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**LEARNING ORGANIZATION AND READINESS TO CHANGE
AT HANJIN SHIPPING LINE MALAYSIA**

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Project Paper Submitted to

Othman Yeop Abdullah Graduate School of Business

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in Fulfillment of the Requirements for the Master of Human Resource Management

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ABSTRAK

Perubahan persekitaran yang berlaku adalah hasil daripada pembaharuan teknologi, perubahan sosial, ekonomi dan demografi serta perubahan perilaku pengguna telah memberikan cabaran serta kesan yang amat besar terhadap organisasi perkapalan serta kepimpinannya untuk menentukan organisasi mencapai status ‘ First Class ‘ agar setaraf dengan organisasi perkapalan yang lain di rantau ini. Untuk mencapai status “First Class”, organisasi mestilah beroperasi secara berterusan dan sentiasa bersedia untuk menerima perubahan. Untuk merealisasikan matlamat ini, pihak pengurusan organisasi telah mencadangkan agar Hanjin Shipping Line Malaysia hendaklah berusaha untuk menjadi sebuah Organisasi Pembelajaran. Tujuan kajian ini adalah untuk mengkaji hubungan antara profil organisasi pembelajaran iaitu dinamik pembelajaran, transformasi organisasi, penurunan kuasa, pengurusan pengetahuan dan aplikasi teknologi dengan kesediaan untuk berubah. Seramai 175 pekerja mengambil bahagian dalam kajian ini. Responden untuk kajian ini adalah terdiri daripada pekerja Hanjin Shipping Line Malaysia Sdn Bhd, cawangan Hanjin Shipping Malaysia yang merupakan syarikat perkapalan Korea yang terbesar dan salah satu daripada sepuluh syarikat perkapalan kontena utama di dunia. Data ini telah dianalisis dengan menggunakan “*Statistical Package for Social Science*” (SPSS) versi 15. Analisis deskriptif dengan mengambil mean digunakan untuk menganalisis tahap profil organisasi pembelajaran dan kesediaan terhadap perubahan. Dapatan kajian menunjukkan bahawa terdapat hubungan yang signifikan antara lima profil organisasi pembelajaran iaitu dinamik pembelajaran, transformasi organisasi, penurunan kuasa, pengurusan pengetahuan dan aplikasi teknologi dengan kesediaan untuk berubah. Dinamik pembelajaran mempunyai hubungan yang tertinggi dengan $r = 0.490$ diikuti oleh transformasi organisasi dengan $r = 0.257$, penurunan kuasa dengan $r = 0.243$, aplikasi teknologi dengan $r = 0.167$ dan pengurusan pengetahuan dengan 0.145 .

Kata Kunci: dinamik pembelajaran, transformasi organisasi, penurunan kuasa, pengurusan pengetahuan, aplikasi teknologi

ABSTRACT

The environmental forces that stem from the technological advancement, social changes, economic, demographic and changes in consumerism have placed great challenges to the shipping organization and its leaders in ensuring their organizations achieved a first class status in order to be aligned with other shipping organization. In order to achieve such world class standard, organizations must continually operate in a state of transformation. Therefore, organization management have suggested that Hanjin Shipping Line Malaysia need to develop into a Learning Organization. The purpose of this study is to investigate the relationship between learning organization profile namely learning dynamic, organization transformation, people empowerment, knowledge management and technology application with readiness to change. A total of 175 employees participated in this study. The respondents are employees of Hanjin Shipping Line Malaysia Sdn Bhd, a Malaysia branch of Hanjin Shipping which is Korea's largest and one of the world's top ten container carriers. The data was analyzed using "*Statistical Package for Social Science*" (SPSS) version 15. Descriptive analysis technique using mean was used to analyze the learning organization profile while regression analysis was used to analyze the relationship between learning organization profile and readiness to change. The result indicated that there is a significant relationship between five learning organization profile namely learning dynamic, organization transformation, people empowerment, knowledge management and technology application with readiness to change. Learning dynamic has the highest correlation with $r = 0.490$, followed by organization transformation with $r = 0.257$, people empowerment with $r = 0.243$, technology application with $r = 0.167$ and lastly knowledge management with $r = 0.145$.

Keywords: learning dynamic, organization transformation, people empowerment, knowledge management, technology application

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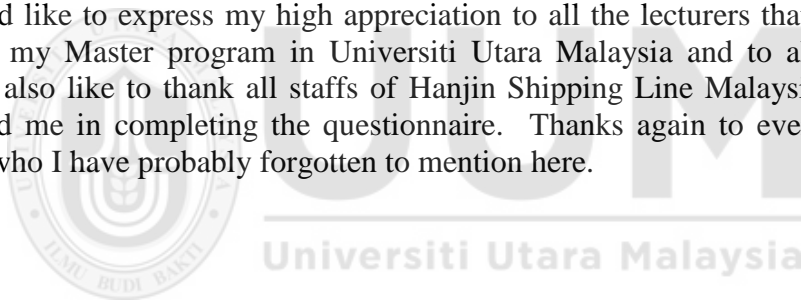


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CHAPTER ONE

INTRODUCTION

1.1 Introduction

In order to be successful in the market, organization must be ready to change in every aspect. Otherwise, the organization will lose its ability to compete with other competitors. What will be needed is determination to continue fighting regardless of any uncertainty that the future may hold. There will be no tomorrow and organization will not survive unless they are willing to change. Organization must desperately believe that “Change is Survival” and “Crisis is Opportunity”. Only change can turn crisis into opportunity. Crisis can be overcome with undefeatable spirits and genuine changes. Organization need to change in order to face difficult times and to increase their chances of long term survival (Christian & Stadtlander, 2006). Change involved shifting from one stage to another or breaks down existing structures and create new one (Chonko, 2004). The causes of change might include technology, communication, diversified customer needs, government laws and regulations and market volatility.

All members of the organization have the opportunity to suggest change. They must also be given opportunity to be involved in the change process and must be given opportunity to provide feedback (Waddell & Sohal, 1998). During the process of implementing change, the organization must remember that change will always involve risks. In order to reduce this risk, the member of the organization must be ready for changes which will be made by the organization. Managers will spend significant time and energy dealing with resistance if changes fail to happen.

Before implementing the change, organization must remember that change is a source of feeling of threats, uncertainty, frustration, alienation, and anxiety (Ashford, 1998). It is then very important to know employee's perception before implementing the change and create a sense of change readiness among the employees. Organization has to consider employee's acceptance and reactions before implementing the change (Bierneth, 2004). Change is an issue that will be faced by the organization in transitioning into learning organization. As stated by Staniforth (1996), change is a major issue where it will affect all individual, teams and groups and organization as a whole. It is important for the organization to prepare and measure for readiness before implementing the change in the organization.

Employees will be willing to accept the change if only those changes are beneficial to them and they are concern on immediate result whereas change process will take longer time for it to show the result. Most of the time, changes only generate feelings of uneasiness and tension, which are caused by confusion and feeling of uncertainty. Therefore manager must develop understanding nature among the employees on reasons for change as early as possible (Smith, 2005). In order to develop employee's acceptance, manager must always remember that change will involve risks. In order to reduce the risk, manager must develop sense of readiness among the employees where it will serve as creating preparedness for the changes and create significant reduction in the need for management of resistance once organizational revival is underway.

Armenakis (1993) said that the organization may have the support for the change or may have to face resistance. If resistance occurs, managers will have to

revise back the change process and from time to time communicate the change to members of organization. This will include on why organization have to change, what type of change that need to be done and what are the effect of change to the organization. Basically managers need to understand that the fundamental of the organization is its people and they are the one who will drive the change, whether they will accept or resist the change (Smith, 2005). Organization must then measure employee's readiness before implementing the change.

Readiness is defined as a necessary precondition for a person or an organization to succeed in facing organizational change (Holt, 2000). Similar to the need to properly identify a problem before attempting to solve it, it is necessary to properly define readiness before the concept can be accurately measured. Holt later summarize readiness for change as an attitude that were generated towards the process, content and context of change from the individual perspective which in return decide whether the idea of change should be embrace and adopt or should be abandoned.

Change readiness must be initiated and it cannot be presumed. A failure to consider organizational and individual change readiness will result manager to consume additional time and energy dealing with resistance to change. By creating readiness towards change, management can avoid dealing with resistance and continue with plan to change. In order to increase organization's ability to adopt changes, experts (Garvin, 1993; Senge, 1990) have developed the concept of the learning organization. Organizations must learn, and learn fast in order to adapt to rapid environmental changes or they will simply vanish

Learning leads individual to change. From a cognitive point of view, learning can be described as an internal process that produces a permanent behaviour changes. From the Behavioris point of views, learning is a change in human behaviour which is the way people reacts in dealing in a situation. From Humanisme point of view, learning is regarded as a process that helps individual to achieve self perfection and self worthiness (Abd. Kadir, 2009).

Every organization creates learning by giving training to its members in order to develop new concept and method in line with the changes. Without learning, there will be no improvements and without improvement, the organization will stay at the same level and eventually will be left behind in many aspects. Organizations that wish to remain successful must also continue to provide learning opportunities by giving chances and support to all its members. Such organization is known as a learning organization (Abd. Kadir, 2009).

Learning occurs at individual level, team or group level and organization levels. At individual level, learning involves acquiring knowledge and developing skills where it can increase and improve individual competency so that they can perform their tasks properly. Individuals may learn from dialogues among other members that share interest in learning, observation of others and rotation of work assignment that allow new perspectives (Srikantia & Pasmare, 1996). Employees need to learn from their own success and failure in order to improve their abilities and gain experiences from that particular success and failure (Rowley, 1999). Effective individual level learning is the foundation of highly valued human resources through the transfer of explicit and tacit knowledge (King, 2001). Organization that promote knowledge acquisition at individual level have

characteristic such as formal and informal learning and have incentive, motivation and rewards system in order to promote learning.

Learning at organizational level generally is to acquire and develop organization strategies and visions and sharing of knowledge to strengthen organization capacity. Organization level learning is the sum of each members learning through development and learning system (Fiol & Lyles, 1985). Learning organization not only depend on individual level learning but also other organization level learning and system.

A learning organization may identify its assets without the needs to change its significant structure or change its top management. The organization itself must create awareness among its members on how important it is to develop a learning organization in order to adapt, change, grow and transform itself as a response to the needs, necessities and people aspiration among its stakeholders. The success and the effectiveness of the organization in handling human resource can ensure high level of readiness among the members of organization in implementing and becoming a successful learning organization.

1.2 Problem Statement

Organization ability to achieve its mission and vision depends on the way how effective the organization manage and administer its human resource compared with other factor. Every organization provide learning and training to all its staff in order to help the staffs to familiarize with organization's day to day operation and to help them cope if there is a change in their daily operation and task. Without these

learning and training, the organization may not be at their best potential and left behind by its competitors in many aspects.

The change of time and shift in technology required Hanjin Shipping Line Malaysia Sdn Bhd to be well managed so that its staffs are well informed and competent in their daily works. To make this a reality, individual development through knowledge management must be developed continuously so that Hanjin Shipping Line Malaysia Sdn Bhd staffs are well equipped with latest knowledge, information and technology.

This is supported by Grates (1998), “Besides being the premier organization in their industries, world class companies have talented people, the latest technology, the best products and services , consistent high quality, a high prices and a truckload of accolades and awards acknowledging their greatness”.

Recent developments and changes in global shipping industry, diversified customer needs, competitive shipbuilding, strategic alliance expansion, 3PL services, and strategic outsourcing, all make it necessary to find the most efficient operation strategies and tactics. This can only be achieved through the process of learning, relevant knowledge and continuous team training to trained employees to become a highly skilled personnel. This direction and planning will then help and ensure the achievement of objectives and goals of Hanjin Shipping Line Malaysia Sdn Bhd.

The success of great companies is closely related to how well they manage to change at the right time. As an industry leader, Hanjin Shipping holds the fifth largest share of the world shipping market, and if Hanjin Shipping are to advance and win an even higher market position, the organization need to actively seek innovative

changes to replace inefficient habits. No company's goals, policies, nor visions will have any meaning if the continuity of the company cannot be guaranteed. Although the course of change may be painful, those who are willing to change and adapt will enjoy the harvest.

The organization must thoroughly diagnose any inefficiency in their policies, systems, human resource practices, and corporate culture so that they can successfully steer through the challenges they face. Efforts to encourage learning organization profile should be strengthen from time to time. Every year, turnover rate for Hanjin Shipping is very high and retirement of experience employees has resulted loss of tacit knowledge or experience (Park, 2012). At the same time, new employees will join to replace the vacancy.

A Process Innovation project or PI has recently being introduced where it will allow Hanjin Shipping to coordinate their strengths and help them stand proudly as the world's premier logistics company. The PI team was established in late 2004 to ensure quick and reliable decision making and take advantage of big and rapid industry shifts (Lee, 2005). The PI project launched in February 2005 is far more than an IT upgrade. PI is a business innovation method which starts with change strategy in the standard working process, followed by change in integrated IT technology based enterprise and business information system implementation and finally changes in people based on business process by increasing business efficiency and constantly improving to obtain business goals (Park, 2004). It is a necessary measure that will upgrade organization business operations and premium services where customer service and financial performance are dramatically improved (Lee, 2004).

PI is a method of management innovation to achieve and propel dramatic improvements in the service quality with customer oriented organization by innovatively restructuring & reengineering job process in zero base and installing advance process to the next generation system fulfilling long term periods more than two years (Park, 2013). It will change the organizations to become a customer oriented organization which is easy to deal with. PI also has purpose of strengthening core competencies and ensuring competitive advantage to cope with drastic changes in management environments, infinite competitions and radical and diversified changes in customer needs (Rhee, 2013).

A Change Readiness Assessment or CRA is an organization assessment method for change in aspect of leadership, organization structure, process and employee ability and attitude. In a survey conducted from 22nd of March to 25th March 2005, over 700 persons took part in. The objective of the survey is to find advantages and disadvantages for changes in Hanjin Shipping. The survey result show an average point of 3.6 out of 6 points, which shows that a level of readiness is still low among employees (Cho, 2005).

From 26th of September to 10th October 2006, the Process Innovation Team performed a Change Acceptance Survey on all employees of HJS. The latest survey conducted was to measure the level of participation, employee satisfaction, willingness to change and understanding of the directions of PI and the changes it will bring (Baek, 2006). It also measures the effectiveness of promotion and communication activities of the PI Team. The survey can be divided into two categories which are overall satisfaction on the organization and satisfaction on the

support among organizations. The survey are split into details such as satisfaction on the organization, organizational change acceptance, and IT user satisfaction.

A total of 660 out of 2,855 participated in the survey, recording a 23.1% participation rate. The result was 4.2 points out of 6 points, showing an improvement from the last Change Acceptance Survey (3.6 on average) done in March 2005 (Cho, 2006). It shows that employees are more positive towards changes and it can be summarize that the attitude toward changes has been improved. There were several implications from the survey, such as the gap in change acceptance by region and the lack of understanding on its impact on individual work.

Port Klang Global Documentation Service Centre (PKGSC), a division of Hanjin Shipping in Malaysia was officially launched on 1st April 2004. The first task was to cater to the documentation processing needs for Malaysia and Singapore. As of end year 2004, PKGSC with staff strength of 25, lead by the PKGSC General Manager, managed to achieve 86.2% of the target set by Head Office in Korea. Since PKGSCs setup in year 2004, the companies have successfully taken over Bill of Lading document production for countries including Malaysia, Singapore, Japan, Canada, United States of America, Belgium, Netherlands, United Kingdom and German.

Further with PKGSC future plan expansion, more employees were recruited, ranging from Clerical to Managerial positions. PKGSC was then restructured to handle new assignment and tasks. In order to support the expansion, more new staff was hired and experienced staffs were transferred based on voluntarily basis. Classes and training were conducted by PKGSC management to equip its staff with knowledge pertaining to their daily work.

