking and exchange with other companies, especially start-ups." (Interview F, lines 219-239)*
>
> *"Talking with employees and customers. Regarding the employees, it is important to actively demand feedback, conduct periodic performance reviews, and monitor the so-called grapevine." (Interview G, lines 287-296)*
>
> *"Having one ear toward the customer and one ear toward the employees." (Interview L, lines 216-218)*

Within the scope of this thesis, the interviewees were also explicitly asked whether previous experience with internal or external customers has helped them identify and implement changes (Annex: Interview Guideline, Question 3.2b). All participants reported that previous customer experience and the resulting knowledge gained about the needs and demands of internal or external customers, has helped them to identify – and for some, even initiate – changes to organizational characteristics.

The reasons given by the participants as to why none of their firms had accomplished an alignment between both processes and structures, and the vision, were that the vision is too vague or that it does not address the actual market situation. This again underlines the need for an identifiable and comprehensible shared vision. Most of the changes made to structures and processes come from the management side. However, the employees involved (e.g. those who perform the processes) are closer to the operation and are therefore better situated to identify structural errors or potentials to increase efficiency early on. This shows the need to empower employees to identify possible improvements in a self-initiated way and to act to align the organizational characteristics with the vision. The interviewees confirmed that they would be willing to actively identify and carry out potential improvements. The major source of opposition to bi-directional change seems to be the management side. Hence, a change in leadership style could enable firms to better utilize the insights of employees regarding operational workflows and how to dynamically adapt them. As reported, some firms are already trying to foster such a situation through the deployment of various tools, such as a continuous improvement process or lessons learned. This indicates an awareness on the part of top management of the need to facilitate multi-directional change. The participants also stated that their previous work experience, and especially contact with external customers, has helped

them to identify possible enhancements to organizational characteristics. This again underlines the usefulness of implementing market orientation as a shared vision that the organizational characteristics should be aligned to. It also shows that there is potential in fostering knowledge exchange beyond the limits of business units, especially regarding the external customers.

TEAM LEARNING

The next discipline that was addressed in the case studies was team learning. This discipline describes an open and reflexive style of communication and cooperation between and within teams (cf. Section 4.4.4). To determine the type of cooperation currently being used in the case firms, the interviewees were asked how they would describe the style of cooperation within their team and with members of other teams or departments (Annex: Interview Guideline, Question 5.1). Ten of the eleven respondents stated that the atmosphere within their team is positive. Only Participant C reported a negative atmosphere or lack of teamwork within his team.

> *"[Teamwork is] moderate to not present. We work mainly independently from one another. We help each other if necessary, but actually the workload is not too high." (Interview C, lines 41-46)*

The experiences of positive teamwork indicate that team members help each other when needed (e.g. Case studies B and K). Interviewee B stated that this reciprocal support is necessary to do their job. The response of Participant F also indicated that good teamwork does not necessarily involves face-to-face contact. In this case, the different team members are located in different cities. However, the team atmosphere was described as open and reciprocally supportive.

> *"Excellent. We help each other. We know each other very well. We need that to do our job." (Interview B, lines 240-242)*

> *"We are how I imagine a perfect team to be. Everyone helps one another." (Interview K, lines 293-295)*

> *"[There is] very good teamwork, although parts of the team work in different cities across Germany and only see one another about twice a year." (Interview F, lines 252-254).*

There does seem to be a significant distinction between cooperation within one's own team and the cooperation with other teams or other departments. Seven participants said that the even though the work atmosphere in their team is positive, cooperation with other teams or departments is less positive or sometimes more difficult (Cases A, E, G, H, J, K and L). When asked what they perceived to be the reason for this, the participants named organizational characteristics such as the process landscape (Case G) or the fact that different business units work independently from one another and therefore have few common goals or contact with each other (Case H). Participant A stated that he does not have sufficient knowledge about the jobs of his colleagues to be able to assist them – even those within the same business unit.

> *"Our corporate-wide teamwork is dominated by the process landscape. Fewer processes would help in solving certain problems at the team level. Right now the processes provide a justification for leaving problems unsolved." (Interview G, lines 257-263)*

> *"[Cooperation is] very good within teams in the same unit, but not outside the units. Probably due to these silos." (Interview H, lines 232-236)*

> *"I cannot support parts of my own business unit because I don't know what their job is like or how they do it." (Interview A, lines 319-321)*

The reason for this lack of cooperation with outside teams may go beyond the fact that different departments work independently from one another. For example, Participant A reported interface problems among teams in the same business unit. Hence, it seems important to not only foster cooperation, but to also continuously analyze and improve the interfaces between teams and departments.

> *"We work together as a team, but have lots of interface problems with the other teams within the same business unit, and with the other business units as well." (Interview A, lines 105-116)*

In addition, the type of cooperation appears to be dependent on the persons involved. Participant E named differences in the unit leaders' characteristics as the reason for the differing amounts of cooperation with those units. In particular, type of leadership was identified as a crucial factor affecting cooperation. Participant E, for example, reported

differences between modern and traditional leadership styles. When asked how the two styles differ, he responded that a modern leadership style involves open mindedness and empowerment of the employees, whereas a traditional leadership style emphasizes clear hierarchical structures with precisely specified work orders. Participant J added to this view, stating that workers differ in whether they prefer to change or preserve organizational characteristics. Those open to change are more willing to actively reflect on and optimize processes and routines. Furthermore, Participant G emphasized the importance of a shared goal in creating and preserving the motivation to engage in cooperation. Without such a shared vision, the team does not work in one direction, instead aiming for individual, but not necessarily corporate-wide, goals.

> *"[Cooperation is] very good in our team." "For the whole company it is strongly dependent on the particular leader. Those leaders with a modern leadership style create strong team cohesion. Those with a traditional style don't." (Interview E, lines 136, 142-148)*

> *"I think the overall atmosphere is good, but it strongly depends on the person. Some want to push things forward and some want to preserve the present/past." (Interview J, lines 179-183)*

> *"A single team member who doesn't share the team goal or who is demotivated can influence the team to move in the wrong direction." (Interview G, lines 329-332)*

When asked what motivates the participants to assist colleagues (Annex: Interview Guideline, Question 4.1.1), six of the eleven responded that they enjoy helping others; they therefore have an implicit motivation to assist their colleagues (Cases A, C, E, D, F and H). Such a motivation might, for example, be rooted in a positive atmosphere in the working environment (e.g. Case A and H) or in previous experiences (Case F). Participant F reported having positive experiences with leaders who supported and helped him. As a consequence, he was motivated to share this experience with his employees. Participant E complemented this view by arguing that good teamwork always creates superior value compared to working in isolation from one another. According to him, the development of new ideas depends on the collective use of several minds.

> *"We have a good atmosphere within the team. And you like helping people that you like, don't you?" (Interview A, lines 118-120)*
>
> *"We have a good private and professional climate in our unit. That motivates me to assist my colleagues." (Interview H, lines 452-460)*
>
> *"I like to assist people's progress. I myself received strong leadership for some thirty years and I want to enable my staff to also have this experience." (Interview F, lines 272-284)*
>
> *"I think teamwork always creates value and gives something back to me. We develop ideas that I wouldn't have thought about." (Interview E, lines 150-155)*

Despite the positive associations with helping colleagues, Participant D indicated that motivating and empowering employees to work can also have a downside. According to him, motivated end empowered employees can require more intensive leadership than average workers.

> *"Motivated employees with a lot of power can at the same time be very exhausting." (Interview D, lines 212-213)*

An additional source of motivation could be found in the creation of superior customer value. Seven of the eleven participants indicated that either the direct market or customer demands or the aim of continuously improving current products and services motivates them to assist their colleagues at work (Cases B, D, E, G, J, K and L). Participant G, for example, explicitly mentioned the motivational aspect of customer demands and the impact of creating superior customer value. Participant K added that satisfying customer values can only be done through cooperation and helping one another, and that this is crucial to the survival of the company as a whole. Participant G gave the metaphor of clockwork (see also above). In a clock, it is important that every cog fit perfectly with its corresponding partners. Transferred to teamwork context, this could mean that a team can only operate well if every team member cooperates with his or her team partners. Participant L complemented this view by emphasizing that the survival of the firm is necessary to ensure the monthly income of all employees.

