Administração de Recursos Humanos
ORGANIZING AND ORGANIZATIONAL SUCCESS RELY ON CONTINUAL LEARNING AND DEVELOPMENT

RESUMO
Este artigo destaca alguns dos aspectos complexos de desenvolvimento individual e organizacional, e como estes estão atrelados com o sucesso. A noção de desenvolvimento e aprendizagem está relacionada a alguns fatores de sucesso e de fracasso. Todos estes fatores apontam para a conclusão inevitável de que o desenvolvimento e aprendizagem organizacionais são extraordinariamente complexos e ilimitados em suas manifestações. O desenvolvimento organizacional, portanto, é evidente em negócios de sucesso, e o atingimento contínuo dos resultados desejados significa que as pessoas, em todos os níveis da organização, devem aprender continuamente. O sucesso de uma empresa depende de muitos fatores, tais como a integração das relações entre empregados, tecnologia, desenvolvimento dos recursos humanos, gestão da informação, motivação e uso correto do poder. Todos estes fatores complementam a aprendizagem de forma integrada, através do desenvolvimento de relações necessárias. A conclusão apresentada no presente artigo afirma que não há limites para a aprendizagem organizacional e que esta resulta não apenas em melhores relações humanas, como também reforça a administração e o sucesso organizacional, já que de outra forma não poderia ser legitimamente denominada de aprendizagem organizacional. A aprendizagem contínua apresenta uma evidente e inconfundível influência sobre o sucesso.

A questão principal é que não há limites para a aprendizagem organizacional, independente da definição adotada pela organização.

PALAVRAS-CHAVE
aprendizado organizacional; desempenho; Recursos Humanos.

ABSTRACT
This paper highlights some complex aspects of individual and organizational development and how these relate to success. The notion of development and learning is related to some success and failure factors. All of these factors point to the inevitable conclusion that organizational development and learning are extraordinarily complex and infinite in their manifestations. Organizational development is therefore conspicuous in business success, and to continually attain desired outcomes means that people at every level of the organization must be continually learning. Business success rest upon many factors such as integration of employee relations, technology, human resource development, information management, motivation and the proper use of power. All of these factors add up to learning in an integrated way through developing all the necessary relationships. The conclusion drawn in this paper is that there are no limits to organizational learning and that it achieves not only better relationships but also enhanced organizing for organizational success otherwise it cannot legitimately be called organizational learning. Continual learning has a clear unmistakable influence on success.

The paper argues that organizations cannot thrive or exist for long without learning and that the result of organizational learning is not just continued survival but improved success. The key thesis is that there are no limits to organizational learning whatever definition of organization is adopted.

KEYWORDS
organizational learning; performance; relationships.
WHAT IS AN ORGANIZATION?

An organization can be described in many ways. We can point to its aspiration, describe its physical structure and legal basis; describe the communication processes and the relationships or rules and regulations that are stipulated that people must conform to and the informal relationships that underpin the operation of the organization. We can analyse the interests that people have in that organization and how they exercise that interest; describe the physical, financial and human resources available for achieving its purposes, or say that organizations are physical assets owned by families or that they are groups of people assisted by physical assets and other resources. Today we can even say that organizations are virtual and thus only exist in the infosphere of the Internet that forms the basis for the virtual relationships among individuals to achieve agreed purposes.

Generally organizations consist of one or more formalized groups of people who cooperate and coordinate their activities to achieve common aims. A team is a cooperating group of people with complimentary skills who share a common approach, are committed to performance outcomes and are mutually accountable to achieve their agreed outcomes (Katzenbach & Smith, 1993). My contention in this paper is that learning occurs at individual as well as at team and organizational levels and leads directly to success.

The terms form and function are useful since the former refers to the, rules, structural patterns and relationships among the members of the organization. The adage that ‘form follows function’ is apt here since the functions should determine the form of an organization. Rather than attempting to describe the structure of the organization, a more useful question to pursue is the functions of internal (and external) forms and the impact they have on organizational learning and consequently on success. The insights come from consideration of functions rather than an overemphatic focus on organization (forms). Charles Handy (2004) maintained that flexibility in structure in both individuals and organizations is important which should be guided by the outcomes desired. Successful people who have achieved high levels in their organizations have displayed this flexible characteristic and capacity to be different. Function informs structure, in other words, form follows function (Handy, 1995) and structure should be informed by purpose and strategy even though both are inextricably intertwined. New challenges should give rise to re-engineering structures. Effectiveness is restricted and outcomes become less achievable in organizations where structure and prescribed roles largely dictate choice. Handy’s contention is that only learning will allow people to develop a flexible structure. The Russian philosopher, Alfred Korzybski’s assertion that all knowledge is knowledge of structure is true when we are able to influence structure because we are clear about the functions we desire the structures to fulfill. Structures (different forms) are observable but the functions tend to be less observable and elusive and as such need more urgently to be the focal points of our study.