Future plan to expand PKSGSC service scope also require them to adapt to new practices and working procedure. In second half of 2012, PKGSC staffs were restructured to do whole documentation jobs by implementing All – In Bill of Lading Process where one person will handle all documentation process which starts from inputting, rating and auditing. The objective of this process is to streamline the current bill of lading process with all staff fully equipped with bill of lading process knowledge for maximum economic of scale and mobilization (Edwin, 2012).

The process changes involve merging the current inputting and rating process and section which to be handled by the same person and taking out the auditing section. The person who retrieves the Bill of Lading and shipping instruction has to complete all inputting and rating with all necessary follow up with customers or front office (Edwin, 2012). By implementing this, the person is expected to be more responsible in doing their jobs and they will not only specialize or expert in one aspect only but can also do other documentation jobs at one time. Staff will learn new tasks, requirement and empower documentation staff responsibility on bill of lading production. This has become a new challenge for all PKGSC staff where they have to learn new things and adapt the changes in a short time.

All these have initiates PKGSC plan to become a learning maritime organization in Malaysia that can adapt new challenges in a volatile maritime industry. Other issues require PKGSC staff to be ready for changes. Shift in customs and shipping regulation, market changes in maritime industry, market and customer demand and competition with other shipping line required PKGSC staffs requires them to be competitive and carry out their jobs effectively and efficiently. This can only be done through learning process, relevant knowledge and continuous

training. Organizations can be regarded as learning organization when they have characteristics such as creation of workplace and conducive learning environment, increased in competencies and continuous learning and improvement (Matthews, 1999). Each and every characteristic helps to build organization ability in order to become learning organizations that can effectively manage change (McFarlane, 2008).

Every Hanjin Shipping employees must be ready to make a paradigm shift in order to build and develop individual talent to think and act positively in order to encourage the practise of learning organization such as understanding of shared vision, team learning, developing innovative and creative product or service, objective thinking and freedom of expression (Marsick, 2003). Every employee must be willing to change by learning from their own experience and others and make point for improvement as well as continue to look for ways to develop and increase their skills. Individual or an organization that does not try to seek for change and did not improve its service with current situation will be left behind and left out in the competition with others.

To become a learning organization, level of readiness must be measured from the existing management concept to learning organization concept (Weiner, 2009). If there are constraints, improvements should be made to ensure that learning organization profile can run smoothly and steadily as management style and learning organization profile can influence and enhance organization practises and readiness. Assessment on organization readiness to change must be conducted before the change process started. At the same time, re-evaluation should be carried out periodically after the change implementation (Harrison & Stokes, 1992). In this way,

it can give a clear picture of what the organization are implementing. Further to this, strategy and improvement over organizational learning can be implemented.

Learning organization is a new paradigm that requires continuous adaptation to changing environment in order to achieve more effective performance. Generally, the success and organizational effectiveness in handling their human resource contribute to an organization readiness to become a learning organization.

1.3 Research Question

Based from issue and problem statement above, this study attempts to find the answer for these research questions:

1. To identify whether there is a relationship between learning dynamic and readiness to change?
2. To identify whether there is a relationship between organization transformation and readiness to change?
3. To identify whether there is a relationship between people empowerment and readiness to change?
4. To identify whether there is a relationship between knowledge management and readiness to change?
5. To identify whether there is a relationship between technology application and readiness to change?

1.4 Research Objective

The objective of this study is to access the readiness of the organization, in this case Hanjin Shipping Line Malaysia Sdn Bhd to be a learning organization. More specifically the research objectives of this study are:

1. To examine the relationship between learning dynamic and readiness to change
2. To examine the relationship between organization transformation and readiness to change
3. To examine the relationship between people empowerment and readiness to change
4. To examine the relationship between knowledge management and readiness to change
5. To examine the relationship between technology application and readiness to change

1.5 Significance of the Study

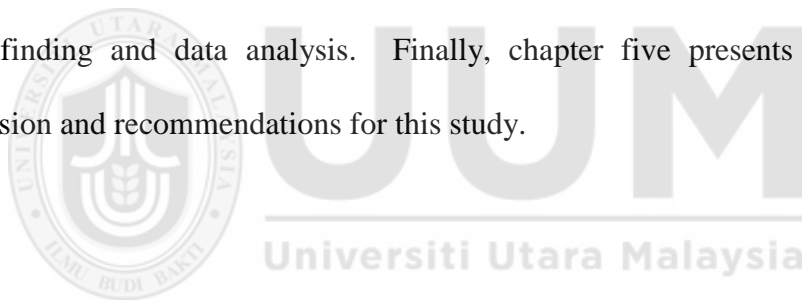
This study will give feedback to the management of Hanjin Shipping Line Malaysia Sdn Bhd about its staff opinion on learning organization practice. This study will also determine learning organization practice and influence to individual and organization readiness to change.

The study will focus in relationship between learning organization profile with readiness to change. The finding of this study can help Hanjin Shipping Line

Malaysia Sdn Bhd to take action effectively to overcome any obstacles and weakness and finally make modification so that Hanjin Shipping Line Malaysia Sdn Bhd can become a competitive and successful learning organization in maritime industry in Malaysia.

1.6 Organization of the project paper

This study is structured into five chapters. Chapter one consists of the introduction of the study. Chapter two covers the literature review that comprises of the following. Chapter three explains the research methodology adopted. Within this chapter, descriptions of the questionnaire, population and sample, data collection, research design and survey instruments are presented. Chapter four presents the study finding and data analysis. Finally, chapter five presents the discussion, conclusion and recommendations for this study.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter two discuss on literatures that are relevant to this research. The review consists of three major parts. The first part discuss on fundamental properties of change management and theories of organization readiness to change. The second part discuss about learning organization that consist of learning organization definition, learning organization profile and learning organization characteristic. Part three discusses the concept of organizational learning in the context of change and its association with change. Final part of this chapter will includes research framework of this study.

2.2 Change Management

Moran and Brightman (2001) defined change management as the process of continually renewing organization's direction, structure and capabilities to serve all changing needs of external and internal customers. Change is important for the organization to ensure that they can and may survive in the market and stay competitive among its competitors. It is important for the organization to prepare and measure for readiness before implementing the change in the organization.

The first and most important step is to create a need for change and change efforts need to be achieved in momentum and a sense of urgency in order to succeed. Lewin (1947) suggested that change process occurs in three phases which are unfreezing, change and refreezing. Unfreezing is described as a key phase in

organizational renewal and a critical step towards achieving change (Lewin, 1951). It gives manager or other change agents a framework to implement a change effort, which is always very sensitive and must be made as smooth as possible. Bridges (1980) focuses on transitions and the psychological changes that lie behind significant organizational change. His theory involves a three-phase process of ending, losing, letting go, the neutral and the new beginning. The first phase, ending involved a process where old practice are left behind. Second phase is where individual let go all experience, emotional or personal attachment as a result of ambiguity. Third phase are described as a new beginning where individual will start to focus on new goals and priority and start to adapt new behaviour or thinking.

Dawson (2005) produce a three stage change process which includes the initial concept is need for change, organizational change processes and operations of new work practices and procedures. A study by Bullock and Batten (1985) has analyzed more than 30 models of change management and suggested four phases for changes which can be applied in any situation that occurs. First phase or exploration phase involved the study of the need for change. Second phase involved planning where problem were identified, reasons for change are communicate to all members of organization, activities and process of change are planned and key staff will perform survey on how changes can happen. Third phase involved change process is identified and ready to be implemented. Fourth phase involved integration phase where organization gets support for the implemented change.

The management delivered their message to the employees which will help in structuring readiness for change in the organization. Ambiguity and anxiety for the future will be created by organizational members during the introduction of a new

change initiative. Armenakis (1999) has pioneered the change message which is used to address the ambiguity and anxiety by answering five questions a) Is it necessary to change? b) Is the right change made being introduced? c) Does change being supported by the management? d) Do I or we (the organizational members) manage to successfully implement the change? e) What is the benefit for me if we change?

These five questions are answered in the course of five element of the change message. The first element of the change message, described as discrepancy by Armenakis et al., (1993) answers the first question, “Is it necessary to change?” The difference between the current state and an ideal or desired state is labeled as discrepancy. If organization member did not desire the current state and thinks that a different state is favored, then the organization will not required to consider for change.

Beer (1987) argued that change will not take place unless organizational members realize that there is a “clear and present danger; a physical and immediate problem that must be faced if the organization is to stay economically feasible”. According to Coch and French's (1948) study on comparison between their plant's products (pajamas) with product made by other competitor is one of the example of creating this awareness. Another example can be taken from Galpin (1996) study that stated that a petro-chemical company which used industry benchmarks to express to its employees the needs of a specific change.

The second element of the change message which is appropriateness, answers the question, “Is the right change made being introduced?” When organization introduced a change proposal, it must realize that this is not done in a vacuity. In

order to recognize the necessity to change, employees will question, “What needed to be changed?” Management must not only demonstrate that there is a need to change, but also to provide information that the planned change proposal is the right one. According to Beckhard and Harris (1987) the key diagnostic question to answer in introducing a change proposal is what the initiative is planned to correct or develop. However, management must realize that even if organizational members agree that there is a necessary to change, there will still be some disagreement with the planned change proposal (Kissler, 1991). According to Kissler, organization are defined in which management struggle to create an anticipative environment by getting organizational members to be involved in order to improve organizational effectiveness.

Although middle level management approved and support with the need to improve the organization's effectiveness, they are not willing to change into a more anticipated workplace. Agreement must not only be made on the planned change proposal but also agreement on initiative that are compatible with the organization's culture, structure and formal systems (Buller et al., 1985). Therefore, a change initiative that fit with organization is more important regardless or not the initiative is the most suitable one.

The third element of change message is management support, which answers the question, “Does change being supported by the management?” For Armenakis (1999) management support is vital in order to give information and ensure organizational members that the formal and informal leaders are devoted to successful implementation of the change. Organizational members will see if management is serious about the proposed change, especially if there was no follow

up for the past change initiatives or if the past changes failed when a change initiative is being introduced.

Organizational members will find information from other resources than those introduced by the managers who attempt to make sense of the change initiative and management's motives. These resources which are viewed as reliable are always considered by the employees. Larkin and Larkin (1994) suggest that the frontline supervisor is the most influential individual in getting support from the members of organization for a change initiative. When a top management implements a change, an employee often seeks advice from his or her immediate supervisor for justification of the meaning of the change. If the immediate supervisor is also not aware of the change and unable to provide explanation, then readiness to change for both members and the supervisor will be impacted. Employee's peers also play an important role in defining proposed change proposal. Rousseau and Tijoriwala (1999) found that while organizational members in a hospital did not trust top management, they trusted the perceptions of their peers.

Above literature suggests the importance of immediate supervisors and peers in creating readiness for change but top management also plays a pivotal role in creating change readiness. Top management is the one who will initiate change plan and provide plan for change process. Covin and Kilmann (1990) reported that support and commitment visibility towards change will create a positive perception of the change while a visible lack of support or incompatible behaviors by top management will lead to a negative thought of the change.

The fourth message element proposed by Armenakis (1999) is efficacy. Efficacy answers the question of "Can I/we successfully make this change?" Bandura

and Locke (2003) defined efficacy as the power to produce desired effects or otherwise one has little incentive to act or to persevere in the face of difficulties”. Galpin (1996) proposed that management has the obligation to equip organizational members with the training and education needed to ensure a change initiative is implemented successfully. Employees may have lack of confidence that the change can be successfully achieved. Management failures to arrange education or training problem to its employees in order to prepare the organization for change will lead to lack of confidence individually and this will become the barriers in implementing a successful change. This will also resulted in employees having a lack of confidence in management's capability to lead them in implementing the change. Subsequently, management may also doubt employee's abilities to be successful during the implementation of change.

Ketterer and Chayes (1995) stated that organizations must establish a necessary leadership talent, development and training of potential leaders to help the organization to meet the challenges of a dynamic environment. Failing to select, train and promote employees that are prepare to deal with a changing environment could resulted in management team being inadequate to recognize the need for change and therefore failed to guide the organization through the process of change (McCall, 1993). Vollman (1996) argued that a fail change initiatives could result in management's failure to understand the knowledge, skill, and ability requirements necessary for an organization to be successful in implementing a change initiative.

The final element of the change message in creating readiness is valence. Members of the organization will question the benefit of change to them when they face a change in current situation. When individual faced an alteration from present

policies or procedures, they believe that there will be no benefit if they change (Armenakis, 1993). They will also resist the change if they feel that they will only disadvantage from the change rather than getting advantage of change. If organization can show that their employee will be benefiting from the change in the future, the members of organization will be more likely to accept and adapt the change. This evaluative perception of the change is a key element of valence. A study by Goodman (1980) concentrates on the attractiveness of the change result. It shows how attractive the reward is to the individual, whether or not there is a benefit to change. Even if management has display that there is a need for particular change initiative and the organization will gain benefit from it, and even employee recognizes this, they will still focus on how change will directly affects them. Organization member might be rewarded by a promotion for their individual change but management might be surprised that the organizational member did not accept the promotion. Example can be taken from a nurse working in a hospital where she or he is working at morning shift. When the management promote his or her to become a Chief of Nurse and this require her to work at night shift, the nurse will not accept the promotion because by working to the night shift will provides great inconvenience for his or her family.

The five elements of the change message for creating readiness for change discussed above give management a measure by which readiness for a change initiative is formed that leads to the support of the recommended change rather than the increase of resistance towards change initiative. By taking into consideration whether change is necessary or not to help organization shift from its present state to a desired state, whether the suggested change action is the best ways to reach the desired state, whether guiding coalition of support for the change take place or not,

whether or not both top management and employee have the knowledge, skills, and ability to successfully implement the change proposal and finally whether or not there is a impression that some positive interest will be derived from the implementation of the change proposal whether in the short term or long term, management will have to come out with a change initiative that can easily be adapted by the organizational members and are not resisted by them (Lorenzi, 2000). The success of change initiative implementation can be guaranteed if management can manage the creation of readiness effort at all stages.

Dunham et al., (2006) defines attitude towards change in general as attitudes that consists of one's cognition towards change, affective reactions to change, and readiness towards behaviour tendencies while attitude toward a specific change consists of one's cognition towards change, affective reactions to change and behavioural tendencies to change.

It is divided to three which are cognitive reactions, affective reactions, and behavioral preferences. Changes in cognitive response show where a person recognizes that change is happening and will bring benefits to the organization and its members. Affective reactions to change refer to the level where an individual tends to experience changes in the organizations while a behavioral preference of change is the point where someone will take the acts to support or initiate change.

Change process started with strategic initiatives from the top management. These could be either a reaction to a need or to a threat or proactive to leverage potential opportunities (Earl, 1994). One of the success factors for any initiative is top management ability to communicate effectively (Kotter, 1995). Process change is usually evolutionary, incremental and based on learning through small gains rather

than being radical and revolutionary (Mintzberg & Waters, 1985). The decision making during a change process has major influence on the successfulness of an initiative itself and on whether the organisation is ready in the first place. If forced, people resistance may cause failure while introduced through consensus within existing systems can yield success (Guha et al., 1997).

Most people dislike uncertainty or a sense of not being in control. The uncertainty may caused by a lack of information, whether the chosen course of plan is the right plan or even necessary, how others feel about the change, whether individual has the knowledge, skills, or ability to be a successful part of the change and uncertainty as to how they will be impacted by the proposed change plan (Brasher, 2007). Therefore it is the role of management to answer question and explain that the proposed change plan is both needed and the most appropriate in order to achieve the goals of the organization. This also demonstrates the function of the principal support component.

