

This study is based on a real case that may contain confidential information concerning the subject companies and the respondents in the surveys. Thus this study is only for the review of project supervisor and examiners instead of public circulation.

**Title of Project: The Development of a Learning Organisation in Hong Kong: From  
Design to Implementation – The Case of McDonald’s Restaurants  
(H.K.) Limited**

**A Project submitted to Middlesex University in partial fulfilment of the  
requirements for the degree of Doctor of Professional Studies**

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**Module Code: DPS 5140 Project Module**

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**Month and Year of Submission: August 2006**

## ABSTRACT

This project aims to develop a learning organisation model for Hong Kong Chinese enterprises. It examines the case of the McDonald's Learning Programme, which shows how company-wide problems can be solved by the stakeholders in the company through a strategic learning initiative.

The McDonald's Learning Programme has provided a practical implementation framework and a localised model for companies aspiring to become a learning organisation. The success factors for becoming a learning organisation and for a system supporting a learning organisation are identified. In order to explore the learning organisation concept in greater depth and to triangulate these factors, selected Hong Kong Chinese enterprises have been studied through the following two surveys:

- The Executive Interview Survey

This survey analyses executives' views on business success and learning organisation. Organisational learning is considered as one important factor in maintaining organisational competitiveness.

- The Staff Learning Climate Survey

This survey examines staff learning climate. It shows a crucial point that the development of a learning culture is greatly influenced by the management's (directors') initiatives and involvement.

With the findings of the case study of McDonald's Learning Programme and the two surveys, a learning organisation model is built. This model provides a practical implementation framework, which composes of three main parts: organisation and stakeholder initiatives, individual and team level learning, and a framework supporting a learning organisation. This study should provide useful and valuable reference material on learning organisation development for other Hong Kong Chinese enterprises.

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## **CHAPTER ONE**

### **INTRODUCTION**

## 1.1 THE STATEMENT OF THE PROBLEM

What motivates enterprises to move forward? Why do some enterprises change faster than others? Do enterprises need to globalise their operations in a competitive marketplace? Organisation theorists have been asking and attempting to answer these questions for many years. While the answers vary, it is widely held that enterprises are doomed to failure in today's knowledge economy unless they are able to learn effectively on an organisation-wide basis and respond swiftly to environmental changes.

Does organisational learning matter to the enterprises' success? Geus (1998: 27) pointed out that a successful organisation is the one that can learn effectively. A learning organisation is, as described by Garvin (1993: 80), an organisation skilled at creating, acquiring, and transferring knowledge. It can also modify its behaviours to reflect new knowledge and insights. In a knowledge-based economy, individual learning is no longer adequate for an enterprise's effectiveness and competitiveness. Enterprise's leaders must understand how their organisations learn effectively and how to create an appropriate infrastructure to share the knowledge between individuals and teams inside the organisation. The enterprises should also provide a working environment and supporting structure that enables people to learn to adapt to the challenge of the market and the knowledge-based economy.

Since Stewart (1991: 44–46) first introduced the concept of intellectual capital, there has been a widespread interest in the importance of managing: knowledge, intellectual capital, and intangible assets of the organisation. To remain at the forefront in the knowledge-based economy, enterprises need a capacity to retain, develop, organise, and utilise their employees' learning capabilities. The learning capacity of an organisation helps enterprises to maximize their intangible assets in order to enhance its competitive edge.

Twenty-first-century enterprises are driven by regular and rigorous learning, particularly through critical review at all levels of the organisation. Garratt (2001: 1) stated that unless an enterprise can cope with its rapidly changing external environment, it will die. Simultaneously, the concept of the learning organisation emerged in the last fifteen years with some unanswered problems. Why should the enterprise consider adopting the learning organisation model? Who is ultimately responsible for ensuring a sufficient rate of learning in the organisation? How could the learning organisation survive in the long run? How can the first step be taken to introduce a learning organisation?

Because of the relative newness, and complexity of the learning organisation concept, very few models of a learning organisation have been attempted. This is particularly true for the Chinese enterprises (Marquardt and Reynolds, 1994: 24). Is it a management fad that only suits large enterprises in the western economy after a prolonged recession? The concept of a learning organisation is relatively “new” to Hong Kong Chinese enterprises, and a suitable model of the learning organisation is absent from the Hong Kong Chinese enterprises. The major question addressed by this study is:

*How could the learning organisation model be developed in a Hong Kong enterprise and its application adopted by Hong Kong Chinese enterprises?*

In this study, the learning organisation concept has been applied to a consultancy project for McDonald’s Restaurants (H.K.) Limited, namely McDonald’s Learning Programme (McD Learn), as a vehicle to design and implement a problem-solving process on a company-wide basis. As one of the most successful fast-food restaurant chains of its kind in Hong Kong, McDonald’s Restaurants (H.K.) Limited (McDonald’s) employs approximately 11,000 Chinese employees with 213 restaurants in Hong Kong.

There were two particular problems confronting the management of McDonald’s

Restaurants (H.K.) Limited:

- A 70% annual turnover rate of the part-time crewmembers (90% of the staff) prevents the development of knowledgeable employees.
- The generation of new assistant store managers was not sufficient to meet the needs of the 213 stores.

Through the implementation of a company-wide programme to solve these two problems, a learning organisation model was developed.

A third problem was also to be solved as part of the programme. McDonald's wished to develop the image of a caring organisation in the Hong Kong community. However, as this was not directly related to their learning organisation development, it was not analysed in this study. The McDonald's study is potentially a valuable reference for other Hong Kong Chinese enterprises as it shows how the entire organisation can work to resolve a management problem.

## **1.2 LITERATURE REVIEW ON THE LEARNING ORGANISATION, INTELLECTUAL CAPITAL, AND LEARNING AT WORK**

### **1.2.1 The Beginning of Organisational Change**

Collins (2001: 1) remarked that "good" is the enemy of great enterprises, and that it is one of the key reasons why so few become great. Enterprises are seeking an efficient way to develop "best-practice" management. In this aspect, Mintzberg (1993: 280) identified five basic forms of organisational structure to complete task effectiveness and to cope with organisational change. The simple structure and machine bureaucracy are yesterday's structures. Professional bureaucracy and divisionalized forms are today's, while

adhocracy is fully and clearly tomorrow's. The key coordination mechanism of the adhocracy form is mutual adjustment where knowledge sharing between team members supports the staff in their collective learning. The adhocracy structure needs a great deal of training for the staff to cope with the internal and external changes.

Kanter (1995: 71) held that we are living in a time when mastering change is probably the most important thing that leaders can do to help their organisations in this turbulent and sometimes chaotic environment. Furthermore, Kanter (1996: 20) pointed out that this new management form brings with it new challenges. The mad rush to improve performance and to pursue excellence has multiplied the number of demands on executives and managers. Learning organisations have to master the art of adapting quickly to the changes in the internal and external environments. When Mr. Ray Kroc (founder of McDonald's) took the McDonald's Speedee Service System (self-service) into his store and spread it nationwide, he created a dramatic change in store operations and built the first "new" fast-food empire in America since the 1920s (Schlosser, 2001: 34).

### ***Management behind the Change – Leadership***

Good leadership is a critical success factor for any enterprises. Kotter (1999: 1) considered that the leadership is even more important to an organisation undergoing change. Posner (2002: xxviii) stated that the creation of valued organisations is one method to survive over time. The most significant contribution leaders can make is to establish the long-term development of people. Organisations that can adapt to changes will prosper and grow. For an organisation wishing to make the transition to a learning organisation, this is a decisive factor. The essence is not what management says or thinks but what it does. Motivating people towards the desired behaviour can be carried out in two ways, namely indirectly, by means of strategies, structures, systems, and culture, what we call management – or directly, by means of persuasion, supporting, advising, and

motivating – that is what we call leadership (Morgan, 2004: 137–145).

In their study of vision and organisational learning, Maznevski *et al.* (1994: 13–45) confirmed that a leader's vision could be implemented successfully only if key managers can make the vision meaningful. A vision is the top management team's concrete idea of where the organisation should be at some time in the future. Managers must interpret the vision and translate it into a change programme with his/her colleagues in a unified way. This unified way is a result of collective learning in the manager's perception and commitment, which in turn leads to new behaviours. If the management's vision and staff commitment are connected, effective organisational learning will be implemented.

### **1.2.2 From Learning Organisation to Intellectual Capital**

#### ***The Concept of a Learning Organisation***

There are many entrepreneurial organisations, which have been successful in reaching an extremely high level of competence. However, competence is linked to time and situation. If the business environment is changed, the criteria for competence will also be changed. Therefore, it is possible that enterprises, which were once competent, can very quickly become incompetent. The important factor is not just being competent, but also the ability to learn to be competent. Thus organisational learning, as an important competence, is essential for business success.

A learning organisation, as defined by Senge (1990: 14), is an organisation that is continually expanding its capacity to create its future. Senge (1990: 6–11) in his classic study of building learning organisation, identified five new dimensions in building organisation that can truly learn: System Thinking, Personal Mastery, Mental Models, Building Shared Vision, and Team Learning. Handy (1991: 179) explained that the



learning organisation has two components: it can mean an organisation which learns, and encourages learning in its people. Schwandt (1992: 13) delineated the learning organisation as a system of actions, actors, symbols, and processes that enable an organisation to transform information into valued knowledge.

Marquardt and Reynolds (1994: 18) observed that the number of enterprises committing themselves to becoming learning organisations has increased significantly in the past decade. Several successful learning organisation models help to improve the knowledge sharing and competence in western enterprises such as Motorola University, General Electric's Six Sigma Programme, and McDonald's Hamburger University. Essentially, as Swieringa and Wierdsma (1992: 71) stated, the learning organisations are not only capable of learning, but also of learning to learn. In other words, learning organisations are not only being able to become competent but also able to remain competent in today's knowledge-based economy.

### ***Learning Organisation Models in Western Enterprises***

Peter Senge's description of the learning organisation in his book, *The Fifth Discipline*, gave the learning organisation concept massive publicity and reinforced the notion of team learning as a major component of organisational learning. The publications by Aries de Geus in *The Living Company*, Kaplan and Norton in *the Balanced Scorecard*, and Thomas Stewart in *Intellectual Capital* were essential to understanding the concepts of how learning organisations respond to the environment. Marquardt and Reynolds (1994: 29) created a learning organisation model for the global learning environment. The model was composed of three core areas: individual learning, organisational learning, and global learning. Knowledge sharing can take place at both individual and organisation level.

Motorola University is a good example of the global design of a delivery system for a

learning organisation. The learning goal of Motorola's programme is to facilitate the transfer of knowledge and skills so that they can be utilized promptly and effectively in the local cultures. Therefore, Motorola's training must fit the culture and be given in the language of the learners. General Electric (GE) is another good example of learning organisation model. The Six Sigma programme has been launched to reshape the learning culture and system of GE. According to GE's description, the central idea behind Six Sigma is that if you can measure how many "defects" you have in a process, you can systematically figure out how to eliminate them and get as close to "zero defects" as possible. GE has promoted the Six Sigma programme to other enterprises through recognised public training programmes. McDonald's Hamburger University is another important concept of a learning organisation as it is a practical example of how to promote organisational learning in the workplace. Hamburger University is built on the foundation of helping McDonald's employees take advantage of each other's people knowledge – gathering best practices and learning to achieve McDonald's vision to be the best quick-service restaurant experience in the world. Hamburger University has become the destination for employees who want to learn the core principles of McDonald's. Significantly, these examples of learning organisation models show that the human value is the foundation of the learning organisation.

### ***The Concept of Human Capital***

Fitz-enz (2000, xi) stated that the classic books of management have ignored, avoided, or thrown platitudes at the question of human capital value in the business environment. The term "human capital" comes from the Nobel Prize winner in economics in 1979, Theodore Schltz (1981: 20). He said, "Consider all human abilities to be either innate or acquired. Every person is born with a particular set of genes, which determines his innate ability. Attributes of acquired population quality, which are valuable and can be augmented by appropriate investment, will be treated as human capital". Traditionally, capital could be

viewed in purely financial or physical terms. Most executives always treat employees as a cost factor, and undervalue their human value in the organisation. However, the emphasis of knowledge management has switched recently to an intangible form of asset – intellectual capital. Gary Becker's classic study of human capital is that the consequence of investing in a person's knowledge and skills (i.e. education and training) is similar to business investment in equipment (Becker, 1993: 59). The fast-growing global economy and accompanying knowledge explosion is putting a higher demand on human capital in enduring organisational capital. The real challenge for enterprise's leaders is to join human capital with customer capital and multiply it by organisational capital to create the added value for enterprises (Pettersson, 1998: 4). Organisational learning becomes an important issue in the creation of organisational knowledge and intellectual capital.

### ***The Concept of Intellectual Capital***

The concept of intellectual capital is used to explain how organisations cope with the knowledge economy in today's Information Revolution. Stewart (1991: 44–46) introduced the concept of intellectual capital in Fortune Magazine in 1991 and proclaimed that it was the sum of everything everybody in your company knows that gives you a competitive edge in the market place. The concept is used to highlight the importance of managing knowledge, intellectual capital, and intangible assets in an organisational learning environment (Stewart, 1991: 44–46). The importance of intellectual capital to the enterprises as described by Garnett (2001: 78) is that it provides recognition of the creation and evaluation of knowledge.

Edvinsson (1998: 22) explained intellectual capital as the sum of structural capital and human capital, indicating future earning capability from a human perspective. To remain at the forefront in the knowledge economy, enterprises need a good capacity to retain, develop, organise, and utilise their employees' capabilities. Knowledge and the

management of knowledge appear to be regarded as increasingly important features of enterprise's survival (Mårtensson, 2000: 204–216). In other words, intellectual capital is the capability of the organisation to continuously create and deliver organisational value. The management of knowledge and intellectual capital is then promoted as an important and necessary factor for the enterprise's survival and maintenance of their competitive strength.

Intellectual capital, as described by Stewart (1999: xi), is an intellectual material – knowledge, information, intellectual property, and experience – that can be used to create the organisational wealth. Intellectual capital has been identified as the key intangible resource and learning capability is fast becoming a matter of enterprise's survival. Stewart (1999: 79–142) classified intellectual capital into three areas: a) human capital which is concerned with knowledge and capability of individuals and groups of workers, b) structural capital which is the means by which the organisation captures, develops, codifies and shares knowledge so that it can be effectively applied, and c) customer capital which is the systems and processes by which the organisation taps into human and structural capital of client organisations (i.e. suppliers, customers, and other stakeholders). The concept of structural capital is particularly important for McDonald's study as the McD Learn's programme and the model are forms of structural capital. It is not enough to invest in people, system, and customer separately. Human, structural, and customer capital must support and link each other within the organisation. Stewart (1999: 178) described that learning is a competitive weapon in that organisations learn along with their customers (simultaneously teaching them and learning from them). The capability of organisations to learn is a key element in the enterprises' survival in today's knowledge economy.

Kaplan and Norton (2004: 32) identified intellectual capital as the intangible asset of an enterprise that is the most important component of strategy and planning. The enterprise's

objective in the learning perspective is to identify which job (human capital), which system (structural capital), and what kind of climate (the customer capital) is required to support the value system. The connection of intellectual capital to the enterprise's strategy and planning is a worthwhile study. In Hong Kong, the concepts of intellectual capital and the learning organisation are in the embryo stage. Through the implementation of McD Learn, these concepts have been used experimentally within an organisation and then developed into a localised and practical model for Hong Kong Chinese enterprises aiming to become a learning organisation. In fact, McD Learn involved the development of a learning programme for crewmember staff. The learning programme was concerned with the knowledge sharing within the whole organisation. Thus, learning at work not only provides for individual learning, but is also a vehicle for collective learning.

### **1.2.3 Learning at Work – Individual Learning to Collective Learning**

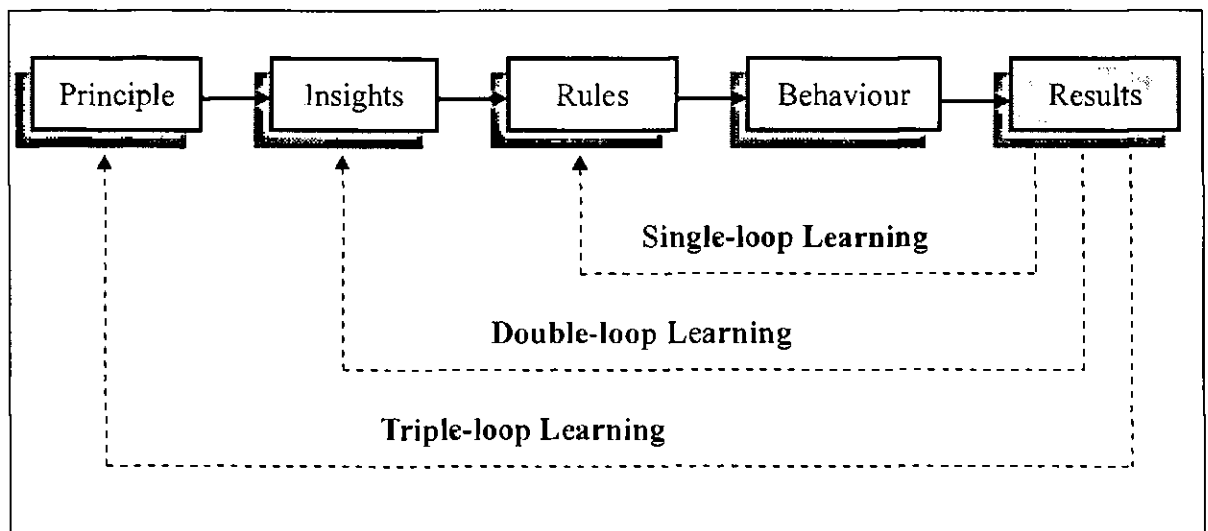
Kolb (1984: 38) defined that individual learning is the process whereby knowledge is created through the transformation of personal experience. Learning therefore takes place whenever the present situation does not match the desired situation. In this respect, deviations or problems are seen as interesting indicators of transformation of experience that might be needed in a learning organisation. However, Thompson (1995: 85) stated that the term of learning organisation is actually a misnomer. The capabilities of the learning organisation are not only learning, but also of learning to learn. Thus the learning organisation should start from an individual viewpoint, and then move to an organisation-wide one. Garratt (2001: 2) stated that continuous learning concerns sensing and responding to the changes in the external and internal worlds of the organisation to ensure the survival and development of the energy niches, which support it. Therefore, learning is no longer an individual matter. It is a matter of enterprises' survival.

The essence of a learning organisation is to learn together in teams and to share the

knowledge interpersonally. In other words, learning is to a great extent collective and takes place within communities of practice (Lave and Wenger, 1991: 35). It does not take place just within a division, department or group, but also between departments (Swieringa and Wierdsma, 1992: 33). Trompenaar and Turner (2004: 13) concluded there were four dilemmas in the effective knowledge management of organisational learning: the difference between, universal versus particular, individual versus team, top-down versus bottom-up, and inside-out to outside-in. Knowledge and learning is such a dominant feature of the learning organisation that it builds up the organisation around the learning from individual, to team and finally to the collective group.

Argyris and Schon (1978: 30) illustrated the three types of collective learning as Collective Learning Loops (see Figure 1.1). These types of learning consist of single-loop learning, double-loop learning, and triple-loop learning. Single-loop learning is referring to collective learning that brings changes to the existing rules. No significant changes take place in: the strategy, the structure, the culture, or the systems of the organisation. Single-loop learning can also be described as improving. It is concerned with improving the rules, and solutions are sought within the existing insights and principles.

**Figure 1.1: Collective Learning Loops**



In double-loop learning, not only changes in rules are called for, but also changes in the underlying insights. Double-loop learning requires a higher level of insight, the consequences are further reaching, the number of those directly or indirectly involved is higher and the learning process lasts longer. Typically, double-loop learning is concerned with conflicts, disputes, and contradictions, not just between individuals, but also between departments, factions, and other groups. It is obvious that double-loop learning is needed in everyday situations. Double-loop learning is particularly needed when external signals indicate that adjustment of the rules alone is no longer adequate. Secondly, double-loop learning is called for when internal signals indicate that adjusting the rules might damage mutual obligations; that there are frictions concerning the rules that people do not know collectively what they are about: in other words, when the rules are no longer understood in their mutual connection.

Smith and Araujo (1999: 3–4) related the single-loop and double-loop learning to organisational change. The single-loop learning is linked to incremental change, where an organisation tries out new methods and tactics to get rapid feedback of the changes in order to be able to make continuous adjustments and adaptations. Double-loop learning is associated with radical change, which might involve a major change in strategic direction. Triple-loop learning is in play when the essential principles on which the organisation is founded come into discussion. Triple-loop learning is described as development of new principles with which an organisation can proceed to a subsequent phase.

The implementation of McD Learn was involved with the change of learning system, a new procedure, and new learning materials. The resistance to a new concept is common within most organisations. The Collective Learning Loops provided a valuable insight concerning the movement from individual learning to collective learning when designing and implementing McD Learn. The study of Swieringa and Wierdsma (1992: 55)

indicated that many enterprises have difficulties when they wish to become a learning organisation. These learning difficulties include: the organisation does not need to learn, the lack of courage to learn, the lack of the will to learn, and the lack of an ability to learn. To assist those enterprises with these learning difficulties, Swieringa and Wierdsma listed four distinctive features of organisations wishing to become an effective learning organisation. These four distinctive features of the learning organisation are described in the areas of: strategy, structure, culture, and systems. These four features demonstrate how the sub-processes support an organisation in knowledge creation (see Table 1.1). Their studies were critical in building up a framework base to develop a model of a learning organisation.

**Table 1.1: The Distinctive Features of the Learning Organisation**

<b>Strategy</b>	<b>Continued development</b> <ul style="list-style-type: none"> <li>• Mission directed</li> <li>• Short and medium term</li> <li>• Rational and intuitive</li> <li>• Active and proactive</li> </ul>
<b>Structure</b>	<b>Organic networks</b> <ul style="list-style-type: none"> <li>• Loosely combined units and teams based around product and market combinations</li> <li>• Decentralization</li> <li>• Mixing of thinkers (staff) and doers (line)</li> <li>• Coordination through discussion</li> </ul>
<b>Culture</b>	<b>Task-oriented culture</b> <ul style="list-style-type: none"> <li>• Flexible</li> <li>• Problem oriented</li> <li>• Creative</li> </ul>
<b>System</b>	<b>Supportive</b> <ul style="list-style-type: none"> <li>• Information for reflection, “on the system”</li> <li>• Information for action, “in the system”</li> <li>• Dealing with complexity</li> </ul>

Source: Swieringa J., and Wierdsma A. (1992). *Becoming a Learning Organisation, Beyond the Learning Curve*. Addison-Wesley Publishing Company, p. 73.



### 1.3 SUMMARY

Mr. Jack Welch, a management guru, asserted that the importance of a learning organisation is that it helps foster trust in team learning and a collaborative environment in business (Krames, 2002: 126). Thus, the essence of being a learning organisation is collective learning. Enterprise's leaders have to make sure that each and every staff is involved in the learning process, and that they are actually learning as a team. This is particularly important for the enterprise attempting to become a globally competitive organisation. Marquardt and Reynolds (1994: 150–152) point out that team learning is an essential driver for success in a global marketplace. The teams must share the same vision, and be evolving in the same direction. More importantly, collective learning goes hand in hand with organisational change. In short, collective learning leads to organisational change. In longer terms, the term development itself means that organisations adapt without losing their identity.

With the globalisation of the world's economy, the ever-changing market situation results in boundaryless competition. For this reason, enterprises wishing to distinguish themselves and remain competitive in this challenging business environment need to enhance their corporate competency through continuous learning. Spear (2004: 8) provides four lessons for enterprises to learn from a successful operation: there is no substitute for direct observation, changes should always be structured as experiments, staff should experiment as frequently as possible, and staff should be coached. Garratt (2001: 122) remarks that organisational learning is a dynamic process in which ideas will keep evolving. Organisations cannot learn, but people can. The essence of a learning organisation is that the process of organisational change coincides with the process of behavioural change. Gerstner (2002: 206) emphasizes that this behavioural change is a new path for a leader in a learning organisation. The management of organisational

change processes is to lead the collective learning process. Therefore, the enterprises should provide a culture for change, a support system, a process for collective learning and knowledge sharing.

Argyris and Schon (1996: 3) state that an organisation is considered to be learning when it acquires information (i.e. knowledge, understanding, know-how, techniques or practices) of any kind and by whatever means. The learning at work is not only at the individual level but also at the collective level. The enterprise's leaders must become change agents who facilitate the learning adaptation and drive the organisational change on an organisation-wide basis in response to: the rapidly changing markets, the emergence of new technology, and the acceleration of information transfer.

The concepts of human capital, intellect capital, and collective learning are the key elements of a learning organisation. They can be applied to the implementation of learning organisation. However, individual knowledge is tacit rather than explicit and thus is difficult to codify and share within organisation. To overcome the learning difficulty within organisation, Swieringa and Wierdsma provide a framework base (strategy, structure, culture, and system) to build an effective learning organisation. This framework base is supported by the relevant sub-process (continued development, organic networks, task-oriented culture, and supportive) to make corporate learning effectively. Although many Hong Kong Chinese enterprises wish to become a learning organisation, this is still a new "Western" management concept for implementation in their organisations. There are considerable limitations (i.e. difference of learning culture, diversity of management style, and language barrier for Chinese learners) when applying "Western" management theory to Hong Kong Chinese enterprises. The study of McDonald's, therefore, can lead to a useful and valuable reference model of a learning organisation for other Hong Kong Chinese enterprises to consider to adopt.

## **CHAPTER TWO**

### **METHODOLOGY**

## **2.1 AIMS OF THE STUDY**

This study was designed to focus on the development of a learning organisation for Hong Kong Chinese enterprises. McDonald's Learning Programme (McD Learn) was used as the case study for this project to show how company-wide problems could be addressed by a strategic learning initiative. Selected Hong Kong Chinese enterprises have been surveyed in order to explore this concept in more depth. The aims of this study are:

- To synthesize the project implementation experience and knowledge sharing of McD Learn to study the learning organisation in a Hong Kong enterprise.
- To explore the concept of a learning organisation by analysing the organisational learning and business success in Hong Kong Chinese enterprises.
- To develop an appropriate localised model of the learning organisation for Hong Kong Chinese enterprises.

## **2.2 STUDY SCOPE AND LIMITATIONS**

In brief, this study focused on the consultancy project of McD Learn. A detailed proposal was agreed formally between the client, McDonald's Restaurants (H.K.) Limited (McDonald's) and Hong Kong Productivity Council (HKPC). With this agreement, the project scope was bounded by the client's objectives, budget, time schedule, and deliverables.

In addition, the surveyed enterprises were selected from the company record of HKPC. Of the 30,000 company records, 90% belonged to small-medium-sized enterprises (staff number being less than 50 in the Services Sector and 100 in the Manufacturing Sector). For consistent comparison with McDonald's, larger-sized enterprises (having a staff

number of over 50 in the Services Sector and over 100 in the Manufacturing Sector) were considered for the survey. This study did not attempt to address a wide variety of industries in Hong Kong. Finally, eleven enterprises were invited for the Executive Interview Survey (four from the Manufacturing Sector and seven from the Services Sector), and thirteen enterprises were invited for the Staff Learning Climate Survey (five from the Manufacturing Sector and eight from the Services Sector). All these enterprises were recruited randomly from the HKPC's company database. Consequently, the study will be limited to the relatively small scale of the samples in our surveyed enterprises.

A second limitation of the study was the staff learning assessment of the learning organisation. All those from the enterprises that participated in the Staff Learning Climate Survey were classified into three levels (Director, Managerial, and Operational Levels). However, in some cases, the staff with the same job title performed different functions in different enterprises (although the job title was listed in the questionnaire to minimise the misunderstanding). Consequently, the attempts to relate the learning organisation to the job performance did not include all enterprises.

A third limitation of the study was the use of leading questions and interview for executives. Although the questionnaire was sent to targeted respondents before the interview, there was always the possibility that individual executive needed further explanations when answering the question in the interview. If they did not have sufficient preparation, their answer might show an inconsistency in the leading questions. Sometimes, an adjustment had been made by listening again to the audio recording and by further clarification through telephone contact.

A fourth limitation was an obvious pressure on the researcher – the limited budget. Since the surveys were additional to the consultancy project and conducted by the researcher,

including design, selection, audio recording, and data analysis and reporting, it was always a stress to the researcher to prepare the report within the limited time and budget resources.

Last, the implementation of the programmes was affected significantly by the outbreak of SARS in March 2003. All programmes, projects, and activities were delayed for more than two months. The project schedule and scope had to be revised to match with the deliverable in time.

## **2.3 METHODOLOGY**

### **2.3.1 Role of a Project Consultant and a Researcher**

The project concept has been built upon two foundation stones – my work-based and continuing learning experience. As Rose and Nicholl (1997: 3) described, learning is a lifelong adventure and it is a never-ending voyage of exploration to create your own personal understanding. And crucially it must involve the ability to continuously analyse and improve upon the way in which you learn. I have exercised the professional knowledge from my working experience, and strengthened my professional expertise through continuous study. It is a rare opportunity for a person to be able to practise his professional working experience and gain professional knowledge in his/her career at the same time. It can be seen from Tables 2.1, 2.2, and 2.3 that my professional working experience (Distribution, Manufacturing, Retailing, Training, Continuing Education, and Consultancy) provides intensive industry-based knowledge for me to manage various consultancy project works in Hong Kong Productivity Council. My continuing study enhances my knowledge in different areas of expertise (Marketing, Management, Strategy, Continuing Education, and Computer-based Information System).

