AN ANALYSIS OF ORGANIZATIONAL LEARNING PROCESS IN DONOR AGENCIES IN NAIROBI

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DECLARATION

This project is my original work and has not been submitted for a degree in any other University

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This Project has been submitted for examination with my approval as University Supervisor

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DEDICATION

This project is dedicated to my late parents for their unwavering, unconditional love and support, and the confidence they always had that I would achieve this level some day.

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ABSTRACT

Every organization, whether service, government or nonprofit has limited resources, and the effective and efficient use of these limited resources will greatly determine which organizations will survive in the future, hence the concept of organizational learning. This study, therefore, attempts to establish the extent to which international donor agencies in Nairobi have embraced the features/characteristics of a learning organization established through organizational learning process.

The study was carried out in international donor agencies with offices located in Nairobi. A structured questionnaire was administered to managers and supervisory level staff from these agencies since these are the people who are more likely to understand the issues involved in organizational learning, and thus provide adequate responses to the questionnaire. Chi-square tests were used to analyze the collected data.

The results indicated that donor agencies in Nairobi, despite their non-competitive nature, have to some extent embraced the features/characteristics of a learning organization through knowledge acquisition, information distribution and information interpretation. The final part of the process, which is organizational memory is not so distinctly embraced as yet as indicated by this study. The study also revealed that in some cases, the age, position in the agency and education level of respondents determined the extent to which aspects of organizational learning are embraced in the agencies.

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 Introduction

Today's organizational leaders are experiencing a consciousness shift. In the 1980s, they aimed for quality and excellence; now they seek to create learning organizations – organizations which are not only excellent, but which are able to stay that way through being intelligent, flexible and responsive to change. This applies as much to public and private services as to commercial companies – schools, hospitals and councils must now compete for scarce resources and cope with turbulent and rapidly changing times due to the influence of factors such as structure, strategy, environment, technology and culture. Thus, organizations are increasingly paying attention to the concept of organizational learning in order to increase their competitive advantage, innovation, and effectiveness (Beardwell and Holden, 1997).

The business environment has undergone major transformations in recent years. Today's organizations face an external environment that is increasingly complex and volatile, and one that requires closer attention to detail since customers expect excellent service. For example, they expect bank statements to be correct, airplanes to arrive on schedule, insurance claims to be handled quickly and correctly, among other services. Every organization, whether service, government or nonprofit has limited resources, and the effective and efficient use of these limited resources will greatly determine which organizations will survive in the future, hence the concept of organizational learning (Dodgson, 1993).

Dodgson (1993) has defined organizational learning as "the way firms build, supplement, and organize knowledge and routines around their activities and within their cultures and adapt and develop efficiency by improving the use of the broad skills of their workforces".

Thus, a "learning organization" is a firm that purposefully constructs structures and strategies so as to enhance and maximize organizational learning, where people continually expand their capacity to create results they truly desire, where new and expensive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together (Dodgson, 1993).

In an international survey, 12,000 managers in 25 countries identified a wide array of forces of change including "globalizing markets, instantaneous communications, travel at the speed of sound, political realignments, changing demographics, technological transformations in both products and production, corporate alliances, flattening organizations..." (Kanter, 1991, p. 151). These forces of change are said to cause the traditional walls of business boundaries to crumble. They are also responsible for the recently emerging concept of organizational learning – the driving force behind organization's efforts to gain competitive advantage by adjusting to the demands of the external environment.

In the survey undertaken by the Harvard Business Review, the managers indicated that change is a fundamental part of organizations' life everywhere, and that fostering closer relationships with customers and suppliers is a critical issue. From an information perspective, every change or development in the external environment creates signals and messages that an organization may need to heed (Dill, 1962). Some of the signals may be weak, that is, difficult to detect, many would be confusing hence difficult to analyze, and others would be fake and therefore, not indicative of a true change. In seeking information, the organization would have to attend selectively to a flood of signals created by a dynamic environment, interpret often-confusing messages, and make sense of cues in relation to the firm's goals and activities.

However, as Weick (1979) suggests, the central information task of organizations is to interpret ambiguous information about the external environment, that is, all the outside factors, which can affect the performance or survival of the organization. In a business setting, these would consist of customers, suppliers, competition, socio-economic, technological and governmental factors. Therefore, an organization's ability to adapt to its outside environment is dependent on knowing and interpreting the external changes that are taking place, which is a primary form of organizational learning.

Learning organizations do more than adapting to environmental changes. They are proactive and thus can take initiative and act in ways that will help them avoid having to adapt. Organization executives usually say that a business firm's relative advantage in this era of information depends on its ability to develop and retain knowledge that is developed by structured organizational learning and used and retained through careful knowledge management (Jauck and Glueck, 1988).

Learning organizations, therefore, identify the key characteristics of their environments and thus are able to plan ahead and maximize opportunities. They attempt to identify interactions between the firm's sub-systems that facilitate or inhibit the management of change and are better able to cope with environmental and other changes because they can accommodate unpredictability. They are not encumbered with rigid and outdated plans and procedures.

Organizational learning is becoming an increasingly important phenomenon within the business world because of its effects on the efficiency and effectiveness on the performance of organizations. Irrespective of whether an organization is competition-driven, service-oriented like donor agencies or otherwise, learning is a phenomenon that may have consequences on the organization's operations and processes. This paper therefore, sets out to establish the extent to which organizations in Kenya have embraced the characteristics/features of organizational learning. Thus, any study carried out in this area may stimulate further research on the concept.

1.2 Statement of the Problem

The background information and literature review indicate that learning is a conscious attempt on the part of organizations to sustain and improve competitiveness, productivity, and innovativeness in an uncertain environment. Much of the available literature on the subject of organizational learning is published from research undertaken in the developed countries and tends to address organizational learning within that setting yet the benefits that accrue from these studies that have been done on organizational learning show continuous improvement in performance standards. It would, therefore, be important for organizations that wish to operate effectively and efficiently to embrace the principles of organizational learning irrespective of their setting. For this reason, it would be interesting to find out whether Kenyan organizations, specifically donor agencies, have adopted these principles.

Donor agencies, like all other organizations, face competition, however low. They are ranked every year according to their monies worth, and invest their funds on stock markets in order to retain their capital. They, like all other firms, must adapt to the environment, attract qualified personnel to their organizations by offering good terms of service, and generally work towards improving the efficiency and effectiveness of their operations notwithstanding the fact that, unlike other organizations, their primary interest may not be success or competition.

Furthermore, as Kofman and Senge (1993) indicate, organizations have become over-dependent on competition, to the extent that it is their only model for change and learning. There is nothing intrinsically wrong with competition. It can promote invention and daring. The problem is that organizations lose the balance between competition and cooperation precisely when it is needed most, and thus miss out on the whole essence of learning.

As Dr. W. Edwards Deming reiterates, nothing happens without "personal transformation". The only safe space to allow for this transformation is a learning community. This is precisely why the donor agencies have been chosen for this study. They are representative of a community with relatively low competition but one that realizes learning is more than just competition. It is reliant on the personal transformation of their workforces and is not necessarily for competitive industries. The basis of this further justified by the fact that the unit of analysis is the individual and not the organization. As previously mentioned, individuals are the ones who learn and not the organizations, *per se*. Each individual's learning is transferred to the organization to give the net effect of a learning organization.

Thus, although some of these previous researches focussed on the individual's contributions to the learning process, most researchers have tended to ignore the significance of the human resources in the learning process. Therefore, given the implications of organizational learning for efficiency and effectiveness of organizational operations, it is important to find out to what extent this phenomenon has been embraced by Kenyan organizations.

1.3 Objective of the Study

The objective of this study was to establish the extent to which donor agencies in Nairobi have embraced the features/characteristics of a learning organization.

1.4 Importance of the Study

This study is expected to be of benefit to various groups in different ways:

1. Organizational learning is affecting all organizations equally, and any study carried out in this area will contribute to the overall development of these firms.

2. It will provide information to the management of the different firms on what constitutes organizational learning.

3. To human resources practitioners and academicians, the study is important as an addition to knowledge. Also, it may stimulate further research in other aspects of organizational learning.