Personal fear which is caused by uncertainty about whether or not they can successfully adapt to a change initiative may be resolved, at least partially through management's efforts to provide the essential training and development for organizational members to enable them to adjust themselves to the change initiative (Galpin, 1996). Uncertainty may also caused by an individual's concern about their future with the organization, the individual's future relationship with coworkers, or whether they will gain advantage or disadvantage associated with the change plan. Dialogue or face-to-face communication between employees and management about the benefits and issues related to a merger were powerful strategies in building

support for the merger which also demonstrating principal support by the management.

As per discuss above, a major concern for individuals is self-security. The assumption that a change proposal will have a bad impact on one's interest is clearly a valence issue. While the bad impact can include a fear or the loss of power, status, recognition, opportunity to perform at their best level, relationships with other, control or autonomy and lastly major fear in today's business environment is the possibility of economic loss and lose market shares to competitors. As mentioned earlier, actions will be taken by management to moderate the effect of a change proposal on members of the organization which can provide positive effects to the organization. As per Kissler (1991) observation, changes that will negatively affect members of the organization in every ways will not perceive positively. Besides that the nature of some change proposal will shows that some negative result cannot be avoided. By addressing these issues in a direct manner and struggle to ensure that the change proposal is conducted fairly, management is able to improve reactions of those negatively affected to certain level.

There is a belief among many managers and change consultants that people typically disapprove of changes. Even though members of organization may agree that a change is needed, they may also believe that the change initiative proposed by management will not work (Kissler, 1991). A perception of resistance to change can lie within a context of efficacy and valence. Resistance towards change can be trigger when organizational member are threaten by of his or her ability to take part in the process of change. Employee's lack of confidence in their ability to adapt to a particular change proposal may also bring resistance towards change. By

communicating with their subordinates management can create a sense of belief among employees that they will be provided with appropriate training and education and they will benefit from both activities in terms of improving their ability to perform and take advantage of opportunities that may arise from implementation of the change proposal.

As per discussed previously, individuals may be prone to resist changes in the organization when they believe that the organization itself cannot successfully develop the change (Self, 2009). Therefore, organizations have to undertaken efforts that will help them enhance their capability which in turn will reduce employee's resistance to change. Communicating the need for the change and offers external information to its employees about the rationale of change could be an influential first step in regaining credibility. Individuals are able to share their concerns, frustrations, and needs without fear of punishment in an open and supportive environment thus increase the credibility of the organization as well as paving the path for change.

Individual participation in the change process is recognized as one of the most popular strategies undertaken by the management to face resistance (Lines, 2004). Employee involvement in the change process does not only enhances two-way communication between the employee and the management but it also serve as implicit message to the employees that they are appreciated and that the organization trusts them enough to be included in the decision-making process.

Management must show support for the initiate change by directly involved in the change process by attending training with employees, listening to employees comment about the change and serve as an advocate for the employees during the

times of dispute. This will help them to regain employee's confidence and trust as a credible leader and therefore reduce resistance. Armenakis (1993) and McManus (1995) found that the level of trust in management will foster perceptions that the organization can withstand rapid organizational change. Management through effective leadership can facilitate the change, make improvement and initiate new change into the company.

2.3 Organization Readiness to Change

Readiness to change aspect is the initial cognitive behaviour which either prevents or support for the purpose of change (Armenakis., Harris & Mossholder, 1993). The general definitions supplied in the existing literature use the word "readiness" as a necessary precondition for a person or an organization to succeed in facing organizational change (Holt, 2000). Similar to the need to correctly identify a problem before attempting to solve it, it is necessary to appropriately define readiness before the concept can be accurately measured. Readiness to change is defined as an organization ability to enable change.

Policies, procedures, systems and organization routines have become vulnerable because they have been successful in the past. Similarly over time culture coherence, structure and formal systems has arisen and a set of values and standards are now in place. There is a perceived fit among all. Therefore change proposals were seen as a threat to organization identity and such change might be difficult to adapt. In order to implement a change proposal in this situation, management must administer all components in the change readiness message (Armenakis, 2002).

Determining which and what changes that need to be done and providing anchoring points for change before the change initiative begin is another key element in establishing readiness for change. By helping individual and creating their commitment to see their role clearly will help build confidence before the change process started or once it is underway. Developing reasons for change and understanding the nature of change in the early stage can provide a basic base for consequent change and provide employee's willingness to take risk and extend beyond their boundaries. Training, coaching, team building and role modelling from the top management are important tools in the process of creating readiness to change in the organization.

An essential first step in many process models of organizational change is establishment of readiness for change (Bernerth, 2004; Kotter, 1996). An integral component of assessing readiness for change is constructing cultural analysis as per framework constructed by Wilkins and Dyer (1988) concludes that two dimensions of culture and belief in an organization towards change are the fluidity of its current cultural framework and the commitment of its members to existing cultural beliefs. Discrepancies between what is change and what should be change will occur when organization create readiness for change in places where it shouldn't be or already exist (Wilkins & Dyer, 1988). This task will be more challenging if the conceptualize change is not consistent with institutional culture (Kotter & Heskitt, 1992). At the same time, readiness for change can be improved if discrepancies are found between the institution's current status and it ideal cultural commitments (Harrison & Stokes, 1992).

Armenakis et al., (1993) and Eby et al., (2000) stated that readiness to change reflects employee's perception to see the level which organization is ready to change. Readiness for a change can be obtained by creating a good attitude towards change. Eby also stated that willingness to change is the process where organization member's beliefs and attitudes for no changes will be modified to be willing for changes. Organization member will then see that the changes as necessary and will be successful after the implementation. Employee's perception towards change efforts is important because it can be the reason why they resist change (Eby, 2000). It will help to measure the effectiveness of the change element if the employees are ready to adapt the change. Employees that acquire the right skill, knowledge and attitude will assure that the process of change run smoothly and thus help increase organization competitive advantage. Employees who previously face successful change in their past will use that experience as the base for their perception that the change that will be implemented will also be successful.

Evolution in readiness to change is a factor that contributes when change process failed to take place. It will show how individuals responded to the changes whether they will accept or reject the change process. Research studies show the difference between the two responses respectively in a state of change which are willingness to change and resistance to change (Armenakis & Harris, 2002). When individuals faced the proposals for change, they tend to study the properties of change and how they can be affected by the change. Generally, they will react to the proposal of change; they may take one of two behaviours whether to accept the change or against the changes (Self, 2007).

A list of suggestions or strategies has been provided for the management by Cameron and Quinn (1999) for them to follow in order to attempt change at a culture. The change readiness components fit within the suggestions provided by Cameron and Quinn. Cameron and Quinn suggested that management must communicate why the change is important and that is why management build readiness, which are described as showing the advantages to change and the disadvantages of not to change. By explaining and measuring change management can also demonstrate the necessity of the change and helps to build beliefs among employees that change is needed. In support of with this argument, Carter (2008) also suggests that managers promote successful change by promoting visible and public celebrations of progress being made (principal support).

Finally, Cameron and Quinn suggested that management should demonstrate social support. This mean management should build a group of supporters for the change. They specifically proposed to identify opinion leaders. This fits with the Armenakis et al., (1993) readiness element of management support. By recognizing and promoting those supporters for the change, it will be easier for other members of the organization to join in order to ensure the change was successfully implemented. Involvement and participation of employees in the decision making can also encourage the establishment of opinion leaders where they will take direct ownership in the successful of change.

According to Kotter and Schlesinger (1979) they have proposed six methods to create change readiness which includes education and communication, participation and involvement, facilitation and support and even explicit and implicit coercion. Organization with a high degree of change readiness should have seven

attributes (Parker, 1997). Firstly organization has to recognize its business environment. Organization need to understand and predict any possible change in economy, technology, lifestyle, demographics and public policies. Secondly, leadership is considered as vital influence towards readiness to change. Leaders should lead and motivate strategic plans for the organization. Thirdly, organizational cultures that identify change as usual ongoing process of extending organizational abilities. Fourthly, management practices are viewed as an aspect of readiness to change as they will have direct influence towards organization change. Fifthly, skill and job matching is important as organization checklist for employees skill and competencies to ensure that employee will have the skill to adjust to the changing situations. Sixthly, reward and recognition is recognized as a key factor for change implementation as per Maurer (2001) studies that shows people are willing to change if those changes will benefit them. Seventhly, the organizational culture which support members to perform their work in order to enable them to adjust to a new situation.

Readiness towards change consists of seven aspects as per research by previous researchers. They are perception toward change efforts, vision for change, mutual trust and respect, change initiatives, management support, recognition, and how the organization guide the change process (Susanto, 2008). Maurer (1996) states that there are eight factors that can be use to access change readiness. They are values and vision, history of change, cooperation and trust, culture, flexibility, rewards, respect and trust and lastly status quo.

Abd. Rashid, Sambasivan and Abd. Rahman (2004) have studied the influence of organizational culture with attitudes toward organizational change. The

study found that there is a relationship between organizational culture with the affective, cognitive, and attitudes tendency to change. The findings show that there are differences in organization culture and level of acceptance of such changes. This means that there are certain organizations cultural that can accept the changes and there are certain that could not accept the changes. There are various ways taken by organization to change a culture, with the most renowned method used is promoting top level value. Change programme such as workshop, changes in reward system, job rotation, and brainstorming are used by manager to interpret these values. Organization always relies on changing its employee behaviour as it is the less drastic ways in transforming organization culture.

Vakola and Nikolaou (2005) have studied the relationship between job stress and changes in workers attitude in several organizations in Greek. The study shows a negative relationship between job stressors and readiness to change, which shown that individuals who experience more stress will reduce their commitment thus increasing their resistance to change. The result of this study does not support the role and organization commitment as a moderator between job stress and attitude to change.

Rafferty and Simons (2006) study the willingness of people to the fine-tuning changes and corporate transformation changes. The study found that beliefs against a colleague, logistics and support systems show a strong positive relationship with fine tuning changes, while trust in the leadership and self efficacy show a strong positive relationship with corporate transformation changes. Madsen et al., (2006) conducted a study on margin in life that concluded that management leadership

relation and increasing people empowerment will increase the readiness for change between employees.

Parish, Cadwallader and Busch (2008) have examined the role and employees commitment in the success of organization change. The study found that vision, employee's relation, work motivation and autonomous role have influence towards the change while affective commitment was influenced with greater impact.

Jacobs et al., (2006) have studied the connection of successful change projects and non successful change project in a non-profit organization. The success of a project change is dependent to commitment to colleagues, senior management and group member satisfaction with the work. Factors such as positive and negative communication, leader's commitment and changes in work also give impact to the success of a project change.

Miller et al., (1994) stated that to understand the manner in which an organization provides its employees to change, it is important to understand the factors of readiness for change. Previous research also suggested that the working environment is conducive to innovation and change creates an open context to organizational change (Glover, 1993; Weber & Weber, 2001). In the organization environment which the employees are actively involved in the planning or implementation of changes can help to reduce resistance towards new changes and also encourage their commitment to change. Employee who trust their management might feel congruence with managerial values and tend to react more positively to changes in organizational direction (Weber, 2001). Van Yperen., Van den Berg & Willering (1999) study shows that employees who receive top management support, encouragement and rewards for their input and idea are likely to be defensive and

willing to be involved in the process of change which support organizational change goals and contribute to the overall organizational effectiveness.

Eby et al., (2000) study shows that workers' perceptions of organizational readiness for changes may serve to facilitate organizational change efforts. Eby et al., (2000) offers further readiness to progress to the concept has tested on the variables which they considered will provide better readiness to change. This variable is the attitude of individuals and preferences, group work and the work attitude, and variables according to the context. The study revealed that at the individual level a preference for working in team has been associated with increased readiness. At the level of teamwork, acceptance participation in team and trust in peers will increase the availability to changes. Finally, individuals who consider organizational policies as flexible and inelastic, has higher support for changes in the structure of a team based organizations.

If individual and organizational readiness for change is inadequate it will then resulted a higher risk of failure. Any assessment approach used in certain form of evaluation of an organization actual and current capacity to achieve change is well worth the effort before implementing any major organization change initiative. In order to start implementing change, assessing the whole change readiness is needed that will be considered a good investment that can either reveal a path to success or warn of problems that may derail attempts at achieving change.

2.4 Learning Organization and Organizational Learning

Learning organization is a concept that has been long discussed but is still considered relatively new in the management field in organization in Malaysia compared with other management concepts such as marketing, Total Quality Management (TQM) and ISO Quality Management System. In Europe many studies have been done that linked with Learning Organization since early 90's (Garratt, 1995).

Learning is a continuous process where strategic process will be integrated with daily work that will cause changes in knowledge, belief and attitude. Learning can help individual to improve and strengthen themselves and gain new knowledge for future benefit. Learning can be described as a process that helps people in developing positive behaviour. It involves continuous process in order to increase individual capability to work as effective and efficient as possible where it can help in increasing one's competency.

Arie de Geus (1997) stated that learning is vital in achieving sustainable competitive advantage. Learning organization is seen as a form of response by organization towards changing and unpredictable business environment through its ability to adjust quickly to market feedback. Organization needs to change fast to survive and learning fast to adjust quickly to the environment. An organization that learns quickly is essentially entrepreneurial because it acts quickly, makes mistakes, improvises and changes course ahead of the competition. Learning was seen as a prerequisite for successful organizational change and innovation (Rebecca, 2003). Continuous learning will increase organization capacity through acquisition of new skills to meet ever changing customer demands and ensure development of the

organization. Allocating resources for these processes is also important as ability to learn is not sufficient.

Learning organization research was pioneered by two researchers at United States and Europe since early 90's. In Europe, research on learning organization were initiated by a group from University of Lancaster, led by Pedler, Borgovne and Boydell (1991) where they discuss on Learning Company. While in the United State, researches on Learning Organization were initiated by Peter M.Senge, a senior lecturer at Massachusetts Institute of Technology when he wrote the book 'The Fifth Discipline'. Their studies founded that learning organization are organization that leads and moving towards success and betterment in facing change and adapt the changes internally and externally when facing changes. They stressed that learning aspects can help the organization to change and continuously making improvements.

Pedler, Burgoyne, and Boydell (1991) define learning organization as “an organization that facilitates the learning of all of its members and continuously transforms itself in order to meet its strategic goals” with eleven areas that must be meet to facilitate organizational leaning which are a learning approach to strategy, participative policymaking, formatting, formative accounting and control, internal exchange, reward flexibility, enabling structures, boundary workers as environmental scanners, intercompany learning, learning climate, and self-development for everyone.

Senge (1990) views learning organization as “a channel where individual continuously develop their effort to achieve their target. It is also a place where new ideas are developed and gathered and a place where every people in the organization are learning together”. Simon (2003) defined learning organization as a complex

relation in a system, which involved people, technology and practices. Marquardt (1996) stated that learning organization is organization that learns in a group where its members are committed for collective and continuous learning and are passionate in collecting, managing and use knowledge in order to transform themselves for corporate success.

David Garvin identified learning organization as an organization that is skilful in creating, acquiring and transferring knowledge and at modifying its behaviour to reflect new knowledge and insights (Garvin, 1993). Learning organization can be defined as an organization that practiced continuous learning and by the capacity to transform itself (Watkins & Marsick, 1993; 1996). It involved individual, team, organization and external parties that are dealing with the organization where proactive organization used learning in an integrated ways to support and accelerate the development of individual, team, organization, institution and related community.

Learning organization is also defined as an organization which has the capacity to learn and adapt change (Sta.Maria, 2002). It also refers to the process of learning through analysis, observation and alignment by the organization with the goal for better improvement and creative innovation. Dixon (1994) defined learning organization as an organization capability in using and maximizing its human resource in order to increase organization performance and level of quality.

According to Guns (1996), learning organization emphasizes on learning and training that will benefit the work of the organization member in the future. Learning organization are organizations that have and use the knowledge, skills, values, beliefs and attitude in order to strengthen the growth and development within

the organization. Organization will work and moving towards progress in adapting to internal and external change. The emphasis is learning can help an organization to change and always make continuous improvements in order to achieve their goals.

