

The Impact of HR Practices on Creating Learning Organizations: A Comprehensive Review

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Abstract

Globalization brings various changes in the socio-economic environment at a global level. As the world is becoming more competitive and unstable than ever before, the firms are seeking to gain competitive advantage at all cost and are turning to more innovative sources e.g. HR practices. To sustain in the competitive environment, business leaders have to be more receptive to the changes and adapt themselves to the changes through developing various HR practices and transforming their organizations into the learning organizations. In this dynamic environment, the survival of the organizations only depends upon how they accept the changes and improving their competitiveness. This paper aims to study the impact of human resource management practices on creating a learning organization. The impact of HR practices on learning organizations (through Peter Senge's five disciplines) has been investigated. This paper suggests the major role of HR practices towards the development of competencies, creating a learning organizational culture. Accordingly the study signifies that HR practices have an impact on the overall functioning of the organizations and transforming them into learning organization as it affects System Thinking and Mental Models the most; followed by Shared Vision, Team Learning and Personal Mastery respectively.

Key Words: *HRM Practices, Learning Organizations, Peter Senge's five disciplines, Organizational culture.*

Introduction

HRM practices have been defined in several aspects. **Schuler and Jackson (1987)** defined HRM practices as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organization and its members. An organization's HRM practices play a greater role in making the human capital more committed towards the achievement of its objectives. (**Delery & Doty, 1996**).

HR Practices includes organizational culture, communication practices, HR activities and systems which further affects the organizational performance. Against this milieu, it is concluded that HRM practices relate to specific practices, formal policies, and philosophies that are designed to attract, develop, motivate, and retain employees who ensure the creation of Learning Organization, overall performance and survival of the organization.

Theoretical Framework

Pfeffer (1994) and **Guest (2002)** recommended that the effectiveness of a firm can be ensured through Human resource practices. Several researchers have emphasized human resource as a determining factor of organizational performance. The HRM Practices (or systems) may influence organizational performance indirectly through HRM outcomes. HR practices play a

significant role to facilitate the organizations to apply the concepts of learning organizations successfully.

Robelo & Gomes, 2011) focused on the **organizational learning**, which is directly associated with the learning organizations and also provides a platform for the organizational action (**Lin, 2008**).

According to **Senge (1990)**, organizations develop the capacity to learn and to change in different ways only through organizational learning.

"Learning organization" was invented in the 1980s to describe organizations that experimented with new ways of conducting business in order to survive in turbulent, highly competitive markets (**Senge 1990**).

(**Senge, 1990**) noted that HRM is capable to provide various ways to help people within the organizations to achieve five disciplines. *According to Senge (1990, p. 7)* the five disciplines of the LO model are personal mastery, mental models, shared vision, team learning and system thinking.

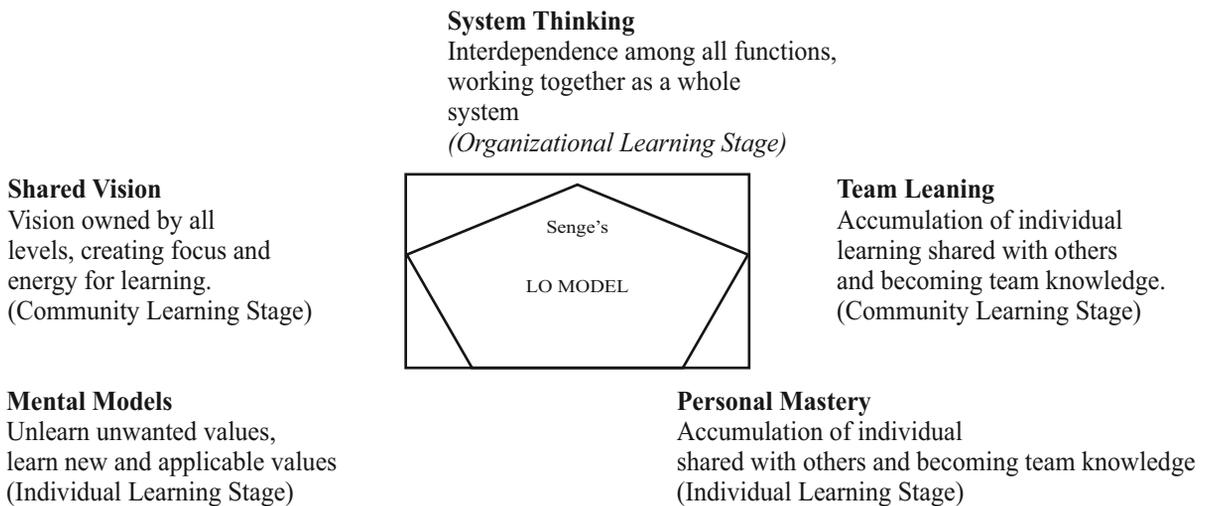


Figure 1. The five disciplines of Senge's learning organization model, Source :(Adapted from Senge, 1990)

Characteristic	Personal mastery - individual	Mental models - individual	Building shared vision - group	Team learning - group	Systems thinking - group
Definition	It is defined as he the ability to have clarity about the goals and Reality.	As one's way of looking at the world; the ability to compare reality or personal vision with perceptions	The ability of a group to hold shared visions of future with commitments and mutual understandings	The Team develops the capacity to think together by minimizing the assumptions.	Developing the ability to understand problems in a scientific manner by adopting an analytical method & knowledge.
HR Practice	Willing to face limitations and difficulties; ability to deal with change; being responsible to their behavior	Being more willing to be open, positive towards accepting challenges and showing risk taking behavior.	Building a culture of Trust, Commitment and Cooperation in the whole organization.	Enhancing self-awareness in a Group which helps in developing creativity and learning together.	Long-term improvement or change; decreased organizational conflict; continuous learning among group

Figure2: Characteristics of a Learning Organization and Practices, Source :(Adapted from Senge, 1990 and Dr. Ping Yu Wang, 2006)

Conclusion

In this fast changing and competitive business environment, Organizations adopt the most up-to-date HRM practices in order to accomplish the organizational goals through creating Learning Organizations. Best HRM practices are advantageous for both employee and employer; it plays an important role in enhancing the performance and for the constructive growth of the organization.

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