

## **LEARNING ORGANISATION [AL] LEARNING:**

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### **Abstract**

*Drawing from organisational learning theory and applied practise, the intent of this paper is to discuss the continued trend of industry to champion internal learning in its quest for sustainable development, competitive advantage, and employee engagement. Of particular interest is a consideration of the factors widely regarded as having influenced the emergence of the learning organisation.*

As educational institutions struggle to answer accusations of failing to produce job-ready graduates, businesses are taking control of learning initiatives to improve their chances of sustainable development, competitive advantage, and employee engagement. Viewed through this lens, there are several major forces of change that can be identified as having contributed to the emergence of the learning organisation. Although various scholars (Argyris&Schön, 1995; Larsen, 1996; Marquardt, 2002; Senge 1990) discuss any number of factors that laid the groundwork for the emergence of the learning organisation, these factors fall loosely within three categories: social and economic climate; work environment; and customer expectations.

Prior to explicating the factors that contributed to the emergence of the learning organisation, I believe it is important to consider, even briefly, the learning organisation as a conceptual framework. The phrase, *learning organisation*, gained traction in the 1980s in reference to businesses that leveraged learning to maximise growth and resilience in the increasingly competitive markets (Senge 1990; Argyris 1995; Marquardt 1996). The term was further popularised the next decade with the publication of Senge's (1990) *The Fifth Discipline*. He conceptualised the learning organisation as a place "where: people continually expand their capacity to create results they truly desire; new and expansive patterns of thinking are nurtured; collective aspirations are set free; and people are continually learning to learn together" (Stewart, 2001, p. 143). Thus, at the root of the learning organisation is mindfulness. Pervasive in all that it represents is a commitment to providing the framework for its people to be awake to and engaged in the work environment. The learning organisation supports both individual and team learning with the aim to foster creative and critical thinking across boundaries. It is this mutually beneficial partnership that is instrumental in helping people engage with their work as a meaningful part of a whole that contributes to organisational success (Larsen 1996). This ownership in the processes, which ultimately determines success or failure of the organisation, encourages workers to learn, problem-pose, collaborate, and innovate in a continuous fashion that enables sustainable development – of both individuals and businesses.

Although it is beyond the scope of this paper, it is important to note that the learning organisation as a conceptual framework has its origins in organisational learning theory. Often used interchangeably, I understand these two entities very differently. Organisational learning is a heavily theoretical area of study that examines learning models used within organisations and then posits theories based on those studies. It is specifically interested in understanding how organisations learn as units, how individual learning contributes to collective learning, and how learning effects the organisation's overall ability to adapt to its environment (Argyris&Schön, 1995; Czarniawska, 1998; Marquardt, 2002; Schön, 1995; Senge, 1990; Sullivan &Sheffrin, 2003; Teare&Dealtry, 1998; Toffler, 1990; Van Buren, 2001; Wheatly, 1992; and Woodman, 1989).

Learning organisations, in comparison, represent the practical application of organisational learning theory. They use the theoretical findings of organisational learning to inform the ways in which they might foster continuous improvement through effective learning practices. Viewed this way, learning organisations are the dynamic representation of the theory (Argyris&Schön, 1995; Marquardt, 2002; Schön, 1995; and Senge, 1990). Understanding the fundamental difference between organisational learning theory and learning organisations allows me to focus on the latter and discuss the factors that contribute to the emergence of the learning organisation.

These being my assumptions, I draw from the work of Senge, 1990; Marquardt, 2002; Argyris&Schön, 1995; Schön, 1978; Overmeer, 1997; and Owen, 1991, and posit that the learning organisation includes at least three characteristics:

1. It develops both individual and collective knowledge;
2. It uses learning to improve performance and boost competitive advantage; and
3. It continuously enhances its capacity, through reflexive praxis, to adapt to its external environment.