While I was studying Henley's MBA and the Sunderland's MSc. Programme, I have relied on my professional working experience in Fortress Limited and Hong Kong Productivity Council to finish the research projects for the Master's programmes. My academic research skill has been further strengthened mainly through the training in the post-graduate doctoral research study in Warwick University.

**Table 2.1: Marketing-based Professional Experience and Continuing Study**

<b>Period</b>	<b>Industry</b>	<b>Marketing-Based Professional Experience</b>	<b>Continuing Study</b>
1982–1985	Distribution	AIWA/Dransfield & Company Limited	The Chartered Institute of Marketing, UK (Diploma in Marketing)
1985–1987	Manufacturing	Maxwell Electronic Limited	Hong Kong Polytechnic and Hong Kong Management Association (Diploma in Management Studies)
1987–1993	Distribution and Retailing	Fortress Limited	Henley Management College, UK (MBA)

**Table 2.2: Training/Education Professional Experience and Continuing Study**

<b>Period</b>	<b>Industry</b>	<b>Training-Based Professional Experience</b>	<b>Continuing Study</b>
1993–1994	Training	Manpower Clinic Limited	
1994–1997	Tertiary Education	The Open University of Hong Kong	The University of Warwick, UK (PhD in Continuing Education)

**Table 2.3: Consultancy-based Professional Experience and Continuing Study**

<b>Period</b>	<b>Industry</b>	<b>Consultancy-Based Professional Experience</b>	<b>Continuing Study</b>
1997–present	Consultancy	Hong Kong Productivity Council	University of Sunderland, UK (MSc. in Computer-based Information System)
2002–present			Middlesex University, UK (Doctorate in Professional Studies)

The relationship between professional working experience and continuing study could not be separated. They were the basis of my research study and for the development of my work-based project concept. These two elements helped me to select, analyse, and develop my research interest area at the beginning stages of this study. They developed gradually the concept of my work-based learning, ideas concerning how the study and experience could be linked together and finally this project study.

However, the dual roles of the consultant and the researcher in the same project have sometimes been in conflict. As a project leader of McD Learn, I should manage all the tasks on time without exceeding the budget, but as a researcher I tried to input more effort on study purposes. There were unavoidably compromise issues between client and researcher (i.e. project requirements, budget resources, scheduling programme and activity, and expertise involvement). Throughout the implementation of McD Learn, I needed to consider the consultancy deliverables as the priority (McDonald's management and proposal requirements), and then carefully thought through the project outcome (project objectives and planning) to reach the mutual benefits of the client and this study.

### **2.3.2 Rationales for the Use of McDonald's as a Case Study**

#### ***Background of McDonald's Learning Programme***

As one of the most successful fast-food restaurant chains of its kind in Hong Kong, McDonald's Restaurants (H.K.) Limited (McDonald's) planned to introduce a consultancy project targeting its part-time crewmembers and university students in Hong Kong to contribute to the education efforts of Hong Kong people. This programme was named McDonald's Learning Programme (McD Learn). As a result, the project enhanced the learning organisational image of McDonald's, and established an image of care, and concern for McDonald's in Hong Kong communities at large.



The project was composed of two separate parts: Crew Education Programme and University Student Community Programme. The Crew Education Programme was considered a perfect vehicle to design and implement a corporate learning project where the entire organisation worked to solve the high turnover rate of part-time crewmembers and the lack of suitable assistant store managers. The University Student Community Programme was an educational effort to promote the community service by university students through a competition campaign.

### ***Background of Hong Kong Productivity Council***

Hong Kong Productivity Council (HKPC) is a government-subsidized organisation established in 1967. Its mission is to promote the productivity and the use of more efficient methods throughout Hong Kong Manufacturing and Services Sectors. Governed by a Committee Council representing management, labour, academic, professional and government interests, HKPC is committed to making a contribution to the overall capabilities of its clients in Hong Kong and China. HKPC and its subsidiary companies provide a multitude of services to over 4,000 companies each year.

### ***Selection of McDonald's Consultancy Project as a Case Study***

With the financial and management support of McDonald's, HKPC was invited to develop and plan the McD Learn and was fully responsible as the co-organiser for the implementation and workflow logistics for McD Learn – Crew Education and University Student Community Programmes. During my seven-year-consultancy experience in Hong Kong Productivity Council, the consultancy project of McD Learn was suitable for the study for several reasons. First of all, I was fully responsible for the project: prospecting, negotiation, and writing the final contract. I also managed the programme design and implementation, as well as coordinating the programme activities with related parties. Secondly, the project duration lasted about two-and-half years with the consultancy fee

over HK\$1.3 million. Thirdly, the number of participant is significant (210 McDonald's crewmembers attending in Crew Education Programme and 75 students enrolling in the University Students Community Programme, and over 2,500 participants attending the students' project seminars, exhibitions, workshops, and programmes). McD Learn project provided me with a wide range of responsibility and depth of work expertise.

In addition to above reasons, McD Learn was an ideal business problem for descriptive case study and work-based project. It was because McD Learn was a client-based consultancy project which provided the solution for a "real" business problem. The project scope, objectives, and deliverables have been stated clearly in the proposal. The three particular problems were confronted by the McDonald's management (i.e. 70% annual turnover rate of part-time crewmember, insufficient of the generation of new assistant manager, and McDonald's image as an uncaring organisation in the Hong Kong community). During the design and implementation of the project, I tackled these problems and applied different expertise and knowledge to solve the business issues and problems on a company-wide basis.

McD Learn had the comprehensive content of a project, which involved two main parts: Crew Education Programme and University Student Community Programme. The former is an internal training programme for part-time crewmembers which was incorporated into the staff development scheme and provided an opportunity for career development. The later is a project-based competition for full-time university students in Hong Kong which included certain project-based activities. Using McD Learn, the concept of a learning organisation has been introduced into the hierarchical culture of McDonald's in which it acted as a vehicle to design and implement a problem-solving process on a company-wide basis. Therefore, the project context and nature are suitable for the study of the learning organisation concept.

A final reason is that McDonald's employs approximately 11,000 local staff members (approximately 90% being part-time crewmembers). All staff are local Chinese, including its management team. The combination of westernized management style and local Chinese culture might contribute a distinctive mixture for the concept development of learning organisation. Unlike traditional Hong Kong Chinese enterprises, McDonald's has been symbolized as one of the best-practice westernised management by Hong Kong and mainland China enterprises. More importantly, the McDonald's study can be a useful and valuable reference for other Hong Kong Chinese enterprises as it demonstrates how a strategic learning initiative can work to resolve management problems.

### **2.3.3 Research Method**

This study combines two research approaches namely: case study and survey. As Hakim (1987: 69) states, case study is a useful research design for a study on organisations and institutions in both the private and public sectors. The case study approach can encompass studies of enterprises (including small-medium-size enterprises), schools, trade unions, studies of best practices, policy implementation and evaluation, industry relations, management and organisation issues, organisational cultures, and processes of change and adaptation. Methodologically, the case study was designed to present answers to a series of study problems. The problems reflect the interest of those who represent an organisation (Yin, 2003: 31–32). Yin (1994: 13) defines the case study as an empirical enquiry to investigate a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident. Zikmund (1994: 93) writes that the purpose of the case study method is to obtain information from one or a few situations that are similar to the researcher's problem situation. Cohen *et al.* (2000: 181) say that a case study focuses on the complex dynamic and unfolding interactions of events, human relationships and other factors in a unique instance.

Case study subjects one or more selected examples of an enterprise that are to be studied by using a variety of data collection techniques. In fact, the McDonald's study is on one case only. There are limitations in the case study (i.e. the unique nature of different cases, the validity and reliability of individual cases, or observer bias). In addition, to implement the relatively new "Western" management concept of learning organisation in Hong Kong Chinese enterprises, we need more localised examples and studies. The use of a variety of data collection techniques and methods (i.e. questionnaire surveys and interviews) give a more rounded and holistic view for case studies of transformed firms (Yin 2003: 144–163). Therefore, surveys were employed in this study to provide the important findings on other Hong Kong Chinese enterprises. There were two main survey methods used in this study: qualitative survey (the executive interview survey) and quantitative survey (the staff learning climate survey).

#### ***Qualitative Survey – The Executive Interview Survey***

Based on the interview questions of Maznevski *et al.* (1994: 20), a questionnaire was designed for the executive interview (see Appendix 1: Executive Interview for Management). The primary objective was to identify the important factors for business success. In addition, the other objective was to explore how the learning organisation concept may be applied in Hong Kong Chinese enterprises.

In order to give the respondent sufficient time to find out relevant information, the questionnaire was sent to the respondent by e-mail two weeks before the personal interview. At the beginning of the interview, I explained the purpose of the interview to the respondent and then guided him/her to start the interview. Each interview lasted about two to three hours and the conversation was audio recorded.

### ***Quantitative Survey – The Staff Learning Climate Survey***

Based on the learning climate survey of Rothwell *et al.* (1995: 339–340), the questionnaire was modified and composed of twelve questions (Appendix 2: Staff Learning Climate Questionnaire). The questionnaire was designed for targeted respondents to assess their view on staff learning and development in their enterprises. The objectives were to determine the learning perception differentials at three learning levels (i.e. Personal, Team, and Organisation Levels) with respect to three categories of staff (namely Director, Managerial, and Operational Staff) in the selected Hong Kong Chinese enterprises. In addition, this survey was also utilised to collect information concerning the application of the learning organisation concept in Hong Kong Chinese enterprises.

Three categories of respondents are classified as: Director Staff (i.e. Chairman, Managing Director, Executive Director, Director, and General Manager or Assistant/Deputy of above-mentioned), Managerial Staff (i.e. Manager, Assistant/Deputy Manager), and Operational Staff (i.e. Supervisor, Officer, Administrator, Clerk, and front-line staff). Respondent numbers were calculated to ensure a sufficient sample base for each studied dimension. I sent the questionnaire to the selected enterprises and explained the purposes of the survey to the respondents.

Selected Hong Kong Chinese enterprises have been studied through the above two surveys. This helped to explore the concept of learning organisation in greater depth from other Hong Kong Chinese enterprises and to triangulate the key success factors for a learning organisation in McD Learn with the findings of the two surveys. The concept of learning organisation was addressed in the Executive Interview Survey and related to the business success, while the organisational learning climate for the staff (i.e. Director, Managerial, and Operational Levels) was studied in the Staff Learning Climate Survey.

Both surveys provided an in-depth analysis of organisational learning climate and business success factors of Hong Kong Chinese enterprises concerning with the development of a learning organisation.

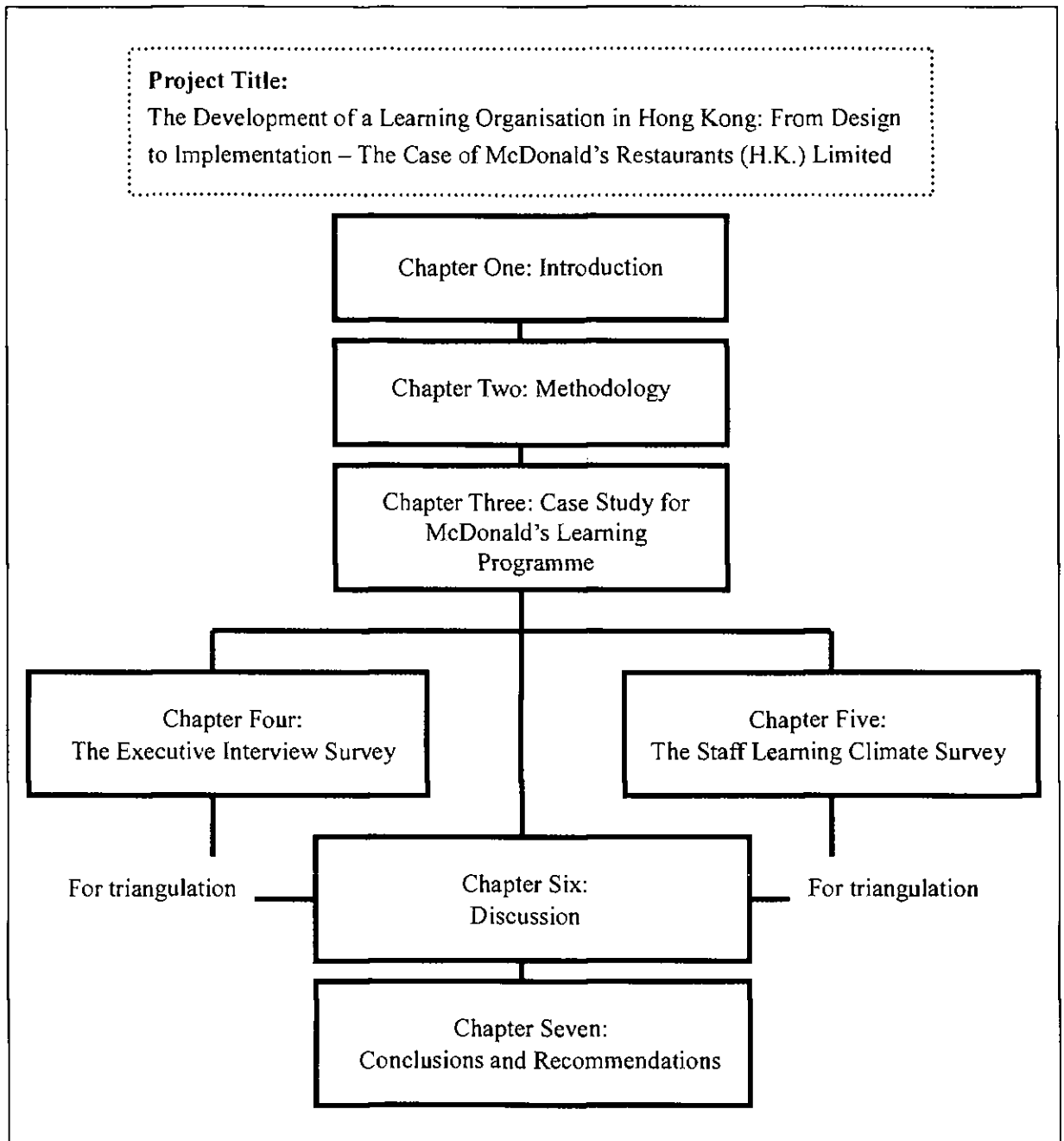
### ***Report Structure for McDonald's Study***

In brief, the report structure included seven chapters. The relationship of the research method framework in each chapter is illustrated in Figure 2.1. Chapter One is the introduction. Its major sections include the statement of problem, and literature on the learning organisation, intellectual capital, and learning at work. Chapter Two is on methodology. Its major sections include aims of the study, study scope and limitations, research method, and ethical considerations.

Chapter Three will give an account of the case study for McDonald's Learning Programme and will describe the application the case study approach to McD Learn, and consultancy project details of the McD Learn. The concept of learning organisation will be further explored and modified by other Hong Kong Chinese enterprises through the two surveys described in Chapters Four and Five. Chapter Four will explain the executive interview survey, and Chapter Five will cover the staff learning climate survey.

Chapter Six will be devoted to discussions. Through the project implementation of McD Learn and the two surveys, a McDonald's Learning Organisation Model will be developed. This chapter will summarise the findings of Chapters Three, Four, and Five and attempt to develop the learning organisation model from the McD Learn and two surveys. Using the McD Learn, two surveys, and the Discussion, I will draw in the last chapter – Chapter Seven – a summary of the discussion and findings to provide conclusions and recommendations for various stakeholders.

**Figure 2.1: Report Structure and Research Method Framework for McDonald's Study**



### *Subjects*

Subjects were selected from the population of Hong Kong Productivity Council's company database (approximately 30,000 companies' records in Hong Kong), the majority (over 90%) belongs to small-medium-sized enterprises (SMEs). The definition of Hong Kong Special Administration Region's Government for an SME is an enterprise having a staff number in Hong Kong under 100 in the Manufacturing Sector and 50 in the

Services Sector. Compared with McDonald's, only the larger-sized companies were selected (staff number being over 100 in the Manufacturing Sector and 50 in the Services Sector).

The desired sample size for the Executive Interview and Staff Learning Climate Surveys was approximately ten enterprises, randomly selected from HKPC's company database. Enterprises in this database were divided into sixteen industry groups by their product/services nature under two main sectors – Manufacturing and Services (see Table 2.4).

**Table 2.4: Sixteen Industry Groups for Hong Kong Enterprises**

Manufacturing Sector	Services Sector
Critical Components Electronic Household Appliances Innovative Enterprises Machinery and Equipment Telcom, AV and Office Automation Products Textile, Apparel and Footwear Toys and Plastics Watches and Jewellery	Building and Environmental Services Food and Health Care Products Government, Utilities and Knowledge Institute Import/Export, Logistics and Transport Media Services and Package Professional Services Software and Information Wholesale, Retail, and Tourism

Source: Hong Kong Productivity Council. *Annual Report 2003*, p.73.

***Data Collection within the Case Study***

Gay and Diebl (1992: 251–252) have stated that the interview study can produce in-depth data not possible with a questionnaire. In this study, the importance of an executive interview was to understand the experience of a learning culture in other enterprises and the meaning they make of that experience (Seidman, 1992: 3). The interview study was combined with questions related to executive's background, vision, and goals. Patton (1990: 32) studied that people's behaviour becomes meaningful and understandable when



placed in the context of their lives and the lives of those around them. Without context there is little possibility of exploring the meaning of an experience. Schuman (1982: 12) designed the three areas of interview questions and characterizes this approach and allows the interview and participants to plumb the experience and to place it in context. The first area of interview establishes the context of the participants' experience. The second allows participants to re-construct the details of their experience within the context in which it occurred. The third encourages participants to reflect on the meaning that the experience holds for them.

### *Pilot Test*

Tuckman (1996: 235) said that a pilot test, which uses a group of respondents who are part of the intended test population but will not be part of the sample, attempts to determine whether questionnaire items possess the desired qualities of measurement. A pilot test was performed in May 2004, in which the questionnaire was evaluated by testing it on a group of target respondents. Sixteen respondents from two enterprises (Office System Limited and Richcoln Company Limited) were randomly recruited to test the questionnaires. These respondents included two for director, two for managerial and four operational staff from each selected enterprises. They were not included in the formal survey. Before the pilot test started, each selected respondent was briefed on the aim of the pilot test by the researcher. The respondent then spent about 20 minutes to complete the questionnaire. After all selected respondents in the pilot test had finished filling in the questionnaire, they were asked to comment on it. According to the results of the pilot test, the revised questionnaire was drawn up and sent to Middlesex University for confirmation of its accuracy and suitability for the investigation.

## 2.4 ETHICAL CONSIDERATIONS

Since the consultancy project of McD Learn is client-based, HKPC's consultants were obliged to comply with the contract of the agreement. The study scope is bounded by the terms of the agreement, particular in case of tight schedule. As a worker and researcher in the study, the objectives of project and study should be balanced carefully to gain the mutual benefit (client and research purpose). During the project, the following issues have been considered to cover all programmes and activities.

During the performance of this Implementation Agreement, The HKPC shall protect the interests of the client and be obligated not to divulge any of such confidential information of the client unless obtaining specific written consent in advance by the client. The relevant data relating to McDonald's and McD Learn should be kept only by the HKPC's consultants. All information sent to the public should have prior approval by both parties' representatives. Therefore, when using McD Learn as case study, the use of some of the client's information was avoided to ensure confidentiality. Such information (programme and activities) was necessarily re-written to present in this study.

For the individual participants (including the interviewees in the surveys, and any parties involved with project activities), the purpose of this study was provided in a guideline by the author. All information collected in the project study has been treated as confidential. All interviewees in the Executive Interview Survey were verbally informed that their names and company's information would be included in the report and this dissertation. All interview reports had been sent to the interviewees for their accuracy and re-confirmed to use. All sensitive information in the report was deleted or modified by the interviewees to keep its confidentiality.

**CHAPTER THREE**

**CASE STUDY FOR  
MCDONALD'S LEARNING PROGRAMME**

### 3.1 APPLYING THE CASE STUDY APPROACH TO McD LEARN

Yin (2003: 3) listed three major uses of case study. The first use is exploratory – as a pilot to other studies. The second use is descriptive – providing narrative accounts. The last use is explanatory – testing theories. The case study is the method of choice when the phenomenon under study is not readily distinguishable from its context. Such a phenomenon may be a project or programme in an evaluation study (Yin, 2003: 4). McD Learn is one of the typical client projects in my consultancy that are conducted to determine the business background, environment, and characteristics of employees or business with a problem. By using the McD Learn, it provides a richly detailed portrait of a particular business phenomenon/problem and builds on the context of the learning organisation concept. Therefore, McD Learn is particularly appropriate for the case study as it:

- allows a detailed description of a business phenomenon – this is important given the range and complexity of factors to be explored; from the McD Learn’s design to the implementation. It is a rare situation for the researcher to collect, analyse, and conclude the relevant information for case model building. In fact, this study was to show how a company-wide problem could be solved by all of the stakeholders in the company working together to resolve the issue.
- benefits from the development of organisational and management studies. As McD Learn’s project is client-driven, it is perfectly matched with business requirements and objectives.
- gives due prominence to context – work-based learning highlights the importance of context. McD Learn provides a fruitful context itself to the development of learning organisation because it acts as a vehicle to design and implement a problem-solving process on a company-wide basis.

- provides insights into specific situations – this raises the issue of generalisation which needs to be addressed when considering the methodology of a work-based project. McD Learn gives an opportunity for a researcher to test and modify the concept in a real case situation.
- is grounded in action and yields insights into future action. Since all the programmes and activities of McD Learn were designed for local staff and university students in Hong Kong, the framework was developed with a high degree of suitability for Hong Kong environment. By building the appropriate case, the findings of McD Learn are one of the localised frameworks for implementation of learning organisation. The staff turnover rate of part-time crewmembers improved after the implementation of McD Learn.
- illustrates the practical deliverables – McD Learn case study possess referencing value for other study or training e.g. as the basis for study articles or illustrative material for staff development and training in a learning organisation.

While there will inevitably be a significant descriptive element to the selected case, their main intended use should go beyond the purely descriptive to demonstrate analysis, synthesis, and evaluation for future action. In fact, the case study has been subjected to a range of criticism (e.g. Hakim, 1987: 73; Gill and Johnson, 1997: 124–126; Cohen *et al.*, 2000: 184). The main concerns are:

- The generalisability from one or at best a small number of specific cases may be limited.
- The unique nature of the case coupled with the depth and breadth of details is likely to make it difficult to crosscheck and thus open to suspicion on the basis that the details may be selective, biased, personal, and subjective.
- The validity and reliability of the case is likely to be undermined by observer bias.

Beside these criticisms on the case study approach, I have also considered the following issues concerning the use of McD Learn as a case study approach in this project.

- As the case study design of McD Learn makes it difficult to summarize their key strengths and weaknesses; a certain gap between the questions to be addressed and the selection of the particular case could be expected. Generalization is dependent upon clarity and insight leading to understanding which can inform others, it is not dependent upon notions of representation or sampling (Gummesson, 1991: 79; Coffey and Atkinson, 1996: 163).
- The unique nature of a case study means that the positivist conception of reliability as replication is not appropriate (Gummesson, 1991: 81). Yin (2003: 163) argued that a case study has not always been considered to be a method in the logical positivist tradition but his approach has been to place case studies within the framework of the scientific method – to develop hypotheses, collect empirical data, and develop conclusion based on such data. In fact, the McD Learn is the study equivalent to the spotlight of the microscope of the problem-solving process on the company-wide basis, its value depends crucially on how well the study is focused.
- With regard to complete objectivity as a goal and cornerstone of the study, “validity” is highly problematic as a study of any type inevitably has a social nature, questions of determining which problems to study, the relevancy of findings, and the translation back to the subject’s world have always posed constitutive and value-laden issues at the very heart of any “objective” study (Alvesson and Deetz, 2000: 65). As the McD Learn’s case is a client-based project, it should be related to the pre-defined business objectives and requirements (i.e. client’s objectives, project scope, target participants, budget, timing, and deliverables). One significant practical difficulty with such a case study is the choice of role as project worker and researcher. On one hand, the project

often involves many specialized professionals in different project work, on the other hand the costs and timetables for the whole project vary enormously.

- The active participation of the researcher is helpful if it is coupled with a high degree of reflexivity and openness concerning the uncertain nature of the study process. Reflexivity involves self-critical interpretation of assumptions and consistent consideration of alternative interpretative lines and use of different study vocabularies (Alvesson and Deetz, 2000: 112–113). Even if the case study examined drew upon my own work-based experience, and as such is “subjective” in nature and intimately linked to the individual or group generating it (Baumard, 1999: 17), this does not render it invalid under an interpretive or critical theory paradigm. As one of the active participants in McD Learn, I was unavoidably confronted with the difficulty of conflicting roles of team member and researcher. With reference to Yin (2003: 9), he provided an excellent review of, and guide to, all aspects of case study: design, selection of case, implementation and data management. To balance the benefits, I needed to manage the consultancy deliverables and study outcomes to meet both the client’s and the study’s needs.

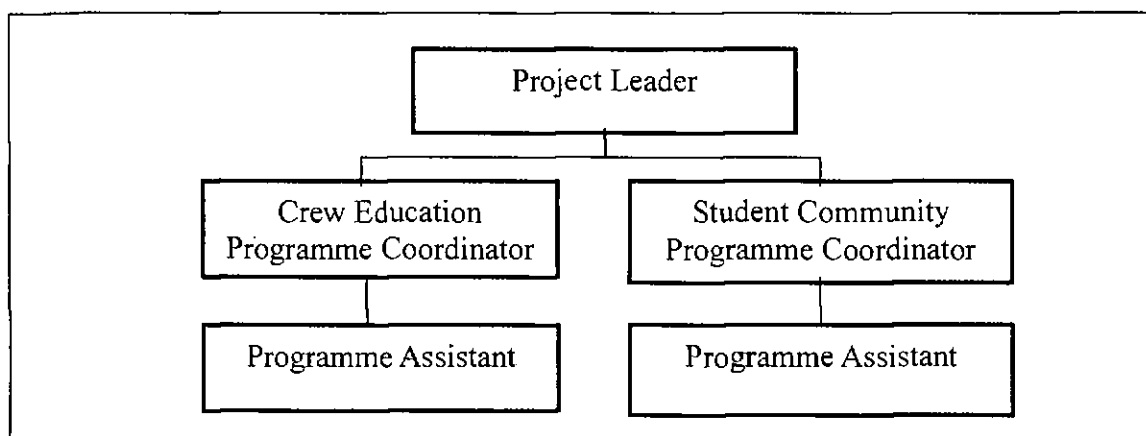
### **3.2 OVERALL CONSULTANCY PROJECT DEATILS**

#### ***HKPC’s Project Team***

To implement and organise the programmes and activities for McD Learn, HKPC formed a project team which consisted of five core members. I (Senior Consultant of HKPC) led the team and the team members included two Consultants and two Programme Assistants from HKPC. As the Project Leader, I had full responsibility of the project development and implementation and undertook the responsibility at a high level – all involved HKPC’s policy, agreement, public concerns, and image publicity. I also supervised and

monitored the programme progress, design of programme, quality assurance, and implementation. One Consultant was the coordinator of University Student Community Programme and was responsible for the campaign development and the student project implementation. Another Consultant was in-charge of the development and implementation of the Crew Education Programme (see Figure 3.1)

**Figure 3.1: HKPC's Project Team of McD Learn**



### 3.2.1 Overall Project Objectives of McD Learn

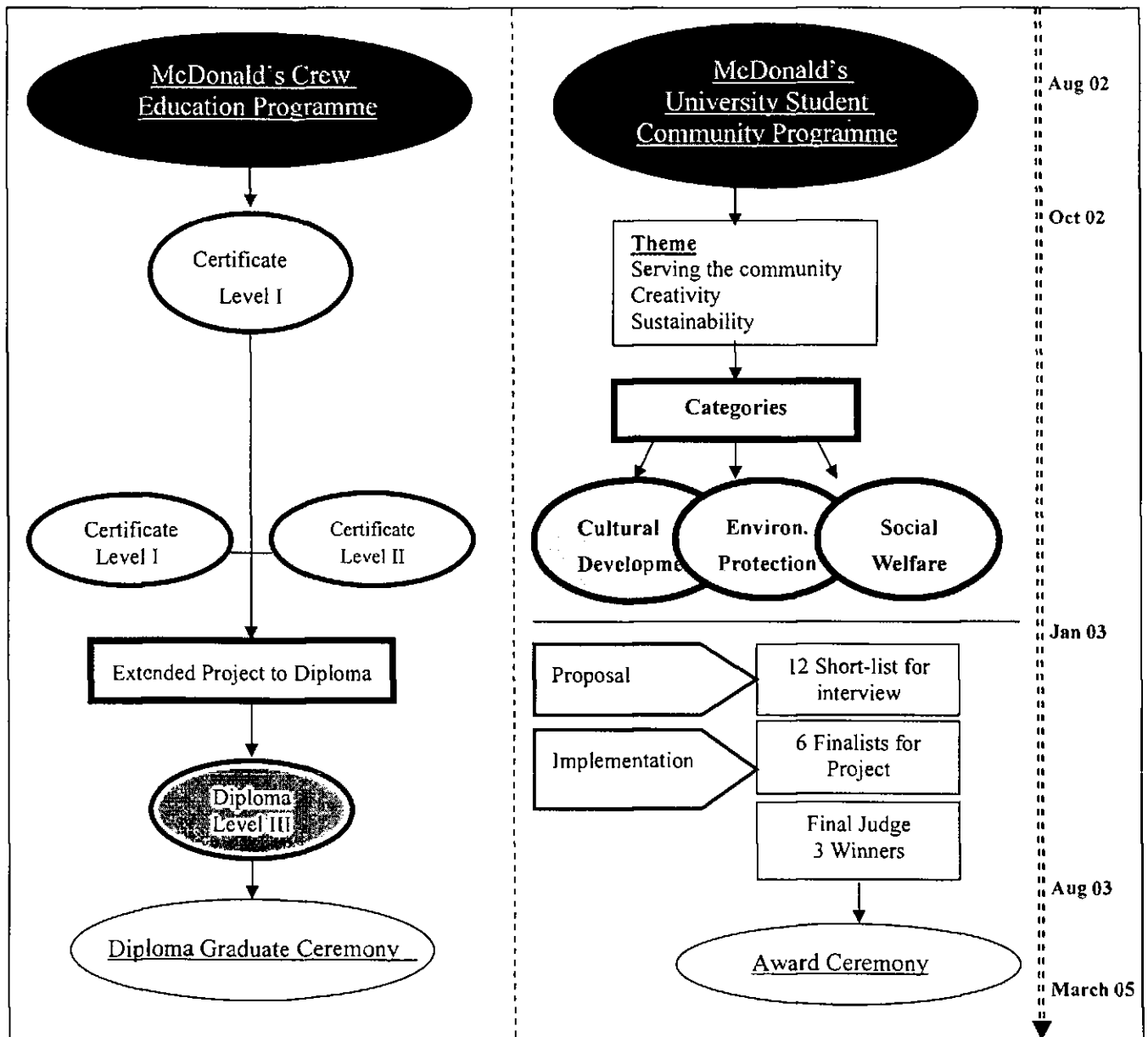
Having confirmed with McDonald's management and HKPC's project team, the overall project objectives were defined clearly by the following:

- To strengthen McDonald's image as a responsible corporate citizen
- To promote McDonald's commitment to its crew and the Hong Kong community
- To support "Lifelong Learning"
- To reinforce staff morale
- To enhance media awareness and interest in the campaign
- To demonstrate the effectiveness of a company-wide learning process
- To increase the retention rate of part-time staff
- To solve the problem of developing potential managers using company-wide skills



### 3.2.2 Overall Project Mechanics of McD Learn

Figure 3.2: Overall Project Mechanics of McD Learn



HKPC was to develop an overall implementation plan and was fully responsible as the co-organiser for the implementation and workflow logistics. The overall project mechanics of McD Learn is illustrated in Figure 3.2. The whole project started in August 2002 and ended in February 2005. It lasted about two and half years. Basically, the programme was comprised of the following two main parts: Part One – A Two-year Crew Education Programme (extended project of Crew Education Programme for Diploma

Level in September 2004), and Part Two – One-year University Student Community Programme.