Karash (1998) identified learning organization as a social unit designed to enable learning or to have the capabilities to learn and an organization within which learning has already happened. In order for an organization to be success in becoming a learning organization, the management have to develop awareness to all its members about the foundation and importance of learning organization. According to Karash (1998), organizations that can discover its member's commitment and capacity to learn at all levels will benefit them in the future and in market competition. All people in the organization must be exposed to learning in the organization. People can expand their knowledge and capacity together to create results that will benefit not only them as an individual but also as a group and organization as a whole.

From various definitions above, learning organization can be described as a change in paradigm or a new perspective in a systematic organization and developing of new way of thinking in the organization. Learning is conducted continuously and learning organization use the knowledge gathered to manage the organization for its corporate success. Learning results in changes in knowledge, beliefs and attitudes which will leads to increase in organization capacity so that the organization can continue growing. Learning organization can be achieved through mean of individual learning or in team, organization responses to learning and organization sensitivity to any changes in the market (Marquart, 1996).

According to Goh (1998), learning organizations have five core strategic building blocks which are clarity and support for mission and vision, shared leadership and involvement, a culture that encourages experimentation, the ability to transfer knowledge across organizational boundaries, and teamwork and cooperation. Six characteristics of a learning organization according to Sta.Maria (2002) are continuous learning, encourage the sharing of knowledge, systematic critical thinking, fostering a culture of learning through support, rewards and applying learning and creativity for promotion, flexible learning process and lastly focusing on the human capital.

Learning organization can be develop through three stages which are acquisition of knowledge, knowledge sharing and knowledge utilization. Knowledge acquisition is a stage where members of the organization must be able to learn independently and cooperatively from past experience and best practises of others, experimentation, training and educational activities. This will resulted in knowledge learn from continuous learning (Crossan, 1999). Second stage is knowledge sharing. Organization can only benefit if the knowledge learns by individual members is transferred to or shared with other whether within or outside the organization (Dibella, 1996). Third stage involves knowledge utilization where organization members are able to utilize the learning or knowledge acquire. This stage involves participation at individual, groups and organizational levels. This can later be conclude that learning organization is an organization that learns continuously through its members individually and collectively in order to develop a sustainable competitive advantage by effectively manages its internal or external change.

Huber (1991) defines organizational learning as processing information to increase the range of potential behaviours. Probst and Büchel (1997) define organizational learning as the change to an organization's knowledge and value base which later leads to an improved capacity for action. Garvin (1993) cites three critical factors that are essential for organizational learning in practice which are meaning, management, and measurement and later suggested five basic practices that organizations can manage to enable organizational learning which consists of systematic problem solving, experimentation, the use of projects demonstration and own experience, learning from others on the outside or benchmarking, experiential learning and lastly effective transfer and sharing of knowledge in the organization. To be a learning organization, aspects such as system, information and technology, organization a clear and achievable vision and mission, cultural change, human resource management and continuous improvement must be stresses on by the management as these aspects are important aspects of learning organization as per study by DeSimone, Werner and Harris (2002).

Research conducted by Watkins and Marsick, (1993; 1996; 1997) stated seven dimensions which is vital in a learning organization. Firstly, creating continuous learning opportunities where the organizations encourage every individual to learn from problems and work challenge, with the support by top management that acts as a facilitator. Secondly, encourage teamwork and team learning that reflects collaboration and collaborative skills which will lead to new knowledge through organizational learning. Thirdly, encourage dialogues and inquiry by promoting thinking and open communication through culture of questioning, feedback and experimentation. By asking questions, answers can be generated and later create new insights. Fourthly is to create a system to master and

share learning. It refers to organization ability to foster new learning and systematic storing for sharing among members of organization. This system is also widely disseminated to all employees. Fifthly, is to empower people to achieve shared vision as a process that involved participation by all employees. Organization members are given authorization at a reasonable level to make decisions to achieve organizations goals and vision. Sixthly is to link organization with its environment. Environment is aspects that can affect the organization directly. The organization is formed towards sustainable development and environmental change that can affect the system and achievement of the organization. Lastly, provide strategic leadership for learning with every action taken in the organization needs leadership. Organization must ensure that the leaders are capable and have essential skills that will help them lead their subordinate in order to create a learning organization. Leaders in learning organization that sets the organization vision will not abandon or ignore its member's feeling, thoughts and acceptance.

Watkins and Marsick (1996) later summarize these dimensions into a model that describe a learning organization. The model shows that learning occurs in four interrelated levels which are individual, group, organization and global. This learning will then help to transform the organization. In order to facilitate continuous learning and transformation, individual will create opportunities for continuous learning by encouraging questions and dialogues. At the team level, cooperation and collaboration for team learning are initiated through each other experience and knowledge. Team level learning occurs by sharing of knowledge and insights and by sharing, new knowledge can be acquired. To initiate team learning, all team members must continuously learn and adjust their behaviours to individual differences (Robert Jr., 1998). Team level learning will take time to develop and

requires openness and trust, co-operative planning, interaction management and effective group performance (McCain, 1996). Characteristics of organization that encourage knowledge acquisition at team level learning are open communication in an appropriate team level learning environment, freely shared information, an atmosphere of trust, a supportive relationship among members and co-operative planning.

At organization level, people empowerments are given in order to achieve shared vision by creating a system to master and shared learning. Organizational level learning occurs through shared insights, knowledge and mental model (Stata, 1989). Organizational learning integrates learning at each level and through this process; errors are detected and corrected by an organization's member (Sambrook & Stewart, 2000). Organizational level learning requires individual to improve their thinking (Kim, 1993) and involves confronting one's own behaviour openly and discussing inquiries among organizational members (Srikantia & Pasmore, 1996). This makes organizational level learning more complex and dynamic than individual and team level learning, which creates a culture of learning that affects every organization members (Argryis & Schon, 1996). Lastly at global level, ensure that strategic leadership for learning are facilitate in order to connect organization with its environments.

Marquardt (1996) identified five learning subsystems that are related with each subsystem. These five subsystems are learning subsystem, which are the core of learning organization that is practised by individual, team and levels of organization. Effective learning process requires individual to be at the top level in terms of personal mastery, self learning and dialogues. Organization subsystems

focus to organization where it involved in supporting culture, mission, vision, and organization strategy. People subsystem involves organization stakeholders who consist of managers, team leaders, employees, customers, business partners, suppliers, vendors and communities around the organization. Knowledge subsystem involved acquire, creation, storing, analysis, dissemination and application of knowledge that are generated by the organization. Technology subsystem involved the support of networks and integrated information technology tools that allow access and exchange of information.

Pedler et al., (1991) identifies the following characteristics of the organization learning: (a) the opportunities for members of the organization to be involved in developing corporate strategy, (b) participation in policy making, in which all member have partnership and involvement, (c) exchange of information in introducing openness and internal dialogues, (d) a flexible structure that encourages growth and trial, and creative in solving problems, and flexibility; and (e) the opportunities and resources for development as individuals are encouraged to take responsibility for their independent learning and development.

Bennett and O' Brien (1994) stated several factors that have effect on organization ability to learn and change. They are strategic vision, management practise, climate of openness and trust, organizational structure and climate that supports continuous learning, information flow, use of work process that encourage continuous learning, performance appraisal system that support customer needs, training and development programme for employee to help them learn from their own experiences and other, individual and team development and lastly reward and

recognition system that supports and encourages individual and organizational learning.

Skyrme (2000) identified four characteristics of learning organizations. Firstly, learning culture refers to an organizational environment that facilitates learning. Secondly, process that encourage interaction across boundaries which consists of infrastructure, development and management process. Thirdly, tools and technique which are methods that helps individual and group in learning and lastly skills and motivation to be learned and adapted. Commonly found traits in learning organizations are activities such as problem finding, problem solving and solution implementation are generated continuously, various points of view and continuous questioning and inquiry, substantive argument and discourages emotional disagreement, taking responsibility for mistakes and not blaming others, experimentation and risk taking, people empowerment and competitive learning.

Guns (1996) described five characteristics of learning. Firstly, it involved the action of acquiring knowledge, information and skills. Secondly, use the knowledge and skills acquired to compare actual performance with intended performance. Thirdly, reflect the knowledge learn and used in the learning by questioning, inquiring, analyzing and overcoming assumption. Fourthly, identify the desired change results based on the application of learning, where individual or group combines ideas and action to develops strategy, allocate resources and take action to ensure that learning process can be done smoothly. Lastly, ensure that the flowing of learning can be done continuously in the organization.

Guns (1996) later identified nine types of learning. Firstly is task learning that identify ways for individual to perform and enhance their performance in a

specific task. Secondly, system learning which help organization understand basic systems and process on how they can be implement, develop and can be improve. Thirdly is cultural learning which are values, beliefs and attitudes that serve as basis for productivity. Fourthly is leadership learning that answer the question on how to lead and manage individual, groups and organization units. Fifthly, team learning where it helps team function efficiently and promote its learning, growth and maturity. Sixthly is strategic learning where organization basic strategies are being developed and implement. Seventhly is entrepreneurial learning which provide the fundamental of entrepreneurship and how to manage a micro business. Eighthly are reflective learning which involve questioning, analyzing organizational assumptions, models and theory and lastly is transformational learning where it teaches organization how to make significant organizational change.

Giesecke and McNeil (2004) identified a series of measures that can be taken to help an organization in making transition towards a learning organization. The measures is a commitment to change, education liaison operations of the organization, assessing the organization's ability to change, in relation to the vision of a learning organization, showing and demonstrate a commitment to learning, the bureaucracy cutting and streamlining the structure, to understand the study and sharing of knowledge, useful studies, and make a commitment to continuously adapt and to improve.

Employees in a learning organization are sensitive to other point of view, by taking consideration on factors involved in understanding a situation. In order to do so, they will think innovatively and critically and disseminates ideas and concepts and later develop trust among others. Organization must overcome barriers in order

to become a learning organization which can be divided into two which are individual barriers and organizational barriers (Sun, 2003). Examples of individual barriers are unconscious assumption that individual already know what they need to know, disappointment of at having to give up owns opinion or belief, fear or becoming temporarily incompetent until a new skill is acquired, leave previous knowledge that they have learn before because past knowledge is no longer effective, feeling busy with their work and lastly individual mental laziness.

Organizational barriers are defined as unquestioned management decision, unable or fail to understand barriers, blaming others rather than trusting culture, an environment where employees are discouraged or unable to question and challenge management decision, blocking of shared learning, management behaviour that unwilling to learn but emphasize that their subordinate that have to learn, inadequate training time, materials and resources, satisfaction with the current situation, treating mistakes by punishing them rather than adopt them as necessary learning experiences, inability to promote innovation, lack of recognition for developing capabilities and improvements, lack of standardization mechanism to acquire and spread improvements as they are develop, lack of knowledge transfer or cross fertilization mechanism (Lawrence, 1998).

Organization can overcome these barriers by driving its committees that will prioritize, initiate and guide change, establish a central teaching organization to establish and delivers training material, established a group of trainers or teacher which are specialized in various subject, become a research and development organization that lead innovation, develop a group of generic subject experts to

support integration among members and develop employee suggestion scheme for quick feedback, higher acceptance rate and frequent appreciation.

Several conditions must be taken and analyze in order to become these barriers. Firstly, management must be able to learn faster when they are required to teach their subordinates. Global oriented leaders with the capability and readiness to provide can lead directions towards change in the organization. Secondly, management must also realize that working in groups will produce end result effectively and efficiently in problem solving and projects improvement by encouraging them to take part in experimentation and risk taking compared to individuals who are working alone. Thirdly, short time cycles provide more cycles in leaning, which later accelerate experience. Fourthly, inadequate time and mental laziness are identified as the main issues. Fifthly, cross fertilization or integration within and among organization must be actively supported by the management (Lawrence, 1998). Sixthly, new process that are develop periodically and procedure have to be regularized in order to produce a secure platform for another round of learning and lastly innovation must be actively promoted and strategic ideas are recognized and rewarded through openness to new ideas and active promotion.

From various views presented above, we can conclude two distinguish streams which are organization learning and learning organization. Learning organization is the place where learning occurs that help organization to achieve its goals and place the organization at it desired state. Learning must first start at individual level and then move to organization level where it will then transform into collective knowledge. This collective knowledge then must be used and must be

resulted in behaviour changes. If behaviour changes did not happen, this shows that the transfer of knowledge did not happen at the first place.

Organizational learning is learning process that happens in the organization. It shows how individual in the organization learn. The learning process can be considered useful for the organization in the future and learning process may result in behaviour change. Organizations that have developed learning organization characteristics are able to adjust themselves to the rapidly changing business environment and stay ahead of their competitors (Bhasin, 1998). He also stated that organization should employ people who fit the organization in terms of skills for learning, teamwork and problem solving. This theory is also supported by Armstrong (2000) that stated that employees need the skill sets such as ability in teamwork, creating workplace problem solving and innovation.

The learning organization provides the mechanisms which are cultural and structural facets of the organization that enhance the organizational learning process (Armstrong & Foley, 2003). These two aspects must be embraced by learning organization, with the change in cognition is a necessary condition (Tsang, 1997). McNabb and Sepic (1995) and Weeks et al., (2004) concluded that the combination of these two facets induces organizational readiness to change.

An organizational culture has been perceived as a shared value among the member of an organization. The issue on culture must be taken into account for an organization to move into a new paradigm shift. Normally, the culture of disliking change or resistance to change will prevent or somehow or rather distort all efforts that have been planned. According to Senge (1990), learning organization need a cultural shift. The development of learning organization involves the ability to

change the mental mode and sharing of knowledge with others as well as modifying the functional system of an organization. Only then, the organizational culture becomes flexible and easy to adapt and accept change. Then the idea to be a learning organization will become easy.

2.5 Learning Organization Profile

According to Marquardt (1996), learning organization profile is based on learning culture and management style where the working environment supports learning process. It has similarities with characteristics related to innovation such as external orientation, freedom of exchange and flow of information, learning commitment and individual's development, atmosphere openness, trust and learning through experience.

In addition to above, learning organization profiles focus on dimension such as learning dynamic for individuals, groups and organization. Learning dynamic helps and encourages continuous learning by individuals and team. This is to emphasis in terms of improved learning skills, knowledge and attitude towards continuous learning. The main key in learning is a system of thought that refers to a clear frame work and clear understanding on something and how to act through the mental model (Marquardt, 1996). Garratt (1995) specified that learning dynamic will occur when three level of learning awareness which are policy, strategy and operations are developed mutually. If one of the three does not occur, then learning dynamic will not happen in the organization. Such examples can be taken during meetings where everyone develops assumptions, understanding the problem arose and finding ways to solve the problems which then create an organization wide

learning. Learning dynamic focus on the level of learning, types of learning and critical skills in organization learning.

Learning in organization occurs at three levels (Marquardt, 1996). Crossan et al., (1999) stated that in order for leaning dynamic to occur in the organization, knowledge must be spread among individual, team, organization and at global level. Individual learning involved knowledge, skills and insights that are attained by person based from own study, instruction from management and through act of observation. It is associated with gaining knowledge, understanding and acquiring of skills. Team learning involved sharing and dissemination of knowledge by a group of people which results in increase of competency, knowledge and skills. Team learning will occur more fully if teams are rewarded for the learning they contribute to the organizations. Organization learning is created based on shared insights and knowledge, past knowledge and experience by members of the organization. It is associated with developing perceptions, visions, strategies and transferring of knowledge. Learning organization then ensure that learning can be achieved and shared by all its members in the organization.

