THE DEVELOPMENT OF A MANAGEMENT MODEL OF A LEARNING ORGANIZATION IN INSURANCE INDUSTRY

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Abstract: The study aims to 1) examine management models of a learning organization in insurance industry in Thailand; 2) develop and present an appropriate management model for insurance industry 3) study guidelines for developing the administrative factors which promote learning organization in insurance industry. The subject of the study consisted of 395 employees and management executives from 29 out of the total of 70 insurance companies in Thailand, randomly selected by two-stage sampling, and 40% of employees and executives from each insurance company was selected by stratified random sampling.

Keywords: Management Model, Learning Organization, Insurance Industry

Background

The management of the insurance industry needs qualified personnel both in executive and operational levels. To resolve the shortage of qualified personnel in insurance companies is an important issue for this industry because the lack of qualified personnel in terms of insurance knowledge will affect the society and people who buy insurance policies. The insurance industry has to prepare the long term plan that requires cooperation of all parties such as insurance companies, the government and educational institutions at all levels. It should accelerate development in the field of critical and urgent needs for the training and learning organization including views and supporting scholarships for personnel as needed. Currently, there are limits on both personnel and budget. However, an insurance company can be a very effective organization by accelerating the development of personnel who are currently working in the insurance industry with an effective model of a learning organization.

To promote an organization or an institute to become a learning organization is truly challenging for the administrators. The major concern is that the development of both personnel and organization should not be done separately since both levels are enhancing mutual development. Therefore, the administrators must be promoters, challengers, creators and coordinators for the advances of the organizations and their personnel. Hughes (1999) views that an administrator is not only a role model or highly competent leader, but also a designer, an architect and an artist who have creative imagination and a responsibility for promoting learning atmosphere.

There are several factors necessary for consideration in order to become a learning organization. One of the significant factors is learning dynamics. Marquardt (1990) points out that learning organization comprises five subsystems: *1) learning subsystem* is composed of three dimensions: learning levels, types and skills; *2) organization subsystem* refers to the organization transformation regarding culture, vision, strategy and structure; *3) people subsystem* includes the following groups of people: *employees* need to realize the importance of the their working environment and job duties, as well as planning, taking risks and finding solutions for any forthcoming problems; *leaders or managers* are to take responsibility of instructing, giving counseling, being a role model of learning behaviors and giving others opportunities to learn; *customers* are to show their interests in participating in the training services the organization offers, which relates to other members of the organization; *suppliers and vendors* are expected to take part in learning activities within the organization; *alliance partners* are considered as stakeholders in the learning potentials and knowledge that the organization has gained; and *community groups* are social, educational and economical units which can give supports to and learn from the organization; *4) knowledge subsystem* is the management of the knowledge in an organization, including *knowledge acquisition* from both inside and outside the organization, *knowledge storage* which is systematically organized and saved as fundamental database and easily accessed, and *knowledge transfer and utilization* done both internally and externally through media and electronic tools, (including the transfer between organization's staff); and lastly *5) technology subsystem* refers to technology network served as an information tool that allows users to exchange information or knowledge, and also refers to technical processes, systems and electronic network structures utilized for collaborative work, trainings, coordination and other work skills such as teleconferencing, simulations and cooperative work via computer networks.

In addition, Marquardt & Reynolds (1994) indicate that a learning organization possesses 11 characteristics: 1) appropriate structure, 2) corporate learning culture, 3) empowerment, 4) environment scanning, 5) knowledge creation and transfer, 6) learning technology, 7) quality, 8) strategy, 9) supportive atmosphere, 10) teamwork and networking, and 11) vision. These are significant factors to consider when promoting a learning organization.

Senge (1990) stated that to develop learning organization, 5 dimensions, called as "The Fifth

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Discipline" should be promoted. They are as follows. 1) Personal mastery refers to individuals' determination to be excellent in all aspects i.e. learning, creating and innovating. Additionally, since the current global economy is the knowledge-based economy, they should be not only prudent and sagacious in order to adjust to forthcoming situations, but also conduct lifelong learning which ensures them to achieve their personal mastery. 2) Mental model is crucial to the changes and adaptation of an organization to be competitive. One of the most important concerns is how its employees acquire the same knowledge and understanding. If most of them have negative modes and ways of thinking, it is not possible for the organization to rely on individuals. The organization will need to be open to new knowledge. 3) Shared vision is the significant goal of an organization to make it happen among its staff as it is extremely essential for the future management. The clear vision should be shared among staff members before any plan is made. 4) Team learning needs to be emphasized. Everyone in a team must have mutual understanding of what and how they are doing to provide both customers and the corporate the better value and development. 5) System thinking corresponds well with the system or viewpoint theories (Getzels & Guba, 1957; Pearsons, 1960; Etzismi, 1961; Carlson, 1964 cited in Hughes, 1999). It refers to seeing things in the overall picture, not part of it. On the contrary, the management of a corporate which aims to develop one part without considering the correlation with other parts can hinder its development.