CHAPTER TWO

LITERATURE REVIEW

The terms organizational learning and learning organizations are defined in various ways and frequently used interchangeably by scholars. However, it is important to note the distinction between the two terms. The learning organization is in some way mythical, and best thought of as a vision or metaphor to inspire and to act as a guiding light. For instance, it is not possible to show a learning organization and say, "this is it". It is, however, possible to see organizational learning – that is organizations striving to become learning organizations – through their actions and characteristics/features.

Argyris and Schon, two of the early researchers in this field, defined organizational learning as "the detection and correction of error" (1978, p. 2). Fiol and Lyles defined learning as "the process of improving actions through better knowledge and understanding" (1985, p. 803). Huber states that learning occurs in an organization "if through its processing of information, the range of its potential behaviors is changed" (1991, p. 89). However, for the purposes of this paper, the following definition, which is critical in emphasizing the interdependent relationship between organizational learning and the human resources will be used:

> "Organizational learning is the way firms build, supplement, and organize knowledge and routines around their activities and within their cultures and adapt and develop organizational efficiency by improving the use of the broad skills of their workforces" (Dodgson, 1993, p. 377).

Thus, a "learning organization" is a firm that purposefully constructs structures and strategies so as to enhance and maximize organizational learning, where people continually expand their capacity to create results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together (Dodgson, 1993).

Learning is, therefore, dynamic and emphasizes the continually changing nature of organizations. The concept of a learning organization is increasingly becoming popular since organizations want to respond to changes in their environment. The focus has gradually shifted from individual learning to organizational learning. Just as learning is essential for the growth of organizations, it is equally important for individuals. Since individuals constitute organizations, they must establish the necessary forms and processes to stimulate organizational learning in order to facilitate change. However, organizational learning is more than the sum of the parts of individual learning (Dodgson, 1993; Fiol & Lyles, 1985). Thus, an organization does not lose out on its learning abilities when some members leave it.

Much of the available literature on the subject of organizational learning of human resources is published from research undertaken in the developed countries and tended to address organizational learning within that setting. Although some of these have had the focus of the employee, most organizations have tended to ignore the significance of the human resources in the learning process. For example, Cooley (1987) shows that, 'ordinary people' have the potential to contribute to the knowledge and skills, attitudes and creative thinking that organizations need for survival, flexibility and development. Moreover, their learning and development continues within the organization. Those employers who do not recognize this will not encourage, facilitate and extend those aspects of their employees' learning that are essential for the organization and support them informally or undertake formal employee development activities (Corney, 1995).

It has also been realized from research that organizations themselves sometimes make inhospitable environments for the learning and development that individuals bring to them. Learning involves the total person, and it has been argued by Argyris (1957) and McGregor (1960) that organizations are systems of roles and these roles can distort or straitjacket individuals. While they were both writing in a very different organizational era, and much has already moved in the directions they were advocating, nevertheless, the urgent calls for human resources development and for the development of the learning organization hint that there still remains remnants of those traditional assumptions and practices.

Peter Senge (1990) in his fifth discipline on the art and practice of learning organizations, states that due to business becoming more complex, dynamic and globally competitive, excelling in such an environment requires more understanding, knowledge, preparation, and agreement than one person's expertise and experience provides. This implies that the firm needs to use the combined efforts, skills and expertise of all its human resources if it is to counter the forces of competition, and maximize on the efficiency and effectiveness of its operations.

As Burgoyne (1992) says, "Many organizations seem to function rather like a drunk going down a corridor. They set off in a certain direction; after a while they crash into the wall; if they survive they set off in another direction and repeat the process. At best, they reach the end very "bruised". Change and learning through crisis is very painful and wasteful to both the organization and the individual. It involves massive restructuring, redundancy programs, and writing off goods and machinery'.

Human beings can be very good at *not* changing and *not* learning. Argyris (1990) suggests that: 'Human beings ... show remarkable ingenuity for self-protection. They can create individual and organizational defenses that are powerful and in which that power is largely in the service of the poor to mediocre performance as well as of anti-learning'. Thus, in thinking about organizational learning, it is very important to keep this question of defenses – personal and organizational – in mind. Naturally, leaders and managers get frustrated when they see the change that they want to make being resisted, but the change equation – a traditional formula for organization developers (Beckhard, 1969) – is all too often forgotten.

In his literature review on organizational learning, Huber (1991) describes the following processes or constructs that contribute to organizational learning:

Knowledge Acquisition: Learning occurs when an organization acquires knowledge. Acquisition of declarative knowledge or facts and information is achieved by monitoring the environment, using information systems to store, manage, and retrieve information, carrying out research and development, carrying out education and training, patent watching, and bibliometrics (Dodgson, 1993). Learning occurs not only due to knowledge acquisition from outside the organization but also due to the rearrangement of existing knowledge, the revision of previous knowledge structures, and the building and revision of theories.

Information Distribution: Information distribution refers to the process by which an organization shares information among its units and members, thereby promoting learning and producing new knowledge or understanding. Knowledge in the form of tacit know-how, letters, memos, informal conversations, and reports are captured and distributed. Brown and Duguid (1991) contend that a lot of learning and innovation takes place in informal "communities of practice". Very often, learning in an organization takes place by members sharing stories or anecdotes of actual work practice as opposed to what is mentioned in formal job descriptions or procedure manuals. Greater sharing or distribution of information leads to greater organizational learning.

Information Interpretation: In order for information to be shared, such information must be interpreted. Information interpretation is the process by which distributed information is given one or more commonly understood meanings. Sense-making or the formation of meaning is called procedural knowledge by Dodgson (1993). Huber (1991) states that individuals and groups have prior belief structures, which shape their interpretation of information and thus the formation of meaning. These belief structures are stored as a rule-base or a profile, which is automatically applied to any incoming information in order to form a meaningful knowledge that can be stored. The interaction between stored mental models and interpretation is critical to understanding how organizations learn. Greater learning occurs when more and more varied interpretations are developed.

Organizational Memory: Organizational memory refers to the repository where knowledge is stored for future use. It is also called "corporate knowledge" or "corporate genetics" by Prahalad and Hamel (1994). Decision makers store and retrieve not only hard data or information but also "soft" information, that is, information with meaning. This soft or interpreted information can be in the form of tacit know-how, expertise, biases, experiences, lists of contacts, and anecdotes. Organizational memory plays a very critical role in organizational learning. Both the demonstratability and usability of learning depend on the effectiveness of the organization's memory. The major challenge for organizations exists in interpreting information and creating organizational memory that is easily accessible.

Organizational learning contributes to organizational memory. Thus, learning systems not only influence immediate members but also future members due to accumulation of histories, experiences, norms, and stories. Creating a learning organization is only half the solution to a challenging problem (Prahalad & Hamel, 1994). Equally important is the creation of an unlearning organization which essentially means that the organization must forget some of its past, which implies that learning occurs amidst such conflicting factors (Dodgson, 1993).

Learning is also seen as a conscious attempt on the part of the organizations to retain and improve competitiveness, productivity, and innovativeness in an uncertain environment. This means that the greater the uncertainties, the greater the need for learning. Organizations learn in order to improve their adaptability and efficiency during times of change (Dodgson, 1993). Grantham (1993) states that learning enables quicker and more effective responses to a complex and dynamic environment.

Learning increases information sharing, communication, understanding, and the quality of decisions made in organizations. In their research on organizations as learning systems, Nevis *et al.* (1995) report that all the firms they observed were learning systems. The authors describe how learning has changed organizations such as Motorola, Fiat Auto Company, Federal Express among others. All these firms had both formal and informal structures and processes of acquisition, sharing and utilization of knowledge and skills. The authors observed that even companies that claimed they were not good learning organizations had certain core competencies that could exist only due to certain learning mechanisms in place. For example, Motorola's learning processes and culture, in its engineering and technical areas, enabled the full commitment to total quality by product manufacturing groups. Federal Express invests heavily in team learning for its quality improvement (Nevis *et al.*, 1995). The ability to learn continuously is the reason behind the tremendous success of Japanese firms. Stata (1989) states that although learning takes time, once the process has started, it feeds on itself and organizational members get better and quicker in their work. Landry (1992) also states that organizational learning is essential for innovation. Brown and Duguid (1991) view learning as a bridge between work and innovation. These views are similar to the concept of innovating ideas by Miller (1986) and Mintzberg (1979).

