

## ABSTRACT

The immense changes in the economic environment caused by globalization and technological advancement, have forced organizations to make significant transformation in order to adapt and survive in this new world. Many organizational behaviourists suggest that business organizations must be a learning organization, or one need to adopt organizational learning to be able to increase their organizational effectiveness and competitiveness.

In line with the call of Malaysian government to transform its economy from the existing production base to a knowledge base, this research paper attempts to examine the readiness of the local financial institutions in meeting this high-level demand of the country.

Both quantitative method (by questionnaires) and qualitative method (by 'face-to-face' interviews) were employed in assessing the level of capabilities of the local financial institutions in respect of the five important domains of learning organization namely: Organization Dynamics, People Empowerment, Knowledge Management, Technology Application and Learning Dynamics.

The findings of this research infer that, in average, the local financial institutions are only moderately capable in transforming themselves into a learning organization, based on the existing infrastructures and alignment skills within the organizations. The results also reveal that there are significant differences in the level of capability among the organizations surveyed.

The results of this research by no means, a foolproof measure. It is only a 'point to begin with', an avenue to provide the concerned management some insights of the level of learning capabilities of the Malaysian financial institutions and to heighten the level of awareness of organizational learning in the financial sector.