### **3.2.3 Overall Project Budget of McD Learn**

In exchange for the consultancy work and services to be performed by the HKPC as required in the McD Learning, McDonald's agreed to pay the consultancy project fees to HKPC with the total amount of HK\$1,362,000 (including the extended project budget HK\$260,000 in September 2004). For the Part One of Crew Education Programme. The consultancy fee was a lump sum, fixed amount of HK\$500,000 for Levels I and II (total crew participant being 140 in four classes), and extended project fee in September 2004 at HK\$260,000 for the Levels II and III (total crew participant being 70 in two classes – 35 for Level II and 35 for Level III). For Part Two of University Student Community Programme, the consultancy fee was HK\$602,000 (including the student project's supervision and winning team prize).

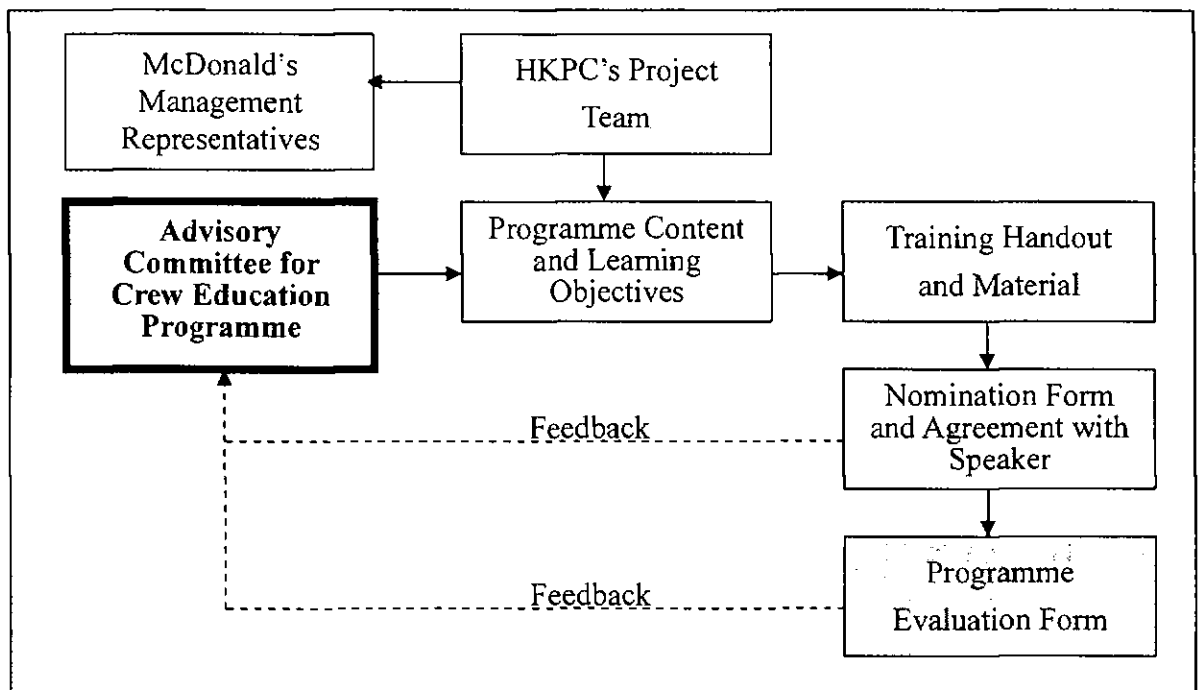
### **3.3 PROJECT PART ONE – MCDONALD'S CREW EDUCATION PROGRAMME**

To recognize the importance of Crew Education Programme, an Advisory Committee for Crew Education Programme was established at the beginning of the programme. The purpose of the Advisory Committee was to ensure the programme quality (i.e. speakers' performance, programme design, course content, and related logistics) met the academic and vocational standards.

This Committee was composed of four key members. I led the Advisory Committee (responsible for the development of the whole programme), HKPC Consultant (responsible for the coordination of the programme), Academic Director of Economic Times College, and Assistant Professor of Open University of Hong Kong (responsible for

vocational requirement and academic standard). Working closely with HKPC's project team and McDonald's management representatives, the Advisory Committee had an advisory role for the Crew Education Programme. All issues relating to the learning objectives, programme design, and course content were passed to the Advisory Committee for comments. All members of the Advisory Committee met together (or by telephone meeting) once every two months to address the quality issues of the programme.

**Figure 3.3: Advisory Committee for Crew Education Programme**



During the programme, there were six meetings of Advisory Committee at HKPC. The formation of the Advisory Committee was an effective monitoring and feedback system through the review of the three important documents relating to the programmes: Evaluation of Nomination Form of Speaker, Agreement Contract with Speaker, and Programme Evaluation Form. McDonald's, HKPC's project team and Advisory Committee's members played an active role to ensure the high quality of the programme for crewmembers. The role and function of Advisory Committee is given in Figure 3.3.

### **3.3.1 Programme Objectives**

In order to define the programme objectives, a project meeting between HKPC's project team and McDonald's management was held in the design stage of the programme. The main objectives of the Crew Education Programme were finalised:

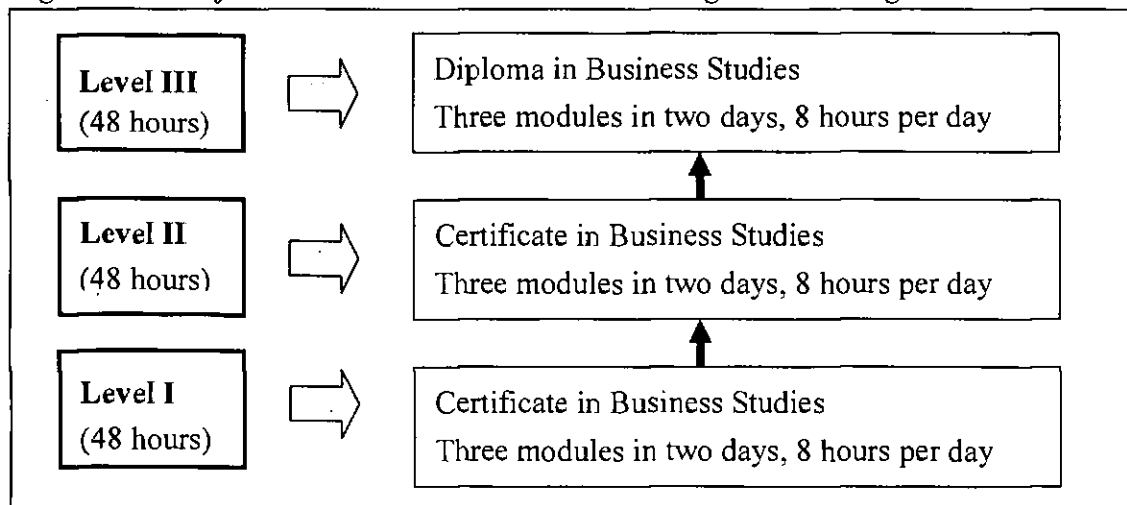
- To encourage lifelong learning – providing formal continuing education in business management with a thorough grounding in various disciplines to prepare McDonald's crewmembers for further studies.
- To help the crewmembers to unleash their potentials – providing participants with a range of basic management and communication skills that are highly beneficial to their career development at McDonald's.
- To build staff morale and loyalty – aligning the personal objectives and incentives of crew members with the corporate vision, mission and values of McDonald's so as to foster their sense of belonging towards the company and encourage them to become more responsible and accountable.
- To demonstrate the use of a company-wide problem-solving techniques to illustrate the effectiveness of the learning process on a corporate scale.

### **3.3.2 Programme Design**

After comprehensive discussions between HKPC's project team and McDonald's, the programme design was structured as an in-company training programme with 144 teaching hours in three levels. For each level, Three modules were taught in a total number of 48 teaching hours. Each modules consisted of two full-days of 16 hours of teaching. The rationale was based on the two essential factors: a) HKPC's requirement for Diploma programme (Diploma level programme should have at least 60 hours for teaching/lecturing and assessments i.e. assignment, written examination or group project), and b) budget for the programme.

The detailed programme design is shown in Figure 3.4. The Crew Education Programme consisted of three levels: Certificate in Business Studies (Level I), Certificate in Business Studies (Level II), and Diploma in Business Studies (Level III). Each level consisted of three modules which were finished within a total of two full-days or 16 hours. There were two terms (winter and spring) each year, two classes each term, three modules each class, two full-days for each module, 8 hours per module, 35 students for each class. In the first year of the programme, only levels I and II were completed. Level III started upon the renewal of the project agreement in September 2004. Crew participants needed to complete at least three modules at each stage in order to advance into the next level. At the end of Diploma stage – Level III, the participants had to finish a group project and attended a presentation (the presentation could be done either Chinese or English), which will be further explained in section 3.4.6.

**Figure 3.4: Project Part One – Crew Education Programme Design**



### 3.3.3 Programme Module

Based on the co-development of HKPC and McDonald's, a total of eleven modules were developed. Each module was covered by an outline with: Introduction, Objectives, and Content. The introduction explained the purpose of the module, objective stated the

learning purpose, and content listed the course contents and deliverables.

For the Levels I and II, all modules were in Chinese, with the exception of the module of Use of Business English. For Level III, all modules were in English. This design was based on the comprehensive discussion with McDonald's operational staff and interview with crewmembers. Furthermore, McDonald's Human Resource Department recommended that the Chinese version was more appropriate for their crewmembers in Levels I and II, whereas the English version was for Level III. This programme design was to encourage the crewmembers to study the module without a language barrier. The modules were grouped in A or B in Level I for participants' selection but Use of Business English was compulsory in all levels. For Levels II and III, there was no grouping for selection. HKPC's project team and McDonald's management decided which modules and at what levels were to be offered for crewmembers (see Table 3.1).

**Table 3.1: Crew Education Programme Outline**

<b>Certificate in Business Studies (Level I)</b>	<b>Module Number</b>	<b>Module</b>
Group A	S1001	Use of Business English I (compulsory)
	S1002	McCrew Team Building
	S1003	The Power of Personal Vision
Group B	S1001	Use of Business English I (compulsory)
	S1004	Creative Thinking
	S1005	Effective Communication Skills
<b>Certificate in Business Studies (Level II)</b>		
	S2001	Use of Business English II (compulsory)
	S2004	Introduction to Management
	S2005	Introduction to Sales and Marketing
<b>Diploma in Business Studies (Level III)</b>		
	S3001	Use of Business English III (compulsory)
	S3002	Creative Problem-solving Skills
	S3003	Business Mind and Work-based Project

When the draft of the module outline was finished by the speaker, it was sent to Advisory Committee for comment. After the Committee's comments, it was also sent to HKPC's project team and McDonald's for approval for module development. At the end of the programme design, HKPC had provided eleven "new" modules at three different levels for McD Learn. All of them had a business-related context. Five modules were in Level I: Use of Business English I, McCrew Team Building, The Power of Personal Vision, Creative Thinking, and Effective Communication Skills. Three modules were in Level II: Use of Business English II, Introduction to Management, and Introduction to Sales and Marketing. Three modules were in Level III: Use of Business English III, Creative Problem-solving Skills, and Business Mindset and Work-based Projects.

#### **3.3.4 Student Selection**

The potential number of part-time crewmembers was estimated approximately 10,000 at McDonald's restaurants. All those crewmembers having strong commitment to build their successful careers at McDonald's restaurants were the target participants. For student selection, the store manager of each McDonald's restaurants recommended two to three crewmembers to McDonald's management. Each recommended crewmember submitted one-page statement concerning their reasons for wanting to study on the Crew Education Programme.

An internal promotion campaign (i.e. briefing seminar, promotion leaflet, and poster) was launched by McDonald's Public Relation and Human Resources Department (see Appendix 3: Poster of McDonald's Learning Programme) to attract and convey the message of the programme to the crewmembers. The response was utterly encouraging and over 400 crewmembers were recommended from 213 McDonald's restaurants. At the end of first screening and selected by McDonald's management, Human Resource Department, and Operation Department, 75 crewmembers were recruited to enrol in the

programme of Level I. The selection criteria was decided by two factors – the crewmember’s one-page study statement and interview by McDonald’s. During the Crew Education Programme, a total of 210 crewmembers were enrolled, 175 attended Certificate Levels I and II, and 35 studied in Diploma Level III.

### 3.3.5 Programme Schedule and HKPC’s Task

Based on the HKPC’s project team and McDonald’s representatives, the programme schedule and action plan were listed as an implementation plan in Table 3.2.

**Table 3.2: Crew Education Programme Schedule**

	Year	02				02	03												03
	Month	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	10	12	
<b>Crew Education Programme</b>																			
Kick Off Meeting																			
Topics & Syllabuses																			
Levels I & II Recruitment and Launch																			
Review Meeting																			
Levels I & II Recruitment and Launch																			
Review Meeting																			
	Year	04								04	05			05					
	Month	4	5	6	7	8	9	10	11	12	1	2	3	4					
Kick Off Meeting																			
Topics & Syllabuses																			
Levels II & III Recruitment																			
Review Meeting																			

The outbreak of SARS in March 2003 caused a certain delay of both the recruitment and the launching of the programme because all education programmes were suspended in Hong Kong for more than one month. They were resumed in May 2003. In brief, the Levels I and II were scheduled in the year 2002 and 2003. Level III was a continuation of the Crew Education Programme for Level II crewmembers that aimed at bringing the



education scheme to the Diploma level and was launched in September 2004. Based on the Crew Education Programme Schedule, HKPC's project team performed the following tasks to implement the programme. They were required:

- To develop outline description for individual modules, each lasted 15 hours
- To design programme contents and materials
- To seek approvals from McDonald's on module contents
- To finalise the programme structure
- To develop programme leaflet (course outline, advancement, and enrolment form)
- To contact overseas education institutions and local universities for diploma recognition (e.g. exemption of credits and eligibility for applications)
- To recruit appropriate speakers for training and other classes
- To arrange venue and prepare setup
- To receive notice from McDonald's regarding which of the six modules (at different levels) were made to be available for its crewmembers. HKPC received the notice at least four weeks before the commencement of the first class in each term
- To send all the class materials and speakers' background to McDonald's at least two weeks before the commencement of the first class in each term
- To receive crew member list from McDonald's at least one week before the commencement of the first class in each term
- To verify the student list generated from McDonald's
- To monitor the overall quality of the programmes
- To keep participant attendance records and update McDonald's on a monthly basis or more frequently as may be necessary
- To keep participant advancement records and update McDonald's periodically
- To hold an evaluation meetings within 30 days after the completion of each term
- To generate a constant update the module contents and improve the class quality
- To organise an award ceremony to award certificates to the successful participants

### **3.3.6 The Project Extension – Diploma Stage and Group Project Presentation**

After the completion of Certificate Level II, the McD Learn Programme was further developed into a Diploma Programme in Business Studies. Crewmembers were taught with the modules of Creativity Problem-solving Skills, Business Mindset and Group Project, and the Use of Business English III. By the end of the Diploma programme, all

participants were divided into small groups, and were asked to deliver a half-hour presentation on a module theme they chose from their works and stores. Group crewmembers needed to apply the concepts they learnt from the programme, and gave critical analysis of their work-based projects.

The crewmembers' presentations were evaluated in terms of their presentation skills, presentation tools, analytical skills, project content, and team coordination. Apart from the assessors, all participating crewmembers were invited to evaluate their classmates' presentations.

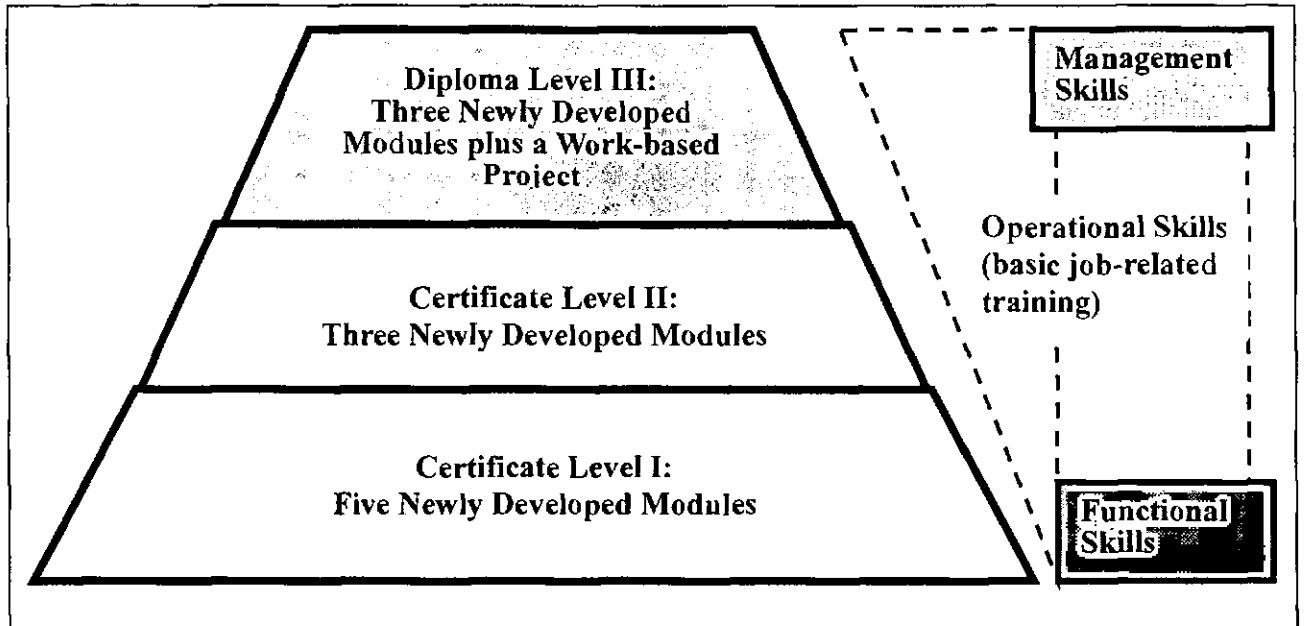
### **3.3.7 Three-level Organisational Learning Programme**

The programme design of the McDonald's Crew Education was tailor-made to suit the client's objectives: to have a lifelong learning programme, to unleash the participants' potentials, and to encourage the staff morale and loyalty. McDonald's crewmembers had to attend regularly the internal operational training which mainly provides shop operation and customer service skills. Based on the programme objectives, I developed a three-level organisational learning programme (total eleven modules, see Table 3.3) to incorporate the staff development and training modules for McDonald's crewmembers. This learning programme approach was comprehensive and structured for organisational and functional needs. As the programme aimed to develop the talent skills and career plans for crewmembers, the modules focused on functional and management skills (see Table 3.1: Crew Education Programme Outline).

The three-level organisational learning programme provided a basic management study concept for participants and involved three stages of study level – Certificate Levels I and II, and then to Diploma Level III plus a work-based project. The lower levels were involved with functional skills and the higher level included management skills, while the

client provided the operational skills. This combination was helpful for the client because it did not duplicate with the client's existing training, but enhanced it for the crewmembers in managerial functions (see Figure 3.5).

**Figure 3.5: Three-level Organisational Learning Programme**



### 3.3.8 Training Programme Material and Handout

Table 3.3 lists the details about the programme modules. One of the most important outcomes of the McD Learn is the training material of the whole programme. All module outlines were sent to Advisory Committee for comment, and final approved by HKPC's project team and McDonald's. HKPC's project team designed the training programme and developed eleven modules (five modules in Level I, three modules in level II, and three modules in Level III) for the McDonald's Crew Education Programme. A total of eleven modules were developed and belonged to HKPC's project team. It is noted that all these training materials are not only used by McDonald's, but also can be used for Hong Kong Chinese and mainland China enterprises.

**Table 3.3: Training Programme Modules**

Level	Module	Version
Certificate (Level I)	Use of Business English I	English
	McCrew Team Building	Chinese
	The Power of Personal Vision	Chinese
	Creative Thinking	Chinese
	Effective Communication Skills	Chinese
Certificate (Level II)	Use of Business English II	English
	Introduction to Management	Chinese
	Introduction to Sales and Marketing	Chinese
Diploma (Level III)	Use of Business English III	English
	Creative Problem-solving Skills	Chinese
	Business Mind and Group Project	Chinese

**Table 3.4: Example of Training Material Content**

S1001	Use of Business English I (Compulsory)
<b>Introduction</b>	The ability to communicate in English is vital in today's business world. It is necessary for front line personnel to be able to communicate both independently and confidently in English. This is the first part of the three compulsory English courses in the programme. Participants taking this course are assumed to have possessed fundamental English skills.
<b>Objective</b>	This course aims to enhance the participants' English language competence, skills of reading, writing, listening and speaking related to fast food business environment. In addition, participants will be expected to participate in role-playing, games or other activities, and discussion.
<b>Content</b>	<ul style="list-style-type: none"> <li>• Reading Skills: <ul style="list-style-type: none"> <li>- Identifying topic sentences</li> <li>- Reading for global meaning</li> <li>- Reading for specific information</li> <li>- Identify key words</li> <li>- Learning vocabulary in context</li> <li>- Understanding purpose/structure/attitude</li> <li>- Understanding discourse/reference markers</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Writing Skills: <ul style="list-style-type: none"> <li>- Narrative</li> <li>- Descriptive</li> <li>- Informative</li> <li>- Exposition</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Speaking and Listening Skills: <ul style="list-style-type: none"> <li>- Understanding and following instructions</li> <li>- Identifying tone/attitude and drawing conclusions</li> <li>- Describing, explaining and informing</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Role-playing exercises, games and activities within a fast food or business environment.</li> </ul>

The above Table 3.4 is an example to illustrate the details of the training outline in programme development (including introduction, objective, and content). Based on programme structure, similar outlines were designed for other modules and learning materials were prepared. McDonald's and Advisory Committee Team's members gave their opinion about the vocational and academic requirements. As the completion of all levels, the participants were granted the Diploma. There was an academic requirement for award of Diploma issued by HKPC (i.e. fulfilling the entry requirement, attending the minimal teaching hour, self-study hour, and completion of assignment/examination). Throughout the project work, HKPC's project team learned how to maintain a balance between commercial and academic standards (i.e. programme budget, timeframe of study, and entrance requirement) for McD Learn's graduates. A sample copy of the training material is attached in Appendix 4.

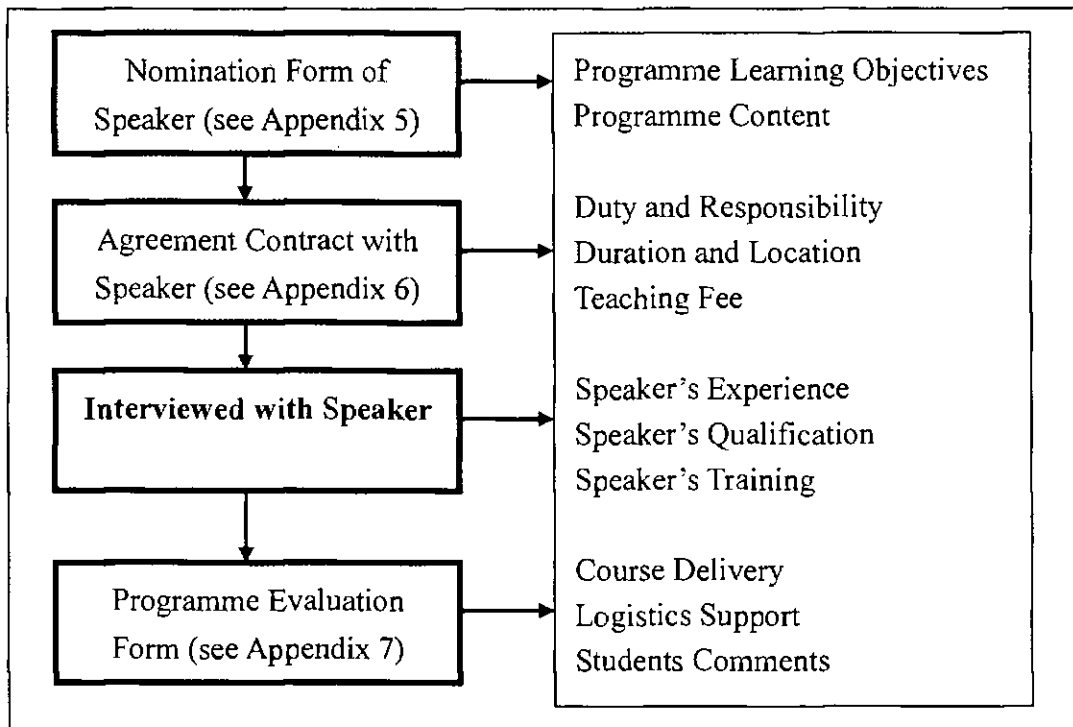
### **3.3.9 Quality and Control Procedure for Crew Education Programme**

The quality of the educational programme was closely monitored by systematic evaluation by both the HKPC's consultants and McDonald's staff. An Advisory Committee Team was set up for the programme to examine the quality of McDonald's Learning Programme. The committee played two roles: providing the academic advice to the programme, and monitoring the programme quality continuously (see Figure 3.6).

The examining procedure was comprised of two parts: an appointment with the speaker, and the monitoring the programme. When a speaker was appointed in the programme, an interview section was held between Programme Coordinator and speaker. After that, the speaker signed the documents of the Nomination Form (speaker's background, experience, and qualification), and the Agreement Contract (payment term, duration, teaching responsibility, and requirements). Programme evaluation was conducted during the programme. The evaluation was in different aspects in terms of delivering the workshop

(including speaker's performance, handouts and materials, logistics, and administration).

**Figure 3.6: Programme Quality and Control Procedure**



The essence of evaluation was not just to give McDonald's an analysis of how well these speakers instructed the course, but how these speakers could improve themselves and therefore adjusting their deliverables to make them more appropriate for the crewmembers. From the comments of the crewmembers, speakers could establish both the strengths and weaknesses of their workshops, and eventually the quality of the teaching materials could develop as the education programme progressed. The formal procedure of programme quality and control were set up and documented in the project. Using these formal documents and related mechanics, the formal procedures with appointment with speaker and programme evaluation were established by which formed the framework of structural capital to the development of a learning organisation. HKPC's project team made use of the procedures as one of the typical references of corporate training for implementing learning organisation in Hong Kong.

### 3.3.10 Programme Evaluation

To ensure the course content and programme quality, HKPC's project team and Advisory Committee designed a Programme Evaluation Form specifically for the McDonald's Crew Education Programme. The Programme Evaluation Form was assessed by the participants to mark the performance of the programme speakers.