Within this definition, a few terms require further transparency. *Knowledge* is an elusive notion that inspires such passion that its nuances remain the subject of philosophical debate. For the purpose of this discussion, I understand knowledge as both intellectual expertise and skills acquired by a person through experience or education. That is to say that knowledge encompasses both cerebral knowing as well as practical execution of skill. *Performance* is used in this paper as it is generally understood within the business environment (Marquardt, 2002; Bossidy&Charan, 2002; Collins 2001; Kaplan & Norton, 2008). So framed, performance refers to the learning organisation's ability to achieve its desired results. Drawing from these same scholars, I understand *competitive advantage* exists when a business has sustained above-industry-average profits by providing consumers with greater value, either through reduced prices or premium services. Finally, drawing from the work of Polkinghorne (1988), Freire (1976) and Palmer (1998), I understand *praxis* as the enactment of my theoretical beliefs about teaching and learning. It is from this starting point that I pursue an understanding of the factors that contributed to the emergence of the learning organization within the business environment. These factors, you may recall, I have grouped within three categories: social and economic climate; work environment; and customer expectations.

The social and economic climate has changed dramatically in recent years and, as a result, contributed to the emergence of learning organisations. Within this broad area, globalisation is often cited as a key factor. Marquardt (2002) argues that the competitive marketplace has entered a global age characterised by mobility and commonality in many commitments and interests. It has, however, also resulted in streamlined markets wherein there are fewer companies holding a higher share of the opportunities for profit. In order to remain globally competitive, organisations must learn at a faster rate than the encompassing environment can change (Senge, 1990; Stewart, 2001). Then, they must leverage their new learning curve in innovative ways that result in more efficient services and products all the while maintaining lean operations and an engaged workforce. Knowledgeable people are the key asset in this large scope challenge. Because external change is rapid, ongoing, and often industry-specific, businesses are hiring employees who demonstrate both the ability and desire to continuously learn. By hiring wisely and providing a work environment that fosters growth and development, the learning organisation not only creates opportunities for advancement, it encourages engagement and innovation. Conceptualised and understood in this way, it becomes clear that “thinking and operating globally will be critical to organizational survival and growth in the 21<sup>st</sup> century” (Marquardt, 2002, p. 4).

Transition to a knowledge-based economy is another factor that fits loosely within social and economic sphere of changes contributing to the emergence of learning organisations. Marquardt (2002) argues, and I agree, that globalisation and technology have reinvented the industrialised marketplace as a knowledge-based economy. A couple of realities that substantiate this statement include knowledge workers currently outnumbering skills delivery talent three to one; and corporate overhead now comprises only one percent of the workforce – a workforce that recognises knowledge as the primary currency of power. It follows, then, that there has been a redistribution of both power and knowledge in the workforce. No longer is the corporate executive considered the think tank and the talent the doers. Two-thirds of the current workforce is responsible for the generation and innovative application of knowledge (Marquardt, 2002; Senge, 1990). This knowledge replaces physical labour as the primary resource in this new economy. It is more important than capital resources, personnel, technology, and market share. Considering knowledge is doubling every 2-3 years, continuous learning cannot be the sole responsibility or privilege of the elite top tier in business. In fact, not only is knowledge generation and application the responsibility of workers at all levels, it is resulting in the reformation of that the old stratification system (Senge, 1990). The culture of the workplace is changing as a result. This brings us to the next general area that is contributing to the emergence of learning organisations – the workplace environment.

Learning organisations recognise that knowledge is available in a deluge so great, the elite few executives of the old system cannot optimally process and utilise all the available information.

In short, as stated by Stewart (1991), “brainpower has never before been so important in business. Every company depends increasingly on knowledge – patents, process, management skills, technologies, information about customers and suppliers, and old fashioned experience . . . this knowledge that exists in organisations can be used to create differential advantage. In other words, it’s the sum of everything everybody in your company knows that gives you a competitive advantage in the marketplace” (p. 44). Stewart (2001) refers to this as organisations learning “through the agency of individual members” (p. 142). In this new knowledge-based economy, work and learning are becoming inextricably linked.

