MASTER OF BUSINESS ADMINISTRATION

MANAGEMENT CENTER
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

ASPECTS OF ORGANIZATIONAL LEARNING AND SCENARIO PLANNING
CELCOM (M) SDN BHD EXPERIENCE

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**Submitted to the Management Center
International Islamic University Malaysia**

**In Partial Fullfilment of the Requirements
for the degree of
Master in Business Administration**

4th June 1999
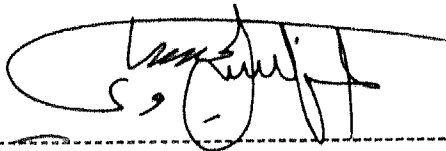
APPROVAL

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TITLE OF PROJECT PAPER

ASPECTS OF ORGANIZATIONAL LEARNING AND SCENARIO PLANNING :
CELCOM (M) SDN BHD EXPERIENCE

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DATE : 4 June 1999

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ACKNOWLEDGMENT

In the Name Of Allah The Most Merciful and The Most Compassionate. Alhamdullillah, Praise be to Allah Azza Wa Jalla, the Most Benevolence and the Most Gracious for all His Guidance and Asssitance. Only with His Consent and Permission, have I been able to complete this paper as my last submission in the course of fulfilling the final requirement of Master In Business Adminstration (M.B.A) Programme in this distinguished International Islamic University (Malaysia).

I would like to take this opportunity to thank my supervisor Dr. Azaddin Salem Khalifa for his support, patience and understanding . His valuable advice coupled with his resourcefulness in providing and furnishing me with good articles and books has made this paper a reality. It has been a very memorable and worthwhile experience although it meant working on the paper through long odd hours in many nights, sleeping in the office during weekends coupled with the stress of coping with the responsibility of my new job.

My sincere thanks to my ex-superior En. Abdul Rashid Abu Nawar who had been very helpful and understanding by providing me with moral and financial support. My sincere thanks also for my good friend, Mr. Paramjit Singh who has been very helpful to me in the course of completing this MBA program.

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FOREWORD

The title of this paper is "Aspects of Organization Learning and Scenario Planning : Celcom (M) Sdn Bhd Experience". The title was developed after discussion with my supervisor due to my interest in developing an in depth understanding on the subject of organization learning and scenario planning. At that time, I was in the Strategic Management Department in Celcom (M) Sdn Bhd, one of the leading telecommunication companies in Malaysia. Being a member of the strategic management team, which were confronted with challenges of developing sound strategy for a company in this vibrant and ever changing industry, I always felt that traditional forecasting methods and market research approach were not up to the task of preparing the organization to face the unpredictable and uncertain future issues. We confront major questions such as what technology should we invest, how will Internet change the landscape of the industry, how will the regulatory address the issue of multimedia convergence i.e. convergence of broadcasting, information technology and telecommunication, how globalisation will affect the behavior of the world giant telecommunication companies towards this region, how will the tariff and rates be determined and governed in the convergence age, what are the implications of Multimedia Super Corridor for this industry. These questions are elusive, real and required deep thinking and reflecting by us. However, the normal traditional approach undertaken by us has led us to be preoccupied with operational issues. We sometimes devote

less or no time in reflecting and charting the long term future strategy that will enable us to play a more meaningful role in determining the future landscape of the industry. This fact has made me realize the importance of applying new techniques and tools such as scenario planning in my organization's strategic planning process. At the same time, I was also entrusted to work together with the Human Resource Department to develop our organization to become a learning organization. This realization arised from our observation and exposure in this highly rapid changing industry. In order for us to maintain our leading position and remain competitive, we need to be able to learn faster that the rate of changes occur within our industry. I took to task of acquainting myself with scenario planning and learning organization concepts by gathering, collating, reading, reviewing certain processes in my organization and discussing these both important concepts with my fellow colleagues in my organization and my MBA class.

During my preliminary readings, I found that both of these concepts originated from two distinct origin. Scenario planning was developed in the context of strategic planning field whereas learning organization was developed in the context of organizational behavior. Nevertheless, the concern of both concepts is similar which is to enable the organization to face its future more prepared and proactively. Therefore, it is my believe that these concepts are interrelated, hence this study was embarked on. It prime objective is to comprehend the concept,

importance and aspects of organizational learning and scenario planning in Celcom (M) Sdn Bhd. Both of these concepts are highly relevant for today's organization which faces tremendous structural changes and uncertainty.