**Table 3 5: Evaluation Summary of Crew Education Programme**

<b>Module (Actually launched in 2002-2005)</b>	<b>Speaker</b>	<b>Course Content</b>	<b>Handout/ Material</b>	<b>Logistics &amp; Adm.</b>	<b>Overall Score</b>
<b>Certificate Level I- Group A</b>					
Use of Business English I	9.40	8.59	8.88	8.50	<b>8.84</b>
McCrew Team Building	7.08	6.79	6.85	7.40	<b>7.03</b>
The Power of Personal Vision	9.06	8.71	8.84	8.93	<b>8.89</b>
<b>Certificate Level I-Group A</b>					
Use of Business English I	9.20	8.65	8.75	8.90	<b>8.88</b>
McCrew Team Building	8.06	7.53	7.86	7.97	<b>7.86</b>
The Power of Personal Vision	9.01	8.67	8.75	8.88	<b>8.83</b>
<b>Certificate Level I- Group B</b>					
Use of Business English I	9.10	8.64	8.70	8.45	<b>8.72</b>
Creative Thinking	7.72	8.49	7.56	7.80	<b>7.89</b>
Effective Communication Skills	9.00	8.85	8.79	8.65	<b>8.82</b>
<b>Certificate Level II- Group A</b>					
Use of Business English II	9.19	8.30	8.59	8.51	<b>8.65</b>
Introduction to Management	8.81	8.48	8.57	8.50	<b>8.59</b>
Introduction to Sales & Marketing	9.20	8.66	8.97	8.74	<b>8.89</b>
<b>Diploma Level III</b>					
Use of Business English III	9.10	8.42	8.27	8.61	<b>8.60</b>
Creative Problem-solving Skills	8.20	8.07	8.17	8.20	<b>8.16</b>
Business Mindset & Group Project	8.76	8.59	8.78	8.61	<b>8.69</b>
<b>Overall Score</b>	<b>8.73</b>	<b>8.36</b>	<b>8.42</b>	<b>8.44</b>	
<b>HKPC Overall Score</b>	<b>7.98</b>	<b>7.71</b>	<b>7.85</b>	<b>8.01</b>	

The evaluation also included the areas of course content, handouts and materials, and the programme logistics and administration. The evaluation was on a scale of 0-10 score (0 being the lowest score and 10 being the highest score). The assessment result of each module was distributed by e-mail to the members of Advisory Committee for evaluation

after each class completion. The form had two purposes. The first was to understand the overall performance of each module, and the second was to decide what measure should be taken to improve the course content and programme support.

Overall speaking, the evaluation of Crew Education Programme was above the average score of HKPC. The programme's scores were 8.73 score in Speaker Performance, 8.36 score in Course Content, 8.42 score in Handout/Material, and 8.44 score in Logistics and Administration Support. The modules of McCrew Team Building and Creative Thinking Modules were recorded the lower score and an immediate action was taken to follow up the speaker, course content, and handout (see Table 3.5).

### **3.3.11 The Relationship between the McDonald's Crew Education Programme and the Learning Organisation Concept**

The case study of the implementation of McDonald's Crew Education Programme suggests that this strategic learning intervention enhanced the intellectual capital of McDonald's by:

- a. **Three-level organisational learning programme:** the introduction of three-level organisational learning programme has internalised a new training structure in McDonald's restaurants through providing a structural support for crewmember's training. Unlike the traditional training within McDonald's restaurants, the newly development programme provided a business management study for internal crewmember staff. This learning programme is critically useful to the application issue of learning organisation because it provides a practical study framework for learning organisation. The programme was designed for continuing the career development of crewmembers. McDonald's crewmembers went through the study from Levels I, II, and III and aligned with the strategic learning initiatives. It had a long lasting impact on the



structural capital of the organisation and fosters a learning organisation culture within the organisation.

- b. Training material/handout:** Based on the programme design, all module outlines were commented by Advisory Committee and finally approved by both McDonald's and HKPC's project team. HKPC's project team developed the localised training material by which enhances the knowledge transfer between individuals and the organisation in the Hong Kong environment. According to the McDonald's requirements, a total of eleven modules were designed for Crew Education Programme. This localised training material (all modules are in Chinese version, except Use of English I, II, and III) is an effective mean of knowledge sharing and transferring for promoting learning organisation in other Hong Kong Chinese enterprises.
- c. Internal assessment of quality control:** the establishment of an advisory committee encourages the vocational training in line with the quality control process. The use of internal assessment for quality control means that the learning organisation concept can be easily matched with other educational programmes. The workplace training is focusing on the practical side and the organisational needs, but the advisory committee can balance the different requirements of enterprises and educational quality.
- d. Internalisation of training programme and staff development:** this new arrangement of McD Learning Crew Education has reformed the structural and human capital of McDonald's operation and staff promotion. Particularly, the new form of study has reshaped a new career development for part-time crewmembers. Consequently, this programme structure is also a great example to demonstrate the practical approach of organisational learning.

### 3.4 PROJECT PART TWO – MCDONALD’S UNIVERSITY STUDENT COMMUNITY PROGRAMME

#### 3.4.1 Programme Contribution of McDonald’s on Learning Organisation

As McDonald’s aims to promote a lifelong learning for their staff as well as the Hong Kong’s community, the Project Part Two – McDonald’s University Student Community Programme was launched together with Project Part One. The Project Part Two made several important contributions to McDonald’s about the learning organisation concept.

The contributions include:

- a. **Educational and project learning activities:** the group project in particular of group learning and project activities in the spirit of the learning organisation, that is, activities taken place in consulting meeting, knowledge sharing, project group activities, and presentation.
- b. **The active use of the learning organisation concept inside/outside the organisation:** which includes, amongst them, the lifelong learning in organisational and societal levels, individual learning, team and organisational learning, self-directed learning teams (in project work), customer awareness programme (on advertising), event seminars (student project), and promotional press (in newspapers and magazines). The message of lifelong learning in a learning organisation can be spread widely in public.
- c. **The commitment of the organisation to the learning society:** the programme is an organisational commitment on the social responsibility and business belief. In response to the Hong Kong people, the learning organisation concept throughout the programme was effectively promoted to the organisational and social levels. Through the promotion in McDonald’s stores and mass media, over 2,500 Hong Kong citizens attended the student project’s seminars and events that lasted for one and half years.

Therefore, McDonald's University Student Community Programme was a meaningful programme specially organised for full-time undergraduate students who were studying in university in Hong Kong. Through the award-competition-project, the programme aimed to encourage students to serve the community. By developing their creativity, group learning attitude, and project management skills, McDonald's promoted the learning concept and community service as a whole. Therefore, the objectives of the programme were:

- To encourage undergraduate university students to better serve the community through group learning project
- To promote learning through project based work

### **3.4.2 Target Participants**

All full-time undergraduate students from the following seven universities were invited to join the competition and these students might at the same time be McDonald's crewmembers. Eligible students were required to form a team of three to six persons (in same or different faculties of the university) in order to join this competition. The seven universities included:

- Chinese University of Hong Kong
- University of Hong Kong
- Hong Kong University of Science & Technology
- City University of Hong Kong
- Hong Kong Baptist University
- Hong Kong Polytechnic University
- Lingnan University

### **3.4.3 Project Theme**

The main theme of the award is "Serving the Community". Eligible students in teams of three to six persons were invited to submit proposals with creative ideas that benefited the community of Hong Kong in a sustainable way. Although the main theme was "Serving the Community", the competition was highlighted into three categories: Cultural

Development, Environment Protection, and Social Welfare.

All participative team selected one of the categories listed below as the theme of their projects/proposals:

- **Cultural Development:** To develop a project proposal to promote Hong Kong cultural development (e.g. art, heritage, and literature).
- **Environment Protection:** To develop a project proposal to help Hong Kong become a greener city.
- **Social Welfare:** To develop a project proposal to promote Hong Kong social welfare development (e.g. relationship between individuals and communities).

In addition, the proposals of all categories should include of the elements listed below:

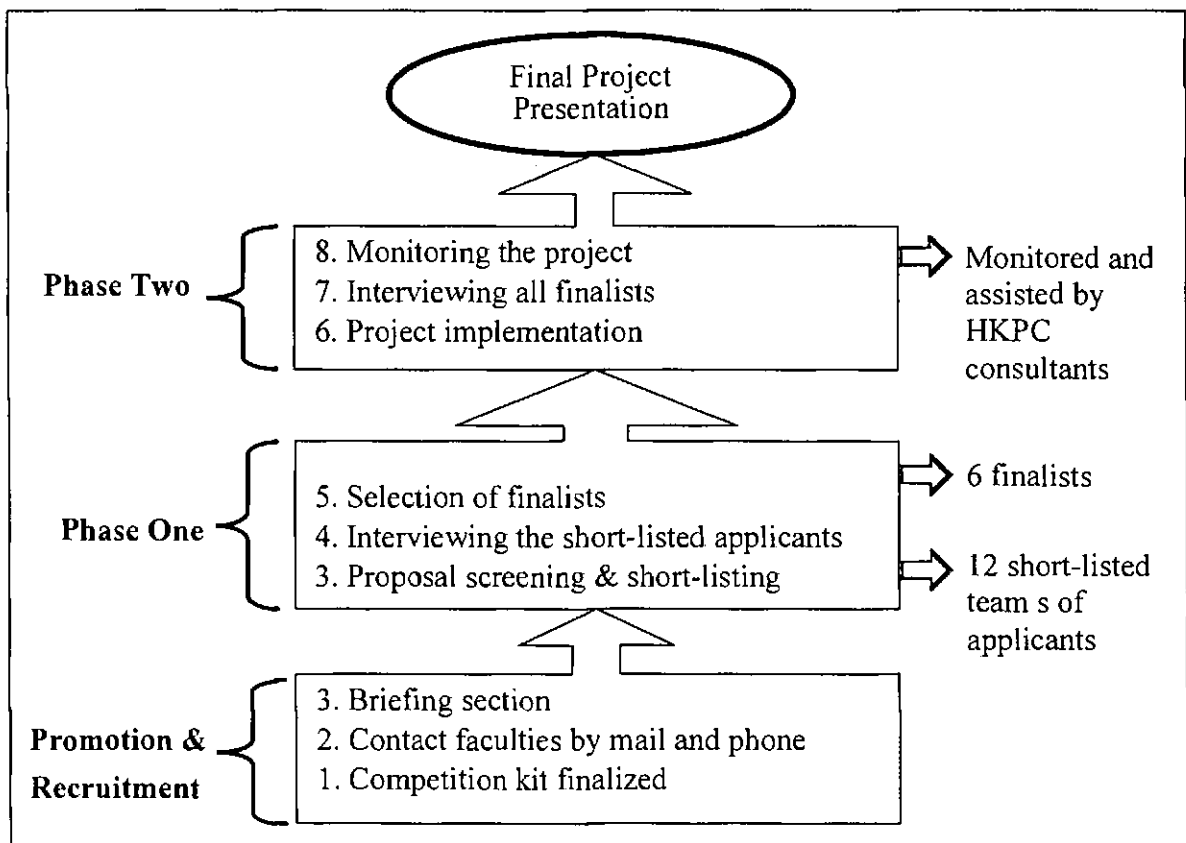
- **Serving the Community:** The primary objective of the proposal was to serve and benefit the community of Hong Kong.
- **Creativity:** The ideas of the proposal should be original and creative.
- **Sustainability:** The proposal should give due consideration to economic, social, and environmental implications and seek to achieve a balanced mode of development that could meet our own needs while helping our future generations to fulfill theirs.

For the theme of sustainability, the Sustainable Development Unit (SDU) of Hong Kong Special Administrative Region's Government was invited to be the co-organiser. HKPC, McDonald's, and SDU formed an organising party to promote the sustainable development concept for Hong Kong's university students. A SDU member was one of the judge panel members and provided an authoritative guideline for the sustainable development concept (concerning for the balance of cultural, economical, and environmental development) for the student projects competition.

### 3.4.4 Programme Design and Detailed Mechanics

This programme consisted of two main phases as shown in Figure 3.7. For the proposal submission, teams had to complete an application form and selected a theme category and submitted a proposal to HKPC. Only twelve teams of applicants, each team consisting of three to six students, were interviewed and selected at this stage in order to go to the Phase One.

**Figure 3.7: Project Part Two – University Student Community Programme**



In Phase One, the twelve eligible applicants were required to attend a presentation about their projects. Only six were selected by a judge panel as the finalists to go on to the Phase Two, and the final project presentation. HKPC's consultants were responsible for monitoring and advising the six winning teams during the two months of the project implementation period (two-month project extension was given because of SARS). Towards the end of the implementation period, all finalists were required to attend the

final project presentation. The judge panel selected the 3 winners at the end of the final project presentation.

### 3.4.5 Programme Schedule and HKPC's Task

The outbreak of SARS in Hong Kong in March 2003 delayed the implementation of the student projects, and implementation only resumed in May 2003. The student project was then extended by two months with the award ceremony being extended to August 2003.

**Table 3.6: University Student Community Programme Schedule**

University Student Community Programme	Year	02	02	03	03	03	03	03	03	03	03	03	03	03	03	03	
	Month	8	9	10	11	12	1	2	3	4	5	6	7	8	9	9	
Kick off meeting																	
Competition Kit																	
Contact faculty offices																	
Application Period																	
Selection of 6 Finalists																	
Project Implementation																	
Selection of Winners																	
Award Ceremony																	

According to the Table 3.6, HKPC performed the following tasks in McDonald's University Student Community Programme. They had:

- To develop the competition kit content
- To seek McDonald's approval of the competition kit content
- To send invitation letters and competition materials to faculty offices and student union offices of all targeted universities
- To provide face-to-face competition briefing if requested by faculty offices
- To make follow up telephone calls to all invited faculty offices
- To provide a site (HKPC's SME Centre) for web linkage
- To handle competition enquiries
- To collect proposals
- To follow up with proposal applications
- To process and short-list applications

- To invite and form a judge panel composed of university professors, honourable guests, and representatives from McDonald's and HKPC
- To screen and select twelve teams of applications for stage two interviewing
- To seek McDonald's approval of the twelve selected teams of applicants
- To notify the twelve selected teams of applicants for presentation and interview
- To provide venue (HKPC Building) and prepare setup for presentation and interview
- To assist to select six teams as the finalists to go into stage three.
- To notify the six teams as the finalists
- To assist and monitor project implementation
- To notify the finalists for final presentation and interview
- To provide venue (HKPC Building) and prepare setup for presentation and interview
- To assist to select three teams as the winners
- To organise an award ceremony and notify the finalists and winners for joining the award ceremony

#### **3.4.6 Phase One – Promotion and Selection of Team**

At the beginning of the programme, HKPC was responsible for promoting and contacting the faculties of all targeted universities via mail, telephone, and face-to-face interview to introduce the competition concept and encourage students' participation. Briefing sections were also held in universities to explain the programme to the students in more details.

“Creativity”, “Serving the Community”, and “Sustainability” were the main theme of the competition. Through the effective channel of student affairs unit and briefing sections in universities, over 40 project proposals were received from the universities. According to the requirements of the competition, the proposal included: Title Page, Executive Summary, Framework, Action Plan, Financial Projections and Estimations, and Reference. All proposals were screened and selected by HKPC's consultants. Only twelve teams were invited to attend an interview and presented their proposals to the judge panel (see Appendix 8: Application Form of McDonald's University Student Programme). To cope with this Phase One's competition, a judging panel was formed by four members: McDonald's representative, HKPC's representative, SDU's representative, and President

of The Society of Hong Kong Registered Financial Planners. Each team need to present their proposal/project idea to the judging panel. Each team was allocated 30 minutes for their presentation (including 20 minutes for presentation 10 minutes for question). The judging criteria and score were: Community Services (25%), Creativity (25%), Sustainability (25%), Broadness of Impact (10%), Cost & Benefits (5%), Technical Difficulty (5%), and Presentation (5%). At the end of Phase One presentation, six teams were selected as the finalists and were given HK\$5,000 as prize of Phase One. The six winning teams were: Team “ERC” (Eco-Education & Resources Centre), Team “Usix” (MxPapa), Team “Barrier Free” (Friends of Wheel Chair), Team “Smile Inc” (Live with Smile), Team “the Pioneers” (Young Cultural Ambassadors Scheme), and Team “FoF Chinese Music Group” (Preservation of the Dragon Music) (see Appendix 9a: Presentation Schedule, Appendix 9b: Judging Form, and Appendix 9c: Presentation Score of Phase One).

#### **3.4.7 Phase Two – Project Consultant and Coordination**

Entering into Phase Two, each winning team was given a maximum cash budget of HK\$30,000 to implement the proposal project partially or completely within a two-month period. HKPC’s project team closely monitored the project progress of the student teams. Each team had been assigned one HKPC’s consultant and attended the bi-weekly meeting to report the status and process. HKPC’s consultant monitored the implementation and project work. Students were required to submit their own progress report and project expenses, while HKPC’s consultant gave the comments so that improvements could be made (see Appendix 10: Student Project Progress Report). However, the outbreak of SARS in Hong Kong affected the implementation of student projects. The extension of two months period was given to all teams in order to close the time gap. Some teams had revised their project scopes as the SARS influenced the attention rate of public seminar.



### **3.4.8 Final Students' Project Presentation and Award Ceremony**

At the final project presentation, all six-finalist teams were required to deliver a comprehensive presentation on the topic they previously designed. An exhibition area was set up at HKPC for all finalists to display their project works and deliverables (photo and video record). All team had 30 minutes for the project presentation and 10 minutes for question (see Appendix 11a: Six Teams' Presentation Student Programme).

The final project presentation was comprised of two parts: Part One was the written report which included: Title Page, Executive Summary, Framework, Action Plan, Expectations and Findings, Conclusions, and Reference. Part two was the presentation to the judging panel. The presentation included the PowerPoint presentation, video record of the project work, and photo and physical display of the project work. Another judging panel was established for the final project presentation. The judging panel was composed of five members: Advisor of Hong Kong Management Association, Assistant Director of SDU, Marketing Director of McDonald's, HKPC's representative, and President of Certified General Accountants of Canada. The judging criteria and score of the final project presentation were: Implementation Planning (25%), Implementation (25%), Broadness of Impact (10%), Continuity (10%), Community Service (10%), Creativity (10%), and Sustainability (10%).

At the end of the project presentation, three winning teams were selected (see Table 3.7). The Champion Team was Smile Inc. The 2<sup>nd</sup> Team was Barrier Fee. The 3<sup>rd</sup> Team was Usix. An award ceremony of University Student Community Programme was held at Exhibition Hall at Hong Kong Productivity Council on 27th August 2003 for presenting awards and prizes to the winning teams. The attendance included the six finalist teams of students, members of Advisory Committee and judging panel, special guests from supporting organisations and associations, and crewmembers of Certificate programme.

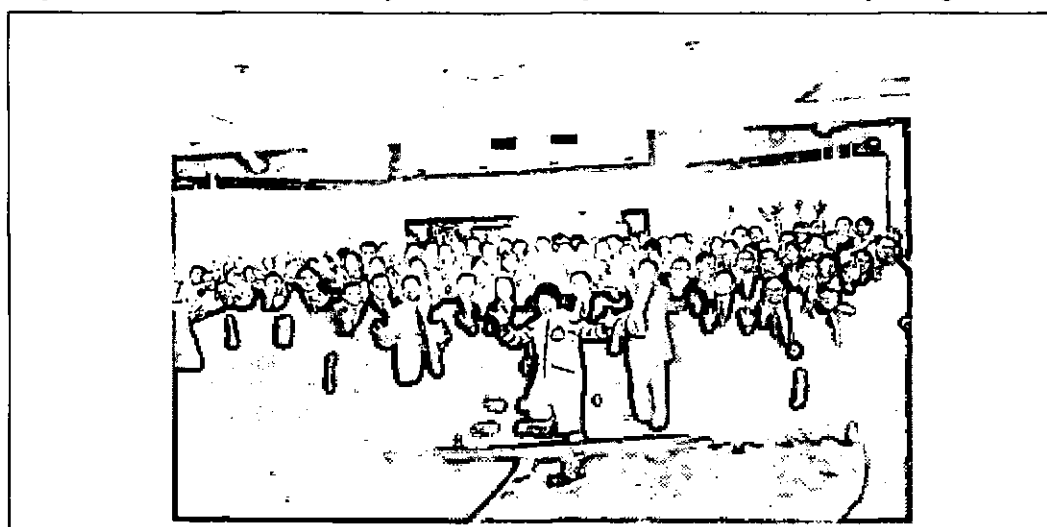
McDonald's allocated the total amounts of HK\$100,000 for the prizes to the three successful winning teams (HK\$60,000 for the first winning team HK\$25,000 for second winning team, and HK\$15,000 for third winning team (Figure 3.8).

**Table 3.7: Winner Team of the Final Presentation**

Awards	Finalists Teams
Champion Team	<b>Smile Inc.</b> <ul style="list-style-type: none"> <li>• Live with Smile – spread happiness to Hong Kong people</li> </ul>
2 <sup>nd</sup> Winning Team  3 <sup>rd</sup> Winning Team	<b>Barrier Free</b> <ul style="list-style-type: none"> <li>• Friends of Wheel Chair – produce a resourceful booklet for wheelchair users in Hong Kong</li> </ul> <b>Usix</b> <ul style="list-style-type: none"> <li>• MxPapa – create awareness and strengthen the father- child relationship</li> </ul>
	<b>ERC</b> <ul style="list-style-type: none"> <li>• Eco-Education and Resources Centre – establish an Eco-Education Centre in Tung Ping Chau</li> </ul> <b>Pioneer</b> <ul style="list-style-type: none"> <li>• Youth Cultural Ambassadors Scheme – bring together new immigrant and local children and introduce Hong Kong heritage to them</li> </ul> <b>FOF Chinese Music Group</b> <ul style="list-style-type: none"> <li>• The Continuing Legacy, preservation of the Dragon's Music – promote traditional Chinese music</li> </ul>

Source: Appendix 11b: Judging Form of Phase Two, and Appendix 11c: Presentation Score of Phase Two

**Figure 3.8: Award Ceremony for University Student Community Programme**



### 3.5 SUMMARY OF McD LEARN

The success of the McD Learn has confirmed the project extension in Diploma Level III of McDonald's Crew Education Programme. The good response rate of the participants was received from McDonald's restaurants. A total of 400 crewmembers from 213 restaurants registered. Among them 175 crewmembers registered for Certificate Levels I and II, and 35 for Diploma Level III.

The McDonald's part-time crewmember's turnover rate was quite high, over 70% a year. As reported by Human Resource and Operational Department of McDonald's, the limited career development for part-time crewmember was the main factor for the high turnover rate. A new staff promotion policy for part-time crewmembers was documented through the McD Learn Programme implementation. McDonald's Human Resource and Operational Departments recommended that the crewmembers who had completed the Diploma programme would be considered as the potential candidate of McDonald's managerial position in restaurants (i.e. assistant store manager and store manager).

From the McDonald's internal observation of crewmembers (through questionnaire survey quarterly conducted by Human Resource Department), this new staff promotion policy had made a significant change on crewmember's retention and their perception of McDonald's. McDonald's reported recently to the HKPC's project team that the Staff Survey Report in January 2005 showed that more than 70% crewmembers intended to stay in McDonald's if they attend the Crew Education Programme (compared with 36% in previous figure). Over 80% and 75% of the respondents agreed that McDonald's encourages learning and cares for people respectively (compared with 50% and 65% in previous figure respectively) (McDonald's. 2005: 1).

Furthermore, the University Student Community Programme is an enterprise's commitment on the social responsibility and business belief. The individual and team learning throughout the programme were effectively promoted at the organisational and social environment. There were six winning teams in total. Each team was given a cash budget of HK\$30,000 to implement the proposed projects and was supervised by the HKPC's consultants. The implemented projects included organizing public seminars and workshops. All the six proposal projects and events lasted for one and half year and over 2,500 Hong Kong citizens participated in the captioned activities.

To conclude, the success of the implementation of McD Learn lied in the important factors of management initiatives, individual and team level learning, and framework supporting a learning organisation.

- a. **Management Initiatives:** the implementation of McD Learn was the management initiative to solve three problems (i.e. the high staff turnover rate, insufficient generation of new assistant store managers, and building the image of a caring organisation in Hong Kong community). The key person behind the project was Mr. Joseph Lau, McDonald's Managing Director. He was the driving force in the implementation and was the supporter to the project budget. Without the management's support and involvement, the project would not have been a successful one. This was particularly the case where he communicated the organisation's vision and value to all managerial and operational staff through the McD Learn.
- b. **Individual and team level learning:** the essence of the learning organisation aims at adding value to both the organisation and stakeholders through individual and collective learning. Crew Education Programme made an impact on the individual and team learning within the organisation. Based on the

performance, participants went through three levels' study. The study commitment lasted over one year for crewmembers. In addition, the University Student Community Programme also promoted the individual and team learning by the project team competition. Thus organisational learning can serve as a catalyst in the intra-organisation coordination and knowledge sharing from individual to team, and then to the organisation-wide environment.

- c. **Framework supporting a learning organisation:** to support the McD Learn, McDonald's and HKPC's project team considered the needs and support required by programme participants (in relation to the management issues). A corporate learning culture was rooted in the staff by the internal supporting systems (i.e. time-shift arrangement for part-time crewmembers, salary compensation for crewmembers, and career promotion for part-time crewmembers). All these factors resulted in a long-term impact on the development of a supportive culture for learning in McDonald's organisation.

The significance of the McDonald's case study is that it synthesizes the concept of a learning organisation and intellectual capital into an important role in the organisational learning process. Although many Hong Kong Chinese enterprises wish to become learning organisations, this is to a large extent a new concept for implementation and needs a solid and local example to follow. The case study of McDonald's, therefore, provide useful and valuable reference for material other Hong Kong Chinese enterprises as it demonstrates how a strategic learning intervention can work to solve management problems.

## **CHAPTER FOUR**

### **THE EXECUTIVE INTERVIEW SURVEY**

## **4.1 METHOD OF INTERVIEW SURVEY**

The purpose of this chapter is to analyse the important factors for business success and to give an overview of a learning organisation. In order to further study the application issue of a learning organisation in other Hong Kong Chinese enterprises, the Executive Interview Survey was designed and implemented.

The method of this survey was preceded in five steps:

- Step One: involved designing the questionnaire for executive interview.
- Step Two: involved a pilot test.
- Step Three: involved selecting the target enterprises for interview.
- Step Four: involved interviewing.
- Step Five: involved analysing and presenting the summary findings.

## **4.2 SURVEY OBJECTIVES**

A survey of executives of selected Hong Kong Chinese enterprises was conducted by interview with the objective of identifying the important factors for business success. In addition, the secondary objective was to explore the learning organisation concept among Hong Kong Chinese enterprises.

In fact, the limitation of McDonald's study was that it was based on only one company. This further study was helpful to understand the implementation of a leader's vision and learning organisation in other Hong Kong Chinese enterprises (see Appendix I: Executive Interview for Management).

### **4.3 QUESTIONNAIRE DESIGN**

Based on the interview questions of Maznevski *et al.* (1994: 20), a semi-structured questionnaire was modified and used for this survey (see Appendix 1: Executive Interview for Management). The interview protocol was designed to cover three major areas: establishing the content and background experience, re-constructing the details of the interviewee's company operation and success, and encouraging the interviewee to reflect on the meaning of his/her experience, and identifying important factors for their business success.

### **4.4 PILOT TEST**

A pilot test was performed in May 2004, in which the interview question was evaluated by testing it on target respondents. Two respondents at the Director's level (Office System Limited and Richcoln Company Limited) were randomly recruited to test the interview questions. These two companies were not included in the formal survey. Before the pilot test started, I briefed each selected respondent on the aim of the survey. The respondents spent about 45 minutes to complete the questionnaire and then started the interview. After all selected candidates in the pilot test had finished answering the questionnaire, they were asked to comment on it.

### **4.5 SELECTING THE TARGET ENTERPRISES**

Based on the selection criteria, only larger-sized companies (staff number being over 50 in the Services Sector and over 100 in the Manufacturing Sector) were considered. A total of thirty companies were selected randomly from the HKPC's company database and finally eleven companies were confirmed for an interview survey. Among the participating



enterprises, four enterprises were in the Manufacturing Sector and seven were in the Services Sector. Eight out of eleven interviewed executives were the founders of their enterprises (see Table 4.1).

**Table 4.1: The Selected Enterprises for the Executive Interview Survey**

<b>Name of Enterprises</b>	<b>Name of Interviewee</b>	<b>Title of Interviewee</b>
<b>Manufacturing Sector</b>		
Avnet Electronics Marketing Limited	Mr. Raymond Leung	Regional Director
Chevalier Group (Holdings) Limited	Mr. Stephen Kwok*	Managing Director
On Hing Paper Company Limited	Mr. Alexander Yiu*	Chairman and Chief Executive
Peace Mark (Holdings) Limited	Mr. Leung Yung*	Managing Director
<b>Services Sector</b>		
California Red Limited	Mr. Anthony Lok*	Managing Director
CDS Intra-City Logistics Group	Mr. Kenneth Pang*	Chairman
Double Star Limited	Ms. June Wong*	Director and General Manager
Pokka Corporation (H.K.) Limited	Ms. Pauline Wong	Managing Director
McDonald's Restaurants (H.K.) Limited	Mr. Joseph Lau	Managing Director
Shun Sang (H.K.) Company Limited	Mr. Tsui Kwok Choy*	Managing Director
Richburg Motors Trading Company Limited	Mr. Eric Wong*	Chairman and CEO
Remark: * Founder Member of the Surveyed Enterprises		

#### 4.6 INTERVIEWING

The Executive Interview Survey was conducted during the period of May 2004 to October 2004. For the participants' preview, the questionnaire was sent to the respondents for information by e-mail two weeks before being interviewed. At the beginning of the interview, I explained briefly the purpose of the survey, interview questions, and then guided him/her to start the interview. Each interview survey lasted about two to three

hours and the conversation was audio recorded and fully transcribed.

Interview transcriptions were used to generate a list of inferences (i.e. background experience, company's operation and successful factors, future growth for company, and company information) for each executive. Summaries of relationship were made for each executive. Any concept and idea that was mentioned in the interview was included in the summary. Each important area given by the executives as a successful factor or as an effect with all its relationship was also listed. This summary was returned to the executive for a reliability check. The executive was asked to amend each list as necessary, and the researcher worked through all the details to ensure the task was understood and completed.