Revans is a former Olympic athlete and has been propounding his thesis on 'action learning' for more than 40 years. His ecological formula – $L \geq C$ – states that learning in an organization must be equal to, or greater than, the rate of change in the environment. If learning within the organization is less than the rate of change outside, then the organization is – by definition – declining or "dying". Due to pressures for change, the ability of the organization to learn is being seen as the major source of sustainable competitive advantage.

Theories of organizational development tend to look on the bright side, but it is clear that 'organizational death' – through failure, acquisition and merger – is increasingly common and indeed, sooner or later, the likely fate of all organizations. As Pascale (1991) notes: 'Of the corporations in the Fortune 500 rankings five years ago, 143 are missing today. (By comparison, in the 25 years from 1955 to 1980, only 238 dropped out)'.

Although 'infant mortality' in new organizations can be as high as 40 per cent in the first year, those that survive are often busy, active places, full of learning. However, as organizations grow and age, they can lose this 'natural' capacity to learn – and this includes those companies which are seen to be the best. Commenting on the excellent companies cited in *In Search of Excellence* (Peters and Waterman, 1982), Pascale (1991) notes further that 'only five years after the book's publication, two-thirds of the companies studied had slipped from the pinnacle'.

Organizations have grown accustomed to changing only in reaction to outside forces, yet the wellspring of real learning is aspiration, imagination and experimentation. Kofman and Senge (1993) describe it very well when they say "as children, we accomplish some of our most astounding learning without any external motivation. We learn to walk, we learn to talk, we learn to be human not because we have to but because we want to. Eventually, however, we become conditioned to reacting to others' directions, to depending on others' approval. The only problem is that our current institutions exercise authority in a way that undermines our intrinsic drive to learn".

In learning, one must be ready to (i) break the system into its component parts, (ii) study each part in isolation, and (iii) assemble an understanding of the whole from an understanding of the parts. The basic assumption in the case of organizations is that systems are aggregates of parts that interact relatively weakly in a linear fashion. Hence, the individuals within the organization sum up to make the entire organization, and each individual's learning contributes to the whole, and that optimizing each individual amounts to optimizing the entire organization.

Learning organizations are spaces for generative conversations and concerted action. In them, language functions as a device for connection, invention and coordination. People can talk from their hearts and connect with one another in the spirit of dialogue. Their dialogue weaves a common ongoing fabric and connects them at a deep level of being. When people talk and listen to each other this way, they create a field of alignment that produces tremendous power to invent new realities in conversation, and to bring about these new realities in action.

In learning organizations, people are always inquiring into the systematic consequences of their actions, rather than just focusing on local consequences. They can understand the interdependencies underlying complex issues and act with perceptiveness and leverage. They are patient in seeking deeper understanding rather than striking out to "fix" problem symptoms – because they know that most fixes are temporary at best, and often result in more severe problems in the future (Kofman and Senge, 1993).

As a result of these consequences, learning organizations are both more generative and more adaptive than traditional organizations. Because of their commitment, openness, and ability to deal with complexity, people find security not in stability but in the dynamic equilibrium between holding on and letting go of beliefs, assumptions and certainties. What they know takes second place to what they learn, and simplistic answers are always less important than penetrating questions (Kofman and Senge, 1993).

The above findings indicate that although many researches have been carried out and books published on organizational learning, these have mostly been in the developed countries, where the environment in its totality (cultural, economic and social) may be different from that of the developing countries like Kenya. Furthermore, these researches have treated organizational learning in a general sense and placed little focus on any one of its aspects like the human resources that make up organizations.

Organizations cannot and will not make any effective progress unless, of course, they take their learning processes further by deliberately including their human resources. Building organizations is not an individual task. It demands a shift that goes all the way to the core of the human beings within the organization – each individual. It is, therefore, important to intervene at this point because organizational learning is not divorced from the human resources of the firm. A study on the way organizations incorporate organizational learning characteristics/features into their operations for efficiency and effectiveness is, therefore, important to the future direction of these agencies.

CHAPTER THREE

RESEARCH DESIGN

3.1 The Population

The population of this study consisted of the management and first-level supervisory staff of the following organizations, which represent one-third of all the donor agencies identified for the study:

1. The Rockefeller Foundation
2. International Development Research Center (IDRC)
3. Pathfinder International
4. Ford Foundation
5. Action Aid
6. Canadian International Development Agency (CIDA)
7. Department for International Development (DFID)
8. Care International
9. Save The Children
10. Aga Khan Foundation
11. United Nations Development Program

The organizations were selected from the current list of international donor agencies in Nairobi, which was compiled by the 2001 Yellow Pages Issue in Kenya, and the donor partner lists from the annual reports of non-governmental organizations such as the Forum for African Women Educationalists (FAWE) and Mazingira Institute (see Appendix 2).

Due to constraint of time and resources, the researcher used a convenient sample by calling up on telephone all the 31 agencies in Appendix 2, and the 11 that agreed to participate in the study were all selected for the study. It was not possible to use random sampling as the majority of these firms were hesitant to participate in the study. From each agency, all managers and first-level supervisory staff, up to a maximum of 10 for each agency responded to the questionnaires.

3.2 Sample and Sampling Procedures

3.2.1 The Sample

Usually, a sample of 30 is accepted as sufficient for purposes of data analysis and statistical inference. In this study, 31 respondents from seven agencies that met the short time deadline were used to ensure adequate representation of the 11 agencies.

3.2.2 Sample Selection Procedures

The researcher got staffing lists from the seven agencies to confirm the numbers of the managerial and first-level supervisory staff then used a proportionate sampling of 50%, that is, five employees for each cadre, where applicable. Where there were less than five of the required category, the entire number was used in the study; however, in cases where there were five or more employees per category, only five were taken, and these five were selected randomly using simple random sampling.

The decision to start from supervisory level staff to the managers was made because these were the people who were likely to understand the issues involved in organizational learning, and thus provide adequate responses to the questionnaire.

3.3 Measures of Variables

The literature review identified four variables that were used to establish the extent to which donor agencies in Nairobi have embraced the features/characteristics of a learning organization. Therefore, in this study, organizational learning was measured using the following variables:

- Knowledge acquisition
- Information distribution
- Information interpretation
- Organizational memory

3.4 Data Collection Method

The study relied on primary data collected through a self-administered questionnaire. Due to the nature of the questions being asked in the questionnaire, the respondents consisted of only the management and first-level supervisory staff of the donor agencies. The four variables identified for this study are knowledge acquisition, information distribution, information interpretation and finally, organizational memory. Data on these four variables was collected using questions in sections b, c, d and e of the questionnaire, respectively.

3.4 Data Analysis Techniques

- Before processing, the data, the completed questionnaires were edited for completeness. Coding of data within the questionnaires that had not been converted to numerical codes representing attributes was also undertaken at this stage.

- Descriptive statistics, which include modes, percentages and averages, were used to summarize the data collected. Comparative group responses have been presented by use of pie and bar charts, for example, younger vs. older employees[1], and university education vs. lower level education.

- Chi-square statistics will be used to test for significance of the differences between the comparative groups in the study such as managers vs. non-managers, younger vs. older employees, younger vs. older managers, university education vs. lower level education.

[1] Staff aged 40 years and below are considered young while those aged above 40 years are considered old.

CHAPTER FOUR

FINDINGS

The raw data collected was analyzed at three levels: descriptive statistics, cross-tabulations and chi-square tests in order to exhaustively capture the different aspects of the data. The different sections that follow depict the summary information analyzed from this data.

