Transforming public organizations into learning organizations: How culture makes a difference

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Abstract
The concept of organizational learning and the evolution of learning organizations have gained popularity in recent organization theory literature as complementary subjects. Particularly, organizational learning literature was enriched with the contributions of different academic perspectives varying from psychology and organizational development to cultural studies. So far, most of the empirical studies on this issue focused on the relationship between organizational learning and other mainstream constructs. Nevertheless, many researchers delineated the process of organizational learning and the primary characteristics of learning organizations from the standpoint of private enterprises, paying little attention to the dynamics of organizational learning in public sector. There is also no comprehensive model so as to demonstrate the linkage between organizational learning and learning organizations, and the role of culture on this relationship. This paper is aimed to fill this gap by proposing a model for transformation of public organizations to learning organizations. Accordingly, organizational learning is scrutinized under the scope of six disciplinary perspectives which provide distinct contributions and conceptions of problems regarding the learning process in organizations. The dynamics of organizational learning and distinctive features of learning organizations are explored as well. Though not exhaustive, the model sheds light on the prominent steps in transformation process and the role of a learning culture on this course of action.

Keywords: Public organizations, learning organization, organizational learning, knowledge creation, learning culture

JEL Classification Codes: L32, M14, M19

Introduction

The concept of organizational learning and the evolution of learning organizations have gained popularity in recent organization theory literature as complementary subjects. Several scholars have developed theoretical models based on the work of Peter Senge (1990), demonstrating the relationship between these abstract phenomena; and organizational success was argued as the ultimate goal behind continuous endeavors to promote organization wide learning.

Nevertheless, most of the studies delineated the processes of organizational learning and the primary characteristics of learning organizations from the standpoint of private enterprises, paying little attention to the dynamics of organizational learning in public sector. In addition, those organizations which perform quite well in public sector were not examined comprehensively in terms of their diverse characteristics representing the prevalence of a “learning culture” within their boundaries.

This paper is aimed to fill aforementioned gap by proposing a model for transforming public organizations into learning organizations. In the first part of the paper, organizational learning is scrutinized under the scope of six disciplinary perspectives which provide distinct contributions and conceptions of problems regarding the learning process in organizations. Then, dynamics of organizational learning and distinctive features of learning organizations are explored based on the existing literature. Finally, after the discussion of challenges and alternatives for public sector organizations on the way of becoming learning organizations, a comprehensive "transformation model" is presented. The prominence of building a "learning culture" is highlighted at different parts of the study; but particularly in the discussion of the model, which presumes the culture as the primary component of transformation process.

Disciplines of Organizational Learning

Organizational learning, which is defined as "the capacity or process within an organization to maintain or improve performance based on experience" (Nevis, DiBella, and Gould, 1995; p.73), has recently become one of the most striking subjects in management literature. Although the concept is mostly covered and delineated in organizational studies, different academic perspectives have made prominent contributions to its understanding. There are basically six disciplinary perspectives discussed by Easterby-Smith (1997) which provide distinct contributions and conceptions of problems to the comprehension of organizational learning. These perspectives can be listed as psychology and organizational development, management science, sociology and organization theory, strategic perspective, production management, and cultural perspective.

As stated by Easterby-Smith (1997) *psychology and organizational development* are the earliest perspectives which incorporate organizational learning to their spheres. These perspectives focus on human development within the organizational context (Easterby-Smith, 1997) and assume that ideas about individual learning can be adjusted to organizational learning. Accordingly, cognitive maps and frames of individuals are deemed to be very important to surface the interrelationship between individual thinking and actions as well as the organizational ones. The main problems observed under the scope of these perspectives are stated as the transfer of the learning content from individuals to collective groups, defensive reactions among individuals and groups, and ultimately, 'communication deficiencies' in organizations due to the lack of effective dialogues (Easterby-Smith, 1997).

