

## **ORGANIZATIONAL LEARNING:**

### **A case study resulting from the investments programming in a credit union in Santa Catarina - Brazil**

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### **Abstract**

*Organizational Learning (OL) is a research area that presents several approaches to understand how an organization learns. Among the most present approaches in research, we have the 4i framework that proposes the OL through four subprocesses: intuition, interpretation, integration and institutionalization.*

*This study sought to understand how the OL process occurred in the investments programming in a Credit Union in Santa Catarina, southern Brazil. Two employees directly involved with the Programmed Future program were interviewed. The report draws a parallel between the subprocesses of the 4i framework and the learning processes that took place in the Union.*

**Keywords:** Organizational Learning; 4i framework; Credit Unions.

## **1. Introduction**

Organizational Learning (OL) is an active metaphor in research that seeks to understand how organizations learn. In the knowledge age, this has become the main asset of an organization, as well as its competitive edge or what keeps an organization running.

The field of action of the OL is in understanding the learning processes of team level, organization and interorganizations or network. In the world where information and change happen quickly, learning processes bring a differential to organizations in adapting or proposing these changes. The relationship with labor changed, where man was seen as an extension of the machine now becomes the main capital in relation to differences between organizations.

When we present the current scenario of Financial Institutions we have a homogeneity of products and services offered, including the sharing and centralization of products to reduce operating expenses. Nowadays, the same card and the same advantages are marketed by various financial institutions. Credit unions differ from other financial institutions because their clients are associated with the cooperative and therefore own the business. However, the challenge of organizations to adapt to new markets and competitiveness is an eminent reality, in which they must learn to do differently in order to keep growing in Brazil. In Santa Catarina, we can say that there is a favorable scenario for cooperation, where Credit Unions grow up to double digits every year.

In this context, we searched for to understand how occurred the institutionalization of the practice of investment programming in a Credit Union in Santa Catarina from its intuition to its institutionalization through the 4is framework.

## **2. Case Description**

This research was carried out in a Credit Union in the state of Santa Catarina, southern Brazil, which has been operating in the market for more than 10 years. As a Credit Union, its clients are also its owners and participate in decisions through democratic management. Its objective is to foster local development through financial solutions at a fair price and, therefore, becomes a beacon of prices in the regions it operates.

Early in its history due to the credit appetite of the Credit Union region agencies, this organization was impelled to build fast fundraising actions so that it could continue to develop its credit portfolio. As usual, a catch-up campaign was quickly envisaged, that is, to challenge the agencies to make efforts to raise funds (investments) so this new amount of resources could be invested in credit. This episode occurred in the

second half of 2014, where, according to information management tool SAS Institute Inc. (2018), the Credit Union adjusted excess liquidity was below R\$ 1,000,000.00 (one million reais). which could completely compromise the expansion since the average of new credit operations growth was R\$ 5,000,000.00 (five million reais) per month.

As a result, the fundraising campaign was built so that it could boost the raise of resources, both investment applications in the act and the investments programming of applications to build a portfolio of investments programming. Criteria were established for the awards through gifts to outstanding collaborators: those who applied the most in resources and those who made the most investment programming.

In search of winning the campaign award, one of the collaborators, in addition to making large volumes of investments, started selling investments programming for a good part of the portfolio of associates that was under his management. As the criteria for the application of balances and the number of schedules were similar, soon this collaborator was at the top of the ranking leaving many colleagues unable to compete with him for more resources that they captured. The Credit Union understood that it would have left an "opening" in the regulation that allowed the employee to win the campaign even though it seemed unfair to the others.

Soon, after the first days of the identification of the case came the surprise: the smaller values of investments programmed monthly had a positive impact on the excess liquidity index. The Credit Union with the same outstanding balance of the investment portfolio had excess liquidity three times higher than normal. In view of this, the board thought about the possibility of disseminating the practice thinking about the future of the Union and its members, encouraging them to plan their goals, making monthly applications of small values. For the action to be structured, some advisory services were called to a committee to consider what strategies would be adopted to communicate to associates this possibility and how employees could be financial advisors thinking about the future of associates. In this committee came the idea of the Programmed Future program.

This program was no longer a temporary funding campaign and has become part of the account opening and association routines, as well as the daily contact of business managers with their associates. An identity was created where several "dreams" were exposed to the associates in the communication of the agencies, in the ATMs and in the payment spaces in the boxes and attendance in the agencies. Parts such as folders, billboards, and more were created with travel pictures, diplomas, and reforms that could exemplify the objectives that the Programmed Future could help the members conquer. In December 2014 there were 181 investments programming, a total of R\$ 19,510.00 (nineteen thousand five hundred and ten reais) in investments monthly. At the end of September 2018, four years later, there were 2,448 investments programming, a total of R\$ 465,845.00 (four hundred and six thousand, eight hundred and forty-five reais) in investments monthly (ORACLE, 2018).

At the end of 2014, the cooperative's adjusted surplus liquidity after the funding campaign was at a level above R \$ 10,000,000.00 (ten million reais). At the end of September 2018, the amount available for credit applications was over R\$ 90,000,000.00 (ninety million reais) (SAS INSTITUITE INC, 2018). It is important to highlight that other actions also drove the growth of deposits, such as external campaigns with

premiums for members. The first one was called Future Prizewinning, an allusion to the Programmed Future program in a prize-winning version for the Credit Union's members.