4.1 Descriptive Statistics

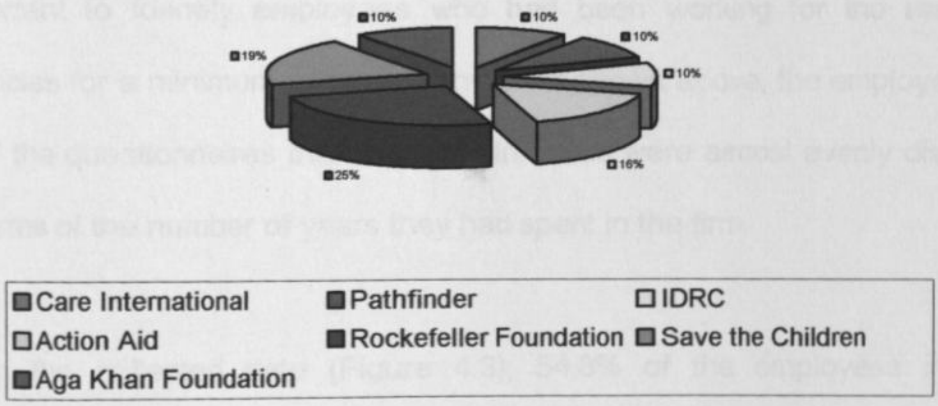

Fig. 4.1 Distribution of Respondents by Agencies

The above figure is an indication of the percentage representation of the agencies that participated in this study. Out of the 11 agencies that were targeted to participate, responses were received from 7 of these, as shown in the figure above, which represents 64%.

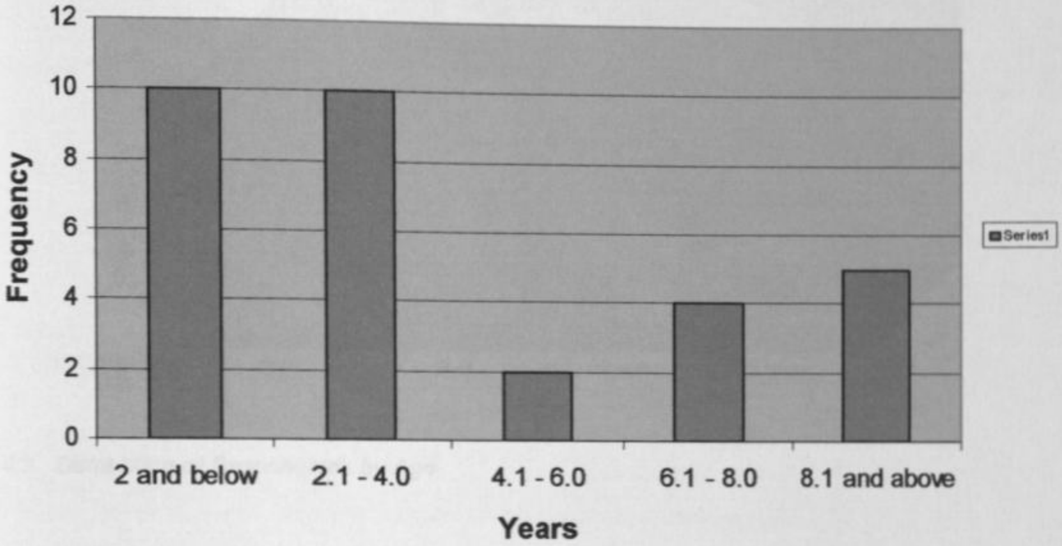

Fig 4.2 Distribution of Respondents by Years/Length of Service in Agency

In order to capture data representative of the variables under study, it was important to identify employees who had been working for the respective agencies for a minimum of three months. As shown above, the employees who filled the questionnaires that were administered were almost evenly distributed in terms of the number of years they had spent in the firm.

From the collected data (Figure 4.3), 54.8% of the employees in donor agencies fall in the age bracket of 31-40 years, 29% are above 40, 12.9% are between ages 21-30 while 3.2% did not respond to this question. This implies that the majority of employees in donor agencies are young as out of all those who responded to the questionnaire, only 29% of the total fell in the above 40 years category.

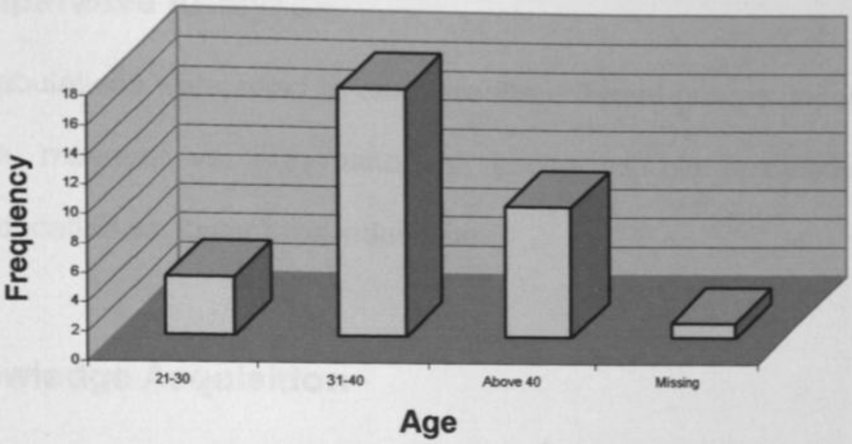

Fig 4.3 Distribution of Respondents by Age

The education level of the respondents was also considered an important factor for this research as some of the cross-tabulations and chi-square tests were based on this. From the analysis, majority of employees in donor agencies hold post- and under-graduate degrees, which seems to indicate the bias of the agencies toward hiring staff with at least a first degree (see Fig. 4.4 below).

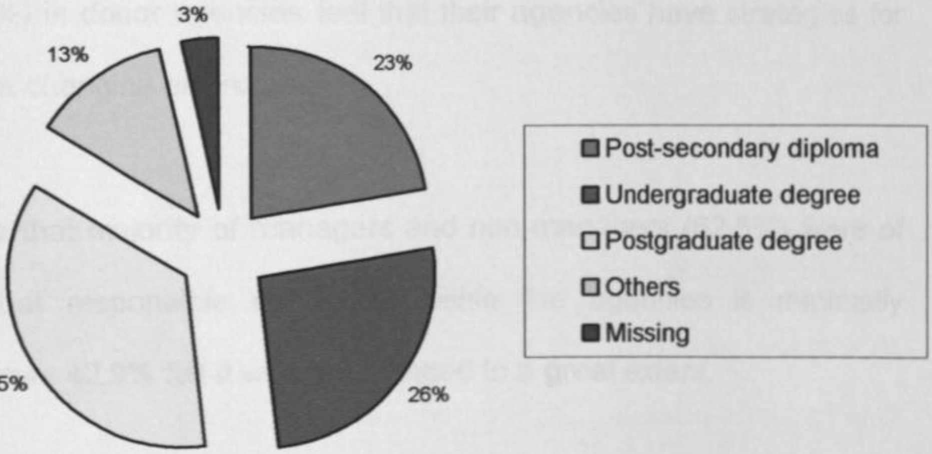

Fig 4.4 Education Level of Respondents

4.2 Comparative Analyses

The cross-tabulations were used to compare the different groups under study, for instance, manager vs. non-managers, young vs. old employees, and university education vs. lower level education.

4.2.1 Knowledge Acquisition

(a) Managers and Non-Managers

Table 1: Organization has strategy for responding to changing environment

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Managers		8	12	7	27 87.1%
Non-managers		1	2	1	4 12.9%
Column Total		9 29%	14 45.2%	8 25.8%	31 100.0%

Table 1 indicates that majority of both the managers and non-managers (45.2% + 25.8% = 71%) in donor agencies feel that their agencies have strategies for responding to a changing environment.

Table 2 shows that majority of managers and non-managers (62.5%) were of the opinion that responsible risk-taking within the agencies is minimally encouraged, while 42.9% felt it was encouraged to a great extent.

Table 2: Organization encourages experimentation on the side (responsible risk-taking)

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Managers	2	12	7	4	25 89.3%
Non-managers	1	1		1	3 10.7%
Column Total	3 16.1%	13 46.4%	7 25%	4 17.9%	28 100.0%

(b) Young and Old Employees

Table 3: Organization has strategy for responding to changing environment

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young	1	1	15	4	21 70.0%
Old		1	2	6	9 30%
Column Total	1 3.3%	2 6.7%	17 56.7%	10 33.3%	30 100.0%

Table 3 indicates that both the young and old employees in the donor agencies they work for had strategies of responding to the changing environment (as shown by the two percentages of 56.7% and 33.3%). A very small fraction felt otherwise (10%).