The second perspective, *management science*, concentrates on the gathering and processing of information in the organizations (Easterby-Smith, 1997). In this perspective, as offered by Huber (1991), organizational learning encompasses four main processes which are knowledge acquisition, information distribution, information interpretation, and organizational memory. Knowledge can be acquired either in the form of inherited knowledge of members or external knowledge provided by new staff. Distribution and interpretation phases, on the other hand, are restricted by both the amount of information and cognitive capacities of individuals. According to management science, the most important concern for organizational learning is the distortion and suppression of information by organizational politics and irrational behaviors of managers

(Easterby-Smith, 1997). In addition, the conflict between short-term agendas which concentrates on the exploitation of current technology and the long-term plans which comprise the exploration of new technology is seen as another prominent problem.

S*ociology and organization theory* disciplines encompass broader social systems and organizational structures where the learning may be embedded and which may influence organizational learning (Easterby-Smith, 1997). There are four types of views delineated by Easterby-Smith (1997) under the scope of sociology and organization theory: functional, contingency, constructivist, and critical views. The functional view aims to identify the reasons behind organizations' inability to learn. It proposes that structural aspects, like the inclination to bureaucratic models, hinder organizational adaptability to environmental changes. According to the cognitive view, characteristics of the organizational learning systems differ in line with the nature of the organization, either being bureaucratic or participative. The constructivist view emphasizes the importance of informal learning and perceives it as both the process and outcome of social construction. Finally, the critical view concentrates on the hierarchical differences and on the ability of individuals to provide valid and practical knowledge to the organization. On the whole, sociology and organization theory disciplines present fundamental questioning of the nature of learning in organizations (Easterby-Smith, 1997) and benefiting parties as well as defending the idea that the triangle of politics, conflict and power can not be avoided through the improvement of information systems.

Strategic perspective views organizational learning as a competitive tool that provides advantage to the organization over others. According to this perspective, organizations should be able to learn more efficiently than its competitors and maintain good relationships with its environment. Easterby-Smith (1997) defines the main contributions of strategic perspective as articulation of competitive advantages gained through the implementation of principles of organizational learning and adaptability of the organizations to rapidly changing environmental conditions through direct experience and collective learning. The problems arise from the outside pressures of competitive forces or structural changes associated with organizational growth (Easterby-Smith, 1997).

Production management discipline primarily outlines the relationship between learning and organizational productivity, and efficiency. "Learning curve" approach which is founded on the idea that the production costs reduce in proportion to the cumulative number of units produced, gave direction to the early studies in this field. Nevertheless, in some studies it is argued that assumptions of the learning curve may not be applied to the real life cases since organizational knowledge can depreciate over time. The primary concerns for this discipline are the shortcomings of employing single criteria to compare organizational configurations and methodological limitations in conducting comparative researches (Easterby-Smith, 1997).

Lastly, *cultural perspective* views culture as a prominent cause and result of organizational learning. Organizational culture can be defined as a model of "basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously, and that define an organization's view of itself and environment" (Schein, 1985; p.6-7). Organizational learning literature under this

discipline is based upon the generalized view of culture and focuses on the conception of learning in different cultural contexts. It is suggested that the nature or process of learning may vary in different situations and cultures. Some studies also shed light on the question of whether some cultures, which can be regarded as "learning" or "collaborative cultures", may go beyond others in their facilitation of learning. The problems ascertained by this perspective are the relativity of cultural beliefs, norms, and values and the difficulty in transferring knowledge from one culture to the other.

Reviewing the general perspectives on the concept of organizational learning and particularly drawing upon the tenets of cultural perspective, this paper attempts to draw a broad picture of dynamics of organizational learning, characteristics of learning organizations, and the role of culture in transforming public organizations into learning ones.

Dynamics of Organizational Learning

Organizational learning literature provides divergent definitions for the term and clarifies the differences between the concept of organizational learning and learning organizations. Serving to the latter purpose, in 1995, Lundberg proposes that organizational learning comprises the processes of learning which take place within the organization, whereas the learning organization is an entity with different characteristics and capacities. He also puts forward a "definitional convergence" in the literature with regard to three components of organizational learning which are: organizational learning is more than the sum of individual learning, it is a form of double-loop learning, and it encompasses cognitive processes and organizational activities (Beeby and Booth, 2000).