The study was a combination of literature review, discussion, direct interviews, personal observation and experience in my previous job function. With all sincerity, I would like to state that the study was non-exhaustive and non-comprehensive as it was originally intended due to my own weaknesses and time constraint. Nevertheless, I took pain in reviewing, reading books and articles supplied by my supervisors which were intellectually and conceptually provoking and a little bit at a higher plane for me to grasp and digest. I spent many man hours in browsing and surfing the Internet for materials related to the subject matter.

I fully hope that this study, which began as my personal quest, will contribute in its own way some practical insight for my colleagues in the telecommunication industry, especially those who are with me in Celcom (M) Sdn Bhd. Insights on how scenario planning can be utilized as an effective tool in developing a learning organization in this interesting industry. As we know, telecommunication industry is a growing industry and depicted as THE industry of the future. Any nation who wish to prosper and grow need to invest in installing and laying the best telecommunication infrastructure in their country.

Telecommunication industry is a strategic industry and its importance will become more tangible in the near future with the advent of convergence technology between broadcasting, IT and telecommunication which will make the vision of the world becoming a global village a reality. Information is power but knowledge will make us more powerful and telecommunication industry will be the enabler for the next interesting industry namely knowledge management industry.

1.0 **INTRODUCTION**

As we move toward the shadow of the third millennium, we are faced with many pressing questions and issues that are very much intertwined and interrelated due to the advancement of technology and globalisation. This scenario invites us to assess of where mankind has been and what our future will be. It is imperative for us to ask ourselves: Will it be a time of unprecedented disaster, remarkable fulfillment or business as usual? Will it be the same game with the same rules, the same game with new rules or entirely new game ?

Telecommunication industry has developed and grown tremendously since Graham Bell first introduced the telephone. From wired or fixed line telephony, we move to wireless telephony which allows people to make and receive calls without being tied to a specific location. Now, people are experiencing calls made not from the telecommunication network but through Internet (VoIP - Voice over Internet). Advances of multimedia technology give rise to the question of convergence between telecommunication, IT and broadcasting and the possibility are endless.

Looking into the possibilities it may create and influence in determining the direction of a nation and the whole world,

telecommunication industry is perceived as a strategic industry for future growth. Companies or players in this industry are trying their level best to get piece of the action. Big names in this industry are scouting around the world to take into their existing stable few more companies in this region to develop themselves into a telecommunication supermarket. In Malaysia's scenario, big name like British Telecom (BT), Deustsche Telecom, Swiss Telecom has found their route into Malaysian telecommunication industry. They have invested closely to RM 3 billlion and are holding about or more than 20% - 30% equity in some of the local Malaysian telco. The recent acquisition by British Telecom of 33% equity of Binariang Bhd, which operates telecommunication company under Maxis brand for a sum total of RM 1.8 billion marks another important milestone in Malaysian telecommunication industry. The most important landmark was no doubt the formation of Ministry of Energy and Communication and Multimedia, which takes over the function of Ministry of Energy, Telecommunications and Posts. The replacement of Jabatan Telekommunikasi Malaysia with the establishment of Communication and Multimedia Commission on the 1st April 1999 marks totally new regulatory framework.

The regulation by the Malaysian government allowing foreign companies to own up to 60% equity in the Malaysian telecommunication

companies has made Malaysian's telecommunication companies an attractive prey for the global telecommunication players. Furthermore, we should be concerned of the regulatory capability to face up with the new challenges that emerge out of the multimedia convergence. The current antitrust case between Microsoft and US Government has provided us with some preliminary insight of what the future of this industry will be. Some even suggested a need to redefine our industry in the light of the convergence between IT, broadcasting and telecommunication. These convergence are made possible with the advancement of technology and Internet. All these development has created the emergence of information economies, which raises a list of fundamental questions and new meanings about economic activities, growth and wealth.

Therefore, facing all these mind boggling million dollars questions, an organization who wants to be a serious player in this industry must be an organization that learns well, efficiently and constantly. Such learning means that our organization must be able to track changes in our environment and adjust to these changes. We must keep on doing and learning new things and determine what works and what does not work by increasing what does and swiftly abandoning that which does not. We must build a new cycle

oflearning upon this because the environment keep on changing and the nature of learning itself.