Table 4 reveals that majority of the two comparative groups of young and old employees felt that their agencies encouraged responsible risk taking amongst their staff to a less and great extent, respectively (as shown by 48.1% and 25.9% of the respondents).

Table 4: Organization encourages experimentation on the side (responsible risk-taking)

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young	2	10	5	3	20 74.1%
Old		3	2	2	7 25.9%
Column Total	2 16.1%	13 48.1%	7 25.9%	5 18.5%	27 100.0%

(c) Education Level of Respondents

Table 5 shows that 36.7% of the respondents with a postgraduate level of education, and 26.7% of those with an undergraduate degree felt that the agencies have strategies for responding to the changing environment to a great and very great extent, respectively.

Table 5: Organization has strategy of responding to changing environment

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Post-secondary		1	4	2	7 23.3%
Undergraduate			5	3	8 26.7%
Postgraduate		1	6	4	11 36.7%
Others	1		2	1	4 13.3%
Column Total	1 3.3%	2 6.7%	17 56.7%	10 33.3%	30 100.0%

The cross-tabulation analysis in Table 6 shows that majority of employees, 55.5%, felt that the agencies minimally encourage experimentation on the side (responsible risk-taking), while 44.4% felt it is greatly encouraged. This was irrespective of their level of education.

Table 6: Organization encourages experimentation on the side (responsible risk-taking)

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Post-secondary		2	1	3	6 22.2%
Undergraduate		7		1	8 29.6%
Postgraduate	1	4	4	1	10 37%
Others	1		2		3 11.1%
Column Total	2 7.4%	13 48.1%	7 25.9%	5 18.5%	27 100.0%

4.2.2 Information Distribution

(a) Managers and Non-Managers

Table 7: All involved in reviewing policy, strategy and formulating change

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Manager	4	12	7	4	27 87.1%
Non-manager	1	3			4 12.9%
Column Total	5 16.1%	15 48.4%	7 22.6%	4 12.9%	31 100.0%

Table 7 indicates that 16 of the managers (59%) are either minimally involved or not involved at all in reviewing policy, strategy and formulating change, while 41% are greatly involved. Among the non-managers, there is minimum involvement in this aspect of information distribution (staff participation).

Table 8: Collective thinking is encouraged

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Managers	1	7	13	5	26 86.7%
Non-managers		2	2		4 13.3%
Column Total	1 3.3%	9 30.0%	15 50.0%	5 16.7%	30 100.0%

Table 8 is indicative of the feelings among both managers and non-managers that collective thinking in donor agencies is encouraged: 66.7% of both groups felt that this is applicable to a great extent, while 33.3% of both groups felt otherwise.

(b) Young and Old Employees

Table 9: All involved in reviewing policy, strategy and formulating change

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young	3	12	4	2	21 70.0%
Old	2	3	2	2	9 30.0%
Column Total	5 16.7%	15 50.0%	6 20.0%	4 13.3%	30 100.0%

Table 9 shows that both young and old employees feel that the departments and units within the agencies basically do not understand each other's purposes and values, as indicated by the 66.7% response rate.

Table 10: Collective thinking is encouraged

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young		7	11	2	20 69.0%
Old	1	2	3	3	9 31.0%
Column Total	1 3.4%	9 31.0%	15 48.3%	5 17.2%	29 100.0%

Table 10 shows that when the young and old employees are compared, both groups of respondents feel collective thinking in the organization is greatly encouraged as represented by the 66% response rate.

(c) Education Level of Respondents

Table 11: All involved in reviewing policy, strategy and formulating change

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Post-secondary		4	2	1	7 23.3%
Undergraduate	2	5		1	8 26.7%
Postgraduate	1	6	3	1	11 36.7%
Others	2		1	1	4 13.3%
Column Total	5 16.7%	15 50.0%	6 20.0%	4 13.3%	30 100.0%

From the results in Table 11, it appears that respondents with post-secondary, undergraduate and postgraduate degrees representing 50% of those who responded to this question feel that there is minimal involvement of staff in the review of policy, strategy and the formulation of change.

Table 12: Collective thinking is encouraged

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Post-secondary		4	2	1	7 23.3%
Undergraduate	2	5		1	8 26.7%
Postgraduate	1	6	3	1	11 36.7%
Others	2		1	1	4 13.3%
Column Total	5 16.7%	15 50%	6 20.0%	4 13.3%	30 100.0%

As far as collective thinking is concerned, the education level of respondents seemed to place more emphasis on its being practiced very minimally in the donor agencies, a feeling represented by 68% of the respondents.

4.2.3 Information Interpretation

(a) Managers and Non-Managers

Table 13: Organization has strong vision for the future

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Managers	1	2	10	13	26 86.7%
Non-managers			3	1	4 13.3%
Column Total	1 3.3%%	2 6.7%%	13 43.3%	14 46.7%	30 100.0%

Regarding the question of whether the agencies have a strong vision for the future, 90% of the respondents felt that this is basically the case. Only 10% of the total number of respondents did not think so.

Table 14: Traditional organizational values and old identities were included in vision

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Managers	2	5	15	3	25 86.2%
Non-managers		2	1	1	4 13.8%
Column Total	2 6.9%	7 24.1%	16 55.2%	4 13.8%	29 100.0%

As indicated in Table 14, 18 managers (72%) felt there is indeed an inclusion of traditional values and old identities in the agencies visions (see Table 14).

(b) Young and Old employees

Table 15: Organization has strong vision for the future

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young	1		12	7	20 69.0%
Old		2	1	6	9 31.0%
Column Total	1 3.4%	2 6.9%	13 44.8%	13 44.8%	29 100.0%

Table 15 shows that when comparing young and old employees, 95% of the young employees and 78% of the old employees essentially felt that their agencies had a strong vision for the future, while only 10% of both groups felt this was not the case.

Table 16: Traditional organizational values and old identities were included in vision

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young	2	15	2	1	20 69%
Old	1	2	4	2	9 32.1%
Column Total	3 10.3%	17 58.6%	6 20.7%	3 10.3%	29 100.0%

From Table 16, majority of the young and old employees (69%) in the agencies either felt that there was either a minimal inclusion of traditional organizational values and old identities in the agencies visions or none at all. The remaining 31% respondents felt that this was so to a great and very great extent.

(c) Education Level of Respondents

Table 17: Organization has strong vision for the future

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Post-secondary			5	2	7 24.1%
Undergraduate			3	5	8 27.6%
Postgraduate		2	4	5	11 37.9%
Others	1		1	1	3 10.3%
Column Total	1 3.4%	2 6.9%	13 44.8%	13 44.8%	29 100.0%

Cutting across the various levels of education of the respondents, it was clear that majority of the employees (89%) were of the opinion that the agencies have strong visions for the future.

Table 18 indicates that irrespective of the education level, 68% respondents definitely felt that traditional organizational values and old identities were included in the visions of the agencies.

Table 18: Traditional organizational values and old identities were included in vision

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Post-secondary		2	4	1	7 25.0%
Undergraduate	1	3	4		8 28.6%
Postgraduate		2	6	3	11 39.3%
Others	1		1		2 7.1%
Column Total	2 7.1%	7 25.0%	15 53.6%	4 14.3%	28 100.0%

4.2.4 Organizational Memory

(a) Managers and Non-Managers

Table 19: All vital information is passed on from one generation to another

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Manager		8	13	5	26 86.7%
Non-manager		2	1	1	4 13.3%
Column Total		10 33.3%	14 46.7%	6 20.0%	30 100.0%

On organizational memory, managers vs. non-managers comparisons (Table 19) showed that vital information in the agencies is passed on from one generation to another to a great extent (67%). However, 33% respondents felt otherwise.

Table 20: Continuity in management practices

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Manager	3	2	14	8	27 87.1%
Non-manager		1	3		4 12.9%
Column Total	3 9.7%	3 9.7%	17 54.8%	8 25.8%	31 100.0%

Table 20 compares managers and non-managers responses to the question of continuity of management practices as a measure of organizational memory. 25 respondents (81%) felt that to a great extent, this was the case in donor agencies. However, 18% thought it happens only minimally.