From the characteristics mentioned above, it is essential that an insurance business develop its personnel both in operation and administrative levels in terms of quality, professionalism, knowledge, skills and expertise, which results in success of its organization.

Objectives

1. To study the current status and the idea to promote learning organizations in insurance industry by using "The Fifth Discipline" of Peter Senge, which are 1) personal mastery 2) mental model 3) shared vision 4) team learning 5) system thinking

2) To develop an appropriate management model of a learning organization for insurance industry from the analyzed data

3) To analyze the guidelines for developing the administrative factors affecting the learning organization in Insurance Industry by using a model of global learning organization, including these characteristics in middle sphere organization learning: 3.1) appropriate structure 3.2) corporate learning culture 3.3) empowerment 3.4) environment scanning 3.5) knowledge creation and transfer 3.6) learning technology 3.7) quality 3.8) strategy 3.9) supportive atmosphere 3.10) teamwork and network 3.11) vision.

Variables of the Study

The present research studied the learning organization model which contains the factors promoting learning according to the five disciplines of Peter Senge and the global learning organization of Michael J. Marquardt and Angus Reynolds to create a management model of a learning organization in insurance industry.

Population
The study covered 70 insurance companies in Thailand with the total of 23,808 employees. The companies were classified into 3 major groups: large-sized companies with more than 500 employees, medium-sized companies with 200- 500 employees and small-sized companies with less than 200 employees.

Sample of the study
395 employees and management executives from 29 out of the total of 70 insurance companies in Thailand, randomly selected by two-stage sampling, and 40% of employees and executives from each insurance company was selected by stratified random sampling.

Variables used in the study are
1) 11 variables representing personal mastery
2) 12 variables representing mental model
3) 11 variables representing shared vision
4) 11 variables representing team learning
5) 13 variables representing system thinking

Literature Review

The researcher views that the idea of learning organizations is very beneficial if organizations can put the principles of the ideal learning organization into practice. However, it is virtually challenging to develop the principles in the same direction and at the same time. Thus, this proposed approach is just one out of various viewpoints. The other approach by Senge, which will be discussed later on, focuses more on individuals, especially the knowledge that an employee should have in order to turn the organization into a learning organization. For a corporate to become a learning organization, he views that a deep sense of learning habits, systems thinking and knowledge transfer and utilization both internally and externally derived from team working should be cultivated in the members of the organization.

Development of a learning organization by Senge
Learning organization is a strategic approach used for a corporate's future plan. Senge (1990) points out that the important approach to develop human resources and organizations is to promote learning based on the five disciplines.

Discipline 1: Personal Mastery

This term has been defined in many ways, such as a knowledgeable person, an excellence-oriented person, a person with special expertise, or a person with self-developing drive. Actually, these definitions represent the individual with similar characteristics, that is, the one who specializes in all aspects, both personally

and professionally, for he or she considers oneself as a self-developer.

Discipline 2: Mental Models

They refers to thinking models e.g. basic assumptions, generalizations or an individual's thinking process which affect how he or she makes meanings of the world. All of these reflect one's attitude, perception and paradigm toward people, things and circumstances. Developing mental models of employees is to expose them to learning and utilizing new skills.

Discipline 3: Shared Vision

To operate a business, corporate needs to set its goals which some of the employees do not even know about or pay attention to. Thus, the corporate has to encourage feedback giving and listening to other people's ideas in order to widen their views, which is a way to build up shared vision.

Discipline 4: Team Learning

This principle gives importance to learning abilities of group members working together through their interaction to exchange knowledge and skills, increase intelligence and upgrade abilities. The learning takes place when the units in the organization build up cooperative working practices, leading to a highly effective teamwork.

Discipline 5: Systems Thinking

Though natural systems cannot be altered, other systems in human life or businesses can be understood and controlled by setting up standard criteria to improve them. This depends on how much people understand and emphasize the significance on both the main system as well as subsystems.

Development of a learning organization by Marquardt According to Marquardt (1996), the characteristics of learning organization include many elements which best describe the systems-linked organization model.