> *"Customer demands motivate me to assist other team members because that way we all improve." (Interview G, lines 361-366)*
>
> *"Only together can we build the final product to satisfy the customer. This is important in order for the company to survive." (Interview K, lines 302-305).*
>
> *"A clock only works when every cog works." (Interview G, line 358)*
>
> *"[Teamwork is important because] we receive our money from the same company every month." (Interview L, lines 316-318)*

To further explore the motivation of organizational members to help one another, the participants were asked whether their leaders set a positive example of cooperative teamwork (Annex: Interview Guideline, Question 4.2). Six of the participants responded that their direct supervisor does set a positive example but other leaders do not (Cases A, D, G, J, K and L). Participants C and H reported that none of their leaders currently sets a positive example. Participant C emphasized the importance of leaders as role models. According to him, the performance of the team is strongly related to the leader's skills. Interviewee H supported this perspective by arguing that employees will not cooperate if the leaders do not.

> *"I know colleagues who could perform a lot better with the right leader. Now, they don't." (Interview C, lines 233-235)*
>
> *"If the managers do not set the example, how could the employees cooperate?" (Interview H, lines 295-297)*

When asked to describe a positive factor leading to cooperative teamwork, the participants stressed the style of leadership. According to Participants E, G and J, cooperative teamwork results from leaders who have a *modern, collegial* and *cooperative* leadership style. Participant J furthermore stated that a good leader could serve as an inspiration to the team members, who would then assimilate the cooperative working style. Here, a good leader was seen as being open-minded and empowering, rather than micromanaging and controlling.

> *"[They set a good example,] if they embody a modern and cooperative style of leadership. But only part of them do." (Interview E, lines 164-166).*

> *"My direct supervisor sets a good example, as he is collegial and cooperative, which is in line with my view on leadership." (Interview G, lines 408-409)*

> *"Not every leader does [set a positive example]. But there are some that inspire me and I try to use their leadership style. Others practice 'the old school' of strictly enforcing the rules" (Interview J, lines 240-249).*

Within the scope of this thesis, the participants were also asked if they have a shared team goal and if so, what this goal involves (Annex: Interview Guideline, Question 4.1.2). Participants C, E and K reported that there is no explicit team goal, but that the daily work is guided by the team's operational tasks. Participants A, G and J reported having financial targets or monetary incentives that form a shared team goal that motivates the team. Interviewee G stated that his team's goal is to reduce operational risk and plan strategically.

> *"The major motivator for cooperating with each other is money. To reach the business goals, we must cooperate, so money motivates us to help each other. But in my team, it is also a desire to help each other. But with other team members, it is a must." (Interview A, lines 118-124)*

> *"We have our standard gross margin goals. But besides this, our personal team goal is to avoid mistakes and the unplanned activities that result from them."(Interview G, lines 380-390)*

Participants B, D and L described primarily employee-centric goals. This included the intention to create a good team atmosphere (Cases D and L) or to ensure the satisfaction of the staff, which will positively affect their operating capability (Case B).

> *"Our shared goal is to ensure a good atmosphere and to do our job the best we can." (Interview L, lines 338-340)*

> *"We want to keep employees happy and well, because only then will they remain fit for work." (Interview B, lines 280-282)*

Only participant F explicitly mentioned customer orientation as his team's current goal. To him, satisfying customer needs legitimizes the team's work.

> *"Our primary goal is to serve our customer with the optimal service and satisfy their needs, because this legitimizes what we are doing." (Interview F, lines 308-310)*

A positive team atmosphere was reported to be rooted in reciprocal support. At the same, it can motivate employees to further support one another. Applying this finding to the inter-team level, the facilitation of cooperation between different teams could improve the overall work atmosphere in an organization. Such cooperation does not necessarily need to involve face-to-face contact, which is why it could even be achieved by teams located in different cities or continents. However, the organizational characteristics seem to prevent cooperation and intra-team support. The second major impediment was reported to be insufficient communication at the team-team interface and lack of knowledge about the jobs of colleagues. Both reasons might imply inefficiencies in the organizational characteristics. Participants explicitly mentioned that open mindedness and empowerment could enhance this shortcoming. This further supports the need to facilitate employees' ability to make dynamic changes to the organizational characteristics through, for example, fostering a multi-directional change culture.

In addition, the dearth of knowledge about the jobs of colleagues should be addressed, as such knowledge would enable workers to look at the workflow and decisions from a more systemic level. However, the motivation of employees to support one another is not always present. Only around half (55%) of the participants reported having an implicit motivation to assist their colleagues within and outside their team. The participants emphasized the importance of a shared goal for the motivation and alignment of the team. Again, this underlies a possible motivational effect of a shared goal that everybody can identify with, such as a shared vision. Deploying a shared vision might increase the motivation to help colleagues to above 55%. The findings indicate that creating superior customer value could serve as such a vision, as 64% already feel motivated by it. Moreover, the fact that teams oftentimes seem to be aligned to various goals, but not to the corporate vision, indicates that the current corporate vision statements do not provide

sufficient transferability to the team context, or that the managers do have not effectively facilitated the transfer of the vision into team goals. Both reveal a shortcoming of current corporate visions, or of the process of creating and implementing team goals.

Another critical factor in the motivation to help colleagues appears to be the direct supervisor and top management. The participants emphasized the modeling role played by these representatives. According to the participants, only around half of the supervisors (55%) were setting a positive example in terms of cooperative teamwork. This reveals the challenge of shifting the mindset of management side in order to integrate the open-mindedness of a learning organization.

MENTAL MODELS

The final dimension within the theoretical model is the discipline of mental models. This discipline involves being aware of the presence of mental models, which are used due to the limited human capacity to entirely comprehend the surrounding environment. In addition, these models should be continuously identified and questioned (cf. Section 4.4.2). Due to the abstract character of this discipline, it was decided to look at it both directly and indirectly. The participants were first asked the direct question of whether they knew the expression ‘mental models’ (Annex: Interview Guideline, Question 5.2). If they knew it, they were asked to describe their understanding of mental models and what they include. In addition, the participants were encouraged to describe an example conflict at work (Annex: Interview Guideline, Question 5.1). This was done to indirectly investigate whether the participants were aware of their mental models through their explanation of and reflection on (interface) conflicts. Participants D, E and J knew the expression ‘mental models.’ The following descriptions given by D and E largely matched with the summary of mental models provided above. Participant J could not directly explain what mental models were. The remaining participants were unaware of the expression. After a brief explanation of the discipline of mental models, the interviewees were asked whether their firm actively encourages them to reflect on the presence and impact of these models (Annex: Interview Guideline, Question 5.2.1). The answers revealed that six of the ten firms (Participants G and K were from the same company) were trying to facilitate reflection on the job environment or presently had an open and reflective working culture (Cases A, B, C, F, J and L). Participant A stated that this development was very recent.

> *"It recently started that the different departments are actively reflecting on their actions." (Interview A, lines 61-62).*

The participants were further asked which tools their firm deploys to foster the active reflection on the mental models present within the firm. Among others tools, the answers mentioned direct feedback tools such as the 360 Feedback (Cases F and L). Participant L particularly emphasized the voluntary nature of the feedback.

> *"We have an extensive 360 feedback culture, which also concerns mental models" (Interview F, lines 368-382)*

> *"We have the possibility of performing 360 feedback, but only if we want to." (Interview L, lines 431-435)*

Another toolset that is applied could be categorized under training or human resource development; it includes specific self-reflection trainings (Case B) or mediation trainings that also develop skills of reflection (Case J).