Perhaps one of the most influential areas of change that acts upon the development of learning organisations is technology. The accessibility of information and emerging power and applicability of technology, argues Marquardt (2002), “has made learning, not work, the prime purpose of business” (p. 5). That is to say that sustaining a competitive advantage and achieving desired performance levels hinge on an organisation’s ability to learn a rate that at least equals the rate of change in the external environment. Collins (2001) also conceptualises technology in an interesting way. He argues that technology-inspired change is nothing new; however, great organisations *think differently* about technology. It is more than the simple notion that great organisations are technologically sophisticated. He maintains that it is the “pioneering *application of carefully selected technologies*” (p. 148) that moves a company from average to exemplary. Considering the rate at which technology advances and changes, it follows that continuous learning is essential for sustainable organisational growth.

Another influential factor is the transformation of the work world. There no longer exists a clear definition of many things previously taken for granted: roles and responsibilities have shifted; old stratifications have become obsolete; relationships and organisational culture have been transformed. Due in large part to globalisation and technology, many businesses have realigned themselves based on core competencies. As these businesses etch out a market niche, many begin to collaborate with their previous competitors who may now complement their own processes. For example, a facility that once produced frozen vegetable products has conducted a market analysis and discovered that it is most effective in potato processing. Rather than investing in technology, training, and infrastructure renewal to continue processing carrots and peas with less efficiency and lower customer satisfaction, it opts to specialise in frozen potato products only. A neighbouring facility that had been competition has a superior vine vegetable process. It may opt to invest in infrastructure to further improve in that market. This shift results in two production facilities, previously competing for market share, becoming premium processors in complementary markets. No longer competition, they are able to share refrigerated transportation to common customers and reduce costs while improving performance. Thus, “the organisational architecture of companies will evolve around autonomous work teams and strategic alliances” (Marquardt, 2002, p. 9). This reengineering on the basis of core competencies often leads the organisation to invest not only in new technologies and partnerships, but in development opportunities for their employees because of the rate at which knowledge can be converted into competitive advantage and innovation.

The work environment is also increasingly characterised by diversity and mobility. Johnston (1991) completed a comprehensive study of work patterns in the globally competitive marketplace. The four trends that he identified continue to contribute to the emergence of the learning organisation. The first of these four dynamics is relocation. In short, young skilled and educated workers are migrating toward urban centres where there are more opportunities for advancement and a greater number of workplaces. This trend relates as well to the second dynamic - competition for labour. Johnston (1991) and Marquardt (2002) maintain that more industrialised nations offer better opportunities for well-educated foreign workers. This cultural mobility inadvertently improves global productivity, the third dynamic outlined by Johnston. Labour short and immigrant poor countries like Japan and Sweden, he says, are being forced to improve labour productivity to remain globally competitive in the diverse marketplace. This helps them stave off slowing economic growth that can be the result of homogeneity. Finally, diversity and mobility are helping to improve standards globally. As skilled workers move through the global market place, at least two things happen: they bring with them different approaches to learning and doing, which contributes to the knowledge economy; and opportunities previously unavailable to migrant workers open up. This migration of people results in a migration of ideas and expectations. As a result, remuneration and compensation practises are gradually becoming globally comparable in the industrial world. This trend, in turn, is forcing nations to place higher importance on employee rights and fair compensation if they are to attract and retain best in class to maintain competitive advantage.

More recently than this study, is the changing dynamic of job security for employees and executives. There is a shortage of skilled workers and a global marketplace competing for best in class talent. This shift has resulted in employees being in high demand while executives are being held accountable for securing the talent and maximizing performance. If the desired performance is not achieved, executives are replaced (Gross, 1997; Van Buren, 2001; Toffler, 1990; Marquardt, 2002).

Technology and global markets have also contributed to increasing presence of a virtual work world; employees may work collaboratively from practically anywhere in the developed world. Oftentimes, face-to face meetings never occur. This new environment, then, has implications for the workplace culture; initiatives are necessary to communicate broad objectives to all employees to ensure that everyone, whether virtually or physically present in the workplace, is working toward common goals to bring about the desired performance. Many of these shifts in the workplace are geared toward maximizing the individual and collective knowledge of all employees in the name of performance.