There are four types in which organizations learn which are adaptive learning, anticipatory learning, deutero learning and active learning (Marquardt, 1996). Learning process can be achieved through adaptive learning and generative learning Senge (1990). Adaptive learning or single loop learning (SLL) involve repeated attempt on changes to organization current norms and assumptions without questioning the goals and method variation with the purpose of adapting what is known now while generative learning or double loop learning (DLL) involve transforming and changing these current norms and assumptions through means of

re-evaluating and reframing goals. Adaptive learning does not require high cost, time and effort and are suitable for organizations operating in an environment of slow change (Wijnhoven, 2001) and are useful in short term to ensure organizational survival. Generative learning is considered as radical due to unused data and knowledge within the current system (Easterby-Smith., Snell & Gherardi 1998). This requires learner to leave behind unnecessary knowledge intentionally which later described as unlearning by Huber (1991). This is suitable for organization operating in a highly dynamic environment where the rate of knowledge obsolescence is higher and involves higher cost (Wijnhoven, 2001). Anticipatory learning arises when an organization learns from its vision and approach. Deutero learning occurs when organizations learns from critically reflecting upon its taken for granted assumptions (Marquardt, 1996) and lastly active learning involves a group or team working on real problems by focusing on the learning acquired and later implementing solutions.

Senge (1990) identifies five critical organizational learning skills or disciplines that every learning organization must possess. Firstly, shared vision where the development of a shared vision and mission of the organization in which is important in motivating the staff to learn, as it will creates a common identity that provides focus and energy for learning. A learning organization is characterizes by individual learning together to create the desired results while new and expansive patterns of thinking are nurtured (Senge, 1990). Every member of the organization has to participate, enrol and engage in these processes in order to ensure that organization mission and vision can be achieved. Ulrich and Van Glinow (1993) argue that learning will occur when ideas and insights are shared among members in learning organization.

Secondly, personal mastery refers to the commitment and proficiency in certain subject or skill by an individual developed during the process of learning. Personal mastery can be attained through lifelong learning which is not limited to product or service of the organization but also in areas such as interpersonal competence, personal awareness and emotional maturity (Marquardt, 1996). This will lead individual to make significant contribution because of their deeper understanding and commitment. Employee personal developments are evaluated to determine their perception on learning organization concept. Continuous developing personal goals and visions help to enhance employees' personal mastery. Thirdly, mental models which are assumptions held by individuals and organizations on how they understand and take action in daily work. It shows individual views on aspects that require changes to be made. Employees are free to expose and share their ideas effectively with others and development of new ideas would help to promote mental models among employees. Fourthly, team learning which is defined as the accumulation of individual learning that forms assumptions and generate dialogues between others. The main focus will be on learning activities as a team rather than individual learning. Team learning is important as they are the fundamental learning unit in today's organization. The result from team learning depends on how the individuals perform and how well they work together (Senge, 1990). Finally, system thinking which refers to the idea of the learning organization developed from conceptual framework which helps individual change effectively. It shows individual ability on how they see and understand everything that happens as one system. System thinking are regarded as the base on how learning organizations acts as every event and decision taken in a system will affects everything in the system (Senge, 1990).

Organization transformation refers to the setting and body such as vision, strategy, culture and structure are basic to learning (Marquardt, 1996). Culture refers to the value of life, trust, practice, customs and organization tradition (Schein, 1996). Corporate culture is important for business success, where it will create integrated relationship and develops values such as teamwork, self management and empowerment. A successful corporate learning culture has a system of values that is supportive to learning (Marquardt, 1996). Vision will guide organization objective and direction in the future and a solid foundation of shared vision will provides the focus and energy for learning (Marquardt, 1996). Strategy refers to plans, methodology, tactic and steps taken by the organization to achieve vision and objective (Steiner, 1979). Organization structure refers to department, hierarchy and arrangement in the organization. Information flow, responsibility, contact and collaboration are developed within and outside the organization. Referring to these strategy, culture and structure, members of organization can expand their knowledge and learning capacities where they are encouraged to take risks and try new ways. In principle, a learning organization should have a clear purpose and a vision of how it wants to achieve this. All employees should have a chance to take part, discuss, share and contribute to this major concern (Leitch et al., 1996), ensuring that the vision and purpose is communicated effectively to its members (Hill, 1996; Prokesch, 1997). Therefore, members in an organization receive information and knowledge and recognize that they are heading in the same direction.

Next is people empowerment where it involved workers, managers, customer, affiliate and community (Marquardt, 1996). Every group plays their own role in learning organization and they should be given authority for them to learn and

expand their knowledge. Workers as trainees are treated as mature and capable and are given authority to learn something and take responsibility from their job, action, and problem solving. Gephart and Marsick (1996) stated that environment of openness and trusts that allow employees to express their views freely and where employees involved in developing strategies and planning are necessary for the development of a learning culture. Managers as trainers will educate, supervise and become role model with their main responsibility to generate and expand learning opportunity among its employees. Eckhouse (1999) stated that managers should encourage their members to share their knowledge to work collaboratively with each other. Hitt (1995) and Symon (2000) proposed that leaders in a learning organization can empower their staff by developing shared vision and delegation of authority. As members become more empowered, they understand themselves better so that they can manage themselves in positive ways, able to cope with uncertainties; can manage their boundaries with others, can manage and be managed by others and also help others to help themselves (Lee, 1995). Customers and society will take part in identifying needs and share knowledge on social, education and economy. By empowering people, they will take the responsibility for themselves and achieve continuous improvement and develop the capacity to cope with changes (Apostolou, 2000).

Next is on technology application which contains three major components which are information technology, technology-based learning and performance support systems electronics (Laffey, 1998). Technology is vital as it support, integrate technological networks and information tools that allow access to and exchange of information and learning (Marquardt, 1996).

Information technology refers to computer-based technologies that collect, record, store and transfer information across the organization. Information technology enhances knowledge transfer in organizations by improving the ability of people to communicate with one another directly and reduce the number of management levels needed (Marquardt, 1996). Technology-based learning includes the use of video, audio and computer-based training multimedia to send and share knowledge and skills. Electronic performance support system is the use of databases and knowledge where it is collected, stored and distributed across the organization. All data learnt are gathered, kept and shared to all members of the organization to help workers reach the highest level of performance in fastest possible time. The use of internet, email and teleconference by top management to their subordinates has proven to ease the transfer of information quickly (Jager, 1999).

Lastly, knowledge management involved gaining, creating, storing and utilization of knowledge (Hussain, 2004) in order to enhance learning and organization performance. According to Pemberton and Stonehouse (2000), knowledge management has two functions. First is to formalise and coordinate new knowledge assets and secondly to stores, distributes and shares current knowledge assets. The management will gathered and generate knowledge in the organization by gathering information from internal or external resources. Creation of knowledge involved creating new knowledge in the organization through problem finding, problem solving and experimentation to find solution implementation (Marquardt, 1996). Knowledge sharing is crucial to the success of a knowledge management strategy (King, 2001). To distribute knowledge to other employees, teams or other departments in the organization requires shared mindset, vision, and communication within a culture of open-mindedness, trust and honesty. In addition, leadership

commitment is a catalyst to accelerate and reinforce knowledge sharing. After knowledge is acquired and shared, it needs to be stored in an organizational repository system so that members can easily access and use it in their work.

Storing of information involved encoding and preserving of information in the organization so that information gains can be used anytime and anywhere in the future. Knowledge storage involves technical such as records and database and human processes such as collective and individual memory. Knowledge utilization is the integration of learning for application in new situation (Appelbaum and Reichart, 1997). It relies heavily on the effectiveness of an organization's memory and knowledge acquisition in relation to previous learning. It is suggested that knowledge in organizations should be located in explicit forms such as data files, instruction sheets, and handbooks, otherwise when members leave organization knowledge is at risk of being lost (Argote, 2000). Therefore, a capturing and coding system facilitates the organization's ability to store and use its knowledge more effectively (Cross and Baird, 2000; Olivera, 2000). Bennett and O'Brien (1994) suggest that using advance technology to obtain and distribute knowledge is one of key factors that influence organization ability to learn and change. Examples of knowledge management in the organization includes bulletin board or online newsletter, where it shares, gathers and disseminates the collective knowledge of members of the organization (Dalkir, 2005).

Organizations displaying a high level of learning organization profile are able to generate and manage change effectively (Edmondson, 2002; Scarborough & Swan, 2003). This suggests that organizations with certain learning organization profile should have high level of readiness to change.

2.6 Learning in the Context of Change

To become a learning organization, the first step is to ensure that learning process occurred among the member of the organization (Buckler, 1998). They understand the learning process and practiced it in their daily work. The next step is to identify whether the staffs are ready to change to the concept of learning organization (Fisher, 2001). Human resource is proven to be the most important assets that provide the foundation for becoming a Learning Organization (Young, 2010). Individuals will not learn until they are ready to learn therefore evaluation for organization readiness for change must be made before the change process take place. Pre-emptive measures need to be taken to ensure that learning occurred among its members as well as individuals. Only then, organization will be able to create the learning culture at the organizational level. The ability of an organization to achieve its organizational vision and mission relies on the organizational effectiveness and managing its human resource factors. This factor is deemed crucial in determining the level of readiness to become a learning organization (Keramati, 2011).

The ability to change is a key driver for superior performance (Lubit, 2001). Therefore organizations have to undergo change within this dynamic business environment in order to stay ahead of other organizations in the industry and to maintain competitive advantage. To achieve this, organization must learn faster than its competitor, as well as learning on how to ensure its superiority in the future through utilization of acquired knowledge (Chodak, 2001) hence the emergence of learning organizations.

Rowden (2001) stated that a constant readiness to prepare for change is one of the learning organization characteristics. The general hypothesis deduced from

this popular assumption is that learning organization should have a high level of readiness to change. Through learning organizations, individual can learn to adapt to changes, avoid the same mistakes and retain critical knowledge that could be lost. (Garratt, 2001). Organizations that foster changes most effectively gain the advantage through the organization leaning process. Learning organization prepares the organization to accept changes in term of growth, opportunity, innovation and high performance. This can give a true picture of how the organization is reacting to the change.

Aspects such as executive practises, managerial practises, work process, information and technology infrastructure, reward system and recognition need to be emphasized and rectified by top management that will help identify the status quo and the readiness of an organization to be a learning organization (Drew & Smith, 1995). It is impossible to change the whole organization into learning organization but by preparing the skills and knowledge will improve its ability to adapt and adopt to change and thus enable an organization to face future challenges.

Different types of changes require different levels of learning. Ackerman (1984) distinguished between developmental, transitional and transformational changes varying in scope. Developmental change improves what already exists through the improvement of skills, methods or conditions and required single loop learning. Transformational change requires paradigm shift in thinking about products or service which requires double loop learning and deuterio learning (Wijnhoven, 2001).

Readiness shows that organization is involved in comprehensive activities in order to brace the organization as a whole to learn (Wirth, 2008). Preparing

readiness is not a single event develop to embrace the organization for a specific change. Organization must be ready to deal with anything and must be ready to re-assess old assumptions and adjust its plans for the future. In order for change to occur, old organization mindset must be broken (Pourdehnad, 2006). Learning organization readiness answers the questions to a traditional concept that principal of change only occurs when companies are facing threat and crisis, especially a crisis that has the potential to threaten their immediate survival (Andrews, 2001).

In a learning organization, work and learning are mutually integrated (Song, 2008). Knowledge is the principal output with learning is the central process. At the individual level, work and learning are incorporated and are not removed from off the job training and educational programme. At the organizational level, a climate is build that develop continuous learning as a core competency. Staplesm, Greenaway and McKeen (2001) stated that continuous learning is the foundation for the long term success of an organizational knowledge base. Whitehill (1997) suggest that knowledge as a strategic core competence shall be in line with the general strategy of an organization. In addition, systems are developed to help the organization to tap the full range of its available knowledge and to bring that knowledge to bear on specific issues and to practice the learning that occurs in unit or the organization. This is what is defined by readiness.

Learning organization is viewed as a process that needs effort where it considers changing organization behaviour into a desired state (Ortenblad, 2001). Reynolds and Ablett (1998) defined learning organization as a place where learning occurs that change the organization behaviour itself. Rebecca (2003) stated that cultural learning is a prerequisite for successful organizational change and

innovation. Individuals were also seen as major innovation implementation that distinguishes it from work and task. Study in Malaysia's public sector found that although the organizational learning culture focuses more on innovation to be implemented individually, but in the end organizational context will make a difference in this relationship.

Roselina., Azizi & Yusoff (2000) stated that in fostering learning organization practises particularly in the Malaysian environment, it is important for managers to educate and supervise their subordinate by using appropriate influence techniques and value cooperation, participation and promote teamwork. This finding supports the need for people empowerment in which employees participate by given authority and managers participate through support and become role model in fostering learning organization practised and simultaneously enhance the readiness to be a learning organization.

The cultural perspective on organizational learning helps to bridge the gap between individual and collective learning (Huber, 1991). In connection with learning, organizational cultures are view from a functional perspective as an adaption mechanism that helps organization to adapt and survive in a changing environment (Cameron & Quinn, 1999). Many studies mentioned that learning is conducive for successful organizational change (Ulrich & Wiersema, 1989; Baldwin, Danielson, & Wiggernhorn, 1997; Chonko, Dubinsky, Jones, & Roberts, 2003).

The relationship between learning and change can be detected generally based on change steps developed by Lewin (1947; 1951; & 1997), which have suggested changes began with the melting behaviour. Lewin shows that melting involves leaving learning factors so that new learning can occur. In this process the

workers tried to restructure their ideas, feelings, and behaviour on how change is (Schein, 1996; Senge, 1999). Therefore, the melting level at which the willingness to change is pursuing the needs of the participants to leave their status quo and obtaining or adapting new learning.

A study by Edmondson (2002) indicates that if organizations have a high level of learning organization characteristic, it should also poses a high level of organization readiness to change. Schein (1993) contended that organizations that learn faster are able to adapt to change quicker. This will indirectly increase an organization's chances of survival and creates a sustainable competitive advantage (De Geus, 1988). Organizational learning has also been recognized as a critical process of improving organizational actions through better knowledge and understanding (Dodgson, 1993; Fiol & Lyles, 1985) that influences effective persuasion of change. Organizational learning produces real or potential change (Tsang, 1997) after a shift in the relationship between thought, organizational learning and the environment.

Above mentioned research indicate that there is a close association between learning and change. According to White (1994), learning can be described as one's ability to process and synthesize new information and knowledge that can lead to understanding to control and adjusted to the added complexity and levels of change. Dixon (1998) noted that learning provides the underpinnings to cope with the changing world. Aksu and Ozdemir (2005) stated that learning concept is continuous changes that emerged from reinforced applications and experience. Baker and Sinkula (1999) mentioned that organization capability to adapt to changing circumstances or orientation to continuous learning will help to develop sustainable

competitive advantage. Ruben (2005) concluded that learning is all about change at both individual and organizational levels. Antonacopoulou and Gabriel (2001) stated that learning organization is receiving increased attention from management to make effective contributions to facilitate change and improve the competitiveness and the success of the organization.

Dobson (2008) also found that the organization have their own system to access and evaluate about certain issues. Perception towards organization partnerships may be less important than learning empowerment, continuous learning and readiness to change in a learning organization. Lucas (2008) in his study, found the relationship between organization culture, learning dynamic and organization learning with organization change. The findings shows that organization change are influenced by organization culture, changing psychological contract, difference in working culture and power difference between group and leadership. Organization must be able to identify and understand factors that facilitate or hinder learning. Organization must also need to realize its unique features and culture.

Senge (1990) stated that learning and encouragement to members of organization are the only way that will help organization to face future changes. Therefore, learning aspects must be adapted and be part of the system and organizational culture by becoming organizational strategy where it will facilitate the achievement of organization goals and objectives through knowledge dissemination, employee commitment and teamwork.