(b) Young and Old Employees

Table 21: All vital information is passed on from one generation to another

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young		6	9	5	20 69.0%
Old		4	4	1	9 31.0%
Column Total		10 34.5%	13 44.8%	6 20.7%	29 100.0%

Table 21 compares responses received from young and old employees on whether as a measure of organizational memory, vital information is passed on from one generation to another within the agencies with minimal disruption to operations. Of all those interviewed, 66% respondents believed this to be the case while 34% felt otherwise.

Table 22: Continuity in management practices

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young	2	3	11	5	21 70.0%
Old	1		6	2	9 30.0%
Column Total	3 10.0%	3 10.0%	17 56.7%	7 23.3%	30 100.0%

Table 22 compares responses from the young and old employees on whether, as a measure of organizational memory, there is continuity in management practices. 80% respondents indicated that this was definitely the case within the agencies.

(c) Education Level of Respondents

Table 23: All vital information is passed on from one generation to another

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Post-secondary		1	4	2	7 24.1%
Undergraduate		3	3	2	8 27.6%
Postgraduate		4	4	2	10 34.5%
Others		2	2		4 13.8%
Column Total		10 34.5%	13 44.8%	6 20.7%	29 100.0%

Table 23 compares responses received from employees with different levels of education in answer to the question on passage of vital information from one generation to another within the agencies. Although the levels of responses varied from minimal to great, 66% of the total respondents across the categories generally felt this was the case.

Table 24: Continuity in management practices

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Post-secondary			4	3	7 23.3%
Undergraduate	1	2	4	1	8 26.7%
Postgraduate	1	1	6	3	11 36.7%
Others	1		3		4 13.3%
Column Total	3 10.0%	3 10.0%	17 56.7%	7 23.3%	30 100.0%

Table 24 indicates that majority of the respondents (80%) believe there is a continuity of management practices within the agencies. Distributed according to the level of education, 100% of employees with post-secondary education, 62.5% of those with undergraduate degrees, 82% of postgraduate degree holders and 75% of those with other qualifications, felt there was a continuity of management practices in the agencies.

4.3 Summary of Chi-Square Results

The results of the chi-square tests are presented in the following tables, where only significant X^2 statistics are presented:

4.3.1 Knowledge Acquisition

[a] *Organization has methods/mechanisms for involving people in key decision-making processes, when comparing young and old employees*

Table 25: Involvement in Key Decision-Making Processes

Count	To a less extent	To a great extent	To a very great extent	Total
Young	8	10	3	21 70.0%
Old	1	3	5	9 30.0%
Column Total	9 30.0%	13 43.3%	8 26.7%	30 100.0%

Chi-square value = 5.84961 at DF = 2, P < 0.05

There is a significant difference between the perceptions of young and old employees as to whether agencies have mechanisms for involving employees in key decision-making processes ($X^2 = 5.84961$, DF = 2, P < .05). The young employees appear to believe that the agencies have limited mechanisms for involving employees in decision-making processes. This is shown in Table 25, where 62% of young employees have indicated the agencies have such mechanisms to a great and very great extent, while 89% of the old employees feel otherwise.

The youth are a dynamic team in most organizations, and will have higher expectations as far as such issues of management involvement and participation are concerned hence their desire for more involvement. Old employees tend to be more settled and less demanding.

[b] Organization encourages experimentation on the side (responsible risk-taking) when comparing the education level of respondents

Table 26: Organization encourages experimentation on the side

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Post-secondary		2	1	3	6 22.2%
Undergraduate		7		1	8 29.6%
Postgraduate	1	4	4	1	10 37%
Others	1		2		3 11.1%
Column Total	2 7.4%	13 48.1%	7 25.9%	5 18.5%	27 100.0%

Chi-square value = 17.55099 at DF = 9, P < 0.05

There is a significant difference between the perceptions of employees with different levels of education as to whether the agencies encourage responsible risk-taking or experimentation on the side ($X^2 = 17.55099$, DF = 9, P < .05). Holders of post-secondary diplomas appear to believe the agencies encourage responsible risk-taking, undergraduate degree holders seem to believe it is minimally encouraged, holders of postgraduate degrees are evenly distributed on this issue, while majority of those with other educational qualifications believe responsible risk-taking is encouraged. This is shown in Table 26 where 67% of the post-secondary diploma holders indicated the agencies encourage responsible risk-taking to a very great extent, 88% undergraduate degree holders indicated it is encouraged to a less extent, 50% postgraduate degree holders indicated it is encouraged to a very great extent, and 67% of those with other qualifications indicated its encouragement to a great extent.

The significant difference here arose from comparisons made on the level of education of the respondents. Employees with one or more degrees seem more likely to take kindly to risk exposure while those with a level of education lower than this are more likely to stick to the norm and avoid divergences from previous practice within the firm.

[c] Organization has strategy for responding to changing environment when comparing young and old employees

Table 27: Organization has strategy for responding to changing environment

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young	1	1	15	4	21 70.0%
Old		1	2	6	9 30.0%
Column Total	1 3.3%	2 6.7%	17 56.7%	10 33.3%	30 100.0%

Chi-square value = 7.78711 at DF = 3, $P < 0.05$

There is a significant difference between the perceptions of the young and old employees as to whether the agencies have strategies for responding to a changing environment. ($X^2 = 7.78711$, DF = 3, $P < .05$). The young employees appear to believe that the agencies have such strategies only to a great extent, while the older believe these strategies exist to a very great extent. This is shown in Table 27, where 71% of young employees have indicated the agencies have such strategies to a great extent, while 66% of old employees believe the strategies exist to a very great extent.

The level of significance above is indicative of the interdependence in thinking of the young vs. the old employees within the agencies. This shows that donor agencies have devised strategies of responding to a changing environment even though they are not considered competitive firms as such giving an indication of the existence of organizational learning.

4.3.2 Information Distribution

[a] All employees are provided with feedback on financial consequences of their actions, when comparing manager/non-manager

Table 28: Provision of feedback on financial consequences of employee actions

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Managers	2	6	12	7	27 87.1%
Non-managers		4			4 12.9%
Column Total	2 6.5%	10 32.3%	12 38.7%	7 22.5%	31 100.0%

Chi-square value = 9.64444 at DF= 3, $P < 0.05$

A significant difference exists between the perceptions of managers and non-managers as to whether all employees receive feedback on the financial consequences of their actions ($X^2 = 9.64444$, DF = 3, $P < .05$). The managers appear to believe that the agencies have mechanisms of providing such feedback to employees. This is shown in Table 27, where 70% of managers have indicated that these mechanisms exist to a great extent, while 100% of non-managers felt that this was the case only to a minimal level.

Donor agencies thrive on their financial bases. It is, therefore, of utmost importance to keep employees completely abreast of the financial consequences of their actions in order to stay in business, as it were. The difference between manager and non-manager responses seems to be a result of management being a part of the decision-making process, and therefore, having access to this kind of information hence the 70%% and 100% categorization for managers and non-managers, respectively. However, since non-managers are of the opinion that this information is available only to a less extent, this implies a lack of information flow to lower cadre staff.

[b] *Meet with other agencies to share ideas, when comparing young and old employees*

Table 29: Information Sharing amongst Agencies

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young		4	13	3	20 69.0%
Old	1	1	2	5	9 31.0%
Column Total	1 3.3%	5 17.2%	15 51.7%	8 27.6%	29 100.0%

Chi-square value = 8.40329 at DF = 3, P < 0.05

There is a significant difference between the perceptions of young and old employees as to whether there is sharing of information amongst agencies. (X^2 = 8.40329, DF = 3, P < .05). The old employees appear to believe that the agencies have not devised adequate mechanisms on sharing of ideas. This is shown in Table 29, where 22% of the old employees indicated the agencies have such mechanisms to a less extent, while 65% of young employees believed otherwise.

The significance can be explained as resulting from the fact that the agencies generously share ideas on some aspects of their work and not others, hence the significant difference in responses by the young and old employees.