> *"We offer trainings to understand oneself and others better, and offer role model analysis in teams." (Interview B, lines 384-388)*

> *"I was explicitly trained in a mediation training to identify those models and conflicts." (Interview J, lines 300-304)*

The last category addressed within this thesis concerns cultural aspects that encourage or even require the employees to engage in open reflection, such as special discussion rounds (Case K) or meeting rules (Case A). In addition, Participant L indicated that actively facilitating intercultural and interdisciplinary teamwork, for example in workgroups, had a positive impact on questioning mental models.

> *"In our discussion rounds we try to exchange our different perspectives on certain problems and discuss them." (Interview K, lines 373-376)*

> *"We have new meeting rules that include a rule that everybody has to say his opinion on a certain topic, which means you cannot just sit there and say nothing." (Interview A, lines 393-398)*

> *"We strongly emphasize intercultural and interdisciplinary teamwork." (Interview L, lines 391-406)*

As mentioned above, the participants were initially asked to give one or more examples of real-life conflicts within their business context (Annex: Interview Guideline, Question 5.1). Participant A perceived the reason behind most of cross-departmental conflicts to be structural and not necessarily related to human factors.

> *"Most conflicts we have with other units are due to interface problems and not due to people. The interfaces are, for example, not precisely defined." (Interview A, lines 147-150)*

In contrast, other participants described major challenges arising from mental models and therefore driven by human factors. One example was the prejudiced attitude of the marketing department regarding the work of the sales department (Case D). This led to difficulties in achieving good cooperation between the two departments. Since the marketing department did not understand the needs of the sales department very well, they were not able to create and provide the type of customer booklet that the sales staff needed and demanded (Case D). Another example involved miscommunication between two departments that led to continuous mutual accusations (Case H). These accusations further harmed communication (Case H). Both examples reveal a mismatch in mental models between the parties involved.

> *"Different departments, such as marketing, think that sales work is simply driving around and making small talk with customers. But they don't see the real effort behind it." (Interview D, lines 275-282)*

> *"Finance complains about Quality Management (QM). QM complains about Operations. Everybody blames someone else if problems occur." (Interview H, lines 236-242)*

The participants were also directly asked whether they thought their firm should facilitate identification of, open reflection on and adaption of the current mental models. Eleven of the eleven participants supported the idea of dealing with mental models. Participant D, for example, had already realized the importance of questioning mental models, but had not yet managed to convince his co-workers to address the issue. Participant E revealed that his company does recognize the problem of different value systems and is trying to

create a common basis. However, this only indirectly addresses the challenge of mismatched mental models; the firm does not explicitly deal with them.

> *“I’m currently trying to convince colleagues of the need to [address the issue of mental models].” (Interview D, lines 285-288)*

> *"The firm is already trying to emphasize a shared value system, but no real efforts have been made to address the problem caused by mental models." (Interview E, lines 184-186)*

Participant H additionally indicated that the concerned parties probably already know about possible problems caused by mental models, such as prejudices, but do not actively try to change them. The participant further suggested that visits between departments might improve the situation, as it would help the parties see and better understand the job of other.

> *"Presently there are many prejudices held among the different units, which could probably be reduced by visiting other units and seeing their workspace and activities." (Interview H, lines 368-370)*

Participant B mentioned positive results that were obtained by deploying a tool they called *supervisor feedback*. This type of feedback tool works opposite in the opposite direction as traditional, with the employee giving feedback to the principal. In this way, the supervisor gains different perspectives and can analyze his mental models. If there are mismatches in mental models between the team and the supervisors, they have the possibility to adapt them.

> *"Every half year employees provide feedback to their supervisors. This works very well with regard to mental models."(Interview B, lines 289-290)*

As mentioned above, 60% of the firms already have an open and reflective culture, some using tools to facilitate open sharing and reflection. In particular, the use of corporate-wide tools such as the 360 feedback and meeting rules indicates that the top management is at least compliant with, if not actively supportive of, this culture. This situation could be interpreted as an awareness on the part of top management of the need to address different perspectives or mental models, even if they do not explicitly label them mental

models. Based on the enthusiasm exhibited by the interviewees when talking about an open culture and the positive experiences had with the tools, many employees seem to agree that there is a positive effect. Consequently, both management and employees are, or probably could be, convinced of the need to question mental models. At the same time, 40% of the firms do actively foster this, showing that is potential for much improvement in this area.

Furthermore, the findings also revealed that business-related conflicts seem to be primarily rooted in interface problems, either of the structural or human type. The participants' perception of structure as one of the reasons for conflicts underlines the need to foster dynamic structural changes. Regarding the human related factors, the participants particularly cited prejudices, different value bases, and lack of knowledge about colleagues' jobs. Prejudices can be subsumed under mental models and therefore support the need to address this discipline. Different value bases underline the need for shared values that most of the organizational members can identify with, such as in the form of a shared vision. The lack of knowledge beyond one's own job indicates that there should be further discussion regarding how knowledge can be shared within an organization, particularly between different teams and business units.

9.3.2 Observational Category

The interviews revealed that none of the case study firms had entirely integrated the abovementioned disciplines. However, some organizations had already implemented single aspects. Therefore, it was decided to further analyze the factors that support or preclude the implementation of the disciplines. The results show that firm size, leadership, and individual characteristics might have an impact. In addition, the participants described job shadowing as a tool to facilitate the implementation of a learning organization. The influence factors will be discussed below, starting with the impact of firm size.

IMPACT OF FIRM SIZE

Five of the eleven participants saw the firm size as crucial to its ability to implement a learning organization. Larger organizations seem to have more difficulties transforming themselves into learning organizations than small or medium sized enterprises. Participant F, for example, argued that reflection and feedback are more complex in larger enterprises. He cited traditional hierarchical cultures as one of the sources of this complexity. Participant H supported this notion and suggested that the difficulty is rooted in the fact that large firms have higher anonymity and distance between supervisor and employees. This makes reflecting on actions and empowering workers more complex.

> *"Larger companies have greater difficulties with reflecting on their activities and having open feedback. This is due to the important role hierarchy plays in such firms. It is possible to implement such a culture there but this would require time and sensitivity." (Interview F, lines 414-431)*

> *"Large enterprises have much more difficulty empowering people than SMEs, probably due to anonymity and distance between management and subordinates." (Interview H, lines 608-613)*

Moreover, Interviewee L indicated that large firms face higher inertia and therefore need more time to undergo any transformation. His example concerned a restructuring project that should have been finalized in 2015. However, one year later, portions of the company still have not successfully completed the change.

> *"There was a restructuring in 2015, but the processes and the mindset still need time to change […]. Large companies need time to change." (Interview L, lines 143-147)*

The fact that larger firms seem to have greater difficulty with reflecting on their actions or structures might be rooted in the greater complexity of larger systems. In addition, the distance between the different business units as well as to the customer is greater than in small organizations. For these reasons, thinking and acting systemically is more difficult. Thus, larger organizations will probably need more time to transform themselves into learning organizations. The higher inertia seen in large firms supports this view.

ROLE OF LEADERSHIP CONTINUITY

Another factor that seems to hinder transformation also regards the size of firm, but emphasizes the need for leadership continuity. Using the metaphor of a ship, Participant G argued that every impulse of a new captain (organizational leader) requires some time before it can successfully impact the direction of the ship (company). Therefore, Participant G postulated that leaders should not be exchanged too frequently, but rather should stay for a longer period in order to ensure the sustainable implementation of their ideas.

> *"Large enterprises are like huge ships. They might have a captain that alters the course, but the ship still goes the same direction for some time before it moves. Before then, another captain oftentimes comes in who takes charge and wants to steer the ship in a different direction […] Continuity of the top-level leaders is required. Otherwise, good ideas are developed but never implemented." (Interview G, lines 905-933)*

Not only does the continuity of leadership position seem to have an impact on motivation and change success in organizations, but also the actions taken by leadership (Cases H and L). Participant H suggested that frequent changes in strategy might prevent employees from implementing and therefore finishing projects. He cites a *wish* for leadership continuity on the part of the organizational members. The lack of such continuity can also lead to the refusal of employees to support management-led change projects (Case L). Participant L reported that some of his colleagues have developed the

mindset of neglecting to participate in new change projects, instead just waiting until the next project arises.