From the perspective of Argyris and Schön (1978), organizational learning comprises both adaptive (single-loop) learning and generative (double-loop) learning. Single-loop learning is related to the identification and correction of errors in the system to attain predetermined goals within the existing structures. On the other hand, double-loop learning occurs as the organization questions long-held assumptions about its mission and capabilities, and develops new ways of looking at the world. It is proposed that double-loop learning is generally frame-breaking, and by challenging the theories and procedures in use, it can facilitate openness, flexibility, and autonomy in the organization (Beeby and Booth, 2000).

Argyris and Schön (1996) also argue that a theory of organizational learning should consider the interactions between higher-level organizational entities such as departments, divisions, or groups of managers. Coghlan (1997) enhances this view by proposing that four discrete levels of complexity (i.e. individual, team, interdepartmental, and organizational levels) influence the development of learning in organizations. According to this author, organizational learning comprises a "flow of change" through the individual, team, interdepartmental, and organizational levels and its performance is dependent upon the effective management of inter-level activities.

As the first level in organizational learning process, individuals move through the learning cycle of experiencing, processing, interpreting, and taking action. During this process, individuals contemplate and seek new experiences as well as paying conscious

attention to inner thoughts and feelings when faced with disconfirming data. At the team level, content of the learning, which include certain group tasks and process issues, and group dynamics, which influence group cohesion through dialogue, are important. Dialogue enables team members to develop a collaborative thought and a coordinated action (Isaac, 1993). Learning at the interdepartmental level, on the other hand, is characterized by the conscious attention to effects of different departmental perspectives and cultures on the content and process of learning. Negative inter-group dynamics where rigid distinctions are surfaced among departments may inhibit the process of organizational learning. With respect to the organizational level learning, it can be stated that learning at this level requires the integration of the learning at the previous levels with the learning about external environment and organizational strategy. As a new dimension or level for the Coghlan's model, Beeby and Booth (2000) introduce inter-organizational learning, which they deem essential for the attainment of productive organizational learning. Inter-organizational relationships, generally defined as being competitive in nature, may lead to better knowledge creation when they are incorporated with the learning systems within organizations.

In addition to the discussion of learning processes at multiple levels, the review of different studies on organizational learning shows that knowledge management and learning go hand in hand in organizations. There are mainly four mechanisms described by LÓpez, Peaon, and Ordas (2004) which are directly linked to learning process: acquisition of knowledge through external sources or of internal development; distribution, through which knowledge is extended to all members of the organization; interpretation which involves individuals' sharing different aspects of their knowledge and development of a shared understating; and finally, organizational memory, which enables the storage of knowledge for future use. According to Cross and Baird (1999), organizational learning requires a shift from simply acquiring more knowledge to put into the databases, to promoting different ways that knowledge can freely migrate into the organization and affect its performance. Accordingly, acquisition, distribution, interpretation of knowledge, and development of an organizational memory do not have any practical use unless these processes create a considerable effect on organization's business performance.

Another argument which is contemplated in several theoretical and empirical studies is the significance of knowledge creation as an integral part of organizational learning. The primary movers in the process of organizational knowledge creation are the individual members of the organization. According to Nonaka (1994), knowledge is created through conversion between tacit and explicit knowledge accumulated by the individuals or groups in the organizations. Explicit knowledge refers to "knowledge that is transmittable in formal, systematic language" (Nonaka, 1994, p.16) whereas tacit knowledge "has a personal quality, which makes it hard to formalize and communicate" (Nonaka, 1994, p.16). It encompasses both cognitive and "motor elements" and forms a base for individual skills. There are basically four conversion modes presented by Nonaka (1994) which are used for knowledge creation in organizations. These modes, as demonstrated in the following figure (Figure 1), represent the different combinations of explicit and tacit knowledge within the organizations.