Organization wide learning involves change at whole management system and not limited to changes within the organization where it will change organization culture and change in basic management practices. Learning is needed to cope with

unexpected and rapid changes where existing responses are insufficient. It also provides flexibility for the organization to face changing situation. As business environment become competitive and complex, the urge to change is higher for genetic variety in aspects such as managerial beliefs and managerial actions. If an organization is not ready or not prepared itself to face changes, they will be left behind and in order for the organization to survive the individual, organization or company must be a learning organization (Holland, 1986). Organization must first make a cultural shift by changing the mental model and sharing the knowledge with others as well as modifying the functional system of an organization (Senge, 1990). Only then the idea of becoming learning organization can be easily performed.

Learning organization has emerged as a new concept taken by organization to adapt in today's' challenging market. With changing market environment, the need to develop strategies and mechanism for continuous learning and managing change are becoming organization top priority. The success and effectiveness of the organization in organizing its human resource will contribute to organization readiness in becoming a learning organization.

In relation to readiness, to compete globally during these turbulent times, organizations must continually operate in a state of transformation. Organization need to be ready in order to learn in deep and fundamental ways. Individuals cannot learn until they are ready to learn. The degree to which readiness is present at any given moment in an organization's history will significantly determine how well it learns from its own experience and adapt in anticipation of or in response to challenges. Readiness means that organization is engaging in extensive activities to prepare the organization as a whole to learn. Building readiness is not a onetime

event designed to prepare the organization for a specific change. Instead, the organization needs to be equipped to deal with anything and must be ready to re-evaluate old assumptions and adjust its plan for the future.

Learning organizations readiness question the traditional notion that fundamental change occurs only when companies are facing challenges to their immediate survival. In learning organizations, work and learning are inseparably united. Knowledge is the primary product while learning is the pivotal process. On the individual level, work and learning are synthesized. On the team level, groups continually increase their capacity to learn together. On the organizational level, a climate is created that nurtures continuous learning as a core competence. In addition, systems are established to allow the organization to tap the full range of its available knowledge, to bring that knowledge to bear on specific issues and to apply the learning that occurs in unit or the organization to problems in others. This is what is meant by readiness.

Organizations displaying a high level of learning organization profile are able to generate and manage change effectively (Edmondson, 2002; Scarborough & Swan, 2003). This suggests that organizations with certain learning organization profile should have high level of readiness to change.

2.7 Research Framework

A theoretical framework has been developed to study the relationship between learning organization dimension as independent variables with readiness to change as dependent variables. The theoretical foundation and conceptual framework include Watkins and Marsick's (1999) dimensions of the learning organization, and

perceived organizational readiness for change denoted by the attitude toward change framework of Dunham et al. (1989). This can be described as Figure 2.1 below:

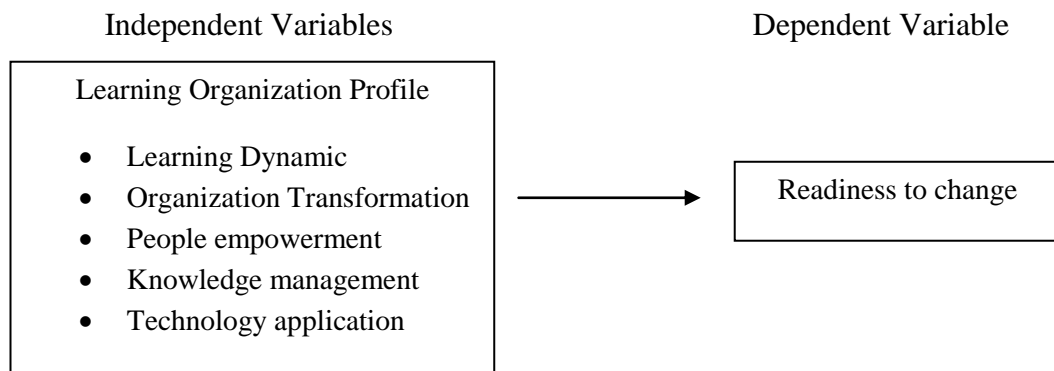


Figure 2.1:

Theoretical Framework

2.7.1 Relationship between learning dynamic and readiness to change

Learning dynamic as per Marquardt (1996) consists of critical organizational skills such as system thinking, mental models, personal mastery, team learning and shared vision while focussing on individual and group as one organization. Learning is describes as one's ability to learn and the mental model of one individual will help to build relationship with others. McGill and Slocum (1993) stated that the biggest differences between learning dynamic and its antecedents are the most evident in their approaches to change readiness. Organization readiness to change is an input that will leads to organization learning dynamic. By viewing each change readiness as a hypothesis to be proven and by examining the results of each experiment, a learning organization ensures that change readiness enhances its experience, and thus promotes learning dynamic. Lahteenmaki (2001) also shares the point of view that the conception of learning dynamic is closely related with ideas of change readiness,

but also with discussions about effective leadership. A research by Zamri (2009) studied the relationship between learning organization profile with readiness to change in military shows that learning dynamic that does not have any relationship with readiness to change. He further states that cycles of uncertainty, burden of duties and delegation of operation may be the factors that interrupt learning dynamic in the organization because more focus were given on daily jobs rather than other learning or academic aspect that were outside of the job scope. Hence the hypothesis is formed as follow:

H1a: There is a significant relationship between learning dynamic and readiness to change

2.7.2 Relationship between organization transformation and readiness to change

Organization transformation refers to the setting and body such as vision, strategy, culture and structure which are basic to learning (Marquardt, 1996). All employees should take part, discuss, share and contribute to a clear organization purpose and a vision. Bennett and O' Brien (1994) stated several factors that have effect on organization ability to learn and thus promoting readiness towards change, which are strategic vision, management practise, climate of openness and trust, organizational structure and climate that supports continuous learning. A working environment conducive to innovation and change creates an open context open to organizational change (Glover, 1993; Weber & Weber, 2001). Hence the hypothesis is formed as follow:

H1b: There is a significant relationship between organization transformation and readiness to change

2.7.3 Relationship between people empowerment and readiness to change

Through empowerment, employees will take the responsibility for them and achieve continuous improvement and develop the capacity to cope with changes (Apostolou, 2000). Van Yperen et al.,(1999) study shows that employees who receive top management support, encouragement and rewards for their input and idea are likely to be defensive, ready for change and willing to be involved in the process of change which support organizational change goals and contribute to the overall organizational effectiveness. Hence the hypothesis is formed as follow:

H1c: There is a significant relationship between people empowerment and readiness to change

2.7.4 Relationship between knowledge management and readiness to change

Knowledge management involved gaining, creating, storing and utilization of knowledge (Hussain, 2004) in order to enhance learning and organization performance. Marquardt (1996) stated that one of the levels of knowledge management is storing of knowledge which involves encoding and preserving of information in the organization. Roos et al. (1997) have pointed to the problem that learning organization is too much focused on the mechanism of knowledge development and management, while readiness towards to change is out of view. Hence the hypothesis is formed as follow:

H1d: There is a significant relationship between knowledge management and readiness to change

2.7.5 Relationship between technology application and readiness to change

Technology is vital as it support, integrate technological networks and information tools that allow access to and exchange of information and learning (Marquardt, 1996). Bennett and O'Brien (1994) suggest that using advance technology to obtain and distribute knowledge is one of key factors that influence organization ability to learn and ready to change. Hence the hypothesis is formed as follow:

H1e: There is a significant relationship between technology application and readiness to change

2.8 Summary

In summary this chapter has discussed the concept and theory that has become the basis for the formulation of this study. This chapter has discussed theories and concepts such as definitions and dimensions of the organization learning and readiness for change and early studies which are related to the theory. Consistent with the research's concept, the definition of a learning organization by Marquardt (1996) and readiness to change by (Armenakis et al., 1993; Dunham, 1989, Eby et al., 2000) are applied for this study. Based on above discussions, found that there is significant relationship between organizations learning profile and willingness to change where both are the variables in this study. This theoretical variable is supported by earlier studies that mostly find a positive relationship between the two variables.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The objective of this chapter is to explain research design and document the methodology used in this study. The processes involved are identification of population and sampling as well as procedures that were used to collect, measure and analyzing the data for this study. Methodology used including sampling, data collection, instrument measurement, questionnaire design and analysis techniques in this chapter.

3.2 Research Design

Research design is a framework or blueprint for conducting marketing research project by collecting essential information to structure or solve marketing research problem (Malhotra, 2004). This quantitative study tries to explore the relationship between learning organization profile and readiness to change. As per stated by Isaac and Michael (1990) "Surveys are the most widely used technique in education and science behavioural for the collection of data". A descriptive study is performed to enable the researcher to understand the variables involved while a hypothesis is performed to find the relationship or differences between groups or factors in this study. This study was conducted by using a structured questionnaire which was distributed and information gathered from the questionnaire will be use to test the hypothesis and answer research question.

3.3 Population and Sampling Procedure

Sampling is the process of selecting a sufficient number of elements from the population so that a study of the sample and understanding of its properties or characteristic would make it possible to generalize such properties or characteristics to the population elements (Sekaran, 2003).

The population for this study comprised of employees of Hanjin Shipping Line Documentation Centre which are a service oriented, for profit organization engaged in the production of Bill of Lading document. For this study, the number of population is 220 peoples which are based in Subang Jaya, Selangor which consists of clerk and supervisor as the lower level workers, executive and senior executive as the middle level management and top level management which consists of assistant manager, manager and general manager. The research site was chosen on the basis of convenience with a large population of employees that are well conversed in English as they were involved in the production of Bill of Lading document for countries such as Japan, Korea, United States of America, Canada, Great Britain and Netherland .

All 220 employees were considered as the population for the study, as it aimed to explore the perceptions of the employees with regard to the relationship between the learning organization and organizational readiness to change. The human resource manager of the company was asked to use the company database to generate the list of managerial and non managerial employees and from the lists, it can be concluded that all employees in the company are Malaysian citizens, except for two upper level positions are Korean nationality. The samples were selected by using random sampling technique. Random sampling was selected because it

provides least biases and offers the most generalizability (Sekaran, 2006). Using random sampling procedure is the safest way to ensure sample represent the population especially if the study do not have a proportional representation of population subgroups (Hopskin, 2000). Based from Sekaran findings, sample size greater than 30 and less than 500 is usually sufficient for most researchers and valid to be analyzed by ordinary statistical tools.

A total of 200 questionnaires were distributed to all employees, of which 175 questionnaires were returned back, showing a response rate of 87%. According to Sekaran (2006), a 30% response rate is seen as acceptable for surveys. According to Krejcie and Morgan (1970) in Chua (2007), population sample for the sample size at significant level $p < .05$ (reliability level of 95%) was 150 subjects.

3.4 Data Collection Procedure

The data for this study were collected from various secondary resources which consist of journal entries, thesis, books and past studies to gather and support the theory that there is relationship between learning organization and readiness to change in the organization. Structured questionnaire were used as a primary data collection of in this study. A total of 200 questionnaires were personally distributed and administered by researcher to the respondents at Hanjin Shipping Line Malaysia Sdn Bhd. According to Sekaran (2003), personally administering questionnaires will help to establish rapport with respondents while conducting the survey, provide clarification to respondents and collect the questionnaires immediately after they are completed.

A total of 175 questionnaires have been gathered out from 200 questionnaires that have been distributed. The data collection procedure began in 3rd of January 2011 until 10th of January 2011.

3.5 Questionnaire and Survey Instrument

There are two variables that are studied for this study which involves independent variables which is Learning Organization Profile and dependent variables which is readiness to change. The questionnaire items were taken from the English publication. In order to help respondents to understand the questions, a copy of questionnaire that have been translate to Bahasa Malaysia was made and held by researcher. Respondents then refer to the researcher in order for them to understand the question clearly.

The questionnaire consists of three sections. Section A consists of demographic question to gather the information about the profile of respondents which include gender, marital status, age, years of experience, scope of work, level of qualification and employment level. Section B consists of item related to learning organization profile which consists of five subsystems. They include **Learning Dynamic:** Individual, group/team and organization. **Organizational Transformation:** vision, culture, structure and strategy. **People Empowerment:** workers, managers, customers and community. **Knowledge Management:** acquisition, creation, storage/retrieval and transfer/utilization. **Technology Applications:** information system, technology based learning and electronic performance support systems. Section C consists of question related to readiness to change.

Question for Section B were assessed by using modified Marquardt's (1996) Learning Organization Profile instrument listed in his text Building the Learning Organization and based on the study conducted by Northern Suburban Library of Chicago, Illinois USA (1998). There are a total of 50 questions in the instrument using the Likert scale from 'strongly disagree' to 'strongly agree' was used, covering a 1 (strongly disagree) to 5 (strongly agree). The Learning Organization Profile by Marquardt had a very high reliability measure of 0.97 based on research conducted by Berrio (2003).

Question for Readiness to Change in Section C were taken from Dunham's readiness to change instruments (1989). These instruments were later used by Yousef (2000) and Rashid et al. (2004). There are a total of 18 questions in the instrument using the Likert scale from 'strongly disagree' to 'strongly agree', covering 1 (strongly disagree) to 5 (strongly agree). The original study reported a reliability coefficient alpha of 0.88. The study conducted by Rashid et al (2004) has a reliability coefficient alpha of 0.89 while study conducted by Yousef (2000) show a reliability coefficient alpha of 0.77. Instrument and questionnaire items were as per Table 3.1 below:

Table 3.1:

Instrument and questionnaire item

Section	Factors	Source	Total Question	Cronbach Alpha
A	Demography		7	
B	Learning Organization Profile	Marquardt (1996)	50	0.97
	Learning Dynamic		10	
	Organization		10	
	Transformation		10	
	People Empowerment		10	
	Knowledge Management		10	
	Technology Application		10	
C	Readiness to Change	Dunham (1989)	18	0.88

3.6 Data Analysis

The data collected from respondents were tested and analyze by using SPSS (Statistical Programme for Social Science) software version 15. It then converted into a data through editing, coding and statistically adjusting the data. The software helps in determining the best statistical techniques to be used to test the hypothesis and at the same time interpreting the result through various statistical techniques such as reliability analysis, frequency distribution, descriptive analysis and correlation analysis.

Cronbach Alpha reliability coefficient was used to test internal consistency of measures instruments. The closer the reliability coefficients to 1.0, the higher reliability for consistency are. Frequency distributions were obtained for all demographic data. In this study, frequency distributions are applicable in Section A where respondents answer questions related to their personal profile. Descriptive analysis such as maximum, minimum, means and standard deviation were obtained for independent and dependent variables.

Hair, Mone, Samouel and Page (2007) states that the normality test is a prerequisite for many inferential statistical methods. It is conducted to ensure that the data collected are close to or normally distributed. Kolmogorov-Smirnov test was used to test data normality for sample sizes of more than 100 respondents.

There are many ways that can be used to test normality, such as histogram, stem and- leaf plot and boxplot. Coakes, Steed and Dzidic (2007) also stated the histogram and Normal QQ plots are also used to prove a distributed data or normally distributed. Histogram and Normal QQ plot of the variables that tested are shown in Appendix.

The histogram is used to view the distribution of the variables for which the normal curve (bell shape) on the histogram is used to help to compare between actual and normal distribution curve. Histograms shows that the variables tested are not normally distributed as normality curve are skewed to the right and are away from the mean statistically. Other than that, Normal Q-Q Plot used as described in Appendix C shows that the Q-Q plot did not generate a straight line indicating that the variables tested are not normally distributed.

Spearman correlation test is used for data that are not normally distributed. Correlation test will be used to determine the correlation between the two variables studied in the sense of the strength and direction of either positive or negative. Coefficient values are also used in testing the significance of correlation hypothesis. The interpretation of the correlation is determined by using Guilford's rule Of Thumb based on the recommendations of Guilford and Fruchter (1978) as follows:

- (a) > 0.91 - very strong correlation
- (b) 0.71 to 0.9 – strong correlation
- (c) 0.41 to 0.7 – moderate correlation
- (d) 0.21 to 0.40 – weak correlation
- (e) < 0.20 – very weak correlation

3.7 Summary

This chapter discussed methods used in this study and includes the discussion of research design, data collection, population and sample, questionnaire and data analysis. The next chapter will discussed about the results obtained in this study.