> *"The employees wish for continuity and want to really implement projects and not just experience one change project after another."(Interview H, lines 205-221)*

> *"Some colleagues openly say: 'I will survive this supervisor or project, just as I did the last few.'" (Interview L, lines 355-457)*

These findings further underline the view of firms as large and complex systems that therefore require time and continuity in leadership and projects in order for transformation to occur. Otherwise, the organizational members will not support the change, but will ignore or even oppose it. The explicit demand for leadership continuity might also support the need for a strong and stable shared vision, instead of continuously changing objectives.

INFLUENCE OF INDIVIDUAL CHARACTERISTICS

In addition to firm size and leadership continuity, individual human characteristics might also have an impact on transformation into a learning organization. According to Participant J, the age of employees plays a distinct role. He argued that elderly people have more difficulty thinking outside of the current frameworks, thus preventing organizations from transforming. Participant F further argued that elderly workers are not as motivated as young colleagues are. However, lack of motivation appears to not only be caused by the age, but also by the background of the employees. Those with non-economic backgrounds are, according to Participant F, less motivated to pursue certain (economic) goals. Interviewee H also reported that insufficient motivation can be harmful for companies. In his explanation, he described that demotivated workers will only fulfill their specified job, and will not commit to the overarching goals behind it.

> *"The problem with big firms is not thinking outside of the limits of one's own unit. This causes many problems. Old people in particular do that." (Interview J, lines 503-508)*

> *"Not everyone is automatically motivated. Elderly people or those with a non-economic background or simply different personal*

> *characteristics will not be as motivated to pursue a certain goal as others may be." (Interview F, lines 327-340)*
>
> *"To really implement a learning organization, we would have to change our static/non-dynamic structures. We still have a lot of workers that drop their pen at 3 p.m. and leave the office." (Interview H, lines 558-559)*

Moreover, Participant F described the theories and available frameworks on the topic of learning organizations as very abstract. According to him, this is the reason why few organizational members comprehend and want to deploy the idea. Many others appear to either not see the potential benefits or not understand how to use the theory and frameworks (Case F).

> *"The present models on the learning organization are very abstract and relatively difficult to transfer into practice." (Interview F, lines 529-531)"*

Another issue is that individuals and organizations apparently need specific triggers before they will start to adapt themselves or the system to changing requirements (Case E). Changing requirements can, for example, include shifts in market demands or new legislation. According to Participant E, such changes must reach a certain threshold before people are ready to address them. Interviewee F supported this line of argumentation, reporting that companies only move out of their *comfort zone* when adaptation is no longer avoidable. Participant L added that internal pressure and significant negative consequences, such as job loss, are required to induce people to change their current behaviors or mental models.

> *"Firms are having a hard time moving out of their comfort zone. Only if it really hurts do people start moving." (Interview F, lines 699-702)*
>
> *"A firm does not change before things really hurt. The same [is true] for the people: they only change if there is enough pressure from above. Some only move if their job is in danger." (Interview L, lines 152-157 and 209-212)*

Interviewee L summarized the impact of individual personal traits as follows:

> *"In the end, it strongly depends on individuals and their motivation to change." (Interview L, lines 539-543)*

The statements that some, e.g. elderly, employees are less motivated than others might indicate that people's personal vision and the shared vision drift apart over time. This reveals a need for a shared vision that can motivate individuals with different characteristics and personal visions. It might also suggest a need to continuously adapt the shared vision over time.

The statement that the available frameworks on how to become a learning organization are too abstract further underlines this thesis's aim of creating a more comprehensible framework in this field. The fact that the negative aspects of a situation must reach a certain threshold before people change might again support the view that it is very difficult to understand complex systems and the delayed feedback from the system. Hence, employees should be supported in better understanding the organization they work for as well as the surrounding environment.

The above has illustrated the different aspects that hamper or prevent the successful implementation of a learning organization, according to the study participants. In the following, different tools or approaches used by the firms to deal with the challenge of becoming a learning organization will be presented.

VISITING/JOB SHADOWING PROGRAMS

During the interviews, the participants indicated that visiting colleagues in different business units seems to positively impact the implementation of a learning organization. Therefore, it was decided to further inspect this idea. Within the scope of this paper, the expressions 'visiting program' and 'job shadowing' are used synonymously. Three participants reported that they have actively visited other teams or departments with the intention of better understanding the jobs of their colleagues (Cases A, H and J). Whereas Interviewees A and J rotated to other business units, Interviewee H only visited teams within the same business unit.

> *"So far, we only have a rotation program within our unit, but not with other units. But I think it is a great idea to try it with other departments, too." (Interview H, lines 343-355).*

In total, four of the eleven participants cited the presence of an official visiting program in their firm (Cases B, C, H and J). Participant A has apparently not participated in an official visiting program, but initiated such an exchange by himself.

> *"I did it on my own and visited other departments, but it would have been much better if there were an official onboarding or rotation schedule." (Interview A, lines 73-76)*

All of the above case studies indicated a positive impact of visiting activities on cooperation with the visiting or visited colleagues (Cases A, B, C, H and J). The positive impacts included the enhancement of reciprocal understanding (Case B). In the example of Case Study B, the exchange between back- and front office clerks revealed critical tasks that failed due to mismatched perspectives. The new knowledge gained regarding the importance of specific steps within a certain process reduced interface problems.

> *"Back office staff members visit the front office. We found that this exchange improves the understanding on both sides." "For example, they found out that the back office can't proceed [with a certain process] if the sales person has forgotten to check a specific checkbox. The sales person thought of this checkbox as being optional." (Interview B, lines 210-224)*

In addition, better understanding the jobs of others might assist visitors in better comprehending their own job. This effect might be rooted in a better overall understanding of the work environment, as well as of one's contribution to the overall success of the firm (Case C). Some employees even identify the positive attributes of their job, and find that they made the best choice in selecting the job they are currently performing (Case B).

> *I think people better understand their job environment and their contribution, because they better understand the job of others." (Interview J, lines 154-158)*

> *"After they visited the other business unit [front office visiting the back in this example], the visitors oftentimes confirm that they fit best into their current business unit in terms of their characteristics and skills." (Interview B, lines 226-230)*

Another positive effect of job shadowing is that the visitors can learn about the jurisdictions within other business units (Case C). With this knowledge, it is possible to directly contact the right person for a particular problem. This might reduce search times, therefore increasing productivity (Case C).

> *"They visit us and we briefly explain our job and how we do certain things. I think this could have a positive effect. [The visitors] would, for example, know who to contact for a specific problem." (Interview C, lines 105-119)*

In addition to official visiting programs, previous work experience in other business units appears to positively impact the understanding and performance of one's current job. Interviewee E spoke of an increased awareness towards mismatched perspectives and interfaces. Participant K had also worked in different business units over his career. He argued that he always gained additional experience and knowledge in his different jobs that he can use in his present job.

> *"The experience in different departments helps in gaining a better awareness [of different perspectives and interface problems]." (Interview E, line 196)*

> *"I definitely understand my job better through that experience [of working in different departments]. You always learn something new." (Interview K, lines 202-205)*

It must also be noted that visiting programs do not solely entail positive effects, but have downsides and challenges. In order to be exposed to many jobs upon entering a company, job shadowing is sometimes integrated into the onboarding process (Case C). Since the visitors need to experience many different departments, they have very little time in each. This may reduce the positive learning effects (Case C).

> *"The problem is that the participants have several stops within one day and therefore have a hard time remembering all the details." (Interview C, lines 200-202)*

In addition, for some business units, there might be certain requirements that must be met in order to visit without have a negative impact. Interviewee K, for example, reported that

his insufficient language skills were the reason why he would not be able to join a customer meeting with international customers.

> *"I would love to visit the sales unit and better understand their job. But I'm afraid my English is not good enough [...] I would especially like to see the actual process of negotiation." (Interview K, lines 233-248)*

All of the eleven participants indicated that they would be interested in visiting colleagues within the same or different business units, and that they see the potential for this help them in fulfilling their own job. All would also invite colleagues to visit them at work. Some already do so (Case J).