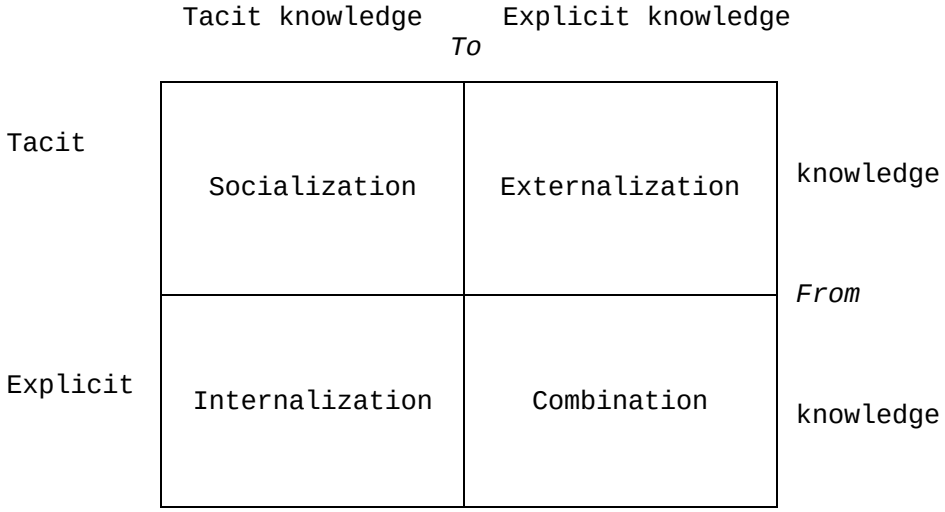


Figure 1: Modes of Knowledge Creation
Adapted from Nonaka, I., 1994, "A Dynamic Theory of Organizational Knowledge Creation," Organization Science, 5(1),14-36.

The first mode of knowledge creation, *combination*, involves individuals' use of social processes to combine different groups of explicit knowledge. Knowledge is exchanged and combined through different exchange mechanisms such as meetings, databases, and inter-departmental activities. Accordingly, reconfiguration of available information can lead to new knowledge creation via individuals' sorting, adding, recategorizing, and recontextualizing explicit knowledge. In the second mode, *socialization*, individuals convert tacit knowledge through social interactions. Transfer of information is realized through shared experiences in which individuals share each others' thinking process. Mentorship and on-the-job trainings exemplify this knowledge creation mode. In the conversion of explicit knowledge to tacit knowledge, *internalization*, which is similar to the traditional notion of "learning", is described as the relevant mode. Individual actions and practices are highly related with the internalization of the transmitted knowledge in a particular setting. Finally, *externalization* mode is based on the metaphors and analogies, telling of stories and anecdotes, and contrasting of situations that are used to convert explicit concepts into tacit knowledge.

After proposing the different modes of individual knowledge creation, Nonaka (1994, p.20) proposes that "organizational knowledge creation takes place when all four modes of knowledge creation are organizationally managed to form a continual cycle". The cycle involves a series of shifts between different modes of knowledge creation. Interactions between tacit and explicit knowledge are predisposed to grow progressively and more rapidly as more actors around the organizations join in the cycle. The author illustrates the organizational knowledge creation process as a spiral model starting with the individual level and moving up to the hierarchy until it reaches the organizational and sometimes inter-organizational levels.

Learning Organizations

The concept of learning organization has gained popularity with the publication of Senge's book, Fifth Discipline, in 1990 and the term

was associated with the idea that organizational learning should be a continuous process that comprises different levels of learning (individual, team or group, departmental, etc.) in organizations.

Senge (1990) calls attention to the prominence of five factors, which are systems thinking, personal mastery, mental models, building shared vision, and team learning, for achieving the goal of creating a learning organization. Slater and Narver (1995), on the other hand, suggest five critical components of the learning organizations two of which are elements for culture and the remaining three are elements of climate. According to these authors, cultural elements consist of market orientation and entrepreneurship, whereas the climate elements involve facilitative leadership, organic and open structure, and a decentralized approach to planning. As an alternative approach, Dilworth (1996) focuses on the obstacles that hinder the creation of learning organizations. The author states that treatment of learning as an individual phenomenon rather than as something that can involve groups or teams; paying little attention to informal workplace learning while overemphasizing formal training; treating business and learning processes as entirely discrete worlds; nonlistening in working environments; and attachment to hierarchy and bureaucratic leadership styles are the primary obstacles behind organizations' inability to transform themselves into learning organizations. Besides, defining a learning organization as "one that is open to change or even more so, one that can change from within itself" (p.132), Finger and Brand (1999) emphasizes the importance of adaptive or reactive stance against environmental pressures which enable organizations to change and learn faster than the others acting defensively.

