



# Transforming hotels into learning organisations: a new strategy for going global

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## Abstract

Organisational learning and the learning organisation are concepts that have attracted a considerable amount of attention over the last two decades. This paper provides an analysis and evaluation of the main perspectives on organisational learning, particularly in relation to hotels as service sector organisations. The issues involved are an evaluation of the transformation process of a hospitality organisation and the key success factors to becoming a learning organisation in order to develop and maintain a competitive advantage within the global challenge. It identifies the issues which appear to be of prime importance when introducing organisational learning into hotels.

The focus of this paper will be on the key points of the Turkish tourism sector's strengths and weaknesses in the adventure of becoming a learning organisation. Following of a literature review within which different characteristics of the service sector will be summarised learning organisation issues pertaining to Turkey will be discussed. This paper aims to discover future opportunities for the sustainable development of Turkish Tourism. However, this paper also maintains that, although organisational learning may be an important factor in building an organisation's competitiveness, by itself, it cannot guarantee success in today's fiercely competitive markets.

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## 1. Introduction

Though academic interest in how organisations learn dates back to at least the 1950s (see [Argyris, 1992](#)), it was only in the 1990s, through the work of writers such as [Senge \(1991\)](#) and [Pedler, Burgoyne, and Boydell \(1991\)](#), that the topic has attracted significant attention in recent years. In part, this is because there are two overlapping and competing concepts: organisational learning and the learning organisation ([West, 1994](#)). As [Tsang \(1997\)](#) notes, the tendency to use these two concepts interchangeably complicates our understanding of how learning takes place in organisations. Tsang also points out that, despite the volume of publications on the subject, there is a scarcity of rigorous empirical research in the area. He argues that one of the main reasons for this is that many of those writing on

organisational learning are practitioners seeking to prescribe rather than describe or analyse. He believes that, as well as promoting the concept, they are trying to promote themselves and the organisations for which they work. A similar point is also made by [Easterby-Smith \(1997, p.1107\)](#): 'much of the existing research into learning organisations is based on case studies of organisations that are said to be successful, and these sometimes seem to rely more on public relations than on any grounded studies'. Examples of successful learning organisations are Motorola, Shell, Xerox, Honda, Sony, Kodak and Rover Group UK and the case studies reflect only a picture of the 'best practices' in a limited period of time. For example, one of the best examples of a learning organisations in the literature is Rover Group, UK which has not been performing well financially and the 'learning organisation image' of the company was based on the compliments of the ex-workers or stakeholders of the company ([Bayraktaroglu, 2001](#)).

Despite this confusion, promoting learning within organisations is increasingly seen as vital to sustaining

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and creating a competitive advantage (Easterby-Smith, 1997). However, if organisations are to successfully adopt the learning approach to competitiveness, they need to understand both the theory and practice of organisational learning. In turn, taking Tsang's (1997) point into account, the evidence on practice must be based on rigorous empirical research. This paper seeks to address these issues by discussing how hotels (as examples of hospitality organisations) can transform themselves into organised learning environments to improve their competitiveness. The focus of this paper will be the Turkish tourism sector's strengths and weaknesses in the adventure of becoming a learning organisation. To explore the specific circumstances of organisational learning in a service sector, the different characteristics of the service sector will be summarised to enable us to move into the Turkish Tourism scene. This paper aims to discover a direction for the Turkish Tourism Sector, which is perceived as a model for the sustainable development of the Turkish Economy as a whole. The inclusion of learning organisations on sustainable tourism development arose from a recognition that the tourism sector is very labour-intensive and in today's business world the most valuable assets are 'information and knowledge' and 'the human factor'. Thus, the coming together of these concepts creates an undeniable logic. As a result, this study is an attempt to bring two human-centred settings together: 'learning organisations' and 'hotels' as examples of service sector organisations. This paper will conclude by identifying fundamental issues when building organisational learning (especially in the hospitality industry) and it is hoped that this study will contribute towards an advanced understanding of how to enhance competitiveness and the success level of the tourism sector.

## 2. Organisational learning and the learning organisation

Before moving onto further theoretical issues, it would be useful to differentiate between two frequently-mixed concepts. The term 'organisational learning' is often used interchangeably with the term 'learning organisation'. The difference, as Tsang (1997, pp. 74–5) points out is that: 'Organisational learning is a concept used to describe certain types of activity that take place in an organisation while the learning organisation refers to a particular type of organisation in and of itself'.