In addition to obtaining resources to continue the Credit Union's expansion, organization considered young for its segment, this program was marketed as a financial education tool and vision of the future of the Cooperative towards its members, encouraging them to be programmed for the future.

### **3. Methodological Procedures**

This is a qualitative research, with descriptive objectives through the technical procedure of case study in the interpretation of the data collected with the existing literature of Organizational Learning. For Penna (2004) when a qualitative research is proposed, this implies an understanding and interpretation of the phenomena by the researcher. She also says that most authors consider that all research is interpretive, since it is guided by the subjectivity of those who research about how the phenomena are described.

The bibliographic research was also explored to support the construct used to draw a parallel between research and classical literature and the latest research on the subject. According to Marconi and Lakatos (2003), the bibliographic research makes it possible to put the researcher in contact with all the scientific content published until then. The research was built from the information collected through a semi-structured interview. The questions were structured to identify the four moments related to the 4i framework. This choice was justified by the possibility of investigating more details of the learning process. Through the semi-structured interview proposal, it was possible to spontaneously explore the experiences without compromising the research objective. (COLAUTO & BEUREN, 2012)

Two employees of the cooperative were interviewed: a director and a business advisor, both active in the process since the first funding campaign that generated the program.

### **4. Discussion of the Case**

For the discussion of the case through the Organizational Learning point of view, the 4i framework is proposed. "The 4i framework of organizational learning contains four (sub) related processes - intuiting, interpreting, integrating and institutionalizing that occur at three levels: individual, group and organization" (CROSSAN, LANE and WHITE 1999: 524).

The moment when the management of the Credit Union realized that the programming of investments generated a positive result in the excess liquidity was classified as the intuition subprocess. Intuition is a subjective condition, that is, of people since it is a question of identifying possibilities without concrete evidence. It is from this that the individual creates form and meaning for the formation of an idea (CROSSAN, LANE, WHITE, 1999).

Even without having concrete data to attribute the improvement of excess liquidity to the investments programming, a belief was created that the only change made at the time of the improvement was the investments programming and the justification for the result was placed on it.

From the moment intuition began to be analyzed as a possibility, we have the subprocess of interpretation. According to Versani et al. (2018, p. 164), the interpretation is: "how people explained visions, expectations

and insights to themselves as well as to others by mentioning some of the activities involved." The elaboration of the idea for investment programming, the correlation of this with the numbers of excess liquidity performed were understood as a possibility of increasing the liquidity index.

The next step within the proposed framework is integration. For Albuquerque and Teixeira (2016, p.29) "the focus of this stage is conscious collective action. At this moment the idea that until then was in the mind or the paper begins to come true. The integration stage is at the group level. " After the individual intuitive process and the structuring of the idea, it was shared with the group of advisors so that they could think of a strategy so that the whole Union, in its agencies, could adopt the practice.

Finally, after tracing the strategy, began the visits and training of the Programmed Future. All employees were made aware of the importance of the program to the Credit Union and its members. The offer of investments programming was inserted in the opening of accounts and association, where employees encourage physical members to program on average 10% of their income and legal members according to the segment a percentage that could supply the necessary amount for the payment of the thirteenth salary payroll or future investments. At this stage, we have the subprocess of institutionalization.

For Vernasi et al. (2018), institutionalization is characterized by the formal adoption of practices that guide behaviors and changes in an organization. This step is directly linked to well-defined routines and processes, plans and expansion strategies, which is directly related to the Credit Union context (DUTTA and CROSSAN, 2005).

According to Crossan, Maurer and White (2011), when innovation persists, it becomes institutionalized. This process promotes changes in the organization and these changes change the results. The cycle does not end; therefore, the new institutionalized routines are feedback for new processes of intuition and interpretation (CROSSAN, LANE, WHITE, 1999).

In this research it can be observed that the institutionalization of the Programmed Future generated feedback for the intuition and interpretation of the external fundraising campaign. This was a campaign under the Future Prizewinning that rewarded members due to the investments made in the Credit Union during the period of validity.

## **5. Final Considerations**

The 4i framework is present in the classical literature, however, even in the most recent research it is possible to understand the processes of Organizational Learning in an objective way. His four-subprocess proposition exemplifies learning from the individual level to the level of group and organization. In the context of the learning that occurred in the investments programming in the Credit Union, one can observe how each stage of learning happened from the intuition until the institutionalization of the new routine.

By observing the processes in isolation, we can think about how each of them happened and the quality of maturation of these so that the next one could exploit the full potential of the original intuition. The commitment of the group to innovation was a decisive factor in the institutionalization, since it was through him that the idea elaborated and interpreted was institutionalized and remains until the present day, even among the collaborators who did not have the experience of living the moment of presentation of the program.

Nowadays, the Credit Union does not formally use the term Programmed Future, however, the incentive for the programming of investment by the employees continues, and they share with the new collaborators the importance of programming investments both for the expansion of the Credit Union and for the financial education of members.

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