Recently, Örtenblad (2004) has developed an integrated model of learning organizations in which he presents four aspects of these organizations, which are organizational learning, learning at work, learning climate, and learning structure.

The author divided *organizational learning* into three levels in congruence with the Argyris and Schön's (1978) classification: single-loop learning, double-loop learning, and deutero learning. He argues that organizations should be able to improve current systems and principles (single-loop learning), build the capacity to question these processes (double-loop learning), and learn how they actually learn (deutero learning). *Learning at work* refers to the on-the-job learning where *learning climate* signifies a favorable atmosphere that facilitates learning process. Another prominent aspect, *learning structure* is associated with the flexible and organic organizational structures where the learning climate promotes individual learning as well as knowledge creation and sharing.

According to Örtenblad (2004), when aforementioned four aspects are integrated in a learning organization, the basic outcome will be "flexible action". This outcome will be achieved through a decentralized, flat, team-based, informal structure, where everyone is free to make independent decisions in the organization's best interest and an organizational memory, which is extended by the learning process. In learning organizations, organizational memory comprises more of shared understandings, norms and values rather than routines since too many routines may limit the employees' freedom and restrict flexibility in these organizations. Örtenblad (2004) proposes that formal learning modules like conferences and quality circles as well as cross-functional learning systems maintained by work rotations contribute to the improvement of organizational

memory, which enables every organizational member to know what knowledge is available in the organization and how to access it.

In their article which presents a diagnostic survey for companies to help them determine how well they perform as a learning organization, Garvin and his colleagues (2008) define learning organization as a "place where employees excel at creating, acquiring and transferring knowledge" (p. 110). The authors specify three building blocks of learning organizations which are: a supportive learning environment, a concrete learning processes and practices, and leadership behavior that reinforces learning (Garvin et al., 2008). According to the authors, a *supportive learning environment* is created when organization provides psychological safety for employees, promote appreciation of differences and openness to new ideas, and allow time for a pause in the daily routine that encourages thoughtful assessment of organizational processes. *Concrete learning processes and practices,* on the other hand, denote those learning processes which include generation, collection, interpretation, and dissemination of information as well as some other systematic practices. The last building block, *leadership behavior that reinforces learning*, comprises such leader behaviors as actively questioning and listening to employees; encouraging multiple points of view; and providing time, resources, and venues for reflecting and improving on the past performance (Garvin et al., 2008). The authors emphasize that the three building blocks reinforce one another in learning organizations and to some extent, they overlap.

Learning Organizations in the Public Sector

With the rise of globalization, technological progress -particularly in the areas of informatics and telecommunications-, and emerging global possibilities for big enterprises, which had started to suffer from the limits of national economies, public sector organizations encounter with new and unexpected pressures from external environment. On the other hand, while competing with each other for new investments and jobs, nation-states lose control over the industrial development process, producing a legitimation problem on their side (Finger and Brand, 1999). Consequently, public organizations all around the world have been surrounded with "a double challenge of increasing competitive pressure on one hand and the erosion of the nation-state on the other" (Finger and Brand, 1999, p. 133).

With the economic globalization, foreign investment initiatives have increased largely in any part of the world and activities of multinational companies has extended to those fields, which are traditionally dominated by public sector. As a result, public enterprises increasingly face the pressure from their private-sector counterparts, particularly in their most profitable segments (Finger and Brand, 1999). Most of the time, they have hard time in keeping up with the technological developments and maintaining operational efficiency. In addition, they also confront the pressures "from within" as nation states are gradually losing their political resources and legitimation in the eyes of their citizens.

With the emergence of international and multilateral organizations such as IMF and WTO, in most parts of the world, national policies are directed towards the deregulation of the public sector as well as the withdrawal of the public sector organizations from productive areas (Finger and Brand, 1999). Privatization and deregulation are viewed as applicable solutions for overcoming existing problems

resulting from inefficiency and lack of customer orientation in public sector.