In effect, the difference appears to be between 'becoming' and 'being'. Organisational learning describes attempts by organisations to *become* learning organisations by promoting learning in a conscious, systematic and synergistic fashion which involves every single person in the organisation. In other words, 'a learning organisation is the highest state of organisational learning, in which an organisation has achieved

the ability to transform itself continuously through the development and involvement of all its members (Argyris and Schön, 1978; Burgoyne, Pedler, & Boydell, 1995; West, 1994). The term 'learning organisation' was much promoted in the late 1980s and early 1990s; however, because very few appear to have achieved this status, 'organisational learning' now seems to have been adopted as a more appropriate concept.

Even if consensus has emerged on what to *call* it, there is still much disagreement as to what organisational learning *means*. Stata (1989) offers a simple definition, stating that learning means 'getting everyone in the organisation to accept and embrace change as an ongoing process'. However, Stata (1989, p. 64) then goes on to argue that organisational learning occurs 'through shared insights, knowledge and mental models and builds on past knowledge and experience, that is, on memory'. So, organisational learning is about 'organisational memory' as well as its members' cognitive and mental models. Garvin (1993) views organisational learning as a complex and multi-dimensional process that unfolds over time, and which links the acquisition of knowledge acquisition to improved performance; while Fiol and Lyles (1985, p. 803), who are among the most influential and the earliest commentators on organisational learning, state that 'organisational learning means the process of improving actions through better knowledge and understandings'. Argyris (1977), a pioneer of the conceptualisation of organisational learning, makes a similar point by suggesting that 'learning is a process of detecting and correcting error'. Lastly, Huber (1991, p. 89), taking a systematic approach, argues that 'an entity learns, if, through its processing of information, the range of its potential behaviours is changed'. The main difference between writers in the area appears to be those taking a *prescriptive* approach, who consider that behavioural change is required for learning, and those focusing more on *descriptive* or *analytical* studies, who suggest that new ways of thinking are sufficient (West, 1994).

Synthesising both the prescriptive and descriptive approaches, Garvin (1993) suggests that, while a variety of phenomena contribute to the organisational learning process, unless there are adjustments to the way in which work is organised and performed, significant change and learning is unlikely to occur. Following on his analysis, he (1993, p. 80) offers the following definition of a learning organisation:

A learning organisation is an organisation skilled at creating, acquiring and transferring knowledge, and at modifying its behaviour to reflect new knowledge and insights. New knowledge creation can occur as a result of insight or inspiration from within the organisation; additionally it can also be provoked from external influences by expanding and/or

relaxing organisational boundaries. Whatever their source, such new ideas form the foundation for organisational improvement and learning. Nevertheless, they alone cannot create a learning organisation unless there are accompanying changes to the manner in which the organisation and its members behave.

In other words, [Garvin \(1993\)](#) indicates that, while many organisations can develop skills in acquiring and creating knowledge, few are successful in applying that knowledge to their own activities and behaviour. This draws attention to the importance of understanding the processes by which an organisation can develop and change itself, rather than being forced to change by outside forces. The implication of this is that if an organisation recognises that it is an open system operating in a dynamic environment, then, through the application of organisational learning, it can exercise a degree of control over its own destiny ([Morgan, 1997](#); [Stacey, 1996](#)). The emerging trend in the literature, therefore, is to argue that those responsible for plotting an organisation's strategy should be less concerned with how to react to a given set of environmental constraints, and more concerned with influencing and shaping the environment in which their organisation operates through the development of organisational learning ([Burnes, 2000](#)). On a practical level, many writers ([Senge, 1991](#); [Garvin, 1993](#); [Coopey, 1996](#)) argue that learning organisations are skilled at a range of activities that enable them to develop and integrate their learning. These include their capacity for:

- (1) systematic problem solving, which underlies notions of quality and is focused on transformations in management and organisational activity,
- (2) experimentation: actively seeking and testing new knowledge and the ability to learn from mistakes,
- (3) drawing upon memory and past experience,
- (4) learning from and with others,
- (5) communicating effectively within and beyond the organisation,
- (6) systematic thinking and developing shared ideas/models of the current organisational position.

In connection with this final point, as [Hendry, Arthur, and Jones \(1995\)](#) note, the importance of groups and teams in the organisational learning process seems, surprisingly, to have been neglected. This neglect is even more surprising given the growing popularity of team-based structures within contemporary organisations. They argue that, in any discussion of the learning process, it is important to highlight the role of groups and teams. In order to facilitate this, [Hendry et al. \(1995\)](#), construct a three-stage model which describes the transition from individual learning to group learning and the accompanying organisational support necessary

for this transition to take place. [Hendry et al.](#) argue that the transition from individual learning through group learning to organisational learning is dependent upon an individuals' readiness to learn and a person's enthusiasm for joining in shared learning efforts. They also maintain that group or team learning is translated into organisational learning through the development of organisational 'routines'; the translation of 'learning by doing' to 'remembering by doing' ([Hendry et al., 1995, p. 184](#)).