CHAPTER FOUR

FINDINGS

4.1 Introduction

This chapter tries to highlight and discuss the result and findings based on the analysis done on the data collected from respondents. The discussion then will try to accomplish the objectives that have been outlined in Chapter One and it will answer the research questions as well as proving the research hypothesis presented in Chapter Two. The data collections are interpreted based on the analysis techniques, which are Frequency analysis, Reliability analysis, Descriptive statistic, Spearman Correlation Coefficient. All the data analysis techniques are very important in this research in order to test the reliability and validity of the variables and instrument used and also to determine the relationship between the variables whether there is positive or negative relationship and whether the hypothesis can be substantiated and accepted.

4.2 Respondent's Profile

A total of 200 questionnaires have been distributed and out of 200, 175 questionnaires were returned back. Descriptive analysis is used to interpret respondent's demographic characteristic which include gender, marital status, age, years of experience, scope of work, level of education and employment level. The results were shown as per Table 4.1 below.

Table 4.1:

Demographic data

Demographic	Categories	Frequency	Percentage
1. Gender	Male	80	45.7
	Female	95	54.3
2. Marital Status	Single	93	53.1
	Married	82	46.9
3. Age	21 - 25	32	18.3
	26 - 30	34	19.4
	31 - 35	22	12.6
	36 - 40	45	25.7
	41 - 45	29	16.6
	> 46	13	7.4
4. Years of experience	1 - 3	133	76.0
	4 - 6	23	13.1
	7 - 9	11	6.3
	> 10	8	4.6
5. Scope of Work	Inputter	53	30.3
	Rater	49	28.0
	Quality Audit	52	29.7
	Service Contract	8	4.6
	Automation Revenue Audit	13	7.4
6. Level of Qualification	Master	4	2.3
	Bachelor Degree	138	78.9
	Diploma	28	16.0
	STPM	3	1.7
	SPM	2	1.1
7. Employment Level	General Manager	1	0.6
	Manager	4	2.3
	Assistant Manager	1	0.6
	Senior Executive	7	4.0
	Executive	5	2.9
	Supervisor	36	20.5
	Clerk	121	69.1

From the above table shows that, out of 175 respondents, male represents 45.7% or 80 respondents and 95 respondents are female which represents 54.3%. This shows that female respondents were higher than male respondents. Most of the

respondents were single with a total of 93 or 53.1% while married respondents are 82 or 46.9%. For the age components, the respondents were mainly from the age components of 36 - 40, constituting 25.7 % of total respondents, followed by 26 - 30 with 19.4%, 21-25 with 18.3%, 41- 45 (16.6%) , 31 - 35 (22%) and finally above 46 years old is 7.4%. A total of 133 people or 76% have worked in the company for 1 to 3 years, 23 people or 13.1% have worked for 4 to 6 years, 6.3% or 11 people worked for 7 to 9 years and lastly 8 people or 4.6% have worked for more than 10 years.

Majority of the respondents are inputter (30.3%), followed by quality audit with 29.7%, rater 28%, revenue audit 7.4% and lastly service contract automation 4.6%. Most of the respondents in the company have a bachelor degree which is 78.9% followed by diploma 16%, masters degree 2.3%, STPM 1.7% and lastly with SPM qualification are 1.1 %. Clerk recorded the highest with 121 (69.1%) followed by supervisor 20.5%, senior executive 4.0% , executive 2.9%, manager 2.3% while general manager and assistant manager both are 0.6%.

4.3 Reliability Analysis

Cronbach Alpha reliability coefficient was used to test internal consistency and stability of measures instruments. Cronbach Alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another (Sekaran, 2006). The closer the reliability coefficients to 1.0, the higher reliability for consistency are. Table 4.2 shows the reliability of both dependent and independent variables. The result of the reliability test ranged from 0.826 to 0.947 suggests that the variables in the study are reliable and acceptable.

Table 4.2:

Reliability Analysis

	Cronbach Alpha	No. of Items
Readiness to Change	0.826	18
Learning Organization Profile	0.947	50
Learning Dynamic	0.853	10
Organization Transformation	0.876	10
People Empowerment	0.853	10
Knowledge Management	0.888	10
Technology Application	0.909	10

4.4 Descriptive analysis for Learning Organization Profile

Table 4.3:

Distribution Score for Learning Organization Profile

Variable	N	Minimum	Maximum	Mean	Standard Deviation	Mode
Readiness to Change	175	3.00	4.94	3.81	0.42	3.61
Learning Organization Profile	175	2.02	4.38	3.36	0.48	3.26
Learning Dynamic	175	1.70	4.80	3.54	0.61	3.40
Organization Transformation	175	1.30	4.90	3.54	0.86	3.50
People Empowerment	175	1.90	4.90	3.43	0.67	3.60
Knowledge Management	175	1.50	4.50	3.34	0.76	3.30
Technology Application	175	1.00	4.60	2.94	0.86	3.30

Descriptive statistics are used to explain the variables related to mean, mode and standard deviation. The value of the score given will give an overview of the respondent's feedback on the variables.

4.4.1 Readiness to Change Analysis

Table 4.3 shows the score for independent variables. The scores range for readiness to change is 3.00 to 4.94, with mean score of 3.83 and standard deviation of 0.42. The findings of this study showed that generally respondents are around the range ready for changes.

Table 4.4:

Respondents level of Readiness to Change

	Low (<3.83)	High (>3.83)	Total
Readiness to change	90 (51.4%)	85 (48.6%)	175 (100%)

To give a clearer view of the difference between variables tested, all variables are classified according to the level of high and low using the mean as the middle point separating both the level as proposed by Healey (2005).

As shown in table 4.4, the mean score of respondents were 3.83 where low level represented by 51.4% (n = 90) respondents while the rest are 48.6% (n = 85) indicate a high level of readiness to change.

4.4.2 Learning Organization Profile Analysis

This analysis is prepared to answer questions on the analysis of the profile of Learning Organization Marquardt's (1996). Table 4.3 also shows the score for independent variables namely learning organization profile.

a) Learning Organization Profile

The scores range for learning organization variable is 2.02 to 4.38, with mean score of 3.36 and standard deviation of 0.48. The findings of this study showed that in general the respondents are in the range ready for learning organizations.

b) Dimension of Learning Organization Profile

The highest mean for dimensions of learning organization profile is organization transformation which is 3.57 and the lowest is Technology Application with 2.94.

c) Respondents level of Learning Organization Profile

Table 4.5:

Respondents level towards Learning Organization Profile

	Low (<3.36)	High (>3.36)	Total
Learning Organization Profile	86 (49.1%)	89 (50.9%)	175 (100%)

As proposed by Healey (2005), Table 4.5 shows the mean score of respondents are 3.36 where a low level was represented by 49.1% (n = 86) of respondents while the remaining 50.9% (n = 89) indicate a high level of learning organization profile.

4.5 Inferential analysis for Learning Organization Profile

Inferential statistical analysis is used to test hypotheses that have been formed by using method of correlation and regression. Spearman correlation test is used for data that are not normally distributed. Correlation test will be used to determine the correlation between the two variables studied in the sense of the strength and direction of either positive or negative and later used to test whether to accept or reject the hypothesis as discussed in Chapter Two. Coefficient values are also used in testing the significance of correlation hypothesis.

Kolmogorov-Smirnov Test showed that all domains in the study are not normally distributed as $P < 0.05$. A condition for normally distributed data is $P > 0.05$ for statistically as per table below:

Table 4.6:

Kolmogorov-Smirnov Test

	Kolmogorov-Smirnov		
	Statistic	df	Sig.
Readiness to Change	.122	175	.000
Learning Organization Profile	.111	175	.000
Learning Dynamic	.149	175	.000
Organization Transformation	.110	175	.000
People Empowerment	.071	175	.031
Knowledge Management	.136	175	.000
Technology Application	.103	175	.000

Table 4.7:

Relationship between Learning Organization Profiles with Readiness to Change

	Readiness to change	Learning Dynamic	Organization Transformation	People Empowerment	Knowledge Management
Learning Dynamic	.490**				
Organization Transformation	.257**	.322**			
People Empowerment	.243**	.257**	.684**		
Knowledge Management	.145*	.151*	.581**	.538**	
Technology Application	.167*	.121	.543**	.459**	.782**

***Correlation is significant at the 0.01 level (2-tailed)*

**Correlation is significant at the 0.05 level (2-tailed)*

4.5.1 Hypothesis 1

H1a: There is a significant relationship between learning dynamic and readiness to change

Table 4.7 shows the coefficient of correlation $r = 0.490$ which show a moderate relationship and the correlation is positively significant at $p < 0.01$ statistically. This shows that there is a significant relationship between learning dynamic and readiness to change.

4.5.2 Hypothesis 2

H1b: There is a significant relationship between organization transformation and readiness to change

Table 4.7 shows the coefficient of correlation $r = 0.257$ which show a weak relationship and the correlation is positively significant at $p < 0.01$ statistically. This shows that there is a significant relationship between organization transformation and readiness to change.

4.5.3 Hypothesis 3

H1c: There is a significant relationship between people empowerment and readiness to change

Table 4.7 shows the coefficient of correlation $r = 0.243$ which show a weak relationship and the correlation is positively significant at $p < 0.01$ statistically. This shows that there is a significant relationship between people empowerment and readiness to change.

4.5.4 Hypothesis 4

H1d: There is a significant relationship between knowledge management and readiness to change

Table 4.7 shows the coefficient of correlation $r = 0.145$ which show a very weak relationship and the correlation is positively significant at $p < 0.05$ statistically. This shows that there is a significant relationship between knowledge management and readiness to change.

4.5.5 Hypothesis 5

H1e: There is a significant relationship between technology application and readiness to change

Table 4.7 shows the coefficient of correlation $r = 0.167$ which show a very weak relationship and the correlation is positively significant at $p < 0.05$ statistically. This shows that there is a significant relationship between technology application and readiness to change.

4.6 Summary for Hypothesis Testing Result

Analysis and testing were conducted to find the relationships between variables that are used in the study. The findings from correlation analysis show that all learning organization profile have a significant relationship with readiness to change.

4.7 Summary

Chapter 4 discuss about hypothesis testing through testing and analysing the variables involved. The findings show that there is a significant relationship between all learning organization profiles with readiness to change. It shows that the higher the learning organization profile, the higher readiness to change. There are many extraneous variables which may also influence the Readiness to Change.

Table 4.7 show the analysis result by using Spearman Correlation technique and found that all learning organization profile has a significant relationship with readiness to change. Learning dynamic has the highest correlation with $r = 0.490$, followed by organization transformation with $r = 0.257$, people empowerment with $r = 0.243$, technology application with $r = 0.167$ and lastly knowledge management with $r = 0.145$.

CHAPTER FIVE

DISCUSSION AND CONCLUSION

5.1 Introduction

This chapter further discuss the findings and result of this study based on the research questions developed as well as literature reviews that have been mentioned in Chapter Two. This chapter also provides suggestion for future researchers and conclusion of the study.

5.2 Discussion of Results

Studies conducted in the past have frequently associated with learning and capacity for effective change (Dixon, 1998; Fiol & Lyles, 1985; Garratt, 1995; Garvin, 1993; Schein, 1996; Senge, 1999; Tsang, 1997; Vakola, 2005; Watkins & Marsick, 1993). Past researchers have ascertained that learning organization provides the mechanism that enhances organizational learning (Armstrong & Foley, 2003; McNabb & Sepic, 1995; Senge, 1990 Watkins & Marsick, 1993; Weeks et al., 2004). McNabb and Sepic (1995) and Weeks et al., (2004) noted that the mechanisms associated with the learning organization influence organizational readiness for change. Thus, the purpose of this quantitative study was to examine empirically the relationship between the learning organization and organizational readiness for change. The objective of the study aligns with the researchers, including Armenakis and Harris (2002), Eby et al., (2000), Armenakis et al., (1993), Madsen et al., (2006), Miller et al., (1994) and Rafferty and Simons (2006) who have examined the antecedents to change readiness perceptions as well as the extent to which perceptions lead to change implementation success.

The objectives of this study were to determine the relationship between five independent variables, namely learning dynamic, organization transformation, people empowerment, knowledge management and technology application towards readiness to change. As per result in Chapter Four, this study found that there is significant relationship between learning organization profiles with readiness to change. Generally, Hanjin Shipping Line Malaysia has practised and developed as a learning organization.

5.2.1 Relationship between learning dynamic and readiness to change

The result shows that there is a significant relationship between learning dynamic and readiness to change in this organization thus reject past research conducted by Zamri (2009) that shows that learning dynamic that does not have any relationship with readiness to change. The finding of the study concur with other studies conducted by McGill and Slocum (1993) and Lähteenmäki (2001) that stated learning dynamic is closely related to readiness to change. Each individual may have been trained to adapt with changes in order to enhance their creativity.

5.2.2 Relationship between organizational transformation and readiness to change

The finding of this study is in line with past research conducted by Bennett and O'Brien (1994) who stated that strategic vision, management practise, climate of openness and trust, organizational structure and climate that support continuous learning have an effect on organization ability to learn and thus promoting readiness towards change. It is also in conjunction with research conducted by Glover (1993) and Weber and Weber (2001) that suggested that a working environment conducive

to innovation and change will create a context open to organizational change. Employees that are directly involved in corporate strategy, construction of organization mission and vision and are given authority for them to learn and share ideas during the change implementation will increase their readiness to change. Employees are given opportunities to try and learn new things and take risks during the learning process which helps each individual learn from past mistakes and success.

Continuous developing goals and visions help to enhance employee's mastery while developing new ideas would promote mental modal among employees. Sharing of vision and working in team would bring unity and develop synergy and cooperation among employees while system thinking on the other hand is needed to integrate actions from various sources.

5.2.3 Relationship between people empowerment and readiness to change

Based on the findings, the researcher can determine that there is a relationship between people empowerment and readiness to change. This support earlier research conducted by Apostolou (2000) that stated employees will take responsibility and achieve continuous improvement and develop the capacity to cope with changes through people empowerment. The finding illustrate that people empowerment has influence on staff's readiness to change. Power should be distributed and delegated consistently in order to produce an organization that is capable and committed towards learning and qualitative performance.

The findings indicate that senior management supports the vision of organization learning and communication exists between members of organization in

order to facilitate administration of the organization through support, encouragement and rewards system to their employees. This thus proves past researches conducted by Van Yperen et al. (1999) that top management who support, encourage and rewards their employees will received positive reaction from their subordinate in ensuring the overall organizational effectiveness.

5.2.4 Relationship between knowledge management and readiness to change

Research conducted by Roos et al., (1997) shows that learning organization focused more on the aspects of knowledge development and management without taking into account aspects of readiness to change. The result of this study shows that there is a relationship between knowledge management and readiness to change thus reject the research conducted by Roos et al., (1997). Study shows that most of the respondents are trained in creative thinking skills and realized the need for learning organization to be maintained and sharing of knowledge with others.

5.2.5 Relationship between technology application and readiness to change

The findings shows that most of the respondents agree that learning can be simplified through efficient and effective computer based information system. Implementation of electronic support system allows that to learn and perform better in their daily job. Thus the findings required management to make improvements on the technology application facility. As per findings by Marquardt (1996) shows that technology is vital as it support, integrate technological networks and information tools that allow access to and exchange of information and learning. The result of this study also support past research conducted by Bennett and O'Brien (1994) that suggest that

using advance technology to obtain and distribute knowledge is one of key factors that influence organization ability to learn and ready to change.