1. Aiming at creativity and collective learning process
2. Being based on systems thinking
3. Access to information and resources essential for the organization's success continually
4. Stimulating learning atmosphere
5. Accepting changes, unexpectedness or even failures as opportunities for further improvement (Marquardt,1996)

Research Methodology

The concept of a management model of learning organization is derived from Senge (1990, pp.139), which includes the five disciplines:

1. Personal Mastery
2. Mental Models
3. Shared Vision
4. Team Learning
5. Systematic Thinking

Step 1: studied theories, concepts and related literature of learning organization models and collected data for developing a questionnaire.

Step 2: examined the status of learning organizations in insurance industry using the questionnaire with 395 employees and executives.

- How is the management model of a learning organization developed?
- What is the status and context of insurance industry? What is the structure of an insurance company?

Step 3: Collected and selected data and factors as bellows:

3.1 collected data from the questionnaire 1 and analyzed the 5 rating scale data for construct validity using LISREL.

3.2 selected two most weighed factors which influenced the learning organization to develop a model of a learning organization for insurance industry, based on the global learning organization of Michael J. Marquardt and Angus Reynolds.

Step 4: investigated the efficiency of the model of a learning organization in insurance industry in Thailand by consulting with 10 specialists who expertise in learning organization and insurance executives, using in-depth interviews. The specialists were those who have expertise and experiences with broad range of learning organizations both directly and indirectly, who are:-

- Lecturers of learning organizations
- Trainers of learning organizations
- Authors of learning organizations

The specialists from insurance companies who are senior executives and have sound experiences in organization management both directly and indirectly.

Step 5: developed a model of a learning organization appropriate for insurance industry in Thailand, based on the specialists' comments and recommendations.

Instruments and Efficiency

1. The efficiency of Questionnaire 1 was done for context validity. The researcher consulted with the thesis advisor for accuracy and asked for comments from four specialists about the structure, contents and language used in the questionnaire to ensure the accuracy and understandability and context validity, then revised it before collecting data.

2. For Questionnaire 2, the researcher used the comments and suggestions collected from a semi-structured interview with four specialists about Questionnaire 1 to develop Questionnaire 2. The data items used for questionnaire revision had 3.5 and up mean scores and below 1.5 interquartile range. Then the researcher consulted with the thesis advisor for further accuracy.

Methods of data analysis

1. Quantitative data collected from the research questionnaire was analyzed by SPSS (Statistical Package for the Social Sciences) using percentage, means and standard deviation. It was presented in paragraphs as well as tables. The researcher interpreted the mean scores of

the learning organization levels by using the following criteria.

Mean scores 4.50 – 5.00 refers to extremely high level
Mean scores 3.50 – 4.49 refers to high level
Mean scores 2.50 – 3.49 refers to medium level
Mean scores 1.50 – 2.49 refers to low level
Mean scores 1.00 – 1.49 refers to extremely low level