## **4.7 FINDINGS**

The interview comprised two parts, a semi-structured questionnaire and an interview with the executive. The objective of the survey was to identify and understand what the important factors were in a business success. After they finished the first part of the semi-structured questionnaire, I started interviewing the executive. The interviewees identified the following areas as an important factor of their business success:

### **4.7.1 Vision**

The first driver of the organisational movement to a learning organisation is from the top-management and stakeholder initiative, which focused on the organisational vision and culture. The factor of vision is of the utmost importance for any enterprises because it sets the developmental direction of the company. Moreover, vision also acts as a common goal for each staff of the entire organisation, allowing them to make a contribution toward

achieving the objectives of the company.

During the interviews, all enterprises set their vision as a shared goal for both management and staff. For example, Chevalier Group's corporate vision was to strive for customer satisfaction and quality excellence. From concept formulation to project completion, all Chevalier Group's staff dedicated themselves to the needs and interests of their clients and excelled at providing them with quality products and high value-added, efficient services.

Established in 1992, Double Star Limited has marketed several food and beverage brands in Hong Kong, including "Double Star Café", "Double Rainbow Ice-cream", and "Strawberry Forever Desert Café". These brands are now well known and have gained widespread popularity in the Hong Kong market. This success has come about not only because the company's senior staff were able to capture promising market opportunities, to build successful business models and to create strong brand positioning strategies, but also because of a determination to continuously associate unique values to their brands. This business idea has now become the key business driver. The company already opened its first shop in Shanghai with future plans calling for the opening of new outlets in Hangzhou, Shenzhen and Guangzhou. Double Star is striving to meet their objective of becoming the leading Food and Beverage operator in Asia.

The CDS Intra-City Logistics Group is a third party logistics conglomerate that handles every aspect of a customer's distribution system – all the way to outsourcing the entire supply chain network. CDS provides tailor-made services that meet clients' specific requirements. In order to continuously add value to their services, the Group aims to achieve customer-focused services to reduce their clients' operational costs while also giving priority to their own in-house personnel training.

Pokka Corporation (H.K.) Limited is widely regarded as the market leader for Japanese coffee and restaurants. Since the first Pokka café opened in 1991, Pokka has implemented a diversified branding strategy and opening various restaurants under the “Pokka Café”, “Tonkichi”, and “Mikichi” brands to expand their customer base. The success of the company has relied on continuous commitment to their corporate mission of offering: “Good Service”, “Good Quality” plus “Good Planning and Promotion”. They also dedicated to on-going improvements to meet the requirements of ISO9001.

#### **4.7.2 Leadership**

Leadership is also important for any enterprises striving for success. This is because leadership enables senior management to set the right vision for the company and to formulate appropriate and effective strategies that ensure they are fully executed to achieve their designated vision. The enterprises I interviewed cited the importance of leadership in the success of their operations. Management initiative acts as a business driver and objective, but leadership is a kind of human skills that leads to changes in the organisation. For example, Mr. Tsui Kwok Choy, founder and Managing Director of Shun Sang (H.K.) Company Limited (a traditional Hong Kong Chinese enterprise in various consumer products retailing), formulated a vision to lead and motivate staff toward achieving their business objectives. "Mr. Tsui said, “I coordinate and monitor daily operations, and keep a close eye on market trends and so I can quickly respond to the latest intelligence and market changes. I also successfully serve as a model for all staff. In addition to being a fair, reasonable and well-mannered leader, I maintain a prudent and positive attitude under both favourable and adverse business conditions. This has earned the trust and support of my staff. The company’s departmental managers not only work to ensure smooth operations within their own departments, but also strive to achieve mutual coordination among different departments and proactively recommend improvements on work methods and processes to enhance overall team spirit”.

To maintain a competitive edge, Mr. Alexander Yiu, Chairman and Chief Executive of On Hing Paper Company Limited, proclaimed, “We are effectively executing the company’s policies, and implementing a system of managing by objectives. Our main focus is to draw up the group’s business strategies and to align the main objectives while formulating annual operational targets and approving financial, business and developmental plans”.

Mr. Leung Yung, Managing Director of Peace Mark (Holdings) Limited, revealed, “Effective management is vital to the success of any enterprises. I myself act as a role model for the company, getting involved in all issues, including operations and formulating developmental direction. Moreover, I also require the managerial staff to act as role models to provide staff with a benchmarking standard. The more senior they are, the more stringent the requirements they must adopt. The board of directors is responsible for setting clear goals and then ensuring that all staff understands the developmental path of the company. This includes daily updates on the Intranet to inform staff of the company’s strategies, plans, goals and direction. In this respect, senior management sets a long-term mission and vision, and then formulates the relevant long-term plans. This helps ensure the correct planning and execution before encountering competition and other challenges. Consequently, the company can move forward and increase its opportunities for success”.

Mr. Joseph Lau, Managing Director of McDonald's Restaurants (H.K.) Limited, indicated, “McDonald's has been a part of the every day life of Hong Kong people since 1975 when we opened our first restaurant. McDonald's Hong Kong is dedicated to becoming the top place of choice for our customers. We will also provide them with a pleasant dining experience, including more quality food choices to meet a wider range of preferences. My experience in developing McDonald's operations in China, the Philippines and the United States will be pivotal in driving McDonald's Hong Kong as an industry leader, and

sustaining our leadership in the next 30 years and beyond. McDonald's Hong Kong will continue to set the standards for food retailing and customer satisfaction”.

#### 4.7.3 Execution

Vision without a sound strategy for execution will just lead to futility. Effective execution relies heavily on nurturing appropriate strategies. That is why most interviewed enterprises have placed so much emphasis on how to fully and effectively execute strategies to achieve continuous growth of their respective operations. This was another important element identified in the executive interview.

Most interviewees believed that the ability to execute is much more important than planning and is the major part of leadership. Customer capital is the systems and processes by which the organisation taps into the human and structural capital of organisational suppliers, customers, and other stakeholders. In our analysis, Avnet Electronics Marketing Limited, On Hing Paper Company Limited, Shun Sang (H.K.) Company Limited, and Richburg Motors Trading Company Limited have facilitated the structural support within organisations to execute effectively the business operation through customers, suppliers, employees or other stakeholders.

Staff of On Hing Paper Company Limited believed that the trust and support of customers were the most vital elements in the company's rapid expansion and success. On Hing did its best to provide customers with the very best service standards in the industry and uphold the principle of “*Paper is our Life; the Customer is Our Master*”.

For Shun Sang (H.K.) Company Limited, competitive enhancements were one of the successful elements of the company, helping to increase its value. To this end, the company did not only identify its core competitive advantages, including sales and

marketing expertise, operational costs and efficiency, strong cash flow, market credibility, and quality excellence, but they were also committed to improving their overall on-going competitiveness through the application of information technology, sound financial management, appropriate training and a host of active, flexible strategies.

In addition to business growth, Avnet Electronics Marketing Limited dedicated its efforts toward increasing competitiveness through acquisition. The challenge would be to merge the original company's culture into newly acquired firms. The US headquarters had its own mission and vision, but staff in other countries and regions might not feel the same way. As a solution to this, Avnet formulates a localised mission and vision. Therefore, whether disseminating the company's culture, mission or vision to staff, it was always vital to enhance communication between management and frontline personnel. That was why senior management opted to organise quarterly communication meetings with their employees.

Richburg's competitors were not necessarily other companies in the industry, but rather the market itself. Therefore, winning over customers was the most important thing. Complaints and feedback from customers were addressed and responded to immediately to satisfy customers' needs. Mr. Eric Wong, Chairman and CEO of Richburg Motors Trading Company Limited, said, "I meet staff regularly to discuss and share customer service cases in order to enhance the company's customer service quality. I treat our operations as a people business rather than just a car-selling business. I emphasise pre-sales services, a superior showroom environment, and attentive after-sales services, including workshops on professionalism, plus customer retention programmes". Mr. Wong said, "When the company was initially established, I did most of the personal sales, but nowadays, of course, I am heavily involved in other areas of the operation. However, for those original customers with me at the start, I still provide them with personal sales

service and attention”.

#### **4.7.4 People Focus**

In today’s knowledge economy, people are widely regarded as the most precious asset of any enterprise (Fitz-enz, 2000: 1). Human capital is recognised as the important factor of business success and growth. The first movement is from the management initiative, building the vision and culture, reforming the structural support, connecting individual and team level learning, and enhancing the organisational learning. The executive interviews with the prominent enterprises also showed that they (the executives) emphasise strategies to retain and develop outstanding staff for the long-term prosperity of their business. California Red Limited treasured the staff as valuable assets. Apart from developing human resource strategies that were aligned with and support an overall business vision, the interviewed enterprises also maintained a team of highly proficient and knowledgeable experts. A knowledge management had been built within the organisation. Individuals could share and gain their knowledge through a team sharing section (i.e. in-house workshops and exercises led by subject experts).

The case of The Richburg Motors Trading Company Limited is an example to the localised development of learning organisation concept. Mr Eric Wong, Chairman and CEO of Richburg, aimed to build a new learning culture in his organisation. Mr. Wong hoped that a new outstanding leadership team would be in place in three years. He said, “Searching and retaining the best talent is a prime area of concern for us because this has formed the foundation for our success over the last several decades. Therefore, I spend significant resources on staff training and team building. The management listens and cares about everyone in the company because creating a strong sense of belonging is the best way to retain talent. Moreover, management appreciates openness as a major aspect of our overall operating culture. Opinions and suggestions from all levels were always



welcome and managers were trained to skilfully invite comments from their subordinates. The CEO himself replies to every e-mail or letter he receives to ensure that there was no hindrance to internal communications". Richburg identified another way to build the learning organisation concept. The leader with a clear vision plays an active role in changing the learning culture and organisation. The connecting to individual and team level learning is strengthened by the intervention of Mr Eric Wong. For example, he introduced a weekly meeting with staff for the sharing the experience book reading. He revised the staff compensation system to award those who performed well in learning.

Human capital is concerned with knowledge and capability of individuals and groups of workers, while structural capital is the means by which the organisation captures, develops, codifies and shares knowledge so that it can be effectively applied. Particularly, Chevalier Group and McDonald's have internalised a learning culture and system in their organisation to share the knowledge between individuals and organisations, and to retain and develop the talent.

The Chevalier Group (Holdings) Limited ensured that managers were imbued with the appropriate skills. They take advantage of opportunities to assemble teams of employees to work on projects and overcome problems as well as develop good communications between staff and management. Employee motivation and satisfaction were also emphasised to improve commitment to clients' expectations and built loyalty towards the company. The company had undergone years of development and growth, the first generation of management needs to clearly: identify, train, and develop key second and third generation staff. These new managers would also be given opportunities to work closely with existing senior staff in areas like: planning, monitoring, and operational improvement to ensure greater appreciation and understanding of company objectives. Moreover, to attract and maintain the most talented people, it is important to acknowledge

each individual's contributions and reward each person accordingly. This improved motivation and provided greater satisfaction, which underpinned overall corporate loyalty. The result was a strong middle management that would help guide the company to greater growth and profitability.

McDonald's Restaurants (H.K.) Limited set their own "people principles" in place to reflect McDonald's values and commitment to staff.

- **Respect and Recognition:** *"Treat others the way you want to be treated"*  
Managers treat employees as they would like to be treated. Employees are respected and valued. Moreover, employees are recognised for good performance, extra effort, teamwork, and customer services.
- **Values and Leadership Behaviour:** *"Walk the Talk"*  
The employees act in the best interest of the Company. They communicate openly, listening for understanding and value diverse opinions. They accept personal accountability, while coaching and learning.
- **Competitive Salary and Benefits:** *"Pay competitively"*  
Pay and benefits are fair and competitive within the local market. The company also provides consistent reviews to foster quality performance.
- **Resources to Get the Job Done:** *"Employees need fundamental resources to serve customers"*  
Employees have all the resources they need to perform their jobs effectively. Restaurants are adequately staffed and provide employees with a balanced lifestyle through flexible work schedules.

#### 4.7.5 Market Opportunity

The future growth driver for every business relies heavily on whether the enterprises can foresee and capture market opportunities. All interviewed enterprises have honed their

own unique capabilities in capturing market opportunities. This is an important finding to explain the reason why many organisations need to change. Market opportunities may come from the feedback of customers, competitors, suppliers or employees. For example in McDonald's, the driving force of organisational change stems from the customers who ask for a better and healthier food. Management and stakeholders should anticipate this new market demand and adopt suitable changes to capture the opportunity.

According to Mr. Eric Wong, Chairman and CEO of Richburg Motors Trading Company Limited, "Richburg is a trendsetter. We formulate business development direction based on our sensitivity to market conditions in order to continuously blaze new trails within the industry. The innovative strategy of the company is accurately reflected in the catch phrase: we have what others don't have, and what we have is better. When others improve, we make sure we have new and better ideas". The company lives this key piece of guiding philosophy every day. For example, in 1997 Richburg was the first in the industry to sell 4-wheel drive vehicles, which set a hot new trend in the market. Then the company began selling 7-seater cars for families. After that came the large-scale 4-wheel drives, Sport Utility Vehicles, commercial 7-seaters and luxury family vehicles. In the near future Richburg will set a new trend with the sale of bullet-proof vehicles. The company continues to adopt innovative ideas in order to maintain its competitive edge.

From the very beginning, senior staff of Double Star Limited accurately anticipated the rapid development of the coffee market in Hong Kong. The management not only foresaw the future market trends, but also took advantage of a golden opportunity to open the Double Star Café chain to meet consumer demands. Following this, the company also discovered that Hong Kong people enjoy trying new and innovative cuisines, so they took quick and decisive action to establish the Strawberry Forever Desert Café. Creating a dessert menu that made use of fresh strawberries as the major ingredient, customers were

treated to a unique East-meet-West dining experience, which helped them build an innovative and trendy image. Later, after winning regional franchising rights for Double Rainbow from the U.S., they saw that this business model was not only a dominant trend in the West, but had great development potential if it could be applied to Asian and Hong Kong markets. The company has focused on developing their business through franchise operations to achieve exceptional results. Within just seven years the Double Star Café has already opened more than 34 shops in Hong Kong.

Faced with keen competition from its competitors, California Red Limited should perform a variety of steps in order to stay ahead in the industry. This includes maintaining a good relationship with the media and the music industry, plus nurturing a high-calibre corporate image while continually striving for greater marketing and business development. Moreover, the company should continue to build a sound financial grounding and maximise cost efficiencies through bulk purchase bargaining power. In addition, to an excellent image in the industry, the company did its best to impart a unique image to the public compared with its competitors. This included providing a host of different entertainment facilities that feature food and beverage services, keeping close contacts with popular music idols by staging musical events, and by creating a branded chain of outlets. Legal compliance was also important to operational success. To this end, the company clearly defined all relevant rules and regulations with the Hong Kong Government authorities while monitoring and securing each workplace to meet all requirements in compliance with the law.

#### **4.7.6 Adaptation to Market Situation**

In today's business world brimming with keen competition and ever changing demands of customers, markets are also always changing. To stay competitive in this type of environment, it is very important for enterprises to be highly adaptive to changing

situations. The enterprises I interviewed came from different industries and have employed different strategies to adapt to fluctuating markets in order to maintain continuous growth. Adaptation to the market situation is one of the essential findings that explain the change inside an organisation. Adaptation means the change of process, procedure, and system or the introduction of a new one. The structural support is modified to match the new requirements from management. The modification of an internal system includes: a market information system, an operation system, and a communication network. Market opportunity and adaptation to market situation can be closely linked to explain why management insists on maintaining their competitive advantage.

Shun Sang (H.K.) Company Limited, Chevalier Group (Holdings) Limited, and Double Star Limited strive for their business success through continuous adaptation to the market situation. Faced with an ever-changing market outlook, staff of Shun Sang dedicated themselves to cope with the times, and fully adapted to today's complicated, fluid business conditions by maintaining a positive attitude towards all challenges. Keeping an open mind and being able to quickly respond to any market situation have helped create a driving force leading to continuous improvements in the company's overall operations.

To stay competitive in the industry today, Chevalier Group specialised in setting up unique engineering and trading distributorships and agencies to supply products. The company also trained its operational staff to work intelligently and efficiently to help minimise overhead burdens. In this way, the company was successful in maintaining high levels of service and customer loyalty. Their major competitors include overseas manufacturing companies allied with local companies. Because the Group represents both distributor and agent for a unique range of products, there was greater flexibility with how products were sourced globally. This was a key factor in the Chevalier Group's enhanced competitiveness in today's globalized marketplace.

With stiff competition constantly nipping at their heels in Hong Kong, Double Star continued to launch new products and marketing ideas to attract customers. They also fostered a corporate culture that easily adapts to changes, leading to more efficient teamwork, and ultimately, enhanced market competitiveness. The biggest challenge for the company was how to do even better than their competitors in meeting the ever-changing tastes of customers. This requires a keen ability to change management thinking and look forward. A key element of this flexibility was with food and menu innovation. The head chef was responsible for devising new menus and cuisines, including the introduction of low calorie options on their menus to meet the needs of increasingly health-conscious customers.

#### **4.7.7 Organisational Learning**

People believe that learning is a crucial key in helping enterprises to survive in today's highly competitive business world. The enterprises interviewed by us emphasize on learning continuously. Senior managers take a primary role in formulating strategies on how to plan and formulate systematic mechanics (i.e. structural capital of internal learning programme and system) within the scope of the organisational acquisition of knowledge. While market situations and customer demands remain in flux amidst a new knowledge economy, it is imperative for enterprises to acquire new competences to lock in their competitive advantages. Therefore, staff and the company as the whole must acquire new competencies through continuous learning. Human capital is concerned with knowledge and the capability of individuals and groups of workers. In the analysis, CDS Intra-City Logistics Group, On Hing Paper Company Limited, Peace Mark (Holdings) Limited, and Pokka Corporation (H.K.) Limited showed that organisational learning is a crucial part of maintaining good talent and enhancing their enterprises' competitiveness. On Hing knew very well that an outstanding management team is the key success factor toward achieving business excellent and corporation longevity. Therefore, On Hing has invested

heavily on training and developing high quality management teams.

The CDS Intra-City Logistics Group stressed a comprehensive training programme to enhance overall customer service standards that was launched throughout its organisation. This includes a staff manual that clearly explains all operational processes. All staff and their contractors were also required to attend the company's training programmes. In addition, the CDS made use of individual field study cases for analysis and review, allowing employees to share valuable experience. This played a key role in increasing the CDS's service culture and standards.

Pokka Corporation (H.K.) Limited clearly understood that people are an important driving force for the development of their company. In this respect, the company emphasises staff quality enhancements through systematic training programmes. In addition to local training, employees at various levels were also sent by the company to receive training overseas to bolster their creative thinking skills. As a result, every front-line employee has a very strong sense of commitment while being pro-active and dynamic.

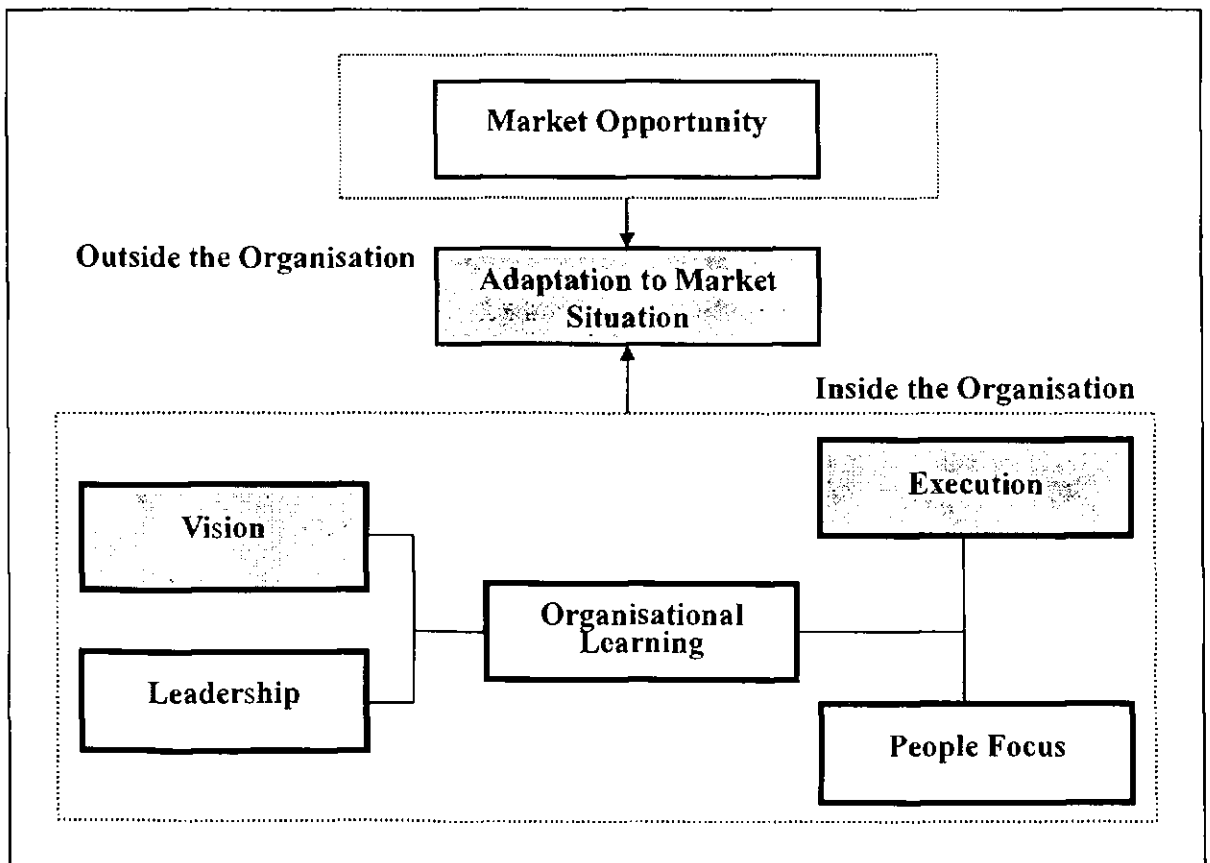
Peace Mark (Holdings) Limited provided a comprehensive training and promotion system for designers, engineers and management staff. Employees were divided into three categories with newcomers comprising category "C". Staff could seek promotion through continuous examinations. Recently, the company established a training school with a two-year training course and aimed to employ the graduates from Hong Kong universities. In fact, Peace Mark encourages the fresh graduates to join the company to retain a good talent pool. Peace Mark co-operates closely with local institutions (e.g. The Hong Kong Polytechnic University) and associations (e.g. The Hong Kong Watch Manufacturers Association) to encourage R&D development and to provide scholarship for the future generations.

#### 4.8 SUMMARY OF THE EXECUIVE INTERVIEW

After consolidating and analysing relevant information (Appendix 12: Summary of Executive Interview), we found that all the interviewees were trying their best to enhance performance in more than one of the important areas: including: Vision, Leadership, Execution, People Focus, Market Opportunity, Adaptation to Market Situation, and Organisational Learning (see Figure 4.1).

These areas, as the eleven executives illustrated, are the seven success factors of business. Eight out of the cleven executives were the founders of their enterprises (see Table 4.1), the remaining were at senior management level. Their view indicated that business success did not depend on one factor; instead it was a result of these seven factors.

**Figure 4.1: Business Success Factors**





### ***Vision and Leadership***

Vision and leadership were the essential factors for organisation to move forward or to make a fundamental change. The majority of interviewed executives expressed their strong visions and leadership at both organisation and management levels to achieve their business goals.

This was particularly the case with McDonald's where Mr. Joseph Lau communicated his vision of the organisation to all managerial and operational staff through the Crew Education Programme. Adick (2004: 25) had a similar observation with respect to Hong Kong enterprises in that the leader's work starts with the principle of building leadership and sharing a vision in a learning organisation. As the Executive Interview Survey and McDonald's case study had similar findings that vision and leadership are the key forces to bring forth the development of a learning organisation. The management initiatives can be translated into an organisational vision. Therefore, the transitional change of an organisation to a learning organisation should begin with the management initiative, both in McDonald's and in Hong Kong Chinese enterprises.

### ***Market Opportunity, People Focus and Organisational Learning***

In fact, the factor of market opportunity can be explained as the driver that forces the enterprises' learning to adapt to the new market situation by capturing the new opportunity. Most interviewed executives mentioned that they consider staff training and learning of prime importance to enhancing their enterprise's competence. More specifically, the factors of people development and organisational learning are considered important in achieving the business goals. In other words, management leaders in learning organisations are responsible for building the organisation where people are continually expanding their capabilities to shape their future.

### *Adaptation to Market and Execution*

Obviously, organisational learning is considered an important way to enhance the people's competency in line with business strategy. Internal supporting mechanism of structural capital (i.e. staff policy and learning system) is necessary for facilitating knowledge sharing and transfer between individuals and teams. This supporting system helps the enterprises to adapt to new market challenges and to maintain their competitiveness (adaptation to market situations and execution).

To conclude, McDonald's study demonstrates how strategic learning initiatives can work to solve management problems. Individual-learning and team-level learning are boosted by internal communication, individual commitment, and performance evaluation within organisation.

## **CHAPTER FIVE**

### **THE STAFF LEARNING CLIMATE SURVEY**

## **5.1 METHOD OF STAFF LEARNING CLIMATE SURVEY**

The purpose of this chapter is to analyse the staff learning climate of selected Hong Kong Chinese enterprises, and to further study the learning organisation concept in other Hong Kong Chinese enterprises. A questionnaire for evaluating the learning climate was designed and implemented.

The method of this survey was proceeding in five steps:

- Step One: involved designing the questionnaire for staff learning climate.
- Step Two: involved a pilot test.
- Step Three: involved selecting the target enterprises for staff learning climate.
- Step Four: involved a survey.
- Step Five: involved analysing and presenting the summary findings.

## **5.2 SURVEY OBJECTIVES**

Chapter Five involves the survey of staff learning for selected Hong Kong Chinese enterprises. The objectives were to determine the learning perception differentials at three learning levels (i.e. Personal, Team, and Organisation Levels) with respect to three categories of staff (namely Director, Managerial, and Operational Staff) in the selected Hong Kong Chinese enterprises. In addition, this survey also explored the learning organisation concept in Hong Kong Chinese enterprises.

## **5.3 DESIGNING THE LEARNING CLIMATE SURVEY**

Based on the learning climate questionnaire of Rothwell *et al.* (1995: 2831), I modified and re-designed the questionnaire for this study. A total of twelve questions were attached

and divided into three learning levels: Personal, Team, and Organisation. Since Hong Kong Chinese organisations were more familiar with Chinese, the Chinese version of the questionnaire had been translated for distribution. The modified questionnaires are attached in Appendix 2a: Staff Learning Climate Questionnaire (English version) and Appendix 2b: Staff Learning Climate Questionnaire (Chinese version).

### **5.3.1 Staff Learning Climate Score**

An equal weighting was applied to each question of the survey. The respondent answer for each question was from 1 to 6, so minimum score for a case was 12 and maximum was 72. Then cases in all levels were added together with equal weightings and divided by the total number of case in the company. The score was finalized by normalizing the number to 0–100.

### **5.3.2 Descriptive and Statistical Analysis**

In the analysis section, bars represented the mean score of the corresponding bar chart. In Table 5.6 of analysis, a two-sample t-test (assume equal variance) was applied to show there was a significant difference between the means.

### **5.3.3 Notes and Clarification of the Survey**

Most of our questions were expressed in positive learning environment perspective, except for Question Four: “My job is frequently dull and monotonous”, a higher score represented better staff learning climate. When directors answered the questions, supervisors and management were represented by their fellow directors.

- Question Two: “I usually can talk with my supervisor as often as I need to”. This represents also the communication with other directors.
- Question Twelve: “My department's management is interested in my well being”. This represents other directors interested in their own well-being.

## 5.4 PILOT TEST

A pilot test was performed in May 2004, in which the questionnaire was evaluated by testing it on a group of target respondents. Eighteen respondents were randomly recruited to test the questionnaire from two enterprises (System Office Limited and Richcoln Company Limited) that were not included in the final survey. Before the pilot test started, I briefly outlined the aim of the survey to each selected respondent. The respondents spent about 20 minutes to complete the questionnaire. After all selected candidates in the pilot test had finished filling in the questionnaire, they were asked to comment on it.

## 5.5 SELECTING TARGET ENTERPRISES

Based the selection criteria, only larger-sized enterprises (staff number over being 50 in the Services Sector and over 100 in the Manufacturing Sector) were considered in the survey.

**Table 5.1: The Selected Enterprises for the Staff Learning Climate Survey**

Name of Selected Enterprises	
Manufacturing Sector	Services Sector
Avnet Electronics Marketing Limited	California Red Limited
Chevalier Group (Holdings) Limited	CDS Intra-City Logistics Group
GuangDong Ryoden Lift & Escalator Company Limited	Double Star Limited
On Hing Paper Company Limited	Pokka Corporation (H.K.) Limited
Peace Mark (Holdings) Limited	Li & Fung (Retailing) Limited
	McDonald's Restaurants (H.K.) Limited
	Shun Sang (H.K.) Company Limited
	Richburg Motors Trading Company Limited

A total of thirty enterprises were selected randomly from the HKPC's company database

and finally thirteen enterprises were confirmed for Staff Learning Climate Survey (including McDonald's). Among of them, five enterprises were Manufacturing Sector and eight belonged to Services Sector (see Table 5.1). The survey was carried out from the period of May 2004 to October 2004. Because of the relatively small and different business nature of the surveyed samples, this questionnaire was used as an assessment tool for individual enterprise about its staff learning climate.