> *"We invite other units to visit us and give feedback on our processes. This provides us with a neutral outside perspective on our activities." (Interview J, lines 165-171)*

According to Participant B, the department that everybody should visit is the sales department. He argued that every employee could profit from an understanding of the markets and the sales activities. However, it seems that the business units that have few or no direct interdependencies with sales do not intend to visit it (Case B).

> *"From my feeling, the fewer direct interfaces with the sales department, the lower the motivation of people to visit sales colleagues at work. Although all departments could profit from understanding where the money of the company is made." (Interview B, lines 342-353)*

In contrast, Interviewee C argued that visiting programs should only include colleagues with direct interfaces to the job they are visiting. Otherwise, the visiting program would use too much time in providing non-relevant knowledge.

> *"The participants have been people from warehouse, who have nothing to do with the customer or my job." (Interview C, lines 211-212)*

The participants' perspectives on job shadowing show that exchange with colleagues on the site of work provides a chance to enhance cooperation. This might be due to the fact

that both sides increase their knowledge about the system, for example, about jurisdictions and contact persons. Understanding one's individual impact on and contribution to the final product or service might assist employees in better estimating the impact of actions and may increase personal motivation in the manner of personal mastery. At the same time, this knowledge enables employees to increase their system thinking capabilities in the sense of the discipline of system thinking. In addition, exchange among colleagues from different functional areas leads to the identification of mismatches in mental models. This is in line with the participants' statements that visiting colleagues helped them to not just understand the host's job, but also to better comprehend their own job. Visiting programs also appear to sharpen the awareness of the difficulties faced by the other departments, as postulated by the discipline of mental models. The same effects seem to occur if people have previously worked in other department.

Despite the benefits, only three of the case companies have officially institutionalized job shadowing. The costs of work time for at least two employees (the visitor and the host) oppose the positive effects. Hence, it is crucial to utilize the time of the job shadowing as best as possible. To do this, the participants suggested that visitors should only have one of a few stops per day, as otherwise the information load is too high. In addition, for some job environments, certain skills, such as language skills, are required in order to shadow, for example, negotiations with an international customer or supplier. Contact with an external customer could be particularly harmful if the visitor negatively impacts the image of the firm. At the same time, coming into direct contact with the customer is probably the most efficient form of visit, as it enables the visitor to obtain important knowledge about the market and the customer, and therefore might facilitate market orientation within the firm.

9.3.3 Scale Questions

According to Brosius, Koschel and Haas (2001, Chap. 9), scientific interviews can be based on both narrative and standardized elements. Therefore, scale questions were embedded in the interview guideline. These questions allow for better comparability than in-depth answers, but do not delve into the object of investigation to the same depth as narrative methods do (Brosius, Koschel & Haas 2001, Chap. 9). Within the scope of this paper, it was decided to analyze the impact of previous internal or external customer contact or market experience on the five disciplines of the model. The firm from case

study C did not have any shared vision statement and Participant K did not recognize the vision statement of his firm. Therefore, the number of participants for Question 1 was reduced to nine, whereas for the remaining questions the entire pool of participants could be used (cf. Section 9.2).

Table 9: Results of the scale questions

Does the experience that you have gained in direct contact with the customer help you to…	**Mean**	**Min**	**Max**	**n**
1. better comprehend the corporate vision? (0…7)	5.33	4	7	9
2. better understand and perform your current job? (0…7)	6.09	4	7	11
3. identify and initiate improvements to processes or structure? (0…7)	6.09	5	7	11
4. motivate you in supporting your colleagues? (0…7)	5.73	5	7	11
5. better comprehend the impact of your job on the organization? (0…7)	5.63	3	7	11

The results reveal that influence of direct contact with internal or external customers had a mean rating of 5.33 (or 76.1% of the maximum of 7). This indicates that there seems to be a positive impact of such experience on all of the five disciplines. In particular, the impact of customer contact on the understanding and performance of one's current job (Table 9, Question 2), as well as on the identification and initiation of procedural or structural improvements (Table 9, Question 3), were rated very high, with means of 6.09 (or 87% of the maximum of 7).

10 Discussion and Development of the Framework

Having illustrated, analyzed and interpreted the findings from the different sources of evidence, this Chapter will provide a discussion of the results against the backdrop of the underlying Market-Orientated Learning Organization framework, and will further develop the framework.

10.1 Empowerment

The results revealed that the job environment is crucial not only for the motivation of employees, but also for their productivity. The most decisive factor impacting the job environment was found to be the organizational structure, as it frames the way in which employees cooperate, and particularly the communication interface communication and teamwork. The findings show the need for dynamic organizational structures characterized by multi-directional changeability. This matches the framework in this thesis, which seeks to foster systemic thinking and action, leading to adaption of organizational structures in the context of continuous improvement of the system. Along with this, the discipline of personal mastery argues that empowering employees to work as autonomously as possible is in the best interest of the company. However, the participants reported that the majority of changes to structures and processes currently come from the management side. Although the employees confirmed that they would be willing to actively identify and carry out potential improvements, the major opposition to multi-directional changes comes from the supervisors. Hence, speaking in the terminology of the discipline of shared vision, the management must at least comply with, if not commit to, the goal of creating dynamic organizational structures (cf. Section 4.4.3). Of the firms analyzed, 60% are already trying to foster dynamic and reflective cooperation through the deployment of specific tools to increase awareness of possibilities for change in processes and structures; such tools include 360 feedback or lessons learned. Yet, according to the case study participants, another 40% of the companies are not actively addressing this topic. Hence, while some firms see the potential of empowering employees to autonomously improve specific organizational characteristics such as processes and routines, many still do not.

One thing that might be opposing the empowerment of employees is the fact that individuals need knowledge about the company, including an understanding of the underlying system and the interdependencies present in it. The case study results indicate that employees have the most detailed knowledge about specific processes and routines, whereas management has a more system-wide view of the interdependencies between different parts of the company. Consequently, it might be preferable to segment organizational characteristics into two categories: operational and structural. Operational characteristics involve processes and routines that employees work with and have direct knowledge about. These would include processes with or without interfaces to other departments. Structural characteristics, on the other hand, are embedded within the firm in a more complex way, and could entail, for example, the division into business units or processes that involve several departments at the same time. Based on these two categories, employees could be empowered to modify operational characteristics, while structural changes would only be performed by management. In this way, experts with the most relevant knowledge would be empowered to adapt the organizational characteristics that are within their specific field of expertise.

10.2 Creation of the Shared Goal

Before employees are empowered to enact change, teams should be aligned to one goal, and individual, interpersonal and organizational learning should be oriented to a shared vision. The case study participants provided several statements that supported the need for a direction or goal to which they could adjust their actions. As postulated by the discipline of shared vision, one important process within the organizational context is the creation of a corporate-wide shared vision. However, the findings showed that in none of the case study firms were the structures and processes perceived to be aligned to the vision. Furthermore, several vision statements were described as not comprehensible to the organizational members. This implies that the personal visions of those participants did not match with the shared vision, and therefore could not identify with it.

The results additionally revealed that people who were involved in creating the corporate vision strongly identified with it. This supports the perspective that “people are not against change, but against being changed” (Kerklaan 2011, p. 94) and underlines the need to form a shared vision through a collaborative process. At the same time, the

process of creating the vision statement in many firms seems to be top-down, e.g. performed solely by the executive committee. Consequently, many firms are not creating a shared vision through an integrative process, as would be suggested by the discipline of shared vision. The participants also indicated that the process of creating a shared vision can be very time-consuming, and therefore involving everybody in the process would not be feasible. Hence, it might be preferable to use a shared vision that most of the employees already agree on, rather than creating a new vision.

