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Pregledni članak

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CHARACTERISTICS OF AN ENTERPRISE INDICATING ITS CAPABILITY OF "LEARNING"

1. THE ESSENCE OF A "LEARNING" ENTERPRISE.

In modern market economy enterprises must meet new requirements. This assumption refers particularly to enterprises functioning in countries which are moving from centrally planned economy toward market economy.

The centrally planned economy was the economy of permanent shortage of goods and services which made enterprises turn away from the existing market. In extreme cases it manifested in total disregard for the client.

Central planning imposed on the enterprise the obligation to produce unchanged goods as long as possible. In this way the company could avoid the risk of failing to meet the planned objectives. Any innovation is connected with additional problems concerning deliveries, suppliers, technical changes, conflicts about terms of labour, etc.

Thus an enterprise in centrally planned economy was fossilized and not responding to any market signals.

In developed market economy, however, only those enterprises which can find clients for their goods and services (at prices compensating their expenditure) have a chance to survive.

However, no company offering goods or services on a well-functioning market can be certain of its future. Even a very good situation of a company on the market means only that at the present moment it makes an attractive partner for a sufficient number of clients, its offer being compatible with the clients' needs.

High dynamics of the modern market comes from the following:

- there appear new competitive goods which can meet the requirements of potential clients better,
- there appear similar competitive goods, but at lower prices,
- the existing clients change their preferences and start seeking slightly or totally different goods or goods of a different standard.

If a modern company is to be successful it must react properly to the changes in its environment. It must take the right action at the right time.

In traditional managing systems the top executives of the company and specially established trading services were responsible for public relations.

Also engineers preparing the production technology procedures and details of production (constructors and technologists) shaped and influenced the company's market offer. Nowadays all employees of the enterprise must be sensitive to signals coming from the market.

The enterprise functioning in so-called "stormy field" can never stop the process of its evolution. Even when there are no formal changes going on it must gather necessary potential to introduce changes when the right moment comes. The time between changes is by no means lost time. It is the time to "recharge the batteries for the change". The more employees are conscious and convinced about the inevitability of changes, the smoother and more efficient the whole operation will be.

The enterprise is never perfect. It must constantly adapt to its environment, to the requirements of its clients, to the behaviour of its competitors, to the development of society, science and technology. It must acquire skills to learn quickly enough and to be able to observe and react to changes going on around it in order to develop or, at least, to survive.

The ability to learn is an important factor for selecting enterprises on the market. The best and the fastest learner has got the biggest chance to survive on the market. The one who does not learn will fail. Those enterprises which fight the competition with old products and old concepts will never survive.

Recently a new term of a "learning enterprise" has appeared in economics. It means that an enterprise - understood as a social-economic structure capable of learning - can recognize and react flexibly to the signals coming from its environment.

An enterprise is no longer treated as a stiff organization which can only offer its products but as a living organism. However, contrary to other living organisms which are given time to evolve over a span of generations, adapting to changes in the environment, enterprises must often adapt to radical changes in their economic, social, and political environment within just one life-span.

In a "learning enterprise" we can observe not so much the process of acquiring knowledge by individuals, but rather a consciously created system which enables and encourages all the company's employees to acquire knowledge. This process has nothing to do with individual actions. It works within a system of procedures which promote team creativity and enable efficient flow of information among employees, teams, and between the enterprise and its environment.

All this leads to interactions among employees and groups of employees in which they influence each other and thus not only transfer up-to-date information, but also, more importantly, trigger the changes in attitudes of people working together.

The "learning" enterprise is an organization which supports the learning process of all its employees in order to change itself constantly.[1]

2. BENCHMARKING - LEARNING FROM THE BEST.

The process of learning may consist of seeking new solutions on the basis of a critical analysis and evaluation of the present adaptation of solutions already used by the leading enterprises. This way of learning is called benchmarking.

Benchmarking - covers all activities through which we can identify our weaknesses and choose the best point of reference[2], i.e. the enterprise which applies the best solutions in the field we are interested in.

The subject of benchmarking may be quite diversified: products, management processes, technological processes, distribution and logistic systems, information systems, organizational solutions, accounting. The best points of reference can be chosen from the competitors, other enterprises of the same sector or outside it.

Three basic types of benchmarking can be distinguished:

- **internal** - i.e. finding the best parts or elements of a given enterprise (by comparing different plants, departments, divisions, positions, and labour processes);
- **competition-oriented** - i.e. finding the best products and operating processes in a given market sector and analyzing how they influence the clients and the performance of the competitors.