In a world that is constantly changing, there is no one skill or set of skills that will serve you well for the foreseeable future, let alone for the rest of your life. Therefore again, the most important skill to acquire now is learning how to learn. This is as true of organizations as it is of individuals. In the final analysis, learning organization must be able to come up with better ways of developing their strategy of the future, which will not only enable decision makers to make a more prepared, well thought and informed decisions but also will allow them to maintain their competitive advantage. In this current volatile environment, a fatal decision may lead to the downfall of an organization. Therefore, decision makers must be made more conscious of their environment by making them tangible. This require the need for insights and changes in the mind set or mental model of the decision makers about the world around them. Learning to be better prepared in facing the uncertainties is where scenario planning as a tool for organizational learning takes its role.

This paper proposes and suggest the links of scenario planning process and organizational learning. This stems from the understanding that

learning organization is a process by which individual continually learning how to learn together in an organization where people continually expand their capacity. It is a social activity, which emphasizes networking and collaboration; both inside and outside the organization. In this paper, my focus and interest in learning is not on the stage of acquiring and sharing information but more on the assimilation and utilization of information by individuals in creating "organizational memory"as proposed by Huber (1991), which is where scenario planning process will be very effective and relevant.

This paper consists four main parts which discuss organizational learning, scenario planning, link between scenario planning and organizational learning and the final part is their relevance to Celcom (M) Sdn Bhd.

2.0 Learning Organization : Definitions and Importance

The need for transformation and organizational renewal in addressing the rapid changes has contributed in the renewed interest of many organization in organizational learning subject. The interest has grown very pervasive now than ever. This interest is spark by four main factors namely :

   a. Increased pace and rate of change due to technological revolution,

   b. Greater competitive pressures due to globalization,

c. Complexities of businesses due to higher customer expectation and

d. Changes of work force competencies to cope with the changing nature of work and technology .

The importance of learning to an organization is as important as learning to an individual. As Handy (1988) emphasized, people who stop learning stop living, this is also true of organizations. A Shell study according to former planning director Arie De Geus, showed that," a full one-third of the Fortune 500 industrials listed in 1970 had vanished by 1983" Today, the average lifetime of the largest industrial enterprises is probably less than half the average lifetime of a person in an industrial society. On the other hand, Arie De Geus and his colleagues at Shell also found a small number of companies that survived for seventy-five years or longer. Interestingly, the key to their survival was their ability to learn to adapt to the new environmental changes and survive in many forms. Even with adaptation to changes, they still met the essence of its existence and continually explore new business and organizational opportunities that create potential new sources of growth. In 1982, Peters and Waterman has identified 43 "excellent companies" which had demonstrated superiority on six financial yardsticks over a period of 20 years. After 5 years, they found out only 14 companies out of those 43 companies were still excellent on the

basis of those same measurements. Most of these companies shared the ability to change and adapt to the new environment. In short, ability to change and adapt to the new environmental changes, which can be rephrased as the ability to learn and to unlearn the past successful recipes in facing rapid changes, are the key success factor in striving for future survival. Therefore, organizational learning is an important determinant for the future survival of an organizational.

Another aspect, which is equally important to the act of learning itself, is the rate of learning. According to Ray Stata (1989), the rate at which organizations learn may become the only sustainable source of competitive advantage. Given the accelerated pace of change, increasingly dynamic, interdependent and unpredictable world, time is an extremely luxurious asset. Thus, in order to survive, the pace of learning must be greater than the rate of change in the environment.

Faced with the question of survival, organizationsin this dynamic telecommunication industry have no other choice than to transform themselves to be learning organizations As a matter of fact, they are in more than any other companies in serious need to strive in becoming a learning organization. Therefore, they must make learning as everybody

business, which must be assimilated and translated to be an organizational business.

This awareness and renewed interest in the subject of learning organization has raised many critical questions: What is a learning organization? What determines the characteristics of a good learning organization ? What are the difficulties in creating a learning organization ? These questions require deep understanding. Let us begin by examining the basic question of defining the learning organization. Eversince organizational learning concept was first introduced in the field of management by Cangelosi and Dill (1965), there is still considerable disagreement in defining what is an organizational learning. Below are some of the definitions being proposed by some scholars on what constitutes learning organization:

a. "Organizational learning means the process of improving actions through better knowledge and understanding " [1]

b. "An entity learns if through processing of information, the range of its potential behaviors is changed" [2]

c. "Organizational learning occurs through shared insight, knowledge and

mental models and building on past knowledge and experience - that is on memory" [3]

d. "A learning organization is an organization skilled at creating, acquiring and transferring knowledge and at modifying its behavior to reflect new knowledge and insights" [4]

e. "Learning organizations are places where people continually expand their capacity to create the 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" [5]

According to Garvin (1993), most scholars view organizational learning as a process that unfolds over time and link it with knowledge acquisition and improved performance. Nevertheless, they differ on some other important matters. Some believe that behavioral change is required for learning whereas others insist that new ways of thinking are enough. Some cite information processing as the mechanism through which learning takes place while others propose shared insights, organizational routines even memory is the mechanism. Most definitions proposed above were primarily based on the analogy between organizational learning or learning by organizations and the psychological concept of individual learning. Those definitions can be divided into two types namely normative and descriptive .