Senge, Klostermann and Freundl (2011, Chap. 10) postulate that every firm should have a corporate vision that represents the shared vision. The analysis of vision statements shows that 50% of the firms had an officially labeled "vision" statement, 40% had statements called something else, and 10% had no officially communicated statement. When asked about their corporate vision, only 40% of participants accurately described the officially communicated statement. Others described shared values, goals or rules for cooperation. This indicates that the expression "vision" is probably misleading or is not cognitively present in the employees. In addition, when asked about their team goals, some participants answered that even though they accept the shared vision statement, their team goals are at least partly different from it.

Consequently, it might be preferable to set up a shared goal that is independent of the officially communicated corporate vision. The expression "goal" was used by several participants in the context of the question "What do we aim to reach?" Furthermore, "shared goal" seems to not be as strongly related to the corporate vision statement as "shared vision" is.[5] Thus, an internally-communicated shared goal could be used to align the organizational members towards one specific direction. At the same time, the officially communicated corporate vision statements could remain the same, especially for external stakeholders. Furthermore, the goals described by the participants were oftentimes more precise than the visions. This indicates that the expression "shared goal" could be more tangible than the expression "shared vision." These findings are supported by a comparison of the definitions of "vision" and "goal." The Oxford Living Dictionary

[5] The interviews were conducted according to Peter Senge's (1990) terminology of shared vision. Due to the iterative character of case study research (Yin 2008), the idea to rename the discipline as 'shared goal' was developed based on the early findings from the case studies. For ease of readability, the case study interpretation and discussion is placed after the theory development phase, although they were performed simultaneously in the research phase. Therefore, the interviewees were asked about the shared vision and not about a shared goal.

English (Oxford Dictionaries 2016b) provides the following definitions for the word "vision", within the context of corporate visions:

> *A: "The ability to think about or plan the future with imagination or wisdom"*
>
> *B: "A vivid mental image, especially a fanciful one of the future"*

The definitions provided for "goal" are the following (Oxford Dictionaries 2016a):

> *C: "The object of a person's ambition or effort; an aim or desired result"*
>
> *D: "The destination of a journey"*
>
> *E: "A point marking the end of a race"*

These definitions illustrate the relatively more abstract character of a "vision" compared to a "goal," as goals are described as something that can be directly reached, such as a destination or the finish of a race. As mentioned above, a comprehensible goal seems to provide higher motivation than an abstract vision. Therefore, this paper suggests the usefulness of creating a shared goal that learning in the organization should be aligned to; this can be different from the corporate vision.

10.3 Market Orientation as the Shared Goal

As mentioned above, rather creating a new shared goal, it might be better to utilize a goal that most of the employees already agree upon. The case studies revealed that a market orientation was already present in all of the company vision statements, showing that top management as well as the most influential stakeholders already agree on this goal. This indicates that the early findings of Slater and Narver (1995) that most firms include the creation of superior customer value in their vision statements (cf. Section 7.3) still persists more than 20 years later. Moreover, all of the case study firms had an internal or external customer, or both, indicating that the employees already have a mindset of market orientation. Moreover, the participants explicitly stated that market orientation motivates them to create something of value to the customer. This motivation especially affected the dimension of team learning. According to Senge, Klostermann and Freundl (2011, p. 226), the lead question for motivation is: What do we want to create? Consequently, market orientation can be seen as shared goal that most employees and managers already identify with and could therefore comply with, if not fully commit to (cf. Figure 12).

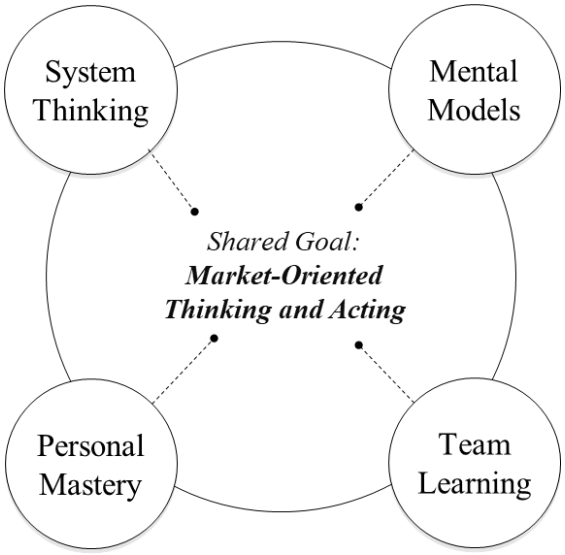

Figure 12: Market Orientation as Shared Goal

In addition to market orientation, the participants reported that a positive work atmosphere and personal appreciation are crucial factors that an organization should ensure and continuously improve. Reciprocal support was found to be one of the sources of a positive team atmosphere, which itself motivates employees to assist one another. This finding is supported by the fact that 60% of the case study participants could identify

with team orientation as a shared goal and that team orientation was an element of 89% of the analyzed shared vision statements. Consequently, next to market orientation, the element of team orientation should be considered as a shared goal. As discussed in Section 7.3, in the assumption that market orientation is 100% accepted it motivates employees to cooperate. This might be transferable to team orientation in the wider sense, since market-oriented organizational members might also be motivated to work in a team-oriented manner due to the positive market effects of a positive work atmosphere (i.e. increased productivity leading to satisfaction of customer needs). As in the clockwork metaphor given by Participant G (cf. Interview G, line 358), every cog is needed for a machine to work efficiently. Furthermore, 55% of the case participants reported currently having an implicit motivation to assist their colleagues. Consequently, it could be said that the goal of team orientation could be subsumed under the shared goal of market orientation. Likewise, quality orientation also might contribute to the shared goal of satisfying customer needs. Compliance could be seen as goal that ensures long-term success in the current market by minimizing risk and securing the customers' trust in the firm's products and services and in the firm itself (e.g. Desai 2016). The orientation toward continuous innovation predominately aims to secure customer satisfaction in current markets and to push into new markets (e.g. Baker & Sinkula 2007; Slater & Narver 1995). Thus, team, quality, compliance and innovation orientations could all be subsumed under the shared goal of market orientation.

10.4 Incrementally Becoming a Market-Orientated Learning Organization

The case studies additionally revealed that only 55% of respondents felt their supervisors set a positive example of reciprocal supportive team work, and only about half (55%) reported a current motivation to assist colleagues. Furthermore, in none of the firms were structures and processes aligned to the shared vision. Of the participants, 64% did not recognize or know the corporate vision, which indicates that their personal visions did not match with the shared vision. Moreover, 40% of the case study firms had not attempted to identify and discuss current mental models across the organization.

Therefore, it can be said that many firms have not entirely implemented the five disciplines of a learning organization. At the same time, all of the participants reported seeing the positive potential of integrating the five disciplines into their organization. Senge, Klostermann and Freundl (2011, p. 208) postulate that reflection and the transformation into a learning organization can only happen if the company provides enough time and space to do so. This is supported by the statements of participants, who argued that the high stress level caused by their daily workload prevents them from learning. The interviewees also reported that fundamental changes require time and that larger firms need more time to transform than smaller companies due to their higher inertia. In addition, the case study participants also reported that there was resistance to transformation and change processes in their firm, in line with the findings of Senge (1990).

The innovation management literature has addressed the challenge of developing complex and major products or services through the use of several tools (e.g. Lüthje & Herstatt 2004). One of them is the lead user method, which aims to reduce the risks of failure by involving so-called lead users who are "sufficiently well qualified and motivated to make significant contributions to the development of new products or services" (Lüthje, Herstatt 2004, p, 554). These users are willing to pioneer and use a specific product or service before other users do (ibid.). Transferring this idea to the context of this thesis, it might be possible to identify individuals inside organizations who are willing to align their style of working to the principles of the Market-Orientated Learning Organization. As mentioned above, some of the participants explicitly stated their willingness to utilize tools to improve teamwork and team performance. In addition, around half of the participants (55%) reported a current motivation to assist colleagues and 55% said that their supervisors were already setting a positive example of cooperative teamwork. These findings indicate that there might be potential lead users available in organizations.