4.3.3 Information Interpretation

[a] Organization has strong vision for the future, when comparing young and old employees

Table 30: Agencies have strong vision for the future

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young	1		12	7	20 69.0%
Old		2	1	6	9 31.0%
Column Total	1 3.4%	2 6.9%	13 44.8%	13 44.8%	29 100.0%

Chi-square value = 9.59231 at DF = 3, $P < 0.05$

A significant difference arose between the perceptions of the young and old employees as to whether the agencies have a strong vision for the future (X^2 = 9.59231, DF = 3, $P < .05$). The young employees seem to believe that the agencies definitely have strong visions for the future. This is shown in Table 30, where 60% of young employees indicated the agencies have such a vision to a great extent, while only 11% of the old employees felt the same way.

The above significance can be explained from the fact that a majority of employees in donor agencies appear to fall in the age bracket this paper considers "young". Majority are also managers (87.1%) and may, therefore, feel their agencies have strong visions for the future, which then enables them to respond adequately to a changing environment.

[b] All are involved in creating the organization vision, when comparing young and old employees

Table 31: Staff participation in vision creation

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Young	1	1	15	4	21 70.0%
Old		1	2	6	9 30.0%
Column Total	1 3.3%	2 6.7%	17 56.7%	10 33.3%	30 100.0%

Chi-square value = 8.29564 at DF = 3, P < 0.05

There is a significant difference between the perceptions of young and old employees as to whether the agencies involve al staff in creating their visions X2 = 8.29564, DF = 3, P < .05). The old employees appear to believe that the agencies involve all staff in creating their visions wile the young employees do not seem to think so. This is shown in Table 31, where 67% of old employees felt this was the case to a great and very great extent, while 85% of young employees thought otherwise.

Involvement in creating the organization's visions seems relative to one's actual position in the agency. The younger employees seem to feel left out of this aspect of the organization's planning, while a bigger number of older employees feel they are part of creating this vision. This may be explained by the fact that the youth prefer participatory management styles, which have not been adapted by most firms, and signify the apparent absence of some aspects of the organizational learning process.

4.3.4 Organizational Memory

[a] Organization keeps database of all regular contacts for future use, when comparing manager/non-manager.

Table 32: Database of Regular Agency Contacts

Count	Not at all	To a less extent	To a great extent	To a very great extent	Total
Managers		6	8	13	27 87.1%
Non-managers	1		1	2	4 12.9%
Column Total	1 3.2%	6 19.4%	9 29.0%	15 48.4%	31 100.0%

Chi-square value = 7.66708 at DF = 3, $P < 0.05$

A significant difference was observed between the perceptions of managers and non-managers as to whether the agencies keep databases of regular contacts for future use ($X^2 = 7.66708$, DF = 3, $P < .05$). The managers seem to believe that databases for regular agency contacts are not always available, while majority of non-managers feel otherwise.

Donor agencies are basically funding organizations. Maintaining regular contact databases is an essential part of their operations. Thus, the managers as key people in the firm may feel that these contacts are not always kept, while non-managers may feel that this is a regular practice in the organization as it is a support task to managers, which is most likely carried out by non-managers.

CHAPTER FIVE

DISCUSSION, SUMMARY AND CONCLUSIONS

In this chapter, the findings of the study are discussed, summarized and pertinent conclusions made.

5.1 Discussion

The findings of this study indicate that although donor agencies are classified as non-competitive firms, they like all other organizations, embody the characteristics of organizational learning by engaging in certain aspects of the process like knowledge acquisition, information distribution and information interpretation. As Dodgson (1993) pointed out in an earlier study "a learning organization is a firm that purposefully constructs structures and strategies so as to enhance and maximize organizational learning, where people continually expand their capacity to create results they truly desire, where new and expensive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together". The findings of this study are, therefore, consistent with that of Dodgson (1993) because to a very large extent, the donor agencies have structures, strategies and processes that enhance and maximize organizational learning. This enables them to cope with a competitive environment in spite of their being service-oriented organizations.

In his fifth discipline on the art and practice of learning organizations, Senge (1990) stated that "due to business becoming more complex, dynamic and globally competitive, excelling in such an environment requires more understanding, knowledge, preparation and agreement than one person's expertise and experience provides". This study confirms that all members of the firm in donor agencies are an important and integral part of the organization's operations. That is why donor agencies utilize the combined efforts, skills and expertise of all their human resources so as to maximize on the efficiency and effectiveness of their operations and the guarantee of continuity. The finding is, therefore, consistent with Fiol and Lyles (1985) findings that "organizational learning is more than the sum of the parts of individual learning" such that the agency does not necessarily lose out on its learning abilities when members separate from it.

Specifically, findings on knowledge acquisition suggest that donor agencies practice this aspect of the organizational learning process to a large extent. Learning occurs when an organization acquires knowledge, and in donor agencies, this happens in the hiring of capable staff, various restructuring processes within the organizations, and sharing of information. According to an earlier study by Dodgson (1993), "acquisition of declarative knowledge or facts and information is achieved by monitoring the environment, using information systems to store, manage and retrieve information ...". Donor agencies in Nairobi are actively involved in this kind of acquisition of knowledge, and are engaged in monitoring the environment just like any other firm, hence confirming the findings of the earlier studies.

This study also found out that members of the agencies are engaged in sharing of information amongst units and with each other. A lot of informal learning takes place within the agencies, whereby information is shared in memos, presentations, reports and conversations. This process is consistent with the earlier findings of Brown and Duguid (1991), in which they contended that "a lot of learning and innovation takes place in informal "communities of practice".

The findings of this study also indicated that the agencies encourage responsible risk-taking, that is, experimentation on the side. According to earlier studies undertaken by Dodgson (1993) and Huber (1991), "greater learning occurs when more and more varied interpretations are developed". This is consistent with the fact that most agencies encourage their employees to be innovative and discover new ways of accomplishing tasks. As a result, greater learning occurs within the agencies. Organizations should not grow accustomed to changing only in reaction to outside forces, but have their wellspring of real learning to be aspiration, imagination and experimentation.

Studies by Prahalad and Hamel (1994) showed that "interpreted information can be in the form of tacit know-how, expertise, biases, experiences, lists of contacts, and anecdotes". This is a form of organizational memory, and plays a very critical role in organizational learning. Unless organizations are able to store the know-how and expertise of their employees, their experiences or even lists of their regular contacts, it becomes very difficult to have a usable effective organizational memory. This study confirmed that some agencies have strategies of ensuring that organizational memory is an integral part of their operations. However, majority of the agencies were lacking in this aspect of organizational learning process, and would need to work harder to ensure that the departure of individuals from the organizations does not necessarily imply a loss of important information that could serve the agencies into the future. Thus, the major challenge for these organizations exists in interpreting information and creating organizational memory that is easily accessible.

The study also showed that the age, position in the agency and education level of respondents determined the extent to which aspects of organizational learning are embraced by the agencies. This is so because most of the agencies have young managers who are dynamic in their approach, and have higher expectations as far as issues of management and employee participation are concerned. Older employees tend to be more settled and less demanding in their approach to work. Although this aspect of the study was not captured by earlier studies, it is clear that it has a major part to play in the way donor agencies in Nairobi embrace organizational learning process.

Most earlier studies on organizational learning were carried out in organizations that were competitive by nature, and thus the adaptation to the external environment was indeed a critical issue. This study, however, shows that although donor agencies are service-oriented agencies, they benefit greatly from the organizational learning processes they have adapted within their firms, and through their actions and characteristics/features. They are able, just like competitive firms, to attract qualified personnel, and "to purposefully construct structures and strategies that enhance and maximize organizational learning, where people continually expand their capacity to create results they truly desire, where new and expensive patterns of thinking are nurtured, where collective aspiration is set free and where people are continually learning how to learn together" (Dodgson, 1993), and grow professionally.

The findings in this study have several implications for management practice. It is evident that learning occurs in all types of organizations irrespective of whether they are competitive or not. Managers, therefore, need to be alert in their strategy development, and allow employees to exercise responsible risk-taking in order to improve competitiveness, productivity and innovativeness in an uncertain environment. This means that the greater the uncertainty, the greater the need for learning, and the more the need for the organization to strive to continue encouraging corporate learning.