With such powerful changes in the work environment, it follows that workers would also affect the emergence of learning organisations. As businesses continue toward a knowledge-based economy, job requirements also change. Specifically, knowledge has become the new commodity and learning has become the focal point of business. Rather than focusing on repetitive skills execution, the goal is innovation and calculated risk-taking (Schwandt & Marquardt, 2000; Marquardt, 1996; Marquardt, 2002; Welch, 2005). Both of these skills are highly contingent upon knowledge as the primary asset. Moreover, they are the responsibility of workers at every level. This shift from production and capital as prime assets to knowledgeable people as the business asset has strong implications for the value placed on workers. In essence, this view sees workers as the means of production and they, as a result, hold the competitive advantage. Now more than ever, then, businesses need to attract and retain the best in class talent if they hope to secure competitive advantage. This means not only competitive remuneration, but also the creation of an environment where workers can engage in continuous learning and development.

In addition to the social and economic climate and the work environment, customer expectations are also influencing the emergence of the learning organisation. Customers are becoming increasingly involved as stakeholders. They no longer simply purchase product or service; they push for performance standards to be competitive with others available on the world market (Krames, 2005). This again places learning at the forefront of initiatives as businesses are forced to compete internationally regarding cost, quality, time, service, innovation, and customisation. International competition and constant change have introduced businesses to chaos theory. Although its theoretical implications are beyond the scope of this discussion, an elementary introduction to its position is helpful in understanding how organisations have moved away from linear reasoning in strategic planning. Whether drawing from the work in quantum physics or chaos theory, the Newtonian Physics view of the world is disputed. The world as quantifiably deterministic, linear, and controllable is exposed as reductionist and grossly over simplistic. Wheatley (1992) argues that this worldview is not only horribly outdated in the current knowledge-based economy, it is “unempowering and disabling for us all” (as quoted in Marquardt, 2002, p. 18). She insists that we leave behind attempts to objectively perceive the world; such attempts, she says, denies the fluidity of the constantly changing nature our environments. By viewing more fairly this constant evolution, we are able to embrace the chaos as opportunities for growth. Collins (2001) warns that our continued and desperate attempts to control chaos often kill the innovative and entrepreneurial spirits of those people who can take businesses from good to great. He recommends that by embracing chaos, business leaders can foster a culture of discipline in favour of bureaucracy – the result is a “magical alchemy of superior performance and sustained results” (p. 122).

Although Senge (1990) does not make his prime focus the factors that contribute to the emergence of the learning organisation as a construct, an examination of the development of the learning organisation would seem incomplete without at least a brief discussion of his unique contribution. Although he discusses the contributing factors, he does so more by way of introduction to his systems model of learning within organisations. His seminal work, *The Fifth Discipline: The Art and Practise of the Learning Organization* (1990), focuses more keenly on the three-tiered collective wisdom of the people in the learning organisation: individual learning; group learning; and system learning. Senge defines this three-tiered learning as occurring within five disciplines: personal mastery, mental models, team learning, shared vision, and systems thinking.

*Personal Mastery*, as used by Senge (1990), refers to a high level of personal proficiency that contributes to desired results. What personal mastery is to continuous skill growth, *Mental Models* are to continuous intellectual development. This latter concept acknowledges that we all act based on deeply held assumptions and our growth and development is contingent upon our ability to uncover and challenge those assumptions. *Team Learning* provides segue between the individual's commitment to continuous growth and an allegiance to a shared vision. It is based on dialogue as the vehicle through which people can suspend assumptions and work toward collaborative problem solving. This concept is closely related to Senge's fourth discipline: *Shared Vision*. This notion maintains that a vision statement is not enough. People must genuinely believe in and want to pursue the organisation's goals. Finally, *Systems Thinking* refers to the ability of members of an organisation to see patterns and either reinforce or redirect them to yield superior and sustainable performance. Together, these five disciplines form the foundation on which many organisations have attempted to understand and transition to learning organisations.

### Conclusion

The learning organisation as a construct has its roots in organisational learning theory, but it has emerged as a result of specific factors that can be grouped within three categories: social and economic climate; work environment; and customer expectations. The emergent learning organisation, influenced by both theoretical ideals and practical experience, is a system that promotes the continual learning and development of its individual members and then leverages that collective learning for the overall improved performance of that organisation. From this perspective, businesses are seen as having taken control of learning initiatives to improve their chances for sustainable development, competitive advantage, and employee engagement.

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