Their assertions are supported by [Huber's \(1991\)](#) analysis of organisational identity and memory, and [Zemke and Zemke's \(1995\)](#) assertion that adults are pragmatic in their approach to learning and do so only when they are convinced that it is in their own best interest. Underpinning the work of [Hendry et al.](#) and most others who have examined the topic is the view that organisational learning is not a *fixed state* or a *finite goal*, but a continuing process of adaptation and evolution, whereby groups within an organisation are encouraged to develop skills, knowledge and a common sense of purpose in order to pursue shared goals and targets.

### 3. Background and methods

Our research on organisational learning in the hospitality industry is based on a longitudinal case study. Data gathering in the case study organisation has been conducted throughout the year 2000. The main criteria for selecting the hotel is for their efforts to establish an atmosphere whereby the employees of the organisation will contribute towards a better resolution of their duties. Another point is that hotels are in one of most dynamic business environments, adapting themselves to external and internal changes occurring in the market and their business involves intense competition. Thus, they have to differentiate themselves not only in their physical environment but also in their way of marketing services. Especially, in today's crisis the competition is getting fiercer and there is a growing need for motivating their employees towards realising the overall target of the company namely, customer satisfaction.

As [Yin \(1984\)](#) argues, for case studies to be successful as a research strategy, they must be designed to provide an in-depth, exhaustive and rich understanding of the organisation or organisations in question. Similarly, [Denzin and Lincoln \(1994\)](#) also point to the ability of qualitative research to capture the real-life context within which events take place and to capture the essence of events, especially as they unfold over time. Though the research involved the collection of documentary evidence, both from inside and outside the organisation, the main data collection method was structured, semi-structured and informal interviews with

senior, middle-ranking and shop-floor staff in the case study organisation. There were 39 respondents (31 employees and 8 managers) included in the in-depth interviewing process from the case study organisation. The data collection period took about 3 months. Due to the economic crisis period during the research, there was a difficulty in collecting the empirical data. Especially employees were reluctant to participate in the interviewing process under the pressures of a possible downsizing.

#### 4. The hospitality industry in Turkey: The history of its' hotels

The history of the hotels in Turkey dates back to as early as the Ottoman Era. These were the earliest versions of the hotels and motels (such as inns and caravansaries) on the way of major commercial roads such as the Silk Road. As journeys were taking quite a long time in those days, the caravansaries and inns were quite common as places to stay for the night. These were not necessarily commercialised institutions, especially as caravansaries were serving as non-profit organisations adapted to the principles of a welfare society.

In modern times, the first hotel built in Turkey was the 'Pera Palas' which was founded by *Wagon-Lits* to serve foreign visitors, especially diplomats and high-class bureaucrats. This hotel had the honour of serving famous leaders such as Atatürk, the founder of the Turkish Republic, and its capacity was 120 rooms with 200 beds. This hotel has been managed by the Istanbul Hotels and Tourism Plc. (İstanbul Otelcilik ve Turizm A.Ş.) since 1994. Another example of earlier hotels was the Hotel Tokatlıyan, then seen as one of the most luxurious hotels of the Middle East and Europe. After that, in 1931 the Park Hotel in Istanbul was opened and continues to this day, albeit under different management.

A break-through in contemporary Turkish tourism was the establishment of the Hilton Hotel Istanbul in 1955. As a member of the famous hotel chain, the Istanbul Hilton was the 29th Hilton opened outside of the USA. Today, Hilton is one of the largest and best-known hotel chains in the World. The Istanbul Hilton has 410 rooms and a 770 bed capacity. The Hotel is run through the World-wide Reservation System and its standards fully comply with the international standards required by the chain.

In Turkey, the Public Sector has always been very important and hotels founded by different public organisations are quite common. Also the tourism sector is supported by Government initiatives, and the Turkish Republic Turkish Tourism Bank was founded in 1995 specifically to deal with finances of public sector tourism initiatives. The bank has had a positive and supporting role in the process of tourism development in

Turkey and its activities include making investments in the tourism sector and providing credits and incentives for the tourism entrepreneurs.

Another step within the development of Turkish tourism was direct foreign investment in the tourism sector. Especially with improved Government incentives, this source of finance has significantly increased since 1985. Also the method of 'build-operate-sell' was seen as an attractive and fruitful investment opportunity by foreign investors. Today, as a result of these efforts, there has been an increasing number of hotels and there are about 12 National Hotel Chains (Emek, Dedeman, Sürmeli, Turban, Merit, Turist, Cesar, Princess, Martı, Turtel, Altinyunus, Polat Renaissance) and 9 International Hotel chains operating at present in Turkey (Hilton, Sheraton, İberotel, Etap Pullman, Holiday Inn, Swiss, Intercontinental, Hayatt Regency, Movenpick).