Having been used to stability and continuous protection, public sector organizations are challenged to adapt this new and rapidly growing context (Finger and Brand, 1999) particularly in the last three decades. In most of the developing countries, public sector organizations perform poorly (Grindle, 1997) due to contextual factors such as poverty, economic crises, corruption, and political instability that make it extremely difficult for them to compete with their competitors in the private sector. Although in 1990s, distinct types of reforms has been implemented to increase the efficiency, effectiveness, and responsiveness of public sector organizations, these reforms, focusing generally on stabilization and structural adjustment of public sector, have not solved the problem of poor performance.

The main argument in this study is that the problem of poor performance and low responsiveness on the part of public sector organizations cannot be merely defeated by macro-institutional initiatives, which are generally generated outside the organizational boundaries. The change should be generated from within. Public organizations should not only strive for keeping up with the rapid change in environmental conditions but they should also learn something from change process and combine it with their own structure. In other words, public organizations should gradually transform themselves into learning organizations which promote organizational learning, flexibility, and an adaptive stance.

Progressing on the way of becoming learning organizations, public organizations may come up with a series of obstacles which will slow down their transformation process.

The first type of obstacles which impede the transformation process is environmental constraints. Public sector organizations, operating in a political environment where the interests of political actors, citizens, and society have to be served simultaneously and properly face with complexities in their functioning and management. From a broader perspective, public organizations are part of a larger system with various stakeholders and their transformation process calls for the transformation of the system as a whole.

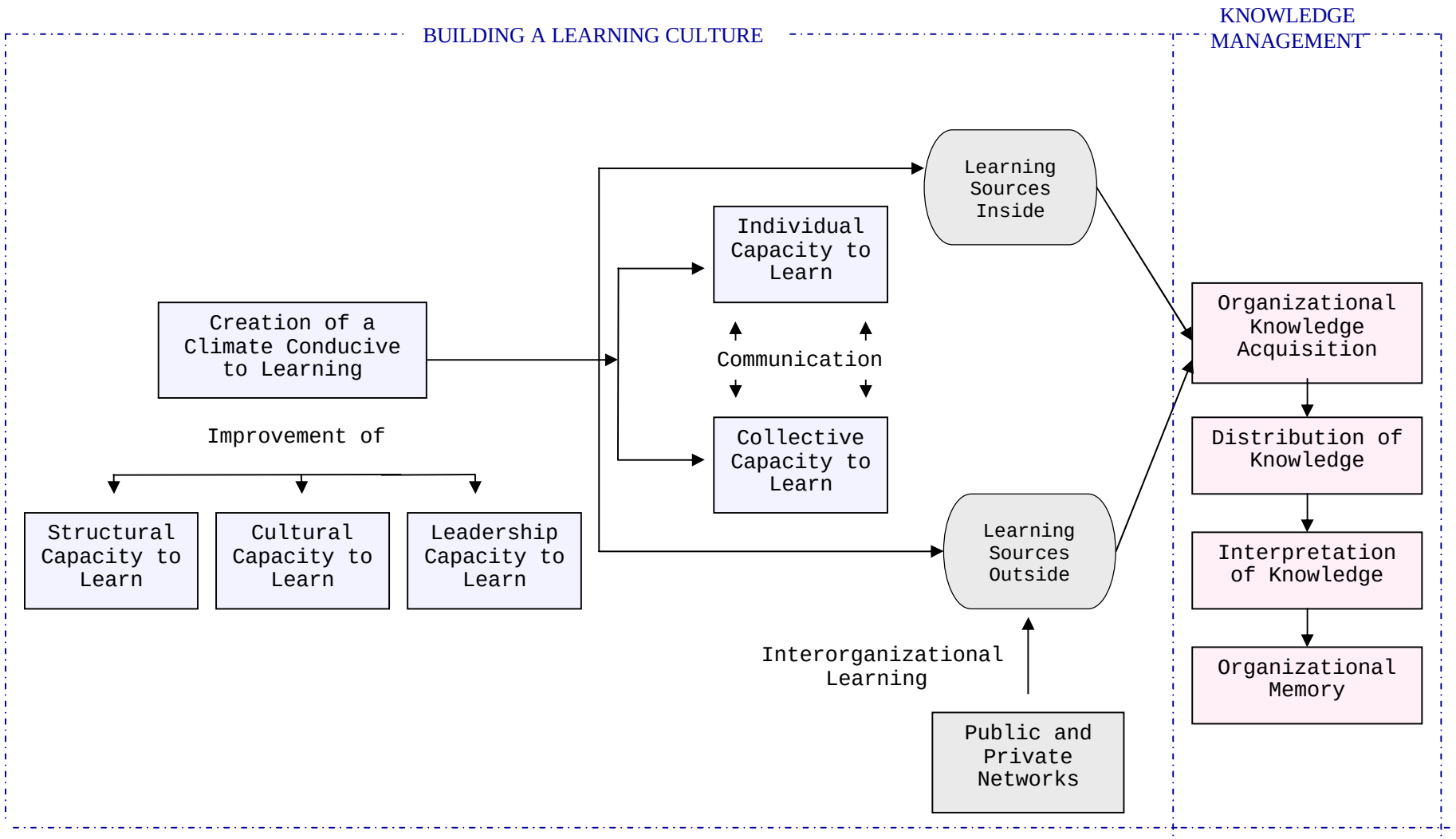
With reference to organizational aspects, organizations in public sector share many commonalities. For instance, having been protected from competition and even from comparison mostly due to their monopoly position, these organizations have become quite bureaucratic. Accordingly, organizational learning signifies form of a threat for them as it often occurs in a radical way and under a short period of time.