The managers should also understand that learning increases sharing, communication, understanding, and the quality of decisions made in organizations. Managers will notice that learning organizations are both more generative and more adaptive than traditional organizations. Because of their commitment, openness, and ability to deal with complexity, people find security not in stability but in the dynamic equilibrium between holding on and letting go of beliefs, assumptions and certainties. In this regard, what people know takes second place to what they learn, and simplistic answers are always less important than penetrating questions. Employees are therefore, able to stay in employment that encourages them to continuously learn than those that inhibit their professional growth.

The manager will also realize that organizations do not learn. It is the individuals in the firms who do the learning. The focus should, therefore, be the individual such that in the long run, the entire organization exhibits the characteristics/features of a learning organization. When the firms establish necessary processes to stimulate organizational learning, change is automatically facilitated. This can only happen if the individuals within the organization are allowed to experiment with these processes, and adapt the one that works favorably in the environment in which the organization operates.

From the foregoing discussion, it is evident that organizations cannot and will not make any effective progress unless, of course, they take their learning processes further by deliberately involving their human resources. Thus, building organizations is not an individual task. It demands a shift that goes all the way to the core of the human beings within the organization. It is evident from this study that organizational learning cannot be divorced from the human resources of the firm.

5.2 Summary and Conclusions

From the levels of significance of the four variables of knowledge acquisition, information distribution, information interpretation and organizational memory that were used to measure organizational learning process in donor agencies in Nairobi, it is apparent that various employee categories within the agencies have differing views on most aspects of organizational learning process.

The first three aspects of organizational learning process, that is, knowledge acquisition, information distribution, and information interpretation seem to be a little more well established in the donor agencies as indicated by the level of significance of the responses to questions on these aspects of the process. However, organizational memory seems to be one part of the process that has not been that well integrated into the agency systems.

It is also clear from the study that most of the findings are consistent with previous studies on organizational learning. However, it is important to note that learning is not dependent on competition, and can be adapted by any organization that is continually changing, and wants to maximize the efficiency and effectiveness of its operations.

All in all, it appears that the donor agencies have to a great extent embraced the features/characteristics of organizational learning process. The fourth part of the process on organizational memory, which is probably the most essential as it provides a sustainability factor and enhances a system of continuity in the organizations and a sound reference point for organizational learning process, is not so well grounded in the systems.

5.3 Recommendation

In order for the organizational learning process to root itself in the activities of donor agencies in Nairobi, it is important for the entire process to be treated seriously, and not just sections of it. This study provides an indication that the fourth part of the process is in a way ignored, which makes the organizational learning process incomplete. Donor agencies in Nairobi should thus strive to embrace the entire process in a wholesome way that benefits the agency in a dynamic unstable environment like the one in which firms currently operate. Failure to do so will render useless some of their efforts in enhancing part of the process of organizational learning, and reduce their influence, and efficiency and effectiveness of operations in the current global competitive environment.

5.4 Limitations of the Study

The following are some of the limitations of this study:

1. Donor agency supervisory and managerial level staff has very busy schedules that involve a lot of travel, thus some were completely unavailable to fill the questionnaires, and the time period did not allow flexibility of deadlines to accommodate such cases.
2. Some agencies require that only the Director provide permission for the administration of questionnaires such as those used in this study, and some of the directors were completely unavailable to give the go-ahead before the deadline date.

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APPENDIX 1

ORGANIZATIONAL LEARNING QUESTIONNAIRE TO EMPLOYEES

For the purposes of analysis only, please answer the following questions about yourself and your work with the donor agency. Your answers will remain **anonymous and strictly confidential**. This information is crucial to the study.

SECTION A: PERSONAL DATA

Please answer the following questions.

1. Name of Organization: ______________________________

2. What is your current job title? ______________________________

3. Please tick one to indicate your type of job. Professional ( ) Support ( )

4. How long have you been employed by this agency? ______________________

5. Please check the box that indicates your age bracket

   20 or below ☐

   21-30 ☐

   31-40 ☐

   Above 40 ☐

6. Gender Male ☐ Female ☐

7. Marital Status

   Single ☐ Married ☐ Other (please state) ☐

8. Education (Please check appropriate level)

Primary Education Certificate or equivalent ☐

Secondary/High School Certificate ☐

Post-secondary Certificate ☐

Post-secondary Diploma ☐

Undergraduate Degree ☐

Postgraduate Degree ☐

Others (please specify) ______________________________

SECTION B

9. To what extent do the following apply to your organization: (please circle the most appropriate option using the provided scale)

1. Not at all
2. To a less extent
3. To a great extent
4. To a very great extent
5.

My organization has a strategy that responds to the changing environment	4	3	2	1
Existing policies and strategies get reviewed and improved upon ever so often	4	3	2	1
My organization sets out to encourage 'experimentation on the side' (responsible risk-taking)	4	3	2	1
My organization has methods and mechanisms for involving people in key decision-making processes	4	3	2	1
We regularly examine the economic trends which affect our business	4	3	2	1
All members of the organization play a part in policy and strategy formulation	4	3	2	1
The organization structure is very flexible and changes frequently	4	3	2	1
We have many different ways, monetary and non-monetary of rewarding our work	4	3	2	1
Learning new things is a way of life for everyone	4	3	2	1

SECTION C

10. Please circle the number that best describes the extent to which your organization practices the following: (Use the scale below for the most appropriate response)

1. Not at all
2. To a less extent
3. To a great extent
4. To a very great extent

All employees in my organization are involved in reviewing policy and strategy and formulating change?	4	3	2	1
Collective thinking in the organization is encouraged	4	3	2	1
Everyone in the organization has access to sophisticated databases	4	3	2	1
Accounting systems provide all employees with feedback on the financial consequences of actions as soon as they are known	4	3	2	1
Departments and units understand each other's purposes and values	4	3	2	1
People bring in information from our grantees and other stakeholders all the time	4	3	2	1
We participate in joint ventures with our grantees and stakeholders	4	3	2	1
We meet with other agencies to share ideas	4	3	2	1

SECTION D

11. Please circle the number that best describes your organization's position on the following: (Use the scale below to circle the most appropriate response)

1. Not at all
2. To a less extent
3. To a great extent
4. To a very great extent

My organization has developed a strong vision of the future that it would like to realize?	4	3	2	1
All the people in the organization were involved in creating this vision?	4	3	2	1
The elements of traditional organizational values and old identities are included in the vision	4	3	2	1
Information technology is not only used for automating processes but helps innovation	4	3	2	1

SECTION E

12. To what extent do the following apply to your organization: (please use the scale below to circle the appropriate response)

1. Not at all
2. To a less extent
3. To a great extent
4. To a very great extent

In my organization, all vital information is passed on from one generation to another	4	3	2	1
When directors/managers in my organization change, there is a continuity in management practices	4	3	2	1
My organization keeps a database of all its regular contacts for future use	4	3	2	1

SECTION F

Thank you very much for completing this questionnaire. Please write below any other comment you wish to include which is relevant to the subject of study.

____
____
____
____
____
____
____
____

THANK YOU FOR YOUR COOPERATION

APPENDIX 2

1. Action Aid
2. African Wildlife Foundation
3. Bellerive Foundation
4. Bernard van Leer Foundation
5. Care International
6. Canadian International Development Agency (CIDA)
7. DAAD
8. Danish International Development Agency (DANIDA)
9. Department for International Development (DFID)
10. Finnish International Development Agency (FINNIDA)
11. Food for the Hungry International
12. Fredrich Ebert Foundation
13. German Technical Cooperation (GTZ)
14. Global Fund for Women
15. Helpage International
16. International Centre for Research In Agroforesty (ICRAF)
17. International Development Research Centre (IDRC)
18. International Centre For Research on Women
19. International Family Health
20. International Planned Parenthood Federation (IPPF)
21. The World Conservation Union
22. Program for Appropriate Technology (PATH)
23. Pathfinder International
24. Swedish International Development Agency (SIDA)
25. The Aga Khan Foundation
26. The Asia Foundation
27. The Ford Foundation
28. The Rockefeller Foundation
29. United Nations Agencies (UNICEF, UNESCO, UNDP, UNHCR, IUCN, WHO)
30. United States Agency for International Development (USAID)
31. Winrock International