Hanjin top management should look into this matter in a positive way where necessary steps should be taken in order to create awareness and improve the image of Hanjin Shipping. Changes for improvement should be done in order to improve Hanjin reliability among its customer and further change negative perceptions held towards them. A low level of readiness to change requires the cooperation of all parties in Hanjin Shipping. Systems and job procedures, job climate and support from top management are likely to provide a better input towards readiness to change.

Perception towards learning organization or learning culture among Hanjin Shipping employees are at a high level. This shows that although there are facility and opportunities provided for learning, individual attitudes towards change still remains as a major obstacle. Individual tend to be comfortable with the current situation and do not want to try new things that might pose a challenge or burden to them at an early stage.

A high level at almost every learning organization profile shows that every employee at Hanjin Shipping realized the importance of learning culture in their organization. Employee feels the need for learning and training programs to enhance their efficiency, competency and excellence at all levels of works.

5.3 Research Implication

This study might provide some ideas and contribution to this organization in order to increase readiness to change towards a leaning organization. Based on the findings,

learning organization profile should be given attention and practise by organization to ensure that the members of organization are ready to face changes and challenges in today's world. The findings also might contribute some insights to the management to ensure that the employees will continuously leaning and developing in the organization.

To enhance organization wide readiness for change, employees must be given equal attention in the understanding of change readiness. Rewards and incentives can be provided in the process of extending change readiness.

People in the organization must be given support if they want to further their study or expand their knowledge. In today's modern world, people must be equipped with extra knowledge so that they can adapt well in a globalization world. The management should open more opportunity for its staffs to increase their education level or explore new knowledge. By giving them moral support, this will encouraged their staff and will then increase their mental intelligence in forms of information and knowledge. This will help them to make better decision and ready for any challenging tasks and situation.

5.4 Recommendation

Hanjin Shipping must be transformed into an organization that promotes learning among its members. Hanjin Shipping top management should conduct dialogue between its employees to enable two ways communication in order to improve its service and delivery system towards readiness to change among its employees.

Top management must also transform Hanjin Shipping to become an ideal learning organization so that the organization will always be dynamic especially in

creating a learning culture among its employees thus transform Hanjin Shipping as a respected shipping companies not only in Malaysia but also globally.

Hanjin Shipping employees as a whole must be aware of the importance of readiness to change. A low level of readiness to change may be caused by several factors such as feeling comfortable with current situation, job stress factor and others. Changes in top management, government or stakeholder and community expectation requires entire organization to change. Therefore, the readiness among Hanjin Shipping employees and its top management must be at high level.

Organization must encourage its members to learn and pursue higher education so that knowledge through learning can be maximized. In order to achieve this objective, human resource development policy must be designed and applied to enable all members to earn higher qualifications. This encouragement is not limited to formal learning but also on informal learning. Tertiary education and learning can enhance employees' efficiency in term of knowledge, skill and ability where it will help to improve job performance.

Hanjin Shipping need to create and adapt a conducive working climate that encourage sharing of idea, opinion and critics. Employees are given opportunity to contribute their creative idea as well as input that can help organization to grow. Employees are freely to express their idea without favour or fear.

Based on these recommendations and suggestions above, Hanjin Shipping must have an effective change management that will lead transformation step by step in its leadership, not to overlook on issues in learning organization implementation as discussed earlier. Programs that have particular emphasis towards thriving and

developing quality leadership must be initiated. Quality human resource planning and development will provide motivation to develop in line with people, process and material required to become the learning organization. Hanjin Shipping must identify and realize that its employees are the driving force in the organization.

The outcomes of this study are significant because they empirically extend the current research on organizational change by examining the relationship between the learning organization and organizational readiness for change. While the study offered meaningful results, there is still a need for further research to increase the understanding and exploration of the relationship between the learning organization and organizational readiness for change.

For future studies, researcher would like to give suggestion to include other party opinion such as clients, customs department and other Hanjin Shipping Line Malaysia Sdn Bhd branch in Malaysia. A different result may be collected from other branches of Hanjin Shipping in Malaysia. Further study should be conducted in order to analyze and determine the level of readiness to change among Hanjin Shipping employee as a whole. Other than that, other variables such as leadership style, power and control, communication skills and transfer of knowledge can be taken as independent variables to readiness to change.

Apart from that, future studies should also further investigate the roles of leaders, manager, human resource management and employees in building the capacity for learning at individual, team and organizational level since there has been little empirical research to support the claim that performance improvement is related to the adoption of practises associated with ideal learning organization.

5.5 Conclusion

This study is a quantitative study to examine the relationship between learning organization profile with readiness to change. From the analysis done from the study, using learning organization profile as the indicator it appears that Hanjin Shipping Line Malaysia is ready to be a learning organization. A high mean scores on learning organization profile support Marquardt's view that learning dynamic, organization transformation, people empowerment, technology application and knowledge management form the base to readiness to change towards learning organization. From this study it is proven that learning organization profile has its own influence in creating readiness to change among staffs in Hanjin Shipping Line Malaysia Sdn Bhd

It gives an early picture that Hanjin Shipping Line Malaysia is partially or without realizing, practising the learning organization concept. The study also gives description that management, leadership, officers and staffs Hanjin Shipping Line Malaysia need to work hard in striving to be a learning organization ideal and need to focus their attention on the process, structure, system and culture in order to be a fully learning organization in the future. From the study and survey conducted, it can be generalized and it seems that Hanjin Shipping Line Malaysia as a whole is ready to be a learning organization. In order to be a world class organization, Hanjin Shipping Line Malaysia needs to achieve a certain level or standard that can be used as a benchmark to other shipping company.

This study has successfully show positive relationship between learning organization profile towards readiness to change. In this case, organization is seen as a community that has its own role in the development of human capital.

Management must support its employee and empower them so that they can complete their work at their own pace. Therefore, each member of the organization needs to change and develop the culture of learning organization as shipping is a challenging business that requires skill, knowledge, attitude, efficiency, high physical and mental as well as the need to master a wide range of shipping technology. Organization culture must be conducive to learning and provide the opportunities for its staff to develop.

In a knowledge enabled organization, all employees are responsible for their own learning and contribute their own knowledge to help meet the learning needs of other employees (Tobin, 1997). Employees are responsible for their actions but management also involved in the process. Participation at all level must be allowed equally so that members of the organization can learn from one other simultaneously.

In a learning organization, people are developed where they are appreciated for their skills, values and work which later provide greater motivation. Employees who are extra creative and social integration are tremendously improved. Teams and groups work better in a learning organization. A culture of knowledge sharing helps in doing jobs efficiently as employees build each other trust and strengths. The organization will benefit from a learning organization as learning organization will continuously improving. Communication involving all layers in the organization gives a sense of coherence, making each individual as an important part of the whole system. By using this increased information resources, new problems and challenges can be achieved faster.

Changes are happening rapidly, whether structurally or globally. In order to cope with these changes, organization needs to be flexible and adapt the change

where employees can sustain. Organization must be clear about its goals, role and its future and a framework that contain a unique blend of creativity and ideas must be developed in order to reach them. Members of the organization must participate and contribute to organization growth, survival, prosperity and success in a rapidly changing business environment. Learning organization approach is important not only for gaining a competitive advantage in a highly dynamic environment but also to keep track and be ahead of a dramatic pace of change. Employee must be aware that learning is necessary before organization can be developed into a learning organization. This awareness must happen at all level of organization and finally Hanjin Shipping Line Malaysia must accept the need for change.



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**COLLEGE OF BUSINESS
UNIVERSITI UTARA MALAYSIA**

**MASTER OF HUMAN RESOURCE MANAGEMENT
2012/2013**

**QUESTIONNAIRE
FOR LEARNING PURPOSE ONLY**

**QUESTIONNAIRE AND EVALUATION OF A LEARNING ORGANIZATION
AND READINESS TO CHANGE IN HANJIN SHIPPING LINE MALAYSIA
SDN BHD**

Assalamualaikum and Greetings.

Dear Sir,Madam,Miss.

I am a student in Master of Human Resource Management from Universiti Utara Malaysia and I am conducting a survey on learning organization and readiness to change. . I would like to ask for your assistance in answering a questionnaire.

All information you provide will be kept confidential and use for learning purpose only. There is no right or wrong answer. Please pick the answers that most closely reflect you. The overall time to complete the questionnaire will take about 5 minutes. Your cooperation in this regard will be highly- appreciated

Thank You.

Syarifah Nizaha Said Khairani
Master of Human Resource Management
Universiti Utara Malaysia

This questionnaire consists of three parts. Please take time to answer all questions honestly and sincerely by following the instructions. The answers to all questions submitted will only be used for academic purposes only. This study is an anonymous survey, but we need information from you for an effective analysis based on the information obtained.

DEMOGRAPHY

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7 Employment Level

<input type="checkbox"/>	General Manager
<input type="checkbox"/>	Manager
<input type="checkbox"/>	Assistant Manager
<input type="checkbox"/>	Senior Executive
<input type="checkbox"/>	Executive
<input type="checkbox"/>	Supervisor
<input type="checkbox"/>	Clerk

Section B. The following is a statement based on the Organization Profile of Learning and Readiness to Change. Read each statement carefully, and then select the extent of disclosures that apply in your organization by circling the number on the right hand column using the following scale:

Profile of Learning Organization

1	2	3	4	5
Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

	Learning Dynamic: Individual, Group, Team and Organization	Scale				
1	We see continuous learning by all employees as a high business priority	1	2	3	4	5
2	We are encouraged and expected to manage our learning and development	1	2	3	4	5
3	People avoid distortion of information and blocking of communication channels through skills such as active listening and effective feedback learning approaches	1	2	3	4	5
4	Individuals are trained and coached in how to learn	1	2	3	4	5
5	We use a range of methodologies e.g. on the job, formal courses etc as means of our improving our job skills	1	2	3	4	5
6	People expand knowledge through adaptive, anticipatory, and creative	1	2	3	4	5
7	Teams and individuals use the action-learning process (i.e. learning from careful reflection on the problem or situation, and applying it to future actions)	1	2	3	4	5
8	Teams are encouraged to learn from one another and to share learning in a variety of ways (e.g. via electronic bulletin boards, printed newsletters, intergroup meetings etc)	1	2	3	4	5

9	People are able to think and act with a comprehensive system approach (i.e. we look at impacts of our decisions on areas outside their immediate area or function)	1	2	3	4	5
10	Teams receive training in how to work and learn in groups	1	2	3	4	5
Organizational Transformation: Vision, Culture, Structure and Strategy						
11	The importance of being a learning organization is understood throughout the organization	1	2	3	4	5
12	Top-level management supports the vision of a learning organization	1	2	3	4	5
13	There is a climate that supports and recognizes the importance of learning	1	2	3	4	5
14	We are committed to continuous learning for improvement	1	2	3	4	5
15	We learn from our failures as well as our successes (i.e. failures are tolerated as part of the learning process)	1	2	3	4	5
16	We reward people and teams for learning and helping others to learn	1	2	3	4	5
17	Learning opportunities are incorporated into operations and programs	1	2	3	4	5
18	We design ways to share knowledge and enhance learning throughout the organization (e.g. systematic job rotation across teams, structured-on-the-job learning systems)	1	2	3	4	5
19	The organization is streamlined, with few levels of management, to maximize communication and learning across levels	1	2	3	4	5
20	We coordinate on the basis of goals and learning rather than maintaining separation in terms of fixed departmental boundaries	1	2	3	4	5
Lowering of Powers:- Workers, Managers, Customers and Community						
21	We strive to develop an empowered work force that is able and committed to qualitative learning and performance	1	2	3	4	5
22	Authority is decentralized and delegated so as to equal one's responsibility and learning capability	1	2	3	4	5
23	Managers and non-managers work together in partnership, to learn and solve problems	1	2	3	4	5

	together					
24	Managers take on the roles of coaching, mentoring and facilitating learning	1	2	3	4	5
25	Managers generate and enhance learning opportunities as well as encourage experimentation and reflection on what was learned so that new knowledge can be used	1	2	3	4	5
26	We actively share information with our customers, to obtain their ideas and inputs in order to learn and improve services/products	1	2	3	4	5
27	We give customers and suppliers opportunities to participate in learning and training activities	1	2	3	4	5
28	Learning from partners/subcontractors, teammates and suppliers is maximized through up-front planning of resources and strategies devoted to knowledge and skill acquisition	1	2	3	4	5
29	We participate in joint learning events with suppliers, community groups, professional associations, and academic institutions	1	2	3	4	5
30	We actively seek learning partners amongst customers, vendors and suppliers	1	2	3	4	5
Knowledge Management: Searching, Creating, Storing, Acquisition, Transfer and Usage						
31	People actively seek information that improves the work of the organization	1	2	3	4	5
32	We have accessible systems for collecting internal and external information	1	2	3	4	5
33	People monitor trends outside the organization by looking at what others do (e.g. benchmarking, best practices, attending conferences and examining published research)	1	2	3	4	5
34	People are trained in the skills of creative thinking and experimentation	1	2	3	4	5
35	We often created demonstration projects where new ways of developing a product and/or delivering a service are tested	1	2	3	4	5
36	Systems and structure exist to ensure that important knowledge is coded, stored, and made available to those who need and can use it	1	2	3	4	5
37	People are aware of the need to retain important organizational learning and share such knowledge with others	1	2	3	4	5
38	Cross-functional teams are used to transfer important learning across groups, departments and divisions	1	2	3	4	5

39	We continue to develop new strategies and mechanisms for sharing learning throughout the organization	1	2	3	4	5
40	We support specific areas, units and projects that generate knowledge by providing people with learning opportunities	1	2	3	4	5
Technology Applications: Information System, Technology-based Learning and EPSS (Electronic Performance Support Systems)						
41	Learning is facilitated by effective and efficient computer-based information systems	1	2	3	4	5
42	People have ready access to information highway (e.g. local area networks, Internet, on-line etc)	1	2	3	4	5
43	Learning facilities (e.g. training and conference rooms) incorporate electronic multimedia support and a learning environment based on the integration of art, colors, music and visuals	1	2	3	4	5
44	People have available to them, computer – assisted learning programs and electronic job aids (e.g. just-in-time and flowcharting software)	1	2	3	4	5
45	We use groupware technology to manage group processes (e.g. project management, team process, meeting management)	1	2	3	4	5
46	We support just-in-time learning, a system that integrates high technology learning systems, coaching, and actual work on the job into a single, seamless process	1	2	3	4	5
47	Our electronic performance support systems enable us to learn and to do our work better	1	2	3	4	5
48	We design and tailor our electronic performance support systems to meet our learning needs	1	2	3	4	5
49	People have full access to the data they need to do their jobs effectively	1	2	3	4	5
50	We can adapt software systems to collect, code, store, create and transfer information in ways best suited to meet our needs	1	2	3	4	5

Readiness to Change

1	2	3	4	5
Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree

	Statement	Scale				
1	I look forward to change at work	1	2	3	4	5
2	Change usually benefits the organization	1	2	3	4	5
3	I usually resist new ideas	1	2	3	4	5
4	I don't like change	1	2	3	4	5
5	Most of my co-workers benefit from change	1	2	3	4	5
6	I am inclined to try new ideas	1	2	3	4	5
7	Change frustrates me	1	2	3	4	5
8	Change often helps me perform better	1	2	3	4	5
9	I usually supports new ideas	1	2	3	4	5
10	Changes tend to stimulates me	1	2	3	4	5
11	Other people think that I support change	1	2	3	4	5
12	I often suggest new approaches to things	1	2	3	4	5
13	Most changes are irritating	1	2	3	4	5
14	Change usually helps improve unsatisfactory situations at work	1	2	3	4	5
15	I intend to do whatever possible to support change	1	2	3	4	5
16	I find most change to be pleasing	1	2	3	4	5
17	I usually benefit from change	1	2	3	4	5
18	I usually hesitate to try new ideas	1	2	3	4	5