1 M. Podler, J. Bourgoyne, T. Boydell: Das lernende Unternehmen; Campus Verlag Frankfurt/New York 1994, p. 11.

2 Benchmarking - term taken from topographics where it denotes a landmark. In economy it means the best structure or organization we can refer to.

- **functional** - i.e. finding and analysing labour processes and the functioning of enterprises which operate in different market sectors.

In benchmarking two aspects must be taken into consideration :

- **Measuring specific parameters to identify your own situation.** The parameters will show your weak and strong points and in order to improve your company's performance you must measure them constantly.
- **Learning** - Comparing your parameters with the others' alone does not improve anything. It should help to identify your weaknesses and to establish challenging but realistic programmes how to improve the performance of your enterprise.

You can learn a lot from the leading companies. They develop and produce faster and cheaper, making less mistakes at the same time.

Benchmarking consists of the following five stages:[3]

1. In the first stage the subject of observation and comparison must be carefully selected. It would be irrational to check something irrelevant to our market requirements, business activities, or expenditure. The priorities to choose are factors which make other companies successful, the means they use to satisfy their clients and the instruments they use in competition. It is essential to establish measuring parameters and criteria of evaluation in every field of our interest.
2. The objective of the second stage is to choose the point of reference - i.e. the best enterprise we are going to observe. Theoretically, there are no time, geographical, or sector limits to which enterprise to choose, but practically the clue for choosing the subject of observation is whether our priorities selected in stage I work successfully in the selected enterprise.

   There are many sources of information about the best performing enterprises, e.g. universities, management consultants, constructing offices, professional magazines (periodicals), business societies, companies collecting data about enterprises (e.g. qualifying them for certificates). Even mouth-to-mouth information may be relevant.

   Finally, we choose the best partner, which both possesses our selected priorities and is willing to co-operate with us.
3. The third stage of benchmarking starts with making contact with the selected enterprise when it is ready to answer the already formulated set of questions. There are various ways to obtain information about the partner, e.g. sending our employees to join the partner's labour processes, organizing conferences and rounds of discussions, using information from our own employees who have already had contacts with the sales, service and after-sales personnel of the partner, getting information from the former employees of the partner, studying company periodicals and publications, or questioning the partner's clients.

   None of the information sources mentioned above is as good as direct contacts and interviews with the partner. Only then can we obtain information detailed and profound enough. However, we may expect some limits as to what information our partner is willing to reveal to us.
4. The objective of the fourth stage is to evaluate and analyze the collected data. Thus
   - all the information concerning the observed problem and gathered from different sources must be verified,
   - all the assumptions must take into consideration the internal and external conditions in which the partner worked and achieved its results,
   - the differences between the conditions in which the partner and our enterprise operate must be clearly stated.
5. In the last fifth stage the company using benchmarking techniques selects which solutions observed in the partner's performance are likely to work successfully in its operations. It is also important to settle which procedures are adaptable in short term, and which ones in long term because they require prior changes within the enterprise itself (i.e. in its organization, investments, personal training, etc.). The cultural and financial restrictions are also worth considering.

The final operation plan, which is the effect of stage five defines:

[3] The steps are described on the basis of an article by Reinhard Pieske: "Benchmarking: das Lernen von anderen und seine Begrenzugen"; Management No. 6/1994.

- projects of partial changes within the enterprise itself,
- who takes responsibility for their realization,
- schedule of the planned changes,
- necessary expenditure and personnel that the changes will involve.

As we analyze the tasks described above, it turns out that benchmarking is not a traditional process of improvement but a process of perceiving some ideal solutions which have already been put into use in some other enterprises. If we were to look for some innovations in the process, we would definitely find them in adapting the partner's solutions into the organization and structure of the enterprise in question.

Successful benchmarking may mean using the following ways to "spy on" the leader:

- The enterprise may ask a chosen partner to agree to visit it;
- The enterprise may make an agreement to exchange experience of some type;
- The enterprise may contact some consulting firm to prepare database;
- Using legal procedures, the enterprise may study professional literature, reports about listed companies, or attend conferences, fairs and exhibitions.

Collecting information through literature, advisors, business associations, etc. does not always reveal all the essential details. Therefore, direct contacts i.e. dialogue or visits at the partner's enterprise are more desirable. Of course the partners must agree to accept them.