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Thus far, the definition proposed by Peter M. Senge (1990) is widely used. He seem to integrate both individual and organization learning in his definition. This maybe partly due to the availability of a lot of literature and discussion on this subject compared to 1980s for scholars to do cross references. In conclusion, learning organization is a system level phenomenon because learning stays within the organization even if the individuals change since the experience and learning were shared by every individuals in the organization.

2.1 **Important Concepts in Learning Process**

Organizational learning is the outcome of three overlapping spheres of learning activities namely individual, team and system learning. All these kinds of learning take place simultaneously. Individual learning takes place when an individual reads a book, start questioning certain theory or practices, performs an experiment and get feedback from colleagues. Team learning takes place where two or more individuals both learn from the same experience and activity. Team learning may involve new ways to address the team responsibilities towards certain activities. It involve some aspect of the interaction between the members of the team themselves. System learning takes place when the organization starts developing

systemic processes and structures to acquire, use and communicate organizational knowledge to all individuals in the organization.

There is a great deal of literature describing the process of learning or how learning takes place. Handy (1988) proposed the wheel of learning in explaining the process of learning. The wheel of learning is a circle that moves from **questions** to **theory** then it goes into **testing** then **reflection** and finally it moves back to **questions**. Ray Stata (1989) suggested a similar cycle beginning with **thinking** then **doing** followed by **evaluating** and **reflecting** then back to **thinking.** Kees Van Der Heijden (1996) used the learning loop developed by David Kolb(1991) as an integrative model of learning. The learning loop begins with **concrete previous experience** succeeded by **reflection and observation** then **formation of abstract concepts and theories** followed by **testing** **and putting theories into action** after that it loop back to gain **concrete experience**. All of these processes of learning or models have one term in common namely reflection which is related to our ability to differentiate between our current mental model and perception of different existing or new reality. Learning can only be effective if the amount of effort put in implementing the knowledge is equal or more than the effort put into acquiring information or knowledge.

Another aspect that we need to fully comprehend in understanding the learning process is the way learning takes place in an organization. The above discussion shows us the loops or models, cycles or wheels of learning as stages or development in learning but what types or kinds of learning that occurs in the process is not discussed. There are many prominent types of learning that were discussed by many scholars in the field of organizational development such as single loop learning vs. double loop learning, learning by assimilation vs. learning by accommodation and adaptive learning vs. generative learning. There are many more "terms" which were being coined by some other scholars such as tactical learning vs. strategic learning, maintenance learning vs. innovative learning etc. But here, we will touch upon three well discussed learning process.

2.1.1. **Single Loop Learning and Double Loop Learning**

Single loop learning involves processes in which errors are tracked down and corrected within the existing set of rules and norms. According to Fiol and Lyles (1985), single loop learning is the result of repetition and routine. Single loop learning primarily concentrates on specific activity or direct effect. This is also described as functional rationality, based on knowledge of simple problems acquired in the past (Morgan,1986).

Double loop learning involves changes in the fundamental rules and norms underlying action and behavior. Double loop learning generally has long term effects with consequences for the whole organization. This type of learning proceeds by way of cognitive processes and insights. The context of double loop learning is much more complex and subtle. This type of learning is directed toward the development of frames of reference and interpretation on the basis of which decisions can be made.(Argyris and Schon,1978)

2. 1.2 Learning by Assimilation and Learning by Accommodation

According to Piaget (1986), learning by assimilation means taking in information for which learner already has structures in place to recognize and give meaning to the information. The learner already has a memory of the past or the future with which this information fits. The learner can perceive, digest and act on this information easily - in the way that a student, having looked something up in a textbook can use it to answer a test question or an artisan can look up a technique and use it on a project.

Learning by accommodation, on the other hand, means undergoing an internal structural change in one's belief, ideas and attitudes. It is an experiential process by which you adapt to a changing world through in depths trials. He/she participate fully with all his/her intellect and heart, not