## 5.6 CONDUCTING QUESTIONNAIRE SURVEY

A total of thirteen enterprises were invited to the questionnaire survey from the period of May 2004 to October 2004 (see Table 5.1). An anonymous questionnaire was distributed to the selected respondents. The respondent of the enterprises was required to mark the staff category in the surveyed organisation (i.e. Director, Managerial, and Operational Staff). The explanation of each staff category was attached in the questionnaire so that the respondent understood which category they chose. This arrangement increased the willingness to complete and return the questionnaire, and the answers should be more truthful. As a result, the response rate was excellent and the data was relatively reliable. 860 of the questionnaires were returned. Only five of the returned questionnaires were uncompleted and considered void. Consequently, the number of valid questionnaire was 855.

The Table 5.2 is a summary of the participant's responses to the Staff Learning Climate Survey. Among the total of 855 returned questionnaires from thirteen enterprises, 6.6% belonged to Director Staff, 31.3% are from Managerial Staff (25.6% from Hong Kong and 5.7% from the China side), and 62.1% are considered from Operational Staff (49.9% from Hong Kong and 12.2% from the China side). Table 5.3 is a list of total returned

questionnaires (by staff level and working location) from the thirteen enterprises.

**Table 5.2: Summary of Respondents**

Type of Respondent	No. of Respondents	Percentage
Director Staff	56	6.6%
Managerial Staff (Hong Kong)	219	25.6%
Managerial Staff (PRC)	49	5.7%
Operational Staff (Hong Kong)	427	49.9%
Operational Staff (PRC)	104	12.2%
<b>Total</b>	<b>855</b>	<b>100.0%</b>
Void questionnaire	5	-

Remark: All directors are Hong Kong based; and PRC (People Republic of China)

**Table 5.3: Total Returned Questionnaire of Thirteen Enterprises**

Selected Enterprises		D	M	O	Total
1. Avnet Electronics Marketing Limited	HK	6	13	37	56
	PRC	0	11	20	31
2. California Red Limited	HK	7	16	42	65
3. CDS Intra-City Logistics Group	HK	4	18	43	65
4. Chevalier Group (Holdings) Limited	HK	7	42	71	120
5. Double Star Limited	HK	3	21	26	50
6. GuangDong Ryoden Lift & Escalator Company Limited.	HK	3	12	24	39
	PRC	0	9	10	19
7. Li & Fung (Retailing) Limited	HK	4	10	23	37
8. McDonald's Restaurants (H.K.) Limited	HK	4	18	38	60
9. On Hing Paper Company Limited	HK	4	31	12	47
	PRC	0	22	20	42
10. Peace Mark Paper Company Limited	HK	5	6	20	31
	PRC	0	7	54	61
11. Pokka Corporation (H.K.) Limited	HK	4	11	35	50
12. Shun Sang (H.K.) Limited	HK	3	12	16	31
13. Richburg Motors Trading Company Limited	HK	2	9	40	51
<b>Total Returned Number</b>		<b>56</b>	<b>268</b>	<b>531</b>	<b>855</b>

Remark: D=Director; M=Managerial; O=Operational Staff  
HK=Hong Kong Staff; PRC=China Staff

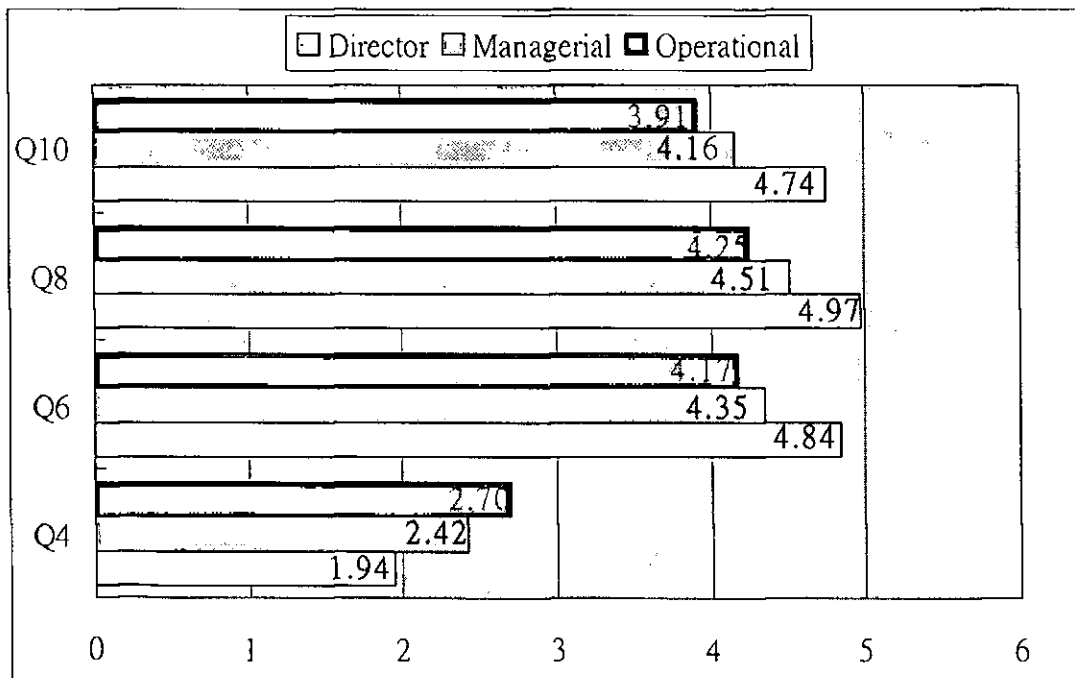


## 5.7 OVERALL ANALYSIS OF SURVEY FINDINGS

### 5.7.1 Analysis of Personal Learning Level

For Question Ten: "I have opportunity to use my abilities in my present job". The score at the Director and Managerial Staff are 4.74 and 4.16 respectively (slightly agreed), and Operational Staff gives only a 3.91 score (neutral). For Question Eight: "I want to continue to work for the company as long as I can" and Question Six: "I often think that my job contributes little to the company", all staff categories are within the score of 4 (slightly agreed). For Question Four: "My job is frequently dull and monotonous", we find that all staff categories disagree with Director at 1.94, Managerial Staff at 2.42 and Operational Staff score 2.7. The trends in the finding are rationally acceptable since the director's job is comparatively more flexible and independent than others (see Figure 5.1).

**Figure 5.1: Graphic Summary of Overall Finding (Personal Learning Level)**

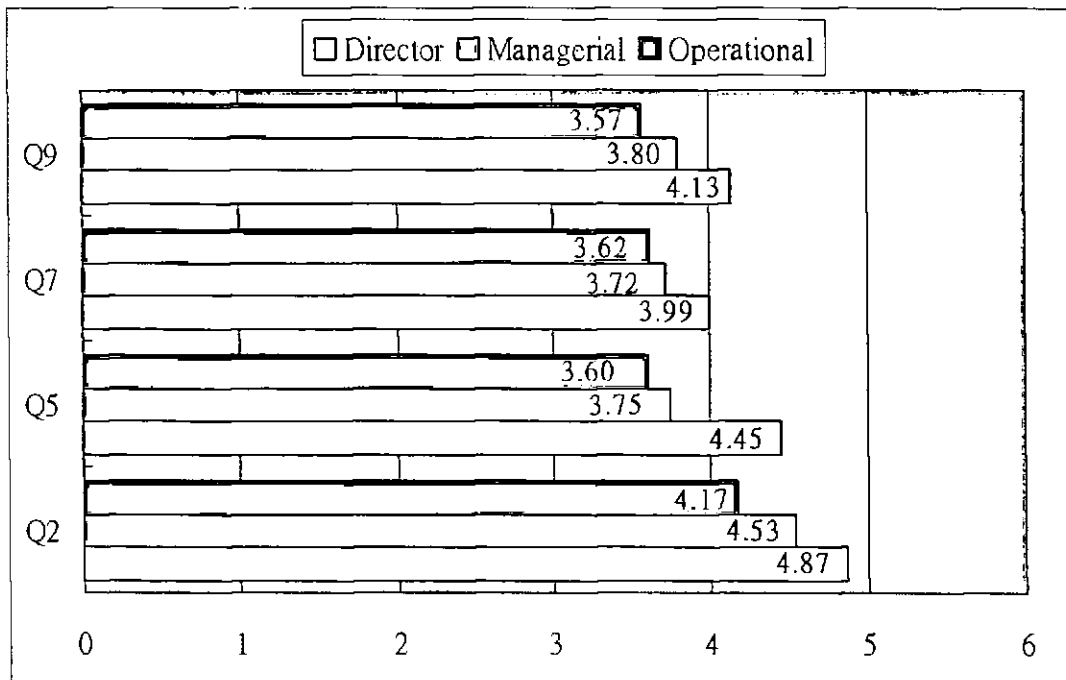


Appendix 13: Data Findings of Staff Learning Climate Survey

### 5.7.2 Analysis of Team Learning Level

For Question Nine: “The organisation has built learning into work structures, policies, and practices”, the Director reaches the score at 4.13 (agreed). However, the Managerial and Operational Staff are at the score 3.8 and 3.57 respectively (slightly agreed). For Question seven: “The organisation has created the systems to ensure that knowledge is captured and shared for use by employees”, all staff categories are only slightly agreed. For Question Five: “The organisation has enough opportunities for individuals to learn”, the similar situation as Director is agreed at the score 4.45 and Managerial and Operational Staff are only slightly agreed (3.75 and 3.6). Both findings of Questions Five and Seven revealed that the present learning system and opportunity of the surveyed organisations are insufficient. An improvement in organisational learning system and procedure should be made to enhance this situation. For Question Two: “I usually can talk with my supervisor as often as I need to”, all staff categories get the score over 4 (slightly agreed). The communication within Team Learning Level is relatively effective (see Figure 5.2).

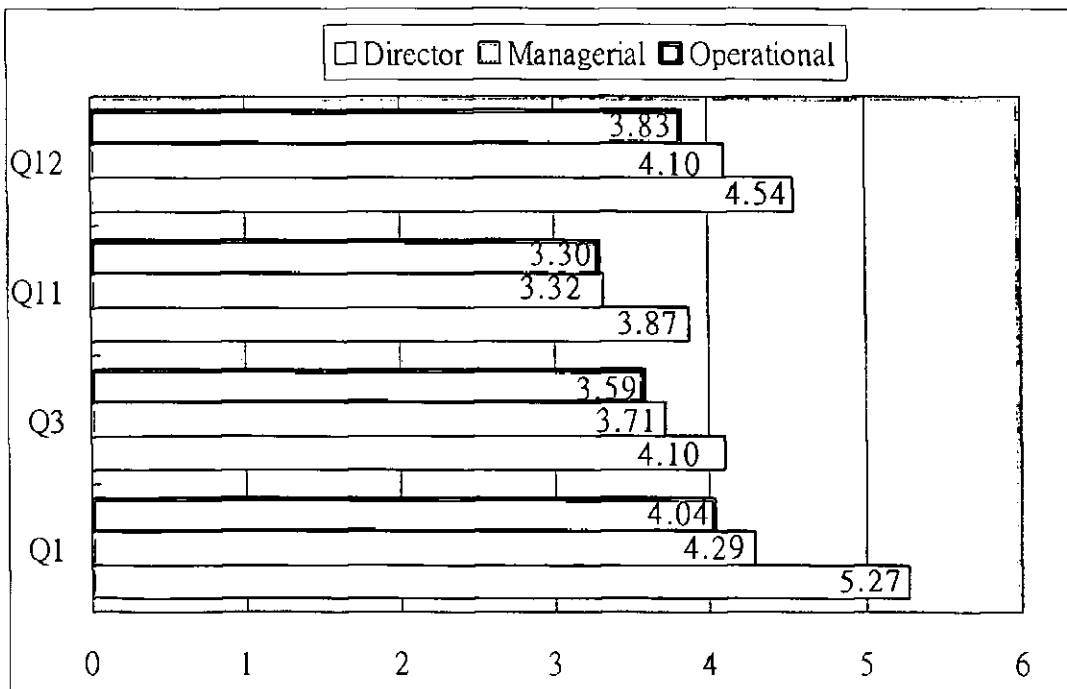
**Figure 5.2: Graphic Summary of Overall Finding (Team Learning Level)**



### 5.7.3 Analysis of Organisation Learning Level

For Question Twelve: “My department's management is interested in my well being”, both Director and Managerial Staff are slight agreed but Operational Staff is neutral (score 3.83). For Question Eleven: “The organisation has the reward systems that are needed to promote and reward learning”, all staff categories are in neutral score. There is still room to improve the reward system of the surveyed organisations to encourage the organisational learning. For Question Three: “This organisation has a learning atmosphere”, Director is agreed (score at 4.1), and Managerial and Operational Staff are slightly agreed (score at 3.71 and 3.59). For Question One: “Employees are the assets of the company”, Directors agreed (score at 5.27), but Managerial and Operational Staff are at a score of 4.29 and 4.04 respectively. The employee’s value to the company is obviously different between Director and Managerial/Operational Staff (Figure 5.3).

**Figure 5.3: Graphic Summary of Overall Finding (Organisation Level)**



Appendix 13: Data Findings of Staff Learning Climate Survey

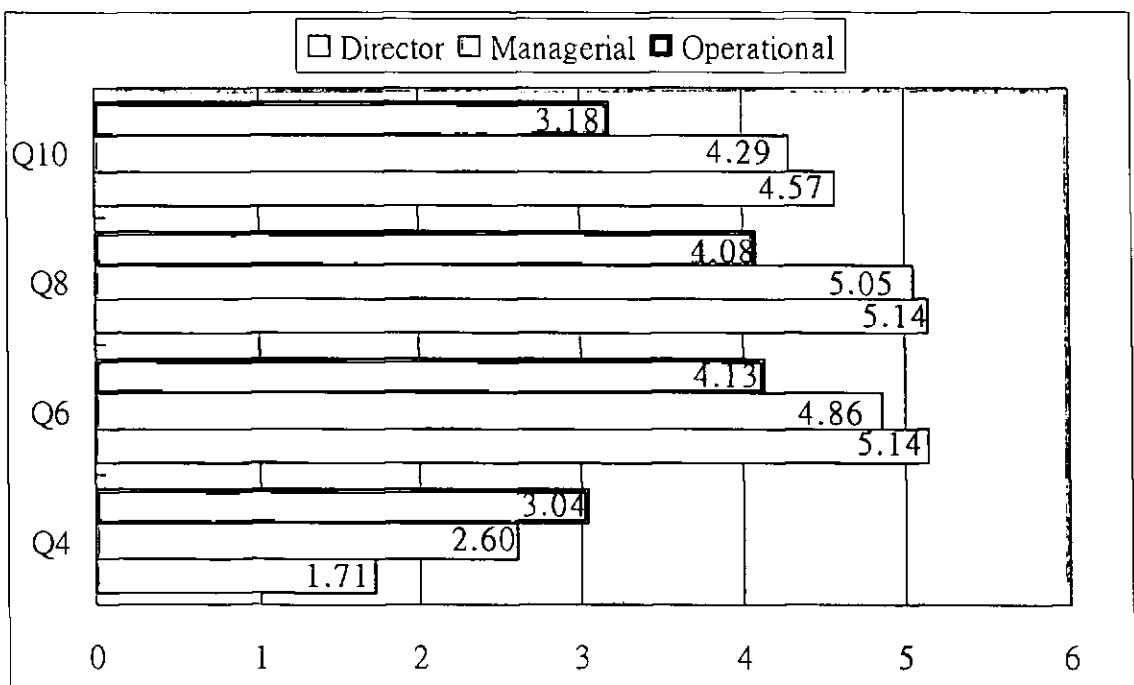
## 5.8 LEARNING PERCEPTION DIFFERENTIALS ANALYSIS BETWEEN DIRECTORS, MANAGERS, AND OPERATIONAL STAFF

Directors have their vision and value to develop their enterprises. They would like the employees to have the same vision in order to work together to achieve the same business objectives, i.e. to maximize shareholder's value and profitability. I anticipated Director and Managerial Staff's respondents to have higher score because of their expectation, responsibility, and contribution. However, learning perception differentials lead to diversion of objectives between management (Director and Managerial Staff) and operation level staff. Larger difference in this area may hinder intra-organisation coordination, since performance and commitment can be greatly different between management and operational employees. The perception gap analysis of learning levels is illustrated in Figures 5.4, 5.5, and 5.6.

### 5.8.1 Personal Learning Level

#### *Maximum Personal Learning Level Perception Gap*

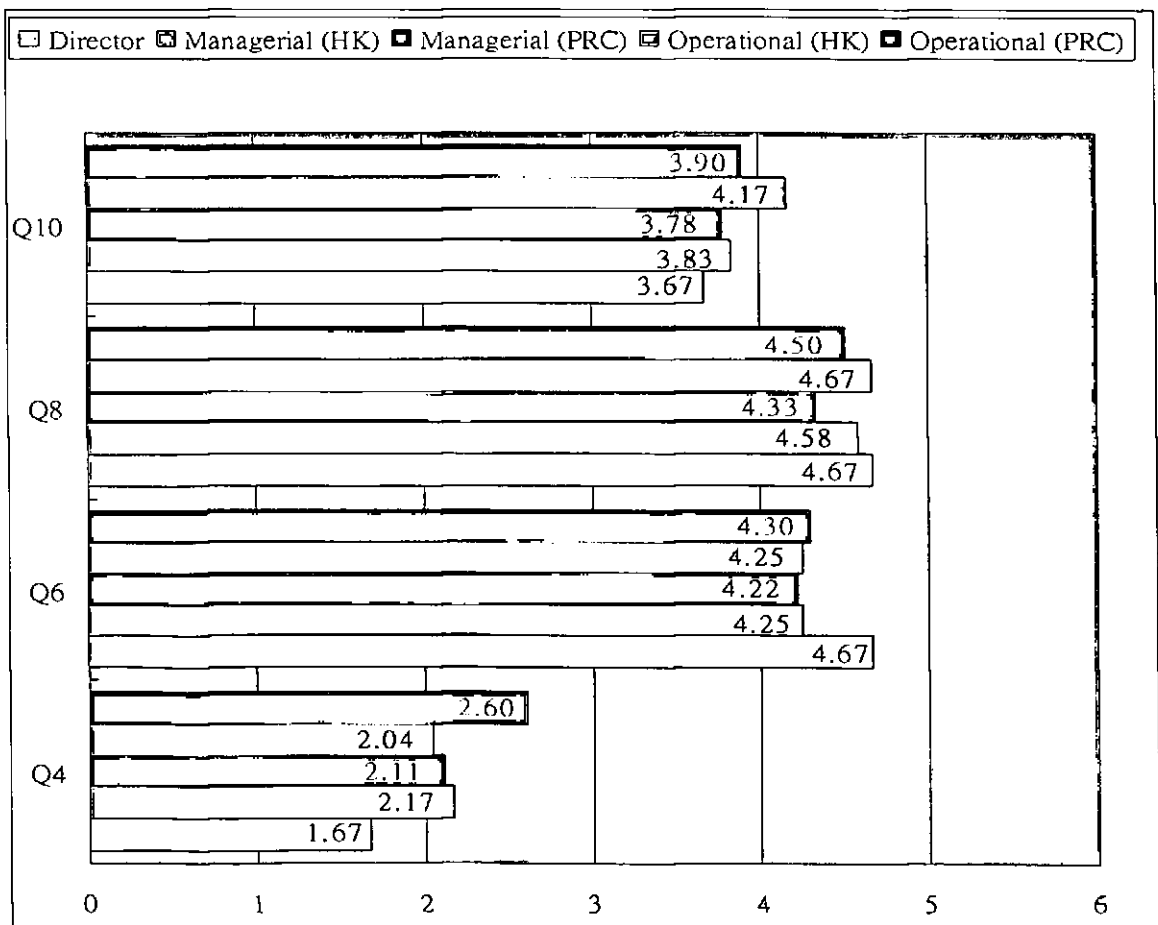
**Figure 5.4: Chevalier Group (Holdings) Limited (Personal Learning Level Summary)**



Providing engineering services, Chevalier Group (Holdings) Limited has 780 staff members and HK\$3,332 million turnover in 2003. There are totally 49 respondents in Director and Managerial Staff, while 71 respondents are from Operational Staff. Besides differentials in Personal Learning Level, the company data also exhibit perception gap in both Team and Organisation Learning Level (see Figure 5.4). The employee turnover rate is 7%, which is relatively high among the surveyed organisations. The rate can be decreased if they improve intra-organisation coordination and knowledge sharing. Although the director's perceptions are above average, a perception gap in Chevalier Group hindered the overall learning climate, that is, overall learning climate score is only average (see Table 5.6: Staff Learning Climate Score). The appropriate training programmes can improve this situation drastically.

*Minimum Personal Learning Level Perception Gap*

**Figure 5.5: GuangDong Ryoden Lift & Escalator Company Limited**

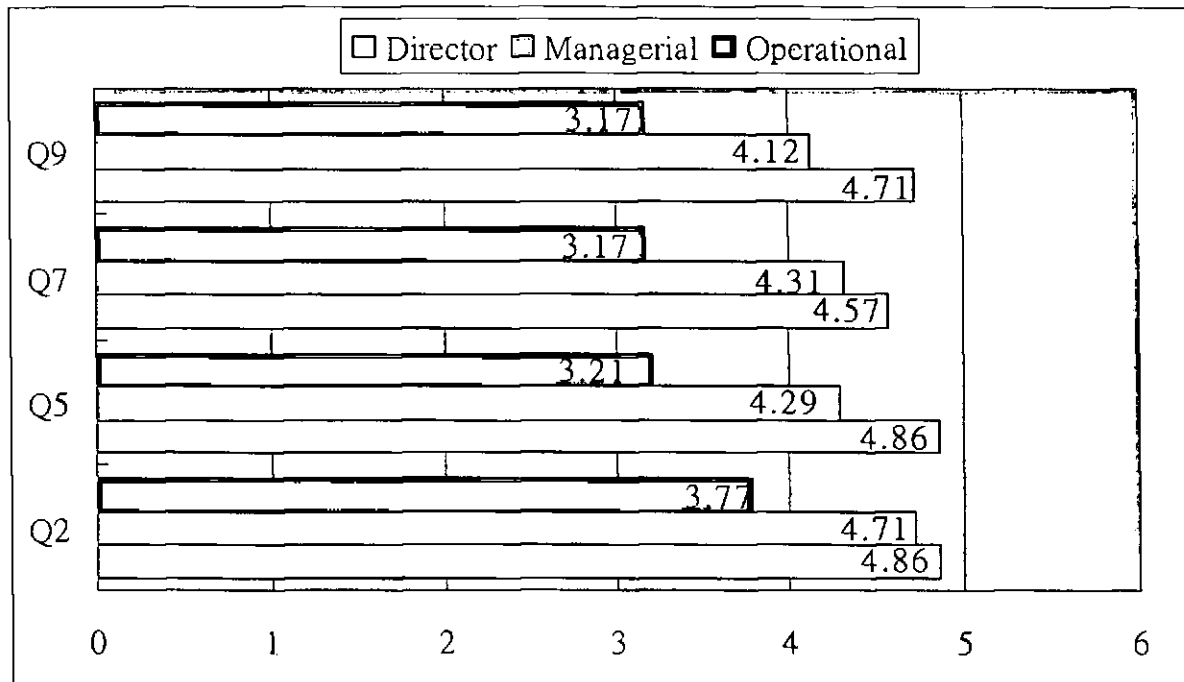


GuangDong Ryoden Lift & Escalator Company Limited has 150 and 450 staff members in Hong Kong and China respectively. The small perception gap enhances Team and Organisation Learning Level scoring (see Figure 5.5). The enterprise has an excellent employee turnover of 2%, which is the second lowest among the surveyed organisations. Although the enterprise has a good foundation of intra-organisation coordination, it lacks the director's support in developing a learning organisation. Improving the director's perception is the most important procedure for GuangDong Ryoden to achieve a better learning climate.

### 5.8.2 Team Learning Level

Again, there is large perception difference in Chevalier Group (Holdings) Limited compared to the rest of the enterprises in our samples (see the following Figure 5.6).

**Figure 5.6: Chevalier Group (Holdings) Limited (Team Learning Level Summary)**



The gap indicates insufficient communication and commitment at Team Learning Level, as a result, there are encumbering difficulties in organisational transformation of management objectives and initiatives. The Table 5.4 below shows the perception on

Team Learning Level questions by enterprises. Chevalier Group has an above average score in this area, but if the gap is closed, the organisation can create a stronger learning environment for staff. In the long run, staff will learn and improve efficiency and knowledge which leads to profit growth and high competitiveness in the industry.

**Table 5.4: Staff Learning Perception on Team Learning Level Questions by Enterprises**

<b>Staff Learning Perception on Team Learning Level Questions by Enterprises</b>	<b>Director Staff</b>	<b>Managerial Staff</b>	<b>Operational Staff</b>	<b>Average</b>
Avnet Electronics Marketing Limited	3.54	3.31	3.45	3.43
California Red Limited	4.18	3.88	3.54	3.87
Chevalier Group (Holdings) Limited	4.75	4.36	3.33	4.15
CDS Intra-City Logistics Group	3.25	3.61	3.30	3.39
Double Star Limited	4.17	3.88	3.66	3.90
GuangDong Ryoden Lift & Escalator Co. Ltd.	4.08	3.60	3.88	3.85
Li & Fung (Retailing) Limited	4.56	4.23	4.01	4.27
McDonald's Restaurants (H.K.) Limited	4.94	4.12	4.59	4.55
On Hing Paper Company Limited	4.63	3.63	3.58	3.94
Peace Mark (Holdings) Limited	4.20	3.67	3.39	3.75
Pokka Corporation (H.K.) Limited	5.19	4.66	4.69	4.85
Shun Sang (H.K.) Company Limited	5.08	4.13	4.47	4.56
Richburg Motors Trading Company Limited	4.13	4.25	3.53	3.97
Remark: Team Learning Level questions are Questions 2, 5, 7, and 9. For details, please refer to questionnaire in Appendices 2a and 2b.				

Pokka Corporation (H.K.) Limited has the best team-learning-level climate. Pokka expected an increase of revenue from HK\$145 million in 2003 to HK\$160 million in 2004, and profit from HK\$21.6 million to HK\$25.6 million. Most of the other enterprises in the sample have a slight increase of salary last year, but not Pokka. Despite, managerial and operational perceptions are still high in all aspect. Their perception gap is minimal, indicates that Pokka has a well-built learning system and policies to govern knowledge sharing and exchange between staff levels.

### 5.8.3 Organisation Learning Level

Are employees the assets of the company? According to our survey, most directors think that employees considered themselves as asset of the company. Do the lower level employees feel the same? The following Table 5.5 is the summary of mean score of this question.

**Table 5.5: Summary of Mean Score from Question One**

<b>Summary of Mean Score from Question One: Are employees the assets of the company?</b>				
<b>Staff Level</b>		<b>Director</b>	<b>Managerial</b>	<b>Operational</b>
Avnet Electronics Marketing Limited	(HK)	5.00	4.31	4.22
	(PRC)	-	3.73	3.00
California Red Limited		5.00	4.25	3.50
CDS Intra-City Logistics Group		4.25	4.11	3.51
Chevalier Group (Holdings) Limited		5.14	4.74	3.49
Double Star Limited		5.67	3.57	4.15
Li & Fung (Retailing) Limited		4.50	3.20	3.96
GuangDong Ryoden Lift & Escalator Company Limited	(HK)	5.33	4.58	4.25
	(PRC)	-	3.56	3.80
McDonald's Restaurants (H.K.) Limited		6.00	4.67	4.66
On Hing Paper Company Limited	(HK)	5.00	3.88	4.33
	(PRC)	-	4.91	4.35
Peace Mark (Holdings) Limited	(HK)	5.20	3.83	4.25
	(PRC)	-	5.14	3.78
Pokka Corporation (H.K.) Limited		5.75	5.18	5.14
Shun Sang (H.K.) Company Limited		5.67	5.00	5.00
Richburg Motors Trading Company Limited		6.00	4.33	3.28
<b>Average Score</b>		<b>5.27</b>	<b>4.29</b>	<b>4.04</b>

From the last row "Average Score" of the Table 5.5, there are significant differences among high and low levels in views to "Employees are the assets of the company". The following Table 5.6 shows that the mean of directors' perception is statistically significant higher than lower level perception, which the probability of getting insignificant result from another sample is almost zero. Other than conveying the message by education, enterprises should place more time and financial support on training of employees. In this



aspect, the findings of Pokka's staff have the right perception; all strongly agree that they are valuable to the organisation from Operational Staff to Director Staff (see Table 5.5).

**Table 5.6: Two Sample Difference of Means**

<b>t-test : two-sample difference of means (assuming equal variance)</b>		
	<b>Director and Managerial Staff</b>	<b>Director and Operational Staff</b>
Hypothesized Mean Difference	0	0
Degree of Freedom	28	28
t Stat	4.60	5.89
P(T<=t) one-tail	0.00	0.00
t Critical one-tail	1.70	1.70
P(T<=t) two-tail	0.00	0.00
t Critical two-tail	2.05	2.05

The following Table 5.7 shows the learning climate score of the thirteen enterprises. A high score indicates a good learning climate and a low score suggests that there is room for improvement. However, the divergence in scores may due to difference in industries and corporate structure; therefore score may not be directly comparable if organisation characteristics are too distinct. Yet, they still provide us some valuable implications. Pokka Corporation (H.K.) Limited (gaining the top-two score in all levels) indicates that the learning climate is consistent in all staff categories. The sharing of knowledge and exchange is much more effective than other factors. The interview with Pokka in previous chapter showed that a staff-quality-enhancement through systematic training programme has been emphasized so that the senior, middle, and operational staff can communicate within the organisation and they have a strong sense of commitment with the same cultural values. On the other hand, Avnet Electronics Marketing Limited (gaining the bottom-two score in all level) indicated that the learning climate had a distinctive difference in all level. The sharing of knowledge and communication within organisations is less effective than for others. The Avnet interview in previous chapter recorded that

Avnet is expanding its China business through acquisition with mainland China enterprises. The challenge is to merge the original company's culture (USA) with mainland Chinese culture. The findings showed that the learning culture still has a "big gap" and needs to be narrowed.