3. DIAGNOSING HOW CAPABLE AN ENTERPRISE IS TO LEARN.

A group of economists and university teachers from Gdañsk University working under supervision of the author of this article is co-operating with Fachhochschule at the University of Dortmund and the University of Miñsk[4] to establish methodology to diagnose how capable an enterprise is to learn. The methodology is to develop tools that will measure the capability of an enterprise to react flexibly to the changes in its environment in the context of the enterprise's objectives.

[4] The co-operation is possible thanks to "FERNLEHRWERK MOE" programme financed by Germany.

It has been assumed that the enterprise's ability "to learn" is not the aim in itself but it only helps to achieve strategic objectives of the enterprise. The profile of the company, the internal and external conditions in which it functions decide whether its strategy should stress standard common services alone at the highest level of perfection, or rather meet the creative unique requirements of the clients. The strategy for perfection, concerning the in-company activities, does not require from the enterprise many abilities to learn from its environment. In this case, learning means improving the in-company organization. However, the strategy for creativity, demanding quick individual reaction to the changes, forces the enterprise to possess high capability of "learning" from the environment.

The strategic determinants of the enterprise's ability "to learn" cover:

1. the client's expectations (standard or unique services?)
2. the client's preferences (low price or high quality?)
3. the philosophy of competition on the market (perfect imitation or advanced creativity?)
4. the philosophy how to prepare the offer for the client (sell what you have or get him what he expects?)
5. the sales philosophy (sell the client living and embodied labour or rather satisfaction and an idea?)
6. the attitude towards the client (treat him as a troublemaker or as a source of income?)
7. the market situation (stable or stormy market?)

The above determinants must be compared and contrasted with the actual capabilities of the enterprise to undergo the process of "learning".

On the basis of management analysis the following groups of parameters have been distinguished:

I. THE ORGANIZATIONAL CONDITIONS OF CREATIVITY.

1. The level of organizational integration (do the employees think in categories of the particular or of general interest?)
2. The way of formulating objectives (are the employees are judged by their efforts or by their effects?)

3. The way of assigning responsibility (is the management authoritarian or participatory?)
4. The type of formal regulations used (do they serve to facilitate the exercising of power or to rationalize the processes?)

II. COMMUNICATION - INTERACTIONS INSIDE AND OUTSIDE THE ENTERPRISE THAT AFFECT ITS CREATIVITY.

1. The organization of the information flow (is the flow chaotic and uncertain or ordered and reliable?)
2. The decision - making system (are the employees entitled to make decisions chosen at random or rationally?)
3. Information as the tool of co-ordination (is the information vague and incomplete or clear and complete?)
4. The style of communication (are the participants competitors or partners in the process of communication?)
5. Team problem - solving (is it incidental, temporary, and instrumental or rather planned, thoughtful, and task-oriented?)

III. MOTIVATION FOR CHANGE.

1. The motivation of problem teams (is it individual or collective?)
2. The organization of personnel training (are the methods and scope of training formalized and standard or problem-related?)
3. Rewarding (is it formalized and standard or individual and related to one's actual workshare?)
4. The forming of attitudes (who is rewarded: a thoughtless but obedient employee or rather a creative but often rebellious one?)

IV. PSYCHO-SOCIAL CLIMATE FOR THE CHANGES.

1. Psycho-social preparation for the changes (if they are prepared secretly and by a limited group or openly, with assistance of the employees actually involved in them?)
2. Active participation of the employees (what is preferred: a passive but obedient worker or an active but sometimes disobedient one?)
3. Attitudes towards learning (what is more appreciated: traditionalism and conservatism or courage and innovation?)
4. Social support (what is more important: to avoid losses or to search for an opportunity for success?)
5. Mental stimulation (whether the managers describe the changes as a threat for the employees or a chance for promotion?)
6. Interpersonal communication (whether the managers only pass orders or help to achieve group targets?)

Diagnosing the capability of an enterprise "to learn" is carried out with the help of specially designed diagnostic forms. Either the head management of the company or part of its staff chosen at random can be tested. It depends on the scope and the measures taken.[5]

The established method of diagnosing enables to define the weak and strong areas in the organization of an enterprise, to determine how close its strong points are to its market strategy, and to establish the order in which its weak points should be eliminated.

[5] A detailed methodology of research can be found in the book entitled *Uczace sie przedsiebiorstwo* by Fachhochschule Dortmund and Zachodniopomorska Szkola Biznesu w Szczecinie 1997.

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