Consequently, it could be preferable to transform an organization into a learning organization incrementally. Starting with one team, this could involve aligning the team to the shared goal of market orientation. The team would then openly discuss the individual members' personal goals and adapt them to the shared goal, if needed. In the next step, the team members could be trained in the tools of team learning and mental models, emphasizing the positive effects that the use of these tools can have on the pursuit

of the shared goal. Thereafter, the team would be equipped with tools to enrich their knowledge about the system environment. After having transformed the lead team to work according to the principles of the Market-Orientated Learning Organization, spillover effects into other teams could occur, as Peter Senge (1990) postulates in his discipline of team learning. If the lead team manages to create a positive work atmosphere with a high level of motivation, it might, for the abovementioned reasons, perform better than before. Both the positive work atmosphere and the higher level of performance might stimulate other teams to consider transforming themselves into market-oriented learning teams. The second team could be trained using the same pattern as the first team. In this way, more and more teams might join until a certain threshold is reached and the shared team goals become the corporate-wide goal. After having provided a shared goal for the entire organization, the underlying strategic organizational characteristics – structures and processes – could be adapted to this goal.

With the suggested incremental implementation of the Market-Orientated Learning Organization, several challenges can be addressed. Senge (1990) postulates that teams must first be aligned to a shared vision before they should be empowered. This assertion is supported by the participant statement that highly motivated employees can be more difficult to lead. Thus, empowerment should not occur before the team is aligned to the five disciplines and the shared goal. Furthermore, the case studies revealed a wish for leadership continuity. An incremental process would segment the transformation into smaller steps, changing the organization piece by piece rather than changing the entire strategy all at once. Therefore, the change process will be less disruptive and additional stressors caused by the transformation could be reduced. Moreover, the lead user method aims to reduce risks, which, in the context of this paper, might include organization-specific challenges that oppose the company's transformation into a Market-Orientated Learning Organization. In an incremental implementation process, these risks can be identified at an early stage and at the team level, thus providing best practices for the spillover to other teams or to the entire organization. Therefore, an incremental transformation into a market orientation learning organization might be superior to transforming an entire organization at one time.

10.5 Need to see the System and the Customer: Job Shadowing

The participants also stated that their previous work experience helped them to identify possible enhancements to the organizational characteristics. The knowledge about activities in other parts of the organization were found to positively impact systemic thinking and action, as well as direct cooperation with colleagues in other departments. In particular, direct contact with the customer was reported to be beneficial to gaining a better understanding of the system as well as one's own contribution to the end product or service. At the same time, the interviewees indicated that organizations are too complex to be easily understood. To address this challenge, 60% of the participants' firms already facilitated active reflection and the identification of mental models using feedback tools or specific trainings. In addition, the case studies revealed that the distance between the shared goal and one's job seems to be crucial. People working closer to the external customer, for example, sales department employees, appear to have a higher comprehension of and identification with market orientation as a shared goal. However, 55% of the case study participants only had internal customers. Consequently, employees should be able to get into contact with other parts of the system, such as other teams or business units. In particular, individuals with little or no contact with external customers should be able to experience direct contact with them, coming closer to the market in order to increase the identification with and comprehension of a market orientation.

One of the observed empirical findings was that visiting programs or job shadowing is a tool that provides insights into other parts of an organization as well as into external stakeholders such as suppliers or customers. Visiting of colleagues was reported to have positive impacts on the understanding of the system, including how other departments work, who to contact for specific issues, and how to improve cooperation. Moreover, the participants indicated that they would be interested in participating in a visiting program within the same or different business units and that they see the positive effects that result from job shadowing. As mentioned above, transformation in an organization requires time – something that the participants indicated not having due to heavy workloads. A visiting program would provide a distinct time frame for reflection and questioning of mental models. Direct contact with colleagues from other business units provides visitors with the chance to enrich their knowledge about the organization and the impact of their actions on other departments. In particular, direct contact with external customers can

increase the understanding of customer needs and therefore assist the visitor in further developing his or her market orientation. Such as in the allegory of the cave (cf. Section 4.4.2), reports or illustrations given by other individuals can be biased. Therefore, ideally every individual should have the chance to see different parts of the organization and external interfaces as closely as possible. The visitor can then construct his own images or mental models, or adapt his present mental models based on the new insights. Yet, as the findings indicate, not only the visitor, but also the host, learns during the visit.

Despite the positive impacts of job shadowing, the participants also reported downsides of visiting programs. One of the major problems noted was the cost of the time of the host and visitor. During the visit, a host is not as productive as usual, because explaining activities and describing the job can be very time consuming. Also, the visitor is not able to perform his actual job during this time. Another challenge indicated was the possibility of information overload during the visits, especially if several serial visits occur within the same day (e.g. in the context of an onboarding process). Therefore, it was suggested that the number of visits per interval should be limited. Furthermore, the case studies indicated the risk of the visit causing harm to the positive image of the firm (e.g. if the visitor lacks sufficient expert or language skills and joins customer meetings). However, this risk primarily exists when there is contact with externals like customers or suppliers. Consequently, prior to job shadowing activities, the visitors should be carefully selected and matched with hosts, and the duration and frequency of the visits should be defined. Nonetheless, regardless of possible drawbacks, all of the participants indicated that they would be interested in visiting their colleagues at work. Some participants described positive experiences as hosts and several positive effects from shadowing were reported. At the same time, 55% of the case study participants had no direct contact with the external customer, indicating that potential visitors exist in firms. Therefore, job visiting could be a tool used to facilitate the implementation of a learning organization, especially if employees visit the sales department and gain some contact with the external customer.

11 Conclusion and Limitations

This last chapter will provide an overall conclusion regarding the findings and interpretations. Furthermore, it will discuss limitations of the study and directions for further research.

11.1 Conclusion

The aim of this thesis was to address the following two questions: “How can companies be assisted in becoming a learning organization?” and “How can the learning activities in organizations be aligned to market needs and requirements?”

To answer these questions theoretically and empirically, the case study model by Robert Yin (2008) was utilized. Following that model, this thesis has reviewed the current state of knowledge regarding learning in organizations, the available frameworks for understanding learning organizations, and the current knowledge on market orientation and organizational learning. Building on these insights, it was identified that, to the extent of the author’s knowledge, no other author has made the connection between the entire five disciplines of a learning organization in the sense of Peter Senge (1990) and market orientation as a shared goal. To address this gap in the research the Market-Orientated Learning Organization framework was developed within this paper, building on the five disciplines according to Peter Senge (1990). Those five disciplines were reframed, and the modified discipline of a shared goal was placed at the center of the developed framework (in place of the discipline of system thinking in Senge’s model). In this new framework, the shared goal provides the motivation for individuals to exercise the remaining four disciplines and serves as a guideline for aligning organizational activities with the satisfaction of customers’ needs. Within the Market-Orientated Learning Organization, market orientation is the shared goal pursued by the organizational members.

In order to further research facilitators and crucial factors for a successful implementation of a Market-Orientated Learning Organization, this paper has also addressed the research questions empirically. Therefore, according to Yin’s (2008) model, case studies were performed, revealing theory-related and further observational findings (cf. Chapter 9).

The theory-based insights revealed that market orientation is a goal that both management and employees could identify with as a shared goal. In the empirical study, none of the case study firms had implemented all of the five disciplines of a learning organization. Despite the fact that all of the participants saw the positive potential of implementing the five disciplines of a Market-Orientated Learning Organization, not all of the leaders seemed to support such an implementation. The observational findings showed that firm size, leadership continuity and individual characteristics influence learning in the case study firms. Furthermore, organizational members need to be empowered in order to perform organizational learning. The insights also indicated that it might be preferable to incrementally implement the framework of the Market-Orientated Learning Organization and use spillover effects to spread it to the rest of the organization. Moreover, job shadowing was identified as a possible method for facilitating the transformation into a Market-Orientated Learning Organization.

