

LEARNING ORGANIZATION [REVIEWED ARTICLE]

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This article was first published in BUT, Vol. 3 (52) – 2010 Series V: Economic Sciences. Out of an unfortunate error we did not mention (both in the article and in the references) the fact that we used a quote from the paper „Learning Organization, International Encyclopedia of Organization Studies” by Professor dr. Robin Stanley Snell. Consequently we have republished the article with all the appropriate quotations and references and with our deepest sincere apologies for the mistake, apology addressed directly to Professor R.S. Snell.

Abstract: *“The essence of LOs is effective organizational learning, but relevant academic disciplines, such as economics, anthropology, and social psychology, all entail different assumptions about what this might actually mean. Assorted analytical approaches such as population ecology and sociotechnical systems theory offer distinctly different vocabularies for describing what the LO might be or what it might do.” [Snell, 2007]*

The learning organization (LO) is an idealized vision of an organization where the structures, routines, and working practices are open to continuous adaptation and improvement, where the individuals and teams engage in continuous learning, where the norms and values are supportive of continuous learning, and where strategic decision making is informed by and responsive to relevant data analysis and feedback.

Key words: *learning organization, structure, continuous learning.*

1. Introduction

Information processing and decision making by firms are typically not done by one person. Rather decisions are made by groups of people either in committees or hierarchical structures. Bounded rationality and computational costs preclude the possibility of any one agent collecting, processing and deciding about information relevant to the firm and its profitability.

Large firms, for example, employ hundreds, even thousands of “managers” who do not produce or sell anything, but

rather process information and make decisions.

2. Contents

“The literature on the LO is a colorful mosaic of diverse perspectives from academics and practitioners. The essence of LOs is effective organizational learning, but relevant academic disciplines, such as economics, anthropology, and social psychology, all entail different assumptions about what this might actually mean. Assorted analytical approaches such as population ecology and sociotechnical

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systems theory offer distinctly different vocabularies for describing what the LO might be or what it might do. The various business functions such as operations management, marketing, information systems, and human resource management, along with the field of strategic management, all emphasize different aspects of the LO.” [Snell, 2007]

“Despite there being so many different perspectives on the LO, practitioners, consultants, and change agents tend to converge upon a common set of ideals and aspirations for the LO. They typically seek to create learning climates that are characterized by experimentation, risk taking, collaborative inquiry, dialogue, and open sharing of feedback, expertise, knowledge, and ideas.” [Snell, 2007]

“They tend to prefer that organizational structures be flat and organic and based on the principles of teamwork, flexibility, empowerment, and an absence of boundaries. They acknowledge the roles of human resource development and Total Quality Management in driving continuous improvement of all the organization's operations. They tend to regard company strategies as adaptable and provisional in the light of environmental scanning and timely market intelligence.” [Snell, 2007]

A multilevel model is offered proposing that organizational learning is an interdependent system where effective leaders enact intervention strategies at the individual (micro), network (meso), and systems (macro) levels. We suggest that leaders approach organizational learning by setting the conditions and structure for learning to occur, while limiting direct interference in the actual creative processes.

First, leaders may increase the level of developmental readiness of individual followers thereby increasing their motivation and ability to approach learning experiences and adapt their mental models.

These individuals then serve as catalysts of learning within and between social networks. Second, leaders may promote the diffusion of knowledge between these knowledge catalysts within and across social networks through influencing both the structure and functioning of knowledge networks. [Hannah & Lester, 2009]

Finally, leaders may target actions at the systems level to improve the diffusion to, and institutionalization of, knowledge to the larger organization.

Organizational learning and adaptation is inherently complex in that it involves the conjunction of networks of varied and often conflicting individuals, groups, functions, policies, and processes. Through these competing demands, ideas emerge and increase in complexity.

The leadership literature has largely viewed organizational learning and adaptation through reduction, suggesting that top-down and particularly linear learning processes can be initiated and controlled by senior leaders [Van de Ven & Poole, 1995].

Conversely, based on recent theories of complexity leadership, we suggest that social systems in complex organizational contexts are inherently unstable and unpredictable, and the causal effects of leadership on organizational outcomes are rarely directly observable or entirely deterministic [Hannah, Eggers, & Jennings, 2008; Marion & Uhl-Bien, 2001].

In sum, a complex context characterized by dynamic and discontinuous forces prevents the management of organizational learning entirely through top-down processes.

The challenge for leaders, then, becomes how to pursue an absorption strategy that builds organizational capacity for learning and adaptability across organizational levels.

Formal leaders are hardly obsolete in our model, but we propose that leaders focus less on what their organizations should learn, but rather on how to set the conditions for collectives to effectively learn and share knowledge. Indeed, formal leaders, due to their central positions in social networks, are in fact more likely than informal leaders to influence social interactions, such as those constituting collective learning [Ibarra, 1993; Sparrowe & Liden, 1997].

Therefore, we distinguish leading from leadership and approach leading as an influence process where individual leaders behave in ways that set the proper conditions for individuals, groups, networks and systems to enact emergent behaviors that promote learning and adaptation.

These individual leader actions then serve to either promote or deter effective leadership and its development, which based on Day (2000), we define as the collective capacity of organizational members to engage effectively in formal and informal leadership roles and processes that promote emergent learning and knowledge diffusion.

As proposed by Vera & Crossan (2004), the leadership process encompasses both formal and informal leaders embedded throughout multiple levels of the organization that interact through varying degrees of shared leadership [Pearce, 2004] to influence organizational learning. “Leaders” and “followers” in this framework are therefore identified by their levels of influence in the network versus their formally appointed positions.

In a dynamic learning network, one can thus oscillate between being a leader or a follower as his or her level of influence changes based on demonstrated expertise and other factors [Balkundi & Kilduff, 2005]. Informing our approach, researchers have linked leadership to improved

organizational learning. Further, multilevel and social network approaches to leadership have also been offered. Most central to our focus here, Berson et al. (2006) and Vera & Crossan (2004) have made important advances in multilevel models that link leadership and organizational learning.

We differ from organizational learning models that focus on “extraordinary” leaders (i.e. visionary, inspirational, transformational) that are believed to influence learning processes in a more direct manner. We instead focus on the role of leaders as social architects and orchestrators of emergent processes relevant to learning.

These architects operate in a less direct and visible manner, developing individual learners and effective social networks that then serve to promote organizational learning with minimal levels of further leader involvement.

3. Conclusions

In organizations there are often discrepancies between the wider organizational perspective, and the perceptions of teams and individuals lower down the company hierarchy. This needs to be taken into account when developing and deploying learning or knowledge management initiatives within the organization.

Generic concepts from high-level management can traverse team boundaries of the organization, supporting fast strategic change, but need to be customized in order to impact on work practice.

Local knowledge is easier to apply but has limited scope. Neither high level nor local knowledge is superior.

Each has its own strengths and weaknesses. Learning initiatives should recognize this and put mechanisms in place

to support the interfacing of group and organizational perspectives.

In summary, by focusing on establishing the conditions for individual learning and the diffusion of mental models across social networks and systems, we believe that leaders can create a true, veritable learning organization where learning is not something the organization merely does, but is inculcated into the climate and culture and reinforced throughout social networks as a way of being. This requires not only powerful individuals at the top of the organization, but perhaps more importantly, powerful, empowered formal and informal leaders who are capable and willing to intervene across levels for the purpose of learning.

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