CDS Intra-City Logistics Group and Avnet Electronics Marketing Limited have the two lowest overall learning climate score. They have the worst learning climate score in Director Staff. The two best enterprises in the overall score are McDonald's Restaurants (H.K.) Limited and Pokka Corporation (H.K.) Limited, and they have the best learning climate in Director Staff. The third best enterprise Shun Sang (H.K.) Company Limited, a retailing company with over 100 staff members and HK\$200 million turnovers; also have a very high director's perception to the learning score.

**Table 5.7: Staff Learning Climate Score of Thirteen Enterprises**

Surveyed Enterprises	Director Staff	Managerial Staff	Operational Staff	Overall
Avnet Electronics Marketing Limited	42.2	37.5	34.9	36.1
California Red Limited	55.2	48.9	41.0	44.5
CDS Intra-City Logistics Group	37.9	43.9	36.8	38.9
Chevalier Group (Holdings) Limited	63.3	56.2	36.5	45.0
Double Star Limited	63.3	44.4	46.0	46.4
GuangDong Ryoden Lift & Escalator Co. Ltd.	52.8	44.8	49.2	47.8
Li & Fung (Retailing) Limited	58.8	49.8	49.2	50.4
McDonald's Restaurants (H.K.) Limited	72.9	55.9	58.8	58.8
On Hing Paper Company Limited	65.8	53.3	51.2	53.1
Peace Mark (Holding) Limited	54.0	51.7	40.7	43.0
Pokka Corporation (H.K.) Limited	74.2	64.7	63.6	64.7
Shun Sang (H.K.) Company Limited	72.8	51.7	59.1	57.5
Richburg Motors Trading Company Limited	63.3	53.3	41.3	44.3

Remark: Maximum Score = 100, Minimum Score = 0. Details of calculation please refer to Appendix 13: Data Analysis of Learning Climate Survey.

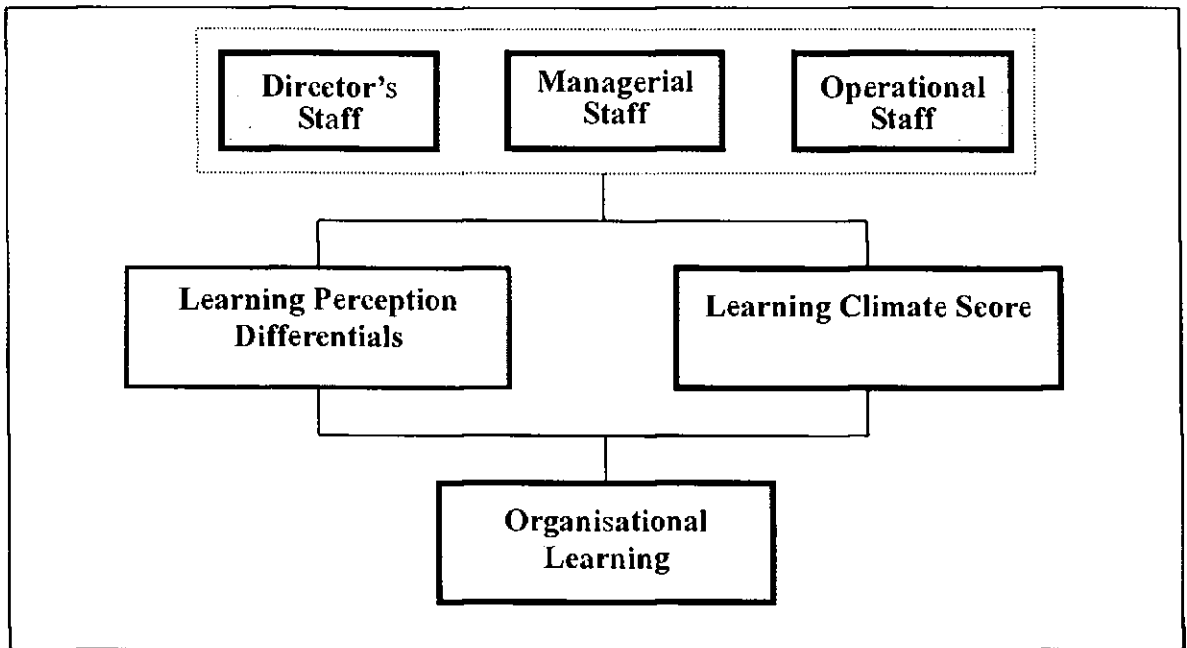
Remark: **Blue** colour fonts indicate top-two scores; **Red** colour fonts indicate bottom-two scores.

## 5.9 SUMMARY OF THE STAFF LEARNING CLIMATE

### 5.9.1 Learning Perception Differentials between Directors, Managers, and Operational Staff

Figure 5.7 provides an overview of the relationship between the analysis of three staff categories (Director, Managerial, and Operational Staff) in Learning Perception Differentials and Learning Climate Score.

**Figure 5.7: Different Staff Levels and Organisational Learning**



The learning perception differentials were first reported. It was noted that managers had their vision and initiatives to develop their enterprises. They would like the employees to have the same vision in order to work together to achieve the same business objectives, i.e. to maximize sales turnover, profitability, or stakeholders' goals. Overall, the staff learning score of Directorate and Managerial Staff was "higher" than Operational Staff (see Table 5.7). The management consisted of the senior staff of the enterprises. They had higher expectations of results, greater responsibilities for their functions, and more contributions to their businesses. However, learning perception differentials could lead to diversion of objectives between management and operational staff. Large differences in this area could

hinder the development of organisational learning in the surveyed enterprises (Figures 5.4, 5.5, and 5.6).

### **5.9.2 Learning Climate Score**

A high score of learning climate reflects a good learning climate and a low score suggests that there is “room” for improvement. In fact, the enterprises with higher scores recorded the “better” results of their business performance (i.e. Pokka Corporation (H.K.) Limited, McDonald’s Restaurants (H.K.) Limited, Shun Sang (H.K.) Company Limited, On Hing Paper Company Limited, and Li & Fung (Retailing) Limited). These enterprises put great efforts on their staff learning to enhance their competitiveness. However, the divergence in scores might be due to differences in industries and corporate structures; therefore scores would not be directly comparable if organisation characteristics were very different. Pokka and McDonald’s were the representative cases. Both had well-structured training programmes and internal support systems for their staff and aligned with the business success. If there was the gap in the learning climate at the Personal Learning Level, the situation could be improved through appropriate training. At Team Learning Level, the “bigger” gap indicated insufficient communication and commitment in the organisation. To cope with it, organisations could enforce a stronger learning environment for staff through improved knowledge sharing and exchange. One of the questions in the Organisational Learning scoring was: “Are employees the assets of the company?” This highlighted the understanding of the human value. The findings indicated that enterprises should allow more time and provide more financial support on training of employees. In this respect, staff of all categories (Director, Managerial, and Operational Staff) in Pokka agreed that they were valuable to the organisation (see Tables 5.5 and 5.6).

From the results shown in Table 5.7, one crucial point can be generalized in the development of a learning culture – the learning perception of management. Without the

director's vision, it is almost impossible for the company to develop an effective learning climate. The way to improve the overall learning climate is to start from the director's level, after having the correct vision and value, through effective training programmes and internal supporting systems, and then organisational learning can be implemented with staff at Managerial and Operational levels.

### **5.9.3 Learning Climate Difference between Hong Kong and China Staff**

Four enterprises participated in the survey, i.e. Avnet Electronics Marketing Limited, GuangDong Ryoden Lift & Escalator Company Limited, On Hing Paper Company Limited, and Peace Mark (Holdings) Limited, with staff in China (at Managerial and Operational levels only). Avnet and GuangDong Ryoden have relatively poor operational learning climate in China. On the other hand, GuangDong Ryoden got an above average score, and On Hing scored 53.1, which was the best among the four (see Table 5.7). In the previous section, I showed that GuangDong Ryoden has the least perception gap at Personal Learning Level (see Figure 5.5). In the company, a small difference in perception between Hong Kong and China staff was also registered. On Hing had a higher perception of learning climate score in China than in Hong Kong. Although the sample was small and there were clear distinctions between these organisations, a better learning climate in China could substantially increase overall learning climate. Therefore, it is critical to input resources (i.e. time and financial support) for training and communications in the China operations.

### **5.9.4 Conclusion**

In conclusion, the important findings of the Staff Learning Climate Survey indicated that the learning culture is influenced by three main factors: Director's initiatives and involvement, learning commitment, and system and programme support.

### ***Director's Initiatives and Involvement***

The important findings of the case study of McDonald's and the Executive Interview Survey showed that the development of a learning organisation depends heavily on management initiatives. This concurs with the findings of Staff Learning Climate Survey. Director's initiatives and involvement on learning are critically important to the overall score of a learning climate. The management's initiatives and vision are the essential drivers to develop the enterprise into a learning organisation.

### ***Learning Commitment***

The higher the score of director staff, the higher score of overall learning climate is displayed. In Table 5.7, the best two score of learning climate are McDonald's Restaurants (H.K.) Limited and Pokka Corporation (H.K.) Limited. In the Executive Interview Survey, it was found that these two enterprises had well-structured training and internal supporting systems for knowledge sharing and transfer. The management's vision and cultural value were effectively communicated within the organisation. Thus, appropriate training programme and internal supporting system can improve the score gap between personal, team, and organisational levels.

### ***System and Programme Support***

Compared with the case study of McDonald's and the Executive Interview Survey, this Staff Learning Climate Survey also indicated that organisational learning can be developed at personal, team, and organisation levels, particularly when it is motivated by the management. However, the necessary support system of structural capital (i.e. internal structural support, learning programme support, learning system support, and staff policy support) should be in place to facilitate the development of organisational learning. Knowledge sharing and transfer can be activated promoted at personal, team, and organisational levels.

## **CHAPTER SIX**

### **DISCUSSION**

## **6.1 LEARNING ORGANISATION MODEL BUILDING FROM MCDONALD'S LEARNING PROGRAMME**

The purpose of this chapter is to discuss the development of the Learning Organisation Model. The deliverables of McDonald's Learning Programme (McD Learn) included two programmes: Crew Education Programme and University Students Community Programme (Chapter Three). The project implementation framework involved: designing learning programme material and an internal learning system, and implementing the student project work. A Learning Organisation Model was built through the implementation of McD Learn. Further exploration of the learning organisation in Hong Kong Chinese enterprises was examined by two surveys (Chapters Four and Five).

### **6.1.1 Success Factors in a Learning Organisation**

Learning is the change of behaviour (Swieringa and Wierdsma, 1992: 1). The statement is true for any organisational change. However, most organisational change, observed by Brickley *et al.* (2003: 7), ignored performance measurement and the compensation system in the linkage of the organisational learning, process, and structure. For this reason any change to being a learning organisation requires a clear objective, direction, and motivation. The successful implementation of McD Learn depended on several success factors. These factors include: Management and Stakeholder Initiatives, Individual and Team Level learning, and Framework Supporting to a Learning Organisation (including structural support, learning programme support, and staff policy support).

#### ***Management and Stakeholder Initiatives***

McDonald's management and stakeholder initiatives are the key drivers to contribute the project from the initial idea to the final McD Learn concept. The implementation experience of McD Learn is to demonstrate that the changing force is actually driven by the management and stakeholders (see Table 6.1).



**Table 6.1: Management and Stakeholder Initiatives**

<b>Management</b>	<b>Stakeholder</b>
<b>Vision</b> <ul style="list-style-type: none"> <li>• To be the best employer in each community around the world</li> </ul>	<b>McDonald's Management</b> <ul style="list-style-type: none"> <li>• Excellent leadership leading the change</li> <li>• McDonald's success: vision, people, and learning</li> <li>• Dedicated in community service</li> </ul>
<b>Value: People Principles</b> <ul style="list-style-type: none"> <li>• Respect and recognition</li> <li>• Values and leadership behaviour</li> <li>• Competitive salary and benefits</li> <li>• Resources to get the job done</li> </ul>	<b>Social Concerns</b> <ul style="list-style-type: none"> <li>• Poor image of caring organisation</li> <li>• Lower salary rate for part-time crewmembers</li> </ul>
<b>Learning, Development, and Personal Growth</b> <ul style="list-style-type: none"> <li>• Teach skills and values</li> <li>• Employees continually receive skills, knowledge, and training</li> <li>• Employees are provided with tools to develop personally and professionally in an environment that fosters growth</li> </ul>	<b>Customer's Concerns</b> <ul style="list-style-type: none"> <li>• Poor quality of food</li> <li>• Healthy food</li> </ul>

***McDonald's Organisation: Vision, Value, and Learning***

McDonald's organisation includes three key elements of vision, value, and learning. Vision is becoming the best employer in each community around the world. McDonald's provides the best opportunity, training, and development for staff with a high degree of satisfaction, rewards, and recognition for staff. The unleashing of human capital put an important role in the development of McDonald's People Principle: Respect and Recognition, Value and Leadership Behaviour, Competitive Salary and Benefits, and Resources to Get the Job Done.

McDonald's management has enhanced the communication of organisational culture and value to capable front-line crewmembers. The knowledge management has become much more transparent and communicative within the individual and team level learning. The

McD Learn was designed, focused, and developed by the organisational vision, value and business needs. The learning programme did not only finish with the learning material/handout for McDonald's, but it also brought into focus the importance of personal knowledge and the transfer of managing knowledge within the organisation.

### ***Stakeholder Initiatives***

The implementation experience of McD Learn is to demonstrate that the changing force is actually driven by the management level where important decisions of objectives and programmes are made. As Joseph Lau, Managing Director of McDonald's stressed that the Crew Education Programme has led to a re-consideration of McDonald's vision, people, and its staff. The overall objectives of McDonald's are clear. They are to strengthen McDonald's image as a responsible corporate citizen, to promote McDonald's commitment to its crewmembers and to the Hong Kong community, to reinforce staff morale, and to support lifelong learning.

Mr. Joseph Lau, Managing Director of McDonald's emphasized, "We are committed to delivering the highest levels of quality in the essential elements of our business, namely: food, environment, operation, staff, customer satisfaction and most importantly, an enhanced dining experience". He further added that his leadership experience in developing McDonald's operations in Mainland China, the Philippines, and the United States has been pivotal in driving McDonald's Hong Kong as an industry leader, and will be one key to sustaining the leader position over the next 30 years and beyond. McDonald's success is based on: vision, people, and learning".

### ***Social and Customer's Concerns***

After discussions with McDonald's management, another objective of McD Learn was to take positive actions on negative criticisms about the McDonald's by two important groups

of outside stakeholders, namely Hong Kong people and McDonald’s customers. In the past few years, a lot of local newspapers reported that McDonald’s offered the lowest salary rate of part-time crewmembers (i.e. HK\$16 per hour, reported as the lowest rate in Hong Kong for part-time crewmember staff) and the unfriendly environmental products (McDonald’s package and unhealthy food). Customers and Hong Kong public have played an essential role to guide and influence McDonald’s business concept (i.e. the new environmental package, healthy food offering, and new elements of fast-food composition). McD Learn did not only bring high-quality services to McDonald’s in a competitive fast-food industry, but also brought the important aspects of stakeholder benefits, staff quality of work life, continuing learning, and community concerned into the organisational culture and value as a whole.

***Individual and Team Level Learning***

**Table 6.2: Individual and Team Level Learning for McD Learn**

Individual Level	Team Level
<ul style="list-style-type: none"> <li>• Performance Individual participant assessment for 400 crewmembers (statement of study, study interview)</li> </ul>	<ul style="list-style-type: none"> <li>• Performance Store performance assessment for 213 restaurants (team performance review and study interview)</li> </ul>
<ul style="list-style-type: none"> <li>• Communication In-store communication (poster promotion, weekly meeting, and quarterly newsletter)</li> </ul>	<ul style="list-style-type: none"> <li>• Communication Inter-store communication (poster promotion, monthly meeting, and quarterly newsletter)</li> </ul>
<ul style="list-style-type: none"> <li>• Commitment Personal study (crewmember) and competency skill</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment Team study (store manager and crewmembers) and competency skill</li> </ul>

Table 6.2 summarizes the key parts of individual and team level learning for McD Learn.

- **Individual Level Learning:** includes three parts: performance, communication, and commitment within the organisation. To invite the potential crewmembers in the

programme, the initial assessment was based on two factors of performance measurement: one-page report of study from the crewmember and a performance review by store manager. The former assessment was written by the participants to explain their reason and vision to the study. The later assessment was based on their individual performance in store. In terms of communication and commitment, McD Learn programme was promoted widespread by in-store promotion campaign. This promotion included poster, weekly meeting with the store manager and crewmembers, and a quarterly newsletter for detailed information. Each crewmember interested in the programme had submitted his/hcr personal study plan for the next 18 months in three levels of study.

- **Team Level Learning:** also involves three key parts of performance, communication, and commitment within the organisation. Team performance review was closely related to the sales turnover of each store and the number of crewmembers, while the study interview relied on the personal study plan. In fact, there was the possibility to have more than two crewmembers in one store enrolling in the programme. Monthly meetings with crewmembers, and a quarterly newsletter assisted the communication in team level learning. This helped to encourage effective team communication in the informal discussion between individual crewmembers.

Human Resources and Operational Departments spread the message of McD Learn widely to McDonald's 213 restaurants. Promotional leaflets and posters were posted on all stores' display boards. McDonald's management and HKPC's consultants attended monthly meeting to explain and brief the whole programme. In addition to all of this, McDonald's organised three briefing sections to promote and communicate with the crewmembers. The response rate was very good. Over 400 crewmembers were interest to the programme. When the store manager recommended the

crewmember(s) to enter the programme, there was a commitment to the store. Since the Crew Education Programme had a period of two-year duration, store managers arranged new work shift schedules for the participating crewmembers.

### **6.1.2 Framework Supporting a Learning Organisation**

#### ***Structural Support***

Structural support is the system and process of the organisation to maintain and support its activities. Once McDonald's agreed to launch the McD Learn, it should budget the financial resource for the programme. At the supporting level, McDonald's should also establish the administrative procedures to provide the necessary arrangement for McD Learn. The procedure included two main areas. The first area was to design an administrative procedure for the participating crewmembers who attended the training programme (i.e. application process, recommendation process by store manager, pre-condition for crewmember applicant, and internal monitoring). The second area was that an arrangement of the crew's work-shift should be made so that they could attend the training course without much difficulty (e.g. work-shift procedures in store, coordination between departments). In addition, this arrangement also involved the compensation (daily salary) to those crewmembers who attended the training programme.

#### ***Learning Programme Support***

The modules of the Crew Education Programme provided a business training for crewmembers to share the knowledge and to gain a better understanding of the business management. The Crew Education Programme was given at three levels. Levels I and II for a Certificate in Business Studies and Level III for a Diploma in Business Studies. McDonald's management, HKPC's consultants, and an Advisory Committee were involved in the design of the programme modules. Knowing that the fast-food industry is

highly competitive in Hong Kong, McDonald's has decided to enhance the service quality of its crewmembers. The new structure of the programme and modules was reviewed and structured within the McDonald's business. The training programmes were designed and shared by the crewmembers from 213 restaurants. The operational knowledge and know-how could be speeded up and it further encouraged the knowledge flows between part-time crewmembers. In particular, McDonald's management has internalised its vision, core values, and mission into the module's content which enhances the communication to the realisation of vision for part-time staff. McDonald's senior staff (Director and Managerial Levels) attended the training modules and shared their view about the company's future. The communication and knowledge sharing provided a new way of gaining knowledge for the participants.

### ***Staff Policy Support***

To sustain the McD Learn, McDonald's management introduced three staff policies to support the whole programme (i.e. staff promotion policy, time allowance policy, and work schedule policy). Staff promotion policy provides a career development for part-time crewmembers when they completed the Diploma Level III. At the end of the programme, 25 crewmembers issued the Diploma Level III. Amongst them, 12 crewmembers were promoted to McDonald's assistant store manager. To support the crewmembers of Crew Education Programme, time allowance and work schedule policies (includes study leave and salary) was re-arranged for McD Learn study.

## **6.2 THE EXECUTIVE INTERVIEW SURVEY AND LEARNING ORGANISATION**

The project of McD Learn had provided a practical implementation framework for the enterprises that are aiming to become a learning organisation. The key success factors are identified: Management and Stakeholders Initiatives, Individual and Team Level Learning,

and Framework Supporting a Learning Organisation. To further explore the concept of learning organisation from other Hong Kong Chinese enterprises, the Executive Interview Survey has been conducted. The following findings in Table 6.3 are complementary to the development of learning organisation from McD Learn study.

**Table 6.3: McD Learn and the Executive Interview Survey**

<b>Key Success Factors of McD Learn</b>	<b>Key Findings of the Executive Interview Survey</b>
<ul style="list-style-type: none"> <li>• Management and Stakeholder Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Vision</li> <li>• Leadership</li> <li>• Market Opportunity</li> </ul>
<ul style="list-style-type: none"> <li>• Individual and Team Level Learning</li> </ul>	<ul style="list-style-type: none"> <li>• People Focus</li> <li>• Organisational Learning</li> </ul>
<ul style="list-style-type: none"> <li>• Framework Supporting a Learning Organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Adaptation to Market Situation</li> <li>• Execution</li> </ul>

### ***Management and Stakeholder Initiatives***

**Vision, Leadership, and Market Opportunity:** the first driver of the organisational movement to becoming a learning organisation was the management and stakeholder initiatives which focused on organisational vision, culture, and the market opportunity. Vision is the most important for any enterprises because it sets the direction of the enterprises. Leadership is also important for any enterprises striving for success. This is because leadership enables senior management to set the right vision for the enterprise and to formulate appropriate and effective strategies and ensure that they are fully executed to achieve that designated vision. The enterprises I interviewed cited the importance of leadership in the success of their operations. Management initiatives acted as business driver and were transformed to objectives. Leadership is a kind of human skill to lead the change in an organisation. Market opportunity is an external driver for business growth. All interviewed enterprises have honed their own unique capability in

capturing market opportunity. This is an important finding to explain the reason why many organisations need to change. Market opportunity may come from the feedback of different stakeholders such as customers, competitors, suppliers or employees.

### *Individual and Team Level Learning*

**People Focus and Organisational Learning:** people and learning are fully recognised as an important factor of business success and growth. The first movement is from the management initiative, building the vision and culture, reforming the structural support, connecting individual and team level learning, and enhancing the organisational learning. Our interviews with prominent enterprises also showed that they emphasise strategies to retain and develop outstanding staff for the long-term prosperity of their business. It is widely accepted now that learning is the only way to help enterprises survive in today's highly competitive business world. The enterprises I interviewed placed a great deal of emphasis on learning continuously, and the head or senior manager takes a primary role in formulating strategies on how to plan and formulate systematic mechanisms within the scope of the organisational acquisition of knowledge.

### *Framework Supporting a Learning Organisation – Structural Support and Staff Policy*

**Execution and Adaptation to Market Situation:** effective execution relies heavily on nurturing appropriate strategies. That is why the interviewed enterprises placed so much emphasis on how to fully and effectively execute formulated strategies. This is another important element identified in the executive interview. Most interviewees believed that the ability to execute is much more important than planning and is the major part of an effective organisation.

Most interviewees reported that they joined the learning programme because of the internal support and policy to encourage learning. The enterprises I interviewed came



from different industries and have employed different strategies to adapt to fluctuating markets in order to maintain continuous growth. Adaptation means a change in process, procedure, and system that encourage individual and team level learning or the introduction of new ones. To stay competitive in this type of environment, it is very important for enterprises to be highly adaptive to changing situations.

To maintain the competitiveness, the speed of organisational learning should be faster than the speed of environmental change. There is no argument concerning the importance of organisational learning for enterprises. However, the examination of the executive's concern about the business success uncovered the fact that adaptation to the market situation is considered the most important factor in business success. This can further explain the reasons behind the importance of organisational learning. Nearly all interviewed executives aimed to gain business success by capturing the business opportunity and by trying to adapt their organisation to the new market situation. This is the fundamental reason why the enterprises need to learn to change. They want to maintain their competitiveness through continuous learning.

### **6.3 THE STAFF LEARNING CLIMATE SURVEY AND LEARNING ORGANISATION**

The key success factors for being a learning organisation are identified in McD Learn: Management and Stakeholders Initiatives, Individual and Team Level Learning, and Framework Supporting a Learning Organisation. The importance of the Staff Learning Climate Survey in this study is to further understand the staff learning climate and the learning organisation in other Hong Kong Chinese enterprises. The findings of the Staff Learning Climate Survey in Table 6.4 are complementary to the development of learning organisation for Hong Kong Chinese enterprises.

**Table 6.4: McD Learn and the Staff Learning Climate Survey**

Key Success Factors of McD Learn	Key Findings of the Staff Learning Climate Survey
<ul style="list-style-type: none"> <li>• Management and Stakeholder Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Director’s vision and value drive the learning culture</li> </ul>
<ul style="list-style-type: none"> <li>• Individual and Team Level Learning</li> </ul>	<ul style="list-style-type: none"> <li>• Personal Level Learning</li> <li>• Team Level Learning</li> <li>• Organisational Level Learning</li> </ul>
<ul style="list-style-type: none"> <li>• Framework Supporting a Learning Organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Internal training programme</li> <li>• Internal learning system</li> </ul>

***Management and Stakeholder Initiative***

The introduction of the concept of a learning organisation to Hong Kong Chinese enterprises is not only a learning programme, but also an internal organisational change. The decision-making is always from the management initiatives but its failure often results from a lack of support from operational staff. The organisational learning culture in this case is not well adjusted to match with the change.

Without the director’s vision, it is almost impossible for the enterprise to develop an effective learning climate. The way to improve the overall learning climate is to start with the management at the director’s level. After having the correct vision and value, through effective training programmes and communication, then organisational learning can be implemented at the Managerial and Operational Staff. In the results of staff learning climate, the best score is Pokka Corporation (H.K.) Limited while McDonald’s Restaurants (H.K.) Limited is the second best. Pokka and McDonald’s are the representative cases of organisational learning. In fact, Pokka and McDonald’s have a very strong commitment on organisational learning. Ms. Pauline Wong, Managing Director of Pokka and Mr. Joseph Lau, Managing Director of McDonald’s share the same vision to value their staff by organisational learning in the competitive marketplace. The

learning culture has already rooted deeply inside the organisation and motivated by the management. Both enterprises have well-structured training programmes for their staff and the programmes are closely linked to their business strategy and objectives.

### ***Individual and Team Level Learning***

A high score indicates a good learning climate and a low score suggests that there is “room” for improvement. However, the divergence in scores may be due to difference in industries and corporate culture; therefore scores may not be directly comparable if organisation characteristics are too distinct. Pokka and McDonald’s are the representative cases. Both have well structured training programmes for their staff and are closely linked with the business success and growth. However, if the gap of learning climate at the Personal Learning Level is obvious, it can be improved by appropriate training. At Team Learning Level, the “bigger” gap indicates insufficient communication and commitment in the organisation. The organisations can create a stronger learning environment for staff through improved knowledge sharing and exchange.

### ***Framework Supporting a Learning Organisation – Structural Support and Learning Programme***

The analysis of Staff Learning Climate Survey concerning the learning perception between staff levels is obviously different among surveyed enterprises. The staff learning culture plays an important function for those enterprises wishing to become a learning organisation. The score result of staff learning climate is a good indicator. The findings from staff learning climate showed that the higher score results are from those enterprises with “better” structural support and policy to the staff learning and development. Large difference in this score may hinder effective learning and knowledge sharing within the organisation. Two best scores enterprises, Pokka and McDonald’s, have internalised a well-built learning system and programme to govern knowledge sharing and exchange between staff levels.

## 6.4 BUILDING A LEARNING ORGANISATION MODEL

Through the project of McD Learn, an implementation framework of a learning organisation was developed. The exploration of learning organisation concept was further analysed by the Executive Interview and the Staff Learning Climate Surveys. As summarised in Table 6.5, the key success factors of McD Learn include: Organisation and Stakeholder Initiatives, Individual and Team Level Learning, and Framework Supporting a Learning Organisation. The findings of the two surveys also point to these factors for the success of a learning organisation.