Finally, gaining competency in each of five learning disciplines which were initially proposed and discussed by Senge (1990) is extremely difficult for public organizations due to their persistent structural, cultural, and mental barriers (Bayraktarolu and Kutanis, 2002). Namely, in these organizations, formation of a common vision is a challenging job since the vision can change according to the prevalent agenda and policies of governments. What is more, it is difficult to promote a systems thinking since public organizations mostly act unsystematically in accordance with the concerns of different stakeholders including political parties, local community, politicians, and media. With respect to personal mastery, public

enterprises are again in a disadvantaged position. Public workers are inclined to put forth only “necessary” effort for assigned jobs and hardly question the existing systems so as to find outlets for performance improvement. Hierarchical relationships in the bureaucratic structure hinder team-level or interdepartmental learning and lack of opportunities for open dialogue cause existing mental models to resist organization wide learning.

In order to overcome these obstacles and transform themselves to learning organizations, public sector enterprises should primarily strive to create a “learning culture” in their boundaries and subsequently learn to implement a sound knowledge management process where the knowledge is acquired, disseminated, interpreted, and stored effectively. The key building blocks of this transformation process is demonstrated in the following conceptual model (Figure 2) which reflects the different phases of transformation.

Figure 3: Transformation of Public Organizations to Learning Organizations



Proposed Model for Transforming Public Sector Organizations to Learning Organizations

In the proposed model for transforming public sector organizations to learning organizations, the first and the foremost phase is the development of a "learning culture". Serving to this aim, organizations should primarily focus on improving structural, cultural, and leadership capacities to learn within the organization which will in turn lead to the creation of a climate conducive to both individual and collective learning.

In order to enhance *structural capacity to learn*, public sector organizations should capitalize on the benefits of decentralized structures allowing for more participation, flattened hierarchies, small units, or cross-functional teams and integration of central functions into the line. Bureaucratic impediments for the formation of more flexible and flattened structures, which are associated with an open climate for learning, should be eliminated. The new structure should facilitate 'knowledge' sharing between departments (Teece, 1998) through formal and informal coordination mechanisms such as formal procedures, rules, liaison roles and task groups (Willem and Buelens, 2007) as well as personal contacts, informal communication, and socialization processes (Reger and Gerybadze, 1997).

As organizational norms and values significantly affect individual and collective learning processes, appropriation of such values which promotes creation of a proper learning environment is essential for public sector organizations. Taking into account the contemplations of different scholars (e.g. Elkjaer, 1998; Gupta, Iyer, and Aronson, 2000; Nevis et al., 1995; Ruggles, 1998), following values can be proposed as the building blocks of *cultural capacity to learn* within public organizations: a long-term vision and advance management of change, trust and respect for all individuals, tolerance for ambiguity, communication and open dialogue, and tolerance for risk-taking and diversity encouragement. In addition to these well-established values, Popper and Lipshitz (2000) posit a hierarchy of five values in the formation of a learning culture, which comprises continuous learning, transparency, accountability, issue orientation, and valid information, and place continuous learning at the apex of value hierarchy as it reveals the adoption of other values by organizational members.