To summarize the theoretical and observational insights, this paper found that taking market orientation as the organization-wide shared goal and empowering employees to adapt the organizational characteristics to that goal could provide the alignment and motivation needed to implement a learning organization according to the five disciplines (Senge 1990). Such an approach holds the potential to simultaneously stimulate the organization to align learning within the organization to market needs and requirements. An incremental procedure could reduce different risks along the implementation process, while visiting programs could additionally support organizational members in gaining a better understanding of the system and the needs and demands of the market.

Therefore, despite the need for further research, the study's questions (s. above) can be answered as follows: The framework of the Market-Oriented Learning Organization can assist a company in becoming a learning organization as it provides five disciplines that were perceived as comprehensible by the case study participants. In addition, market orientation as shared goal seems to provide the motivation for organizational members to be drivers for learning in their organizations. At the same time the framework Market-Orientated Learning Organization holds the potential to stimulate the alignment of organizational learning to market needs and requirements.

11.2 Limitations and Directions for Further Research

Within the scope of this thesis, only for-profit organizations were analyzed. Therefore, the question arises of whether market orientation as shared vision for a Market-Orientated Learning Organization is transferable to other organization types, such as non-profit or public organizations. The literature suggests that non-profit organizations should focus on the market, just as for-profit organizations do. Drucker and Drucker (2004), for example, argue that "the whole point of strategy [in a non-profit organization] is not to look at recipients as people who receive bounty. They are customers who have to be satisfied. The non-profit institution needs a marketing strategy that integrates the customer and the mission" (p. 5). Therefore, the stakeholders of a non-profit organization could also agree on market orientation as a shared goal. As a consequence, the management, employees, and volunteers of non-profit organizations could utilize the framework of the Market-Orientated Learning Organization in order to improve their performance and therefore increase customer satisfaction. However, this topic requires further research. Another question that calls for further research is the idea of segmenting organizational characteristics into strategic and operational types. As mentioned above, it might be preferable for non-management employees to only be empowered to make changes to operational, but not strategic or structural, organizational characteristics, due to their limited view of other parts of the system. Hence, there is a need to identify precise criteria for operational and strategic/structural characteristics, or a method for labeling them in order for organizational members to identify each.

In addition, the lead user methods entails the danger of no lead team being identified. It might also be the case that none of the other teams are stimulated by the lead team. If so, an organization could deploy several motivational tactics or simply select a team to be trained as the lead team. However, this runs contrary to the view that "people are not against change, but against being changed" (Kerklaan 2011, p. 94). Therefore, further research should be done to identify possible factors in change resistance and their impact on the transformation into a Market-Orientated Learning Organization, as well as to find methods to address such resistance. Regarding job shadowing, further research is needed to determine the optimal number, frequency and duration of visits, as well as how to select possible visitors and hosts. In this context, another question calls for further research: Which department has the most accurate and relevant knowledge regarding the market

and should therefore serve as the host for visiting programs and the driver for learning? Slater et al. (1995) suggest that this role would fall to the marketing department, whereas the findings of this thesis indicate that the sales department is closer to the customers and therefore has more accurate knowledge about the external market.

Case study research in general focuses on a detailed analysis of the cases, and due to the high efforts necessary to analyze cases in-depth, oftentimes only uses a small sample (Yin 2008). A small sample size itself endangers the generalizability of the results to other firms (Häder 2010). Hence, the sample size of eleven cases within this paper might limit the generalizability of the results. Even though the author of this paper aimed to select the candidate cases to be as heterogeneous as possible, all case study firms are located in Germany, further hindering generalizability. Hence, it cannot be granted that the results are transferable to other countries and cultures. Moreover, due to the limited available resources within the context of this thesis, the author of this paper both conducted the interviews and analyzed and interpreted the findings. This could endanger the case study objectivity (Yin 2008). Therefore, further research is suggested to probe the paper's findings via quantitative methods and large sample sizes, ideally in different cultures. At the same time, due to its divergent character, qualitative case study research can open up new topics of inquiry that the researcher had not thought of before collecting and analyzing the data, therefore stimulating further research (Yin 2008). In this study, the patterns observed revealed several new insights that were outside the scope of this paper and thus were not discussed in detail. The case studies, for example, indicated that firm size, leadership continuity and the age of organizational members impact learning in organizations and the transformation of companies into learning organizations (cf. Section 9.3.2), topics that require further research.

In summary, the findings of this paper implicate the need for further qualitative and quantitative research on market-orientated organizational learning, and particularly on the above mentioned aspects.

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Annex: Interview Guideline (in German language)

Basis Fragen

1. Name + Sind Sie mit der Aufnahme einverstanden?

2. In welcher Abteilung und in welcher Position sind Sie innerhalb des Unternehmens tätig?

3. Können Sie Ihre Tätigkeit bitte kurz beschreiben?

3.1. Haben oder hatten Sie in Ihren bisherigen Tätigkeiten Kundenkontakt?

3.2. Wer ist ihr Kunde?

Kernfragen

1. Shared Vision

1.1. Gibt es eine/ein Firmen- Vision/Mission/Leitbild? Wenn ja, was beinhaltet diese?

1.2. Welche Bestandteile dieser Vision sind für Sie greifbar, welche eher abstrakt?

1.2.1. Gab es Situationen in denen die Vision greifbarer waren?

1.2.2. Wurde die Vision durch Ihre Erfahrung in der Kundenarbeit greifbarer (Skala 0 gar nicht…7 sehr viel)? Beispiel?

2. Personal Mastery

2.1. Mit welchen Bestandteilen der Firmenvision können Sie sich persönlich identifizieren?

2.2. Haben Sie die Vision im Hinterkopf bei der Arbeit?

2.3. Nutzt Ihnen Ihre Erfahrung in der Arbeit mit Kunden dabei, Ihren jetzigen Job besser zu verstehen/auszuüben zu können? (Skala 0…7) -> Beispiel?

3. System Thinking

3.1. Sind die Organisationsstrukturen an der Vision/ dem Leitbild ausgerichtet? Beispiel?

3.1.1. Werden Prozess/-Strukturveränderungen eher von den beteiligten Mitarbeitern oder eher vom Management angestoßen? Welche werden eher durchgeführt?

3.2. A) Was hilft Ihnen dabei potentielle Verbesserungen zu identifizieren und anzustoßen? B) Hilft Ihnen Ihre Kundenerfahrung dabei? (Skala 0…7)

4. Team Learning

4.1. Wie würden Sie die Zusammenarbeit in Ihrem Team beschreiben?

4.1.1. Was motiviert (würde Sie motivieren) Sie Ihre Kollegen zu unterstützen?

4.1.2. Haben Sie ein gemeinsames Ziel im Team? Was ist ihr gemeinsames Ziel?

4.2. Dienen Ihre Führungskräfte als Vorbilder für eine kooperative Zusammenarbeit?

5. Mental Models

5.1. Welcher berufliche Konflikt fällt Ihnen als erstes ein (in der Zusammenarbeit mit anderen Abteilungen)?

5.1.1. Können Sie diesen bitte kurz beschreiben?

5.1.2. Wurde der Konflikt gelöst? (Was hat Ihnen dabei geholfen die Lösung zu finden? Wurden innere Ansichten dabei diskutiert?)

5.1.3. Hat Ihnen die Erfahrung aus anderen Abteilungen geholfen den Konflikt besser zu verstehen? Gibt's hierfür ein Beispiel?

5.2. *OPTIONAL*: Kennen Sie den Ausdruck Mentale Modelle / innere Ansichten?

5.2.1. Werden Sie vom Unternehmen angehalten diese Mentalen Modelle bewusst zu reflektieren?

5.2.2. Was könnte Ihnen helfen dies noch besser/öfter tun?

5.2.3. Hat Ihnen Ihre Erfahrung mit Kunden dabei geholfen, Ihren Job besser reflektieren zu können (Skala 0…7)?

6. Wie müsste die Vision heißen, sodass Sie sich mit Ihr identifizieren?
Können Sie sich mit der Vision „Kundenwert erzeugen" identifizieren?

7. Haben Sie zuvor schon einmal etwas von einer Lernende Organisation gehört? Was verstehen Sie darunter?