2. The management model of learning organization in insurance industry developed by the researcher was discussed and commented by ten specialists in terms of its appropriateness for actual practices. Descriptive statistics was used for data analysis; SPSS for relational analysis; and LISREL for validity of the model.
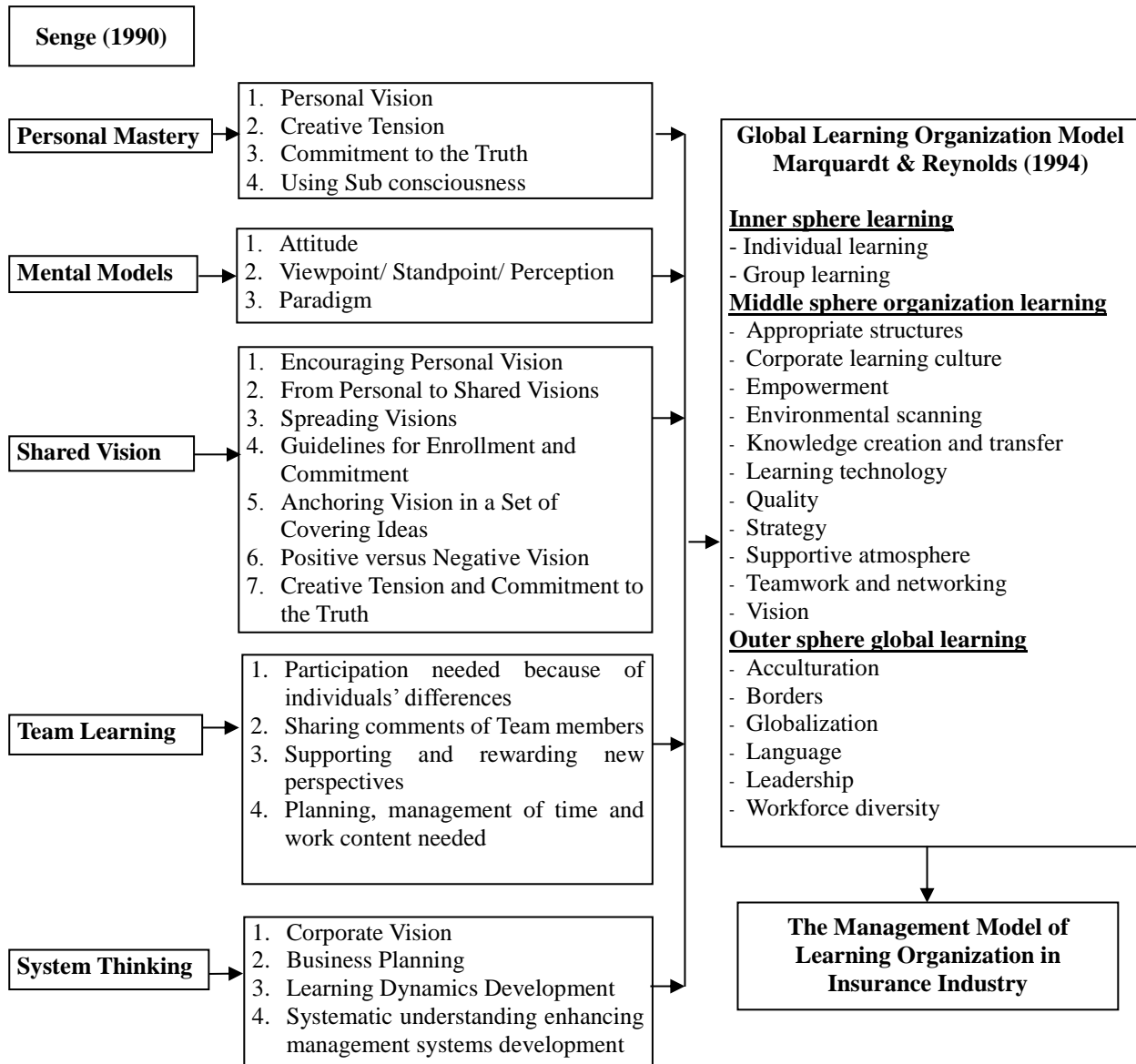
The research results

The research results found that from the experts' recommendation for the quality evaluation of a management model of a learning organization in insurance industry, the model of management of learning organization creation going to the organization excellence and sustainability was composed of factor, five sub-systems, five creation, and five creation activity which consisted of learning sub-system, organization sub-system, human sub-system, knowledge sub-system, and technology sub-system in individual group/team and organization levels.

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Senge (1990)		Global Learning Organization Model Marquardt & Reynolds (1994)
Personal Mastery	1. Personal Vision 2. Creative Tension 3. Commitment to the Truth 4. Using Sub consciousness	**Inner sphere learning** - Individual learning - Group learning
Mental Models	1. Attitude 2. Viewpoint/ Standpoint/ Perception 3. Paradigm	**Middle sphere organization learning** - Appropriate structures - Corporate learning culture - Empowerment - Environmental scanning
Shared Vision	1. Encouraging Personal Vision 2. From Personal to Shared Visions 3. Spreading Visions 4. Guidelines for Enrollment and Commitment 5. Anchoring Vision in a Set of Covering Ideas 6. Positive versus Negative Vision 7. Creative Tension and Commitment to the Truth	- Knowledge creation and transfer - Learning technology - Quality - Strategy - Supportive atmosphere - Teamwork and networking - Vision
Team Learning	1. Participation needed because of individuals' differences 2. Sharing comments of Team members 3. Supporting and rewarding new perspectives 4. Planning, management of time and work content needed	**Outer sphere global learning** - Acculturation - Borders - Globalization - Language - Leadership - Workforce diversity
System Thinking	1. Corporate Vision 2. Business Planning 3. Learning Dynamics Development 4. Systematic understanding enhancing management systems development	**The Management Model of Learning Organization in Insurance Industry**

Figure 1: The Conceptual Framework
(To develop a management model of a learning organization in insurance industry)