The final component in the creation a favorable learning climate is the improvement of *leadership capacity* to learn. The leaders have a significant impact on individual and collective learning through their leadership styles and capabilities such as ability to coach, to mentor, to question existing views and to accept criticisms as well as alternative solutions for organizational problems. Garvin et al. (2008) argue that there are specific leader behaviors which reinforce learning in organizations. Namely, inviting input from others in discussions, asking probing questions, encouraging multiple points of view, providing time, resources and venues for identifying problems and organizational challenges are among those behaviors which facilitate learning in organizations.

As represented in the model, the existence of a climate that is conducive to learning will enhance individual and collective capacities to learn in public sector organizations. Individual capacity to learn denotes "individuals' ability and competence to learn" (Finger and Brand, 1999, p.150). When the individuals in an organization are able to think systematically and critically, put themselves in the minds of others, and are open to new information and experiences, individual learning capacity is heightened in a specific organization. On the other hand, collective learning capacity, which results from successful interaction among individuals, is enhanced with the successful management of group spirit, multi-functionality, and capacity to deal productively with conflict at group or organizational level. The enhancement of individual and collective learning capacities will facilitate knowledge creation in organizations, with the use of relevant knowledge creation modes (i.e. internalization, externalization, socialization, and combination) dependent on the characteristics of the knowledge –tacit or explicit- derived from individuals or collective units.

The second phase in transforming public sector organizations to learning organizations is the "knowledge management process". After the development of a learning culture in public sector organizations, it is important to ensure effective management of "what is learnt".

Knowledge management process starts with the organizational *knowledge acquisition* which involves exploitation of "learning sources" inside and outside the organization. Internal sources of learning consist of formal training and educational activities like practice seminars, conferences and regular meetings, informal training through job rotation and self-directed learning teams, open access to statistical data and management information systems. The external sources include customer panels, feedback loops, market research, benchmarking, analysis of the press, and in particular, public and private networks which contribute the outside sources through inter-organizational learning. Collaborative learning arrangements with private sector organizations as well as the other public enterprises like central/local public authorities, research centers or universities will provide public organizations the chance of learning from the experiences of others. These arrangements can be held in the form of regular workshops, knowledge sharing sessions, inter-organizational team meetings, or joint educational and training programs.

The second step, *distribution of acquired knowledge*, can be attained with the initiation of formal knowledge sharing mechanisms as well as the informal ones. Serving to the former purpose, a specialized unit can be charged for fast and accurate transfer of new knowledge to relevant departments and persons. This unit should be also responsible for sharing information with networks of experts within/outside the organization. Informal knowledge sharing mechanisms generally include personal contacts and socialization processes inside the organization.

Interpretation of knowledge requires sharing of experience and different aspects of knowledge which eventually produces shared understanding and coordinated decision making. As the final step in knowledge management process, *organizational memory* denotes to the storage of knowledge for

future use, either in organizational systems designated for this purpose or via formal rules, procedures and systems.

Through the development of a “learning culture” and implementatation of an effective knowledge management system as illustrated in the model, public sector organizations will be able to transform themselves to learning organizations and prevail over the problems of inefficiency, ineffectiveness, and lower adaptability to changes.

Conclusion

The deficiency in developing a learning culture and an effective knowledge management process within their boundaries makes public organizations prone to several inefficiencies. Having been used to stability and continuous protection, public sector organizations face difficulties in adapting to the rapidly changing environment and responding the compelling demands of different parties like their own governments, community members, and the global market.

In this paper it is proposed that in order to overcome their existing inefficiencies and adaptation problems, these organizations should primarily develop a learning organizational culture through the creation of a favorable climate for individual and collective learning. Subsequently, they should follow an effective knowledge management process that incorporates the steps of knowledge creation, accumulation, dissemination, and organizational memory. In line with these arguments, a comprehensive model is developed as an illustration of transforming public sector organizations to learning organizations. It is believed that by examining the learning organization concept under the context of public sector organizations, a significant contribution is made to previous discussions regarding the operational content of transformation initiatives in public sector.

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