##### 4.1. Introducing the case study company

The case study hotel (Polat Renaissance) was opened in 1993 in Istanbul and the Hotel has an advantageous as it is very close to the main roads and central provinces. The Hotel is classified as five-star and has 353 rooms with 584 bedding space. The Hotel is open throughout the year for holiday, entertainment, health and sport purposes as well as being available for International congress, conference and meetings. As a conference venue it possesses high-tech audiovisual equipment facilities.

Extracted from this Company's vision and mission statements, as well as collected from interviews with the managers and employees, the management's priorities—as relevant to our framework—are as follows:

- (1) We are members of the same *team* and our customers are also members of our team.
- (2) We care about our customers' *perceptions* of the services provided and especially *our image* in the eyes of our customers.
- (3) We try to *satisfy* our customers not only with our words but also with our *behaviour*.
- (4) Our staff is well-trained and we believe in *continuous improvement*.
- (5) We, all staff, have a *shared vision of responsibility*.
- (6) It is a *privilege* to be a member of the staff in this organisation. We do not *complain*.
- (7) We address our customers by name as a sign of our *consideration* for them.
- (8) We have a *transparent* service policy and there is no way we leave our customers alone with their problems.
- (9) Our priority is the *security* and well-being of our guests and staff.
- (10) Every single person in our organisation knows exactly what our *overall targets* are.

- (11) We consider and support the *creative ideas* offered by our staff.
- (12) Motivating our employees means their *morale* should be maximised.
- (13) We always say 'YES' to our customers.

These were the main concerns of the organisation as to customer satisfaction, employee relations and the dimensions of quality improvement. The common point for all is that they are aware of the importance and function of creating a suitable learning environment within the organisation.

## 5. Discussion of the case study

Having the capacity to become more aware of competitive intentions and tracking developments in the tourism sector requires the continuous monitoring of political, economic and social trends. Being able to gather and act on the information generated through this process is clearly dependent upon leaders and managers who have the capacity to learn and challenge the status quo. These can sometimes create conflicts between organisational learning philosophy and fundamental principles upon which the organisation is founded and may involve the creation of a new vision for the future of the organisation. It also requires the development of a set of common goals that assist employees in understanding their role in this new environment. In other words, transforming oneself into a learning organisation involves maintaining employee motivation toward new priority configurations. Hence, a *mental transformation* is the first step toward creating a learning organisation.

The second issue concerns the need to recognise that the interpretation of external events, and the implementation of internal organisational response, cannot be confined to senior management alone but has to be seen as the responsibility of the wider organisation. This means that, by offering individuals and teams the opportunity to contribute, the knowledge base of the organisation, together with the commitment and motivation of its' individuals, is potentially increased. This purpose was evident in *supporting the innovative ideas* of the staff as indicated in the priorities listed above.

Third, there is a need to develop *organisational cultures* that encourage the established ways of working and thinking to be challenged by individuals and teams. In the case study company, individuals and teams were given increased opportunities to question and debate how work was organised, and to contribute suggestions for improvement. However, tradition as non-written and sometimes non-verbal rules may be barriers for reaching further stages in the learning organisation transformation process. In the case study, encourage-

ment given by management was limited and this was emphasised by some of the employees.

Finally, the development of individuals should be supported and a *suitable learning atmosphere* should be created, so that they can contribute effectively to the performance of the organisation. The advantage possessed by case study organisation is that since the staff is relatively well-trained, they were generally keen to learn, and they also recognised that, by increasing their skill level and involvement, they could contribute more effectively to the organisation and also develop their own portfolio. However, while some employees contributed to this process out of a genuine interest and loyalty to their organisation, for others there appeared to be a pragmatic acceptance that such behaviour was necessary in order to secure their jobs or to progress in their career paths.

## 6. Conclusions

In this paper, the issues involved in the transformation process of a hotel into learning organisation were reviewed. Although there is a lack of empirical evidence about the transformation process into a learning organisation in Turkey, this paper is an attempt to analyse the possibility of such a transformation.

As a result of our case study analysis, the key steps to becoming a learning organisation are:

- mental transformation of the managers,
- supporting innovative ideas from all levels in the organisation,
- developing an organisational culture for sharing the vision of the organisation, and finally
- creating a suitable learning atmosphere.

In summation, the learning organisation mentality can be seen as a key factor for success in developing and maintaining a competitive advantage for the Turkish Tourism Industry.

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