**Table 6.5: Triangulation of the Findings of McD Learn and Two Surveys**

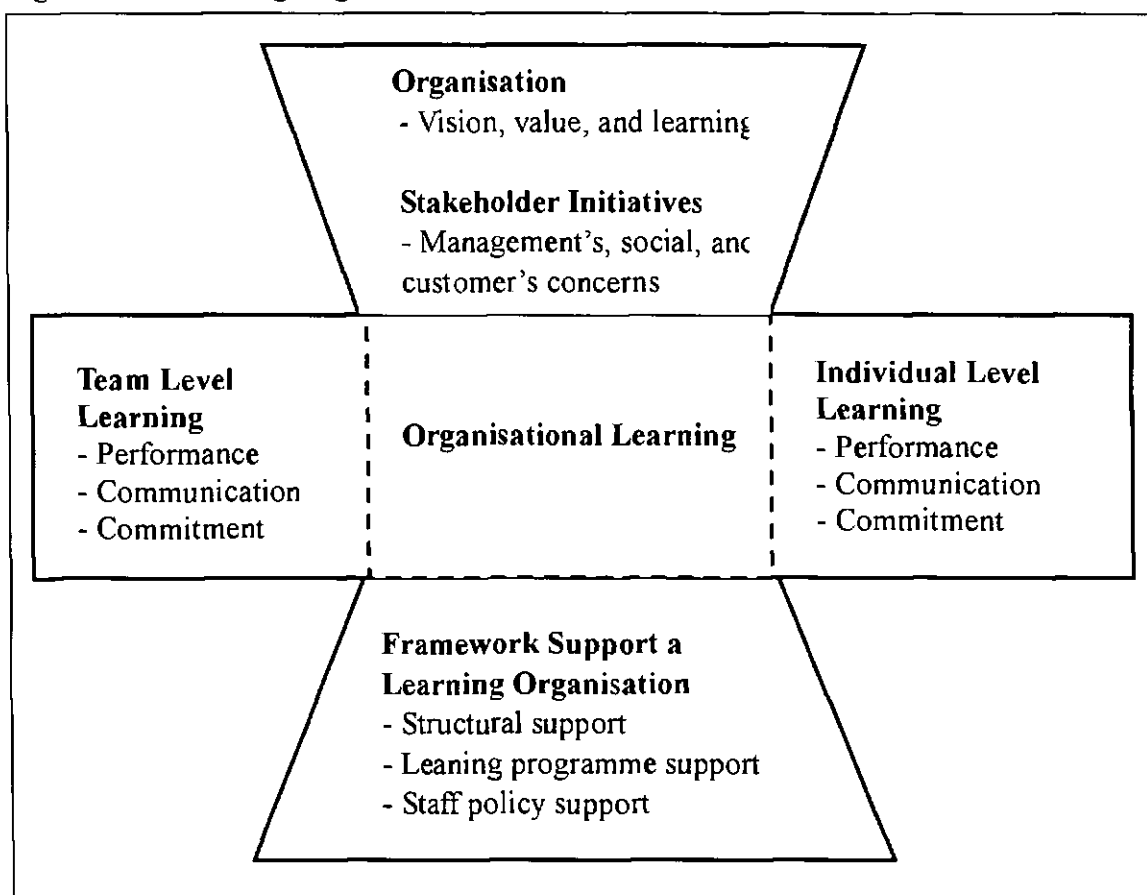
<b>Key Success Factors of McD Learn</b>	<b>Key Findings of the Executive Interview Survey</b>	<b>Key Findings of the Staff Learning Climate Survey</b>
<ul style="list-style-type: none"> <li>• <b>Management Initiatives</b> <ul style="list-style-type: none"> <li>- Organisation's vision, value, and learning</li> <li>- Stakeholder Initiatives (management's, social, and customer's concerns)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Vision and Leadership</b> <ul style="list-style-type: none"> <li>- Vision and value</li> </ul> </li> <li>• <b>Leadership</b> <ul style="list-style-type: none"> <li>- Communication of vision and value and leading changes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Director's Initiatives and Involvement</b> <ul style="list-style-type: none"> <li>- Vision and value that drive the learning culture</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Individual and Team Level Learning</b> <ul style="list-style-type: none"> <li>- Performance</li> <li>- Communication</li> <li>- Commitment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>People Focus</b> <ul style="list-style-type: none"> <li>- Performance</li> </ul> </li> <li>• <b>Organisational Learning</b> <ul style="list-style-type: none"> <li>- Communication</li> <li>- Commitment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Learning Commitment</b> <ul style="list-style-type: none"> <li>- Personal level learning</li> <li>- Team level Learning</li> <li>- Organisational level learning</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Framework Supporting a Learning Organisation</b> <ul style="list-style-type: none"> <li>- Structural support</li> <li>- Learning programme support</li> <li>- Staff policy support</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Adaptation to Market Situation</b> <ul style="list-style-type: none"> <li>- Internal learning programme</li> </ul> </li> <li>• <b>Execution</b> <ul style="list-style-type: none"> <li>- Structural system support</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>System and Programme Support</b> <ul style="list-style-type: none"> <li>- Internal training programme</li> <li>- Internal learning system</li> </ul> </li> </ul>

The findings of the two surveys supported these factors, as the findings also suggest that they are key elements of a learning organisation. The common factors are highlighted (in

blue) in Table 6.5. With this, a learning organisation model, as illustrated in Figure 6.1, can be built on the key success factors of McD Learn. This model is composed of three main parts: management and stakeholder initiatives, individual and team level learning, and framework supporting a learning organisation.

- **Organisation and Stakeholder Initiatives:** organisation (vision, value, and learning), stakeholder initiatives (management’s, social, and customer’s concerns).
- **Individual and Team Level Learning:** performance, communication, and commitment.
- **Framework Supporting a Learning Organisation:** structural support, learning programme support, and staff policy support.

**Figure 6.1: Learning Organisation Model**



This model is well supported by findings of the Executive Interview Survey and the Learning Climate Survey. With a strong emphasis on practical implementation, this model

can be used as a framework of learning organisation for Hong Kong Chinese enterprises. To succeed, all three parts should be in place and make concerted efforts. The first part is to identify the essential factors of organisational value and stakeholders' concerns as a whole. Individual and team level learning is linked closely to the aspects of performance, communication, and commitment. The second part aligns the people in different levels within the organisation. The third part serves as a framework supporting a learning organisation to mobilize internal resources and system, and directing the whole organisation in its learning activities.

The implementation of the learning organisation concept is a major challenge in itself and huge commitment from the management is needed. Yet in terms of training for an organisation, having good implementation is necessary but not enough for a "true" learning organisation. Success relies largely on the organisation's strategic view (accommodating the goals of the organisation and its stakeholders) on organisational learning. This model urges the management to focus on the development of organisational learning to detect and respond rapidly and flexibly to environmental changes.

## **CHAPTER SEVEN**

### **CONCLUSIONS AND RECOMMENDATIONS**

## 7.1 CONCLUSIONS

Enterprises that begin to recognise the importance of the organisational learning, and want to examine and draw lessons from them, are organisations that are learning to learn. To resolve the major study question in Chapter One: How could the learning organisation model be developed in a Hong Kong enterprise and its application adopted by Hong Kong Chinese enterprises?

McDonald's Learning Programme (McD Learn) and the findings of two surveys illustrated that the key to maintaining business success lies in constant evolving process, which depends very much on an organisational learning to adapt to its very survival environment. Being an effective learning organisation, enterprises can sustain their competitiveness and flexibility to adapt to environmental changes. There are three main conclusions in the following sections.

### 7.1.1 An Implementation Framework of Learning Organisation from McDonald's Study

McDonald's study provides a localised model of a learning organisation. Its success plays an important role model for Hong Kong Chinese enterprises. Firstly, McDonald's is one of the well-known westernised enterprises in Hong Kong. The adoption of a learning organisation style has been considered a latest management concept for other enterprises' reference. Secondly, learning is one of the core values in Chinese culture. Management believes that learning is a crucial element in helping enterprises to better survive in today's highly competitive business world. All interviewed executives understand and experienced that its importance and value in their business success. Lastly, learning is an important value in enterprises' development. It is widely acted that learning is one of the effective way to help enterprises survive in today's competitive market. All interviewed executives agree on its importance and value in their business success.



Essentially, the McDonald's study provides a solid and local reference for other Hong Kong Chinese enterprises as it demonstrates how a strategic learning intervention can work to resolve management problems. To implement the concept of the learning organisation, McDonald's study frames the following elements in its implementation:

- a. **Mission-directed strategy:** defining the management and stakeholder initiatives. A project is done for many reasons. But the management and stakeholder initiatives are absolutely important, particularly in a consultancy project. The purpose of the first element is to strategically define the client's needs and goals. MeD Learn is driven by a mission-directed strategy: to strengthen McDonald's image as a responsible corporate citizen, to promote McDonald's commitment to its crewmember and the Hong Kong community, and to support lifelong learning. .
- b. **Staff commitment:** building individual and team's alignment, ownership, and commitment by management involvement. The purpose of the second element is to ensure that the target participant is committed to the programme. Internal promotion and briefing sessions are the effective way to establish the implementation effort and build commitment amongst the participants. The involvement of management can be instrumental in gaining the commitment of the team members to the project. Effective communication between different staff levels and the full commitment of participants are critically necessary to the successful implementation.
- e. **Structural support:** developing a structural support in the organisation for implementation. The structural support should be developed to accelerate the project implementation. It includes the staff policy and internal procedure. McDonald's introduced a new staff policy (promoted to assistant store manager) and administrative procedures (financial allowance and work

schedule for crewmembers in study).

### **7.1.2 An Identification of Business Success Factors and Learning Organisation**

Within the organisation, vision, leadership, people development, and organisational learning are the internal drivers to make the strategic move or organisational change happen (Kaplan and Norton, 2003: 334–368; Brickley *et al.*, 2003: 231–250). The first strategic move or organisational change to the learning organisation always comes from the decision of: management initiatives (leadership), a direction to go (vision), a reason of why (market opportunity), a process of how (people focus, and organisational learning), a performance of doing (execution), and a form of organisational change (adaptation to market situation). In any case, market opportunity is often stimulated from the response of the different stakeholders' concern such as investors, customers, suppliers, competitors, or business partners (Jain 2004: 79–180). The adaptation to the market is the core capability of the organisational learning.

**Vision, Leadership, and Market Opportunity:** it can be explained as the management's initiative to build the enterprises' competitive advantages. Most interviewees agreed that the leader with a clear vision and effective execution has a strong capability for enhancing organisational learning and business success. Mostly the interviewees mentioned the importance of vision, leadership, people, and learning, but the reason behind business successes was market opportunity.

**People Focus and Organisational Learning:** are considered as the important factors for business success. All interviewees stressed the human value and learning in any successful learning organisation. The learning is not limited to individual but it should extend to the team level. There is an obvious conclusion that nearly all interviewed executives agreed with the importance of organisational learning and business success.

Some interviewees even had well-structured training programme for their staff.

**Adaptation to Market Situation and Execution:** in order to gain a business success it is important to capture a market opportunity and to adapt to the new market situation. These capabilities were considered by most interviewees as critical factors of business success. Adaptation to the market situation means that the organisation should be flexible enough to respond to a market change. The internal system and procedures should be adjusted or modified to deal with the market needs. Most interviewees believed that the ability to execute is much more important than planning and is the major part of an effective organisation.

In conclusion, these seven factors seldom occur sequentially. The actual diagram of each factor may vary due to the individual enterprise's situation. The executives' view indicated that business success is not one factor but a result of many factors. However, the capability for organisational learning is considered an important competence in maintaining the enterprises' survival. In fact, the potential application of learning organisation concept can be recognised among Hong Kong Chinese enterprises if it is closely merged with the business objectives. The importance of this conclusion is based on the executive's view concerning business success. Organisational learning is not a factor alone, but it should be linked to business needs and the workplace.

### **7.1.3 An Assessment of Staff Learning Climate and Learning Organisation**

This analysis is an attempt to explore the concept of a learning organisation by conducting Staff Learning Climate Survey in selected Hong Kong Chinese enterprises. Three categories of staff were classified: Director, Managerial, and Operational Staff. In brief, the findings of the staff learning climate and learning organisation indicated that:

- **Management Initiatives:** the higher score of Director Staff in staff learning climate, the higher the score of overall learning. Obviously, one crucial point is concluded that the development of a learning culture is influenced by management initiative at the director's level. Without the director's vision, it is almost impossible to develop an effective learning organisation. The way to improve overall staff learning climate is to start at the director's level, having the correct vision and value, through effective training programmes and communication, then drive the organisational change into the managerial and operational level.
- **Communication, Performance, and Commitment:** the enterprises must create a stronger learning environment for staff in any long-run survival. Staff can learn and improve efficiency and knowledge that leads to profit growth and high competitiveness in the industry. Directors must have their vision and values to develop their enterprises. They would like to communicate with the employee to have the same vision in order to work together to achieve the same business objectives, i.e. maximize shareholder's value and profitability. Large differences in the score between the Director and Managerial Staff compared to Operational Staff may hinder the efficiency of communication within organisation. Staff performance and commitment can be vastly different between management and operational employees. However, communication is the essential elements of learning environment between different categories of staff.
- **Staff Level and Learning:** there are significant differences between the high level (Director) and low level (Operational Staff) concerning how they understand "the employees are the assets of the company". The significant difference implies that there is a necessary for immediate improvement for the surveyed enterprises. Other than conveying the message by education, enterprises should place more planning and financial support on training employees.

- **Hong Kong and China Staff:** the enterprises also have a small difference in learning perception between the Hong Kong and China staff. Although the samples (only four enterprises have the China staff in this survey) are relatively small, there are clear distinctions between these enterprises. Those that have a better learning climate in China substantially increase overall staff learning climate. Therefore, it is critical to input resources for training and communication in the China operations.

In conclusion, the importance of building a learning culture in a learning organisation is heavily influenced by directors' and the management's commitment. The findings indicated that the development of a learning culture relied mainly on the director's intention (management's initiatives). Without the director's intention, it is almost impossible to develop an effective learning climate for learning organisation. The way to improve overall learning climate is to start at the Director Staff, and then drive the organisational learning into the Managerial and Operational Staff. The analysis also showed that there is still "room" to improve learning culture in the surveyed organisations, but the rewarding systems should be set up appropriately to promote organisational learning. This is an important complement to McDonald's study. The management's commitment and relevant rewarding systems played an important role in effective implementation of, and encouraging participation in, the learning programme.

#### **7.1.4 Gaining New Projects by McDonald's Study**

Last but not least, it is not surprising that Hong Kong and Mainland China enterprises consider the concept of learning organisation as a tool for achieving greater business successes and developing their staff competence. Therefore, McD Learn establishes a solid precedent and a localised model for other enterprises to be a learning organisation. Based on the implementation framework of McD Learn (including Learning Organisation

Model and the findings of the surveys), I secured successfully two new consultancy projects. The first project is Avnet Electronics Marketing Limited (a US-based company), and another project is 4M Industrial Development Limited (a Hong Kong-based company).

Avnet was one of the surveyed enterprises, the presentation was interesting to the management's concern. The project objective was to build the concept of a learning organisation within Hong Kong and China operations by designing and conducting a learning programme for Hong Kong and China staff. Furthermore, I overviewed the staff development strategy and staff learning development to match with Avnet's business development. The importance of McD Learn is to convince the new client how to start the learning organisation concept and make use of a localised learning programme for Chinese staff.

In addition, I confirmed another project with 4M Industrial Development Limited. The new project objective was to enhance the competence of their staff in Hong Kong and the mainland of China by a three-level organisational learning programme (Certificate and Diploma Level). I have pinpointed effectively the client's issues through a discussion of the findings of the Executive Interview and the Staff Learning Climate Surveys. The Learning Organisation Model gives me an implementation plan of how to start the learning organisation process for the client's staff in Hong Kong and the mainland of China.

## **7.2 RECOMMENDATIONS**

Based on the findings and conclusions, the following recommendations are made for the

following stakeholders including: the Management of McDonald's Restaurants (H.K.) Limited, Hong Kong Productivity Council's consultant team, Hong Kong enterprise's leader, Hong Kong enterprise, consultancy and training provider, and academic scholars.

### **7.2.1 For the Management of McDonald's Restaurants (H.K.) Limited**

McDonald's Management is concerned with three main problems:

- High annual turnover rate of part-time crewmember
- The generation of new assistant store managers was not sufficient to meet the need
- McDonald's image as a caring organisation in the Hong Kong Community

#### ***Deliverables and Impact of McD Learn on McDonald's***

McDonald's staff turnover rate was quite high, at over 70% a year for part-time crewmember. As reported by Human Resource and Operational Department of McDonald's, the main reason was the limited career development for part-time crewmembers. A new staff promotion policy for part-time crewmembers was launched in line with McD Learn. McDonald's Human Resource and Operational Departments recommended that the crewmember graduates of Diploma programme would be considered as potential candidate for McDonald's store managerial positions (i.e. assistant store manager and store manager). The succession plan of store manager from part-time crewmember is further internalised within McDonald's by McD Learn.

From the McDonald's internal observation of crewmembers (through questionnaire survey quarterly conducted by Human Resource Department), this new staff promotion policy has made a significant change on crewmember's retention and their perception of McDonald's. McDonald's reported recently to HKPC's project team that the Staff Survey Report in January 2005 showed that more than 70% crewmembers would likely stay in

McDonald's if they attend the Crew Education Programme (compared with 36% in previous figure). Over 80% and 75% of the respondents agreed that McDonald's encourages learning and cares for people respectively (compared with 50% and 65% in previous figure respectively) (McDonald's, 2005: 1).

The University Student Community Programme was promoted through McDonald's 213 restaurants, newspapers, magazines, and local universities. During the one and half year duration of McD Learn, over 210 part-time crewmembers attended on Crew Education Programme (175 enrolled in Certificate Level I and II, and 35 enrolled in Diploma Level III), and over 2,500 participants attended 60 various seminars and workshops in the Programme.

The project deliverables of McD Learn is to illustrate the effectiveness of the learning process in problem-solving on a company-wide scale. The internalisation of learning programme for part-time crewmembers into McDonald's training system is significant to solve the problems of staff turnover rate and generation of new assistant store managers. Since the McDonald's Crew Education Programme had been successfully introduced to McDonald's restaurants, the programme framework can also be considered as the staff development for McDonald's full-time staff. Therefore, I recommend McDonald's management that McD Learn can be carried out on a continuous yearly basis to enhance the concept of organisational learning and development for its staff.

### **7.2.2 For Hong Kong Productivity Council's Consultant Team**

McDonald's study offered a "real-life" consultancy project for implementing a learning organisation into a Hong Kong enterprise. The project deliverables constituted an implementation framework of the learning organisation concept from design to implementation. In fact, McD Learn was a pioneer experience of organisational learning



for my consultancy's team in the Hong Kong Productivity Council. All project team members worked about two years and experienced it from every stage. The deliverables include: McDonald's Learning Organisation Model, Three-level Organisational Learning Programme, Internal Quality and Evaluation System, and the most important, consultants' project experience. Therefore, I recommend my consultant team to make use of the implementation framework to assist Hong Kong Chinese enterprises in implementing learning organisation concept.

### **7.2.3 For Hong Kong Enterprise's Leaders**

My consultancy experience of McDonald's study confirmed that the management commitment is critically important to determine the success of the project implementation. At the beginning, the McDonald's management defined the overall objectives and development of the programme. Then relevant departments had adjusted the processes, procedures, and systems to match with the programme accordingly. Customer capital (customer, supplier, and competitor) was developed by management and stakeholder initiative in terms of organisational vision and culture enhancement. The human capital (employees) and structural capital (process, procedure, and system) were adjusted within the organisation.

Without a clear statement of shared value and the continuous demonstration of how learning and sharing knowledge contributes to delivering the corporate strategy, management cannot create the momentum needed to fully leverage the collective intelligence of the organisation. In fact, the challenge facing enterprises today is to make the effort needed to learn the new skills and techniques, and to put in processes that engage their workforce in programmes of continuous capability development. The finding of this project study is clearly to indicate that staff's commitment (Director, Managerial, and Operational Levels) is critically important to the effectiveness of the organisational

learning.

Therefore, I recommend that Hong Kong Chinese enterprise's leaders to implement the concept of the learning organisation. The commitment of the management team is necessary. First of all, it should be incorporated at the strategic level and then downward to the operational level. The incorporation of learning organisation concept into strategic planning is not infeasible. Purington *et al.* (2003: 235) identified the importance of building a learning organisation in strategic planning that is the bridge to carry the organisation from the present ineffective training situation to a future in which the learning can succeed. Strategic planning is the guide to changing the learning environment, tearing down the cultural barriers, and trying to develop the goals of the enterprise. In the analysis of McDonald's study, it has forced the management to refocus their attention to a newly awakened interest in how to develop the organisational capability to sense and respond rapidly and flexibly to environmental changes. The age of strategic planning is fast evolving into the era of organisational learning. In this situation, management has to be able to recognise and explore opportunities, to learn, and constantly to refresh the knowledge base.

#### **7.2.4 For Hong Kong Enterprises**

The McDonald's study is potentially a valuable reference for other Hong Kong Chinese enterprises as it shows how the entire organisation can work to resolve a management problem through a learning process. I recommend that other Hong Kong Chinese enterprises to make an effort to encourage learning and to put in processes that engaged their workforce in programmes of continuous capability development. The finding of this study is clearly to indicate that learning should be integrated into doing, as part and parcel of everyday work. It should also be energising, stimulating, and fun. The McDonald's study really provides a localised and practical model from a Hong Kong western

organisation for other Hong Kong Chinese enterprises' reference.

### **7.2.5 For Consultancy and Training Providers**

For most consultancy and training providers, in-company training programmes are their main core services for Hong Kong Chinese enterprises. Hong Kong Productivity Council provides 1,000 in-company training courses for Hong Kong Chinese enterprises annually, but only a few are related to learning organisation concept.

Although some Hong Kong's consultancy and training providers are attempting to promote this concept for their clients, the implementation of learning organisation concept is still at embryo stage. Therefore, I recommend that the analysis of surveys and the McDonald's study, as well as the learning organisation concept can be promoted to other consultancy and training providers in Hong Kong through public seminars and workshops.

Therefore, McDonald's study is a good example of incorporating a learning organisation and community service as a fulfilment of business objectives. The reasons are: as one of the most successful fast-food restaurant chains of its kind in Hong Kong, McDonald's intention provides a solid evidence of the importance of the learning organisation concept. McDonald's has about 11,000 local staff members with 213 stores (about 90% part-time crewmembers). All staff are local Chinese, including its CEO and management team. The combination of westernized management style and local Chinese culture contributes a distinctive mixture for the development of an organisational learning concept for the reference of the Hong Kong's Consultancy and Training Providers.

### **7.2.6 For Academics**

The concept of learning organisation is still in the development stage in Hong Kong, particularly in the academic realm. The findings of this study indicated that there is a substantial need for developing a more localised learning organisation model for different

industries. The case of McD Learn is a useful case for illustration purposes. Therefore, I recommend that the learning organisation deserves more academic attention, so that a more theoretical approach of the model could be built and applied in enterprises in both Hong Kong and mainland China.

### **7.3 SUGGESTION FOR FUTURE STUDY**

This study examines the development and application of the learning organisation for Hong Kong Chinese enterprises. Some positive findings of this study have been stated earlier in this chapter. Although Hong Kong has become a Special Administrative Region of China after 1997, China and Hong Kong's: political, economic, social, and education systems are still very different. China is the most populous communist nation and exists under one communist party rule. Hong Kong enjoys the capitalist society under the free economy system.

In fact, the learning culture of Hong Kong and mainland China enterprises are not the same. The McDonald's study really provides a Learning Organisation Model for a Hong Kong western enterprise. And the surveys are used to further examine the concept. However, the samples selection of Hong Kong Chinese enterprises is limited to the company record of Hong Kong Productivity Council. The samples of mainland China enterprises are absent in this study. Further, the number of surveyed enterprises in the same industry is limited. Therefore, it has been suggested to explore the research interest on the findings of the development of Hong Kong Chinese enterprises in Hong Kong. A further study is needed to study the development of learning organisation in mainland China enterprises.

## **7.4 PERSONAL LEARNING OUTCOMES**

### **7.4.1 Work-based Project Experience in McD Learn**

During my seven years' working in the Hong Kong Productivity Council, I have managed over 50 different consultancy and in-company training projects in which I learned how to identify the potential clients, understand their consultancy and training needs, and manage the projects and deliverables. McD Learn is one of the longest project duration (two years) and largest project amount (approximately HK\$1.36 million) for my consultant team. The work-based learning process of McDonald's study was really fantastic. I have learned the knowledge from the design stage, applied the knowledge in the development stage, and developed the knowledge in the implementation stage. As Charles Handy (1995: 14) realized, the learning process can be divided into four parts: Question, Theory, Test, and Reflection. Each part is linked with each other. He described this learning process as the wheel of learning. Fundamentally his idea influenced the development of my knowledge and the learning model in the project implementation of McD Learn. I learn and practise the work-based concept from my consulting work, not just to do my job but also to reflect and learn continuously from the work practice.

### **7.4.2 Knowledge, Research, and Analysis in McD Learn**

My personal vision stems from my continuous study and professional experience. Through the implementation of McD Learn, I have exercised the professional knowledge in multi-disciplinary issues (i.e. client relationship management, project work management, consultant team supervision, external party negotiation, learning programme design and development, and promotion and marketing) and strengthened my research knowledge skills (i.e. work-based project concept, design of research method, surveys, and data analysis and reporting). It is a unique opportunity for me to be able to practise

my professional experience and gain the research knowledge skills in one project at the same time.

More importantly, I have made use of this project experience and outcomes to promote the concept of learning organisation and confirmed new consultancy projects from two clients – Avnet Electronics Marketing Limited (a US-based company) and 4M Industrial Development Limited (a Hong Kong-based company). I presented my analysis and project deliverable of McDonald's by which convinced my client's management team to consider the concept of learning organisation. The major analysis and deliverable include:

- a. **McDonald's Learning Organisation Model:** a localised and practical model has been developed from McDonald's study. Based on this model, a well-structured activity and implementation plan is set up to execute the programme to being a learning organisation. This model is proven evidence to promote the concept of learning organisation for the new clients, as McDonald's is one of the well-known western enterprises in Hong Kong. The successful introduction of learning organisation to McDonald's is a good precedent.
- b. **An assessment tool for staff learning climate:** the staff learning climate is an attempt to explore the staff learning climate of Hong Kong Chinese enterprises. Three levels of staff are classified (Director, Managerial, and Operational Level Staff) and three learning levels are used (Personal, Team, and Organisation Levels). The assessment tool is a starting point to review the staff learning climate for Hong Kong Chinese enterprises that aim to become a learning organisation.
- c. **Three-level organisational learning programme:** a total of eleven modules in three levels have become the core modules of the organisational learning programme. It constructs a completed linkage of Certificate Level to Diploma

Level for the organisational learning programme. By the use of McDonald's training materials, I have the completed training module for in-company training programmes from Certificate Level to Diploma Level.

- d. **Internal quality and evaluation system:** three documents of internal quality and evaluation are attached in the programme: Nomination Form of Speaker (Appendix 5), Agreement Contract with Speaker (Appendix 6), and Programme Evaluation (Appendix 7).

### **7.4.3 Project Management Experience in McD Learn**

As the Project Leader of McD Learn, I had full responsibility of the project development and implementation and undertook the responsibility of high level and strategic issues – all involved HKPC's policy, agreement, public concerns, and image publicity. I also supervised and monitored the programme: progress, design of programme, quality assurance, and implementation.

In addition, I needed to manage all the tasks to ensure that they were completed on time without exceeding the budget, but as a researcher, I tried to input more effort on study purposes. There were unavoidably compromise issues between client and researcher (i.e. project requirements, budget resources, scheduling programme and activity, and expertise involvement). Throughout the implementation of McD Learn, I had to consider the consultancy deliverables as the priority (McDonald's management and proposal requirements), and then carefully thought through the project outcome (project objectives and planning) to reach the mutual benefits of the client and this study.

### **7.4.4 Problem-solving Issues in McD Learn**

McDonald's Restaurants (H.K.) Limited confronted with three particular problems: a) the

staff comprised 90% part-time crewmembers and there was a 70% annual turnover rate that prevented the development of knowledgeable employees; b) the company had 213 restaurants, the generation of new assistant store managers was not sufficient to meet the need; c) McDonald should maintain an image as a caring organisation in the Hong Kong community. To address these problems, HKPC project team and McDonald's management identified the possible solutions and worked out the detailed action and programme.

Through the implementation of a company-wide programme to solve these problems, McD Learn was designed and developed. It was composed of two main parts: Crew Education Programme and University Student Community Programme. At the end of implementation, I can demonstrate my problem-solving ability to solve the client's problems. The encouraging result of McD Learn includes:

- a. **The number of crewmember participant:** 210 McDonald's crewmembers attended in Crew Education Programme. The graduates of Diploma programme would be considered as potential candidates of McDonald' managerial positions in restaurants. The Staff Survey Report in January 2005 showed that more than 70% crewmembers would likely stay in McDonald's if they attend the Crew Education Programme (compared with 36% in previous figure). Over 80% and 75% of the respondents are agreed that McDonald's encourages learning and cares for people respectively (compared with 50% and 65% in previous figures respectively) (McDonald's. 2005: 1).
- b. **The response of students and Hong Kong citizen:** through the channel of student affairs unit and briefing sections in universities, over 40 project proposals were received from the universities. During one and half year duration, the lifelong learning concept was promoted to Hong Kong community by student project's seminars and events. Over 2,500 Hong Kong citizens attended.



#### **7.4.5 Learning of Contingency Concept in McD Learn**

The outbreak of SARS in March 2003 caused an unexpected delay of both the recruitment and the launching of the programme because all education programmes were suspended in Hong Kong for more than one month. According to the original proposal, HKPC project team planned to launch Crew Education Programme and University Student Community Programme in March and May 2003 respectively. The programme schedule and relevant activities had to be adjusted immediately and involved tremendous follow-up (i.e. timing, programmes, venues, participants, information leaflets and so on). For consultancy project, planning is a good exercise. However, the flexibility to schedule, quick response to action, efficient teamwork, and effective communication are also the essential skills to deal with contingency. I learned the importance of the contingency concept in this project work.

#### **7.4.6 Learning of Module Design and Development in McD Learn**

Though I had designed many training programmes, McD Learn was a valuable experience for me. The Crew Education Programme was comprehensive in content and structured for the client's requirements. I developed a total of eleven modules in three stages for McDonald's crewmembers. Each module was covered by an outline description (i.e. introduction, objectives, and content). The introduction explained the purpose of the module, objective stated the learning purpose, and content listed the course contents and deliverables. I learned valuable project experience from the design and development of the course, which was a basic management course involving three stages of study – Certificate Levels I and II, and then to Diploma Level III plus a work-based project. More importantly, the programme was a complete module set of organisational learning for the use of Hong Kong Chinese enterprises.

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