Up until the advent of the Internet we have been accustomed to thinking of organizations as having clear boundaries, defined structures, stipulated power relationships and delegations and limited membership. The Internet has accentuated a new type of organization we call ‘virtual’ where the certainties have disappeared, where the boundaries are constantly in a state of flux, where the structures are wobbly like jelly, where the membership is often unknown and people seldom interact face-to-face but everyone is involved in an exchange of ideas and in an exploration and application of knowledge. The chief reason for people cooperating to get things done is that they can achieve more, more efficiently as a supporting group than they can as individuals. This is an economic rationalist view of organizations that focuses purpose squarely on cost savings and effectiveness and efficiency. A different view interprets people cooperating because it is part of their humanity to interact and to help each other survive, to maintain a healthy world and to enjoy the delights of life. Individuals who act together can achieve synergy, happiness and results not possible to be achieved by any single individual. Kiuchi (1997) who is the managing director of Mitsubishi Electric Corporation maintains that the mission of business (the mission of civilization) is to develop the human ecosystem, sustainably.

We could argue that the key purpose of a business is to give products and services of the best quality possible to increasing numbers of customers. Revenue that produces profits and keeps the business alive and growing is an essential constituent of the purpose of business. One danger is that profits can easily come to be viewed by owners and shareholders as the key purpose rather than as an essential component of purpose. Profits are a means to other ends and not the end itself. However, the myth that profits are the purpose of a business is alive and well in those organizations that are narrowly self-focused. Peter Drucker once said that making money for an organization is like oxygen for a person.
and if you don’t have enough of it you are out of the game. Profitability is an essential requirement for any business survival but it is hardly the purpose since life is more than just about breathing. Organizations that are passionate, imaginative and risk takers are like people who have purposes worthy of their energy and commitment.

Organizations can be viewed in terms of their primary and secondary functions (see Figure 1). The key primary function of organizations is to achieve their chief result, which is sustainability of themselves and the world through delivering quality goods and services to satisfied customers. They do this by utilising their full capacities that include knowledge, skills, emotions and personal effort of people. Secondary functions might include sharing our humanity, building shared knowledge, creating change and stability and inventing careers. I have listed the function, ‘make profits’ at the end of this function flow chart (see Figure 1) to illustrate that profits allow other things to happen. Profits allow people to continue to do things in an improved fashion and more generously than before. Profits allow businesses to do more things if they wish to further develop people in the organization to grow and to expand. However, organizations do not have to grow in size to be better.

Different organizations will have distinctive primary functions within the context of historical, political and economic contexts although these feed into the same overarching functions of sharing humanity and maintaining sustainability. For example hospitals, law enforcement agencies, educational institutions and government organizations that operate within constrained resources tend to have service to communities and maintenance of standards as their chief functions. There are a number of common denominators in function and strategy that all organizations have which include people communicating and cooperating to deliver services or products to each other and to others (Goldhaber, 1993). What is distinctive about organizations, that is, what organizations must do is for people to cooperate to achieve results. Continuous cooperation is not possible without learning at different levels.

There is a need to balance the results desired by individuals with the results desired by more than the sum of the individuals, that is by the organization. When individuals in an organization can achieve their own results by harnessing and focusing their cognition, their emotion and their conative skill, that is their efforts and their endeavours, towards achieving total group objectives then the organization will in the least survive if not thrive (Boud, Keogh & Walker, 1985). The organization may maintain its status quo, a homeostasis, and continue to achieve relative levels of productivity and performance results or it may improve productivity if the sum total of individuals strive for it. Individuals exercise choice in the way they...
decide to interact or in ways permitted to learn, that is, to cooperate to achieve results. There is no one way but a plethora of possibilities from which to choose. Individuals will need to learn, to cooperate to make strategic choices about what type of organization, that is what type of relationships will serve them best to achieve the results they truly desire. A sufficient justification for creating and operating an organization has to go beyond survival. It must look to purpose beyond itself just as individuals focus their lives beyond their particular selves to the wider society. The principle of enlightened self-interest promotes purposes simultaneously for the self and for the wider health and wealth (Watkins & Marsick, 1993).

Different descriptions of organizations are also based on analysis of perceived relationships. Schein (1984) describes two types of organizations. He likens organizations to two types of families: one type of organization is characterised by a perception that staff are like family members who will take care of each other. Family members (staff) are responsible, capable and motivated to govern themselves. Debate and discussion are used among family members (staff) to arrive at an agreed interpretation of reality. Ideas ultimately come from individual family members. In this type of organization the physical set-up tends to be open spaces, few closed doors, people milling around, intense conversation and argument, and a sense of informality. The second type of organization is characterised by a formal traditional style of family. Again the family (organization) will take care of its members. Staff are capable of loyalty to the family and of discipline in carrying out directions issued by the organization. The older members who hold wider and a higher status interpret reality for the organization. Relationships are essentially linear and vertical and each person has a niche in the organization that cannot be invaded. In this type of organization the physical set-up tends to be closed spaces, few open doors, people are not milling around, and there is no intense conversation and argument but a sense of formality. Nothing is done except by appointment and prearranged agenda. There is always a deference and obedience to those of high rank.

Handy (1995) describes four types of organizations, that is four sets of behaviours and types of relationships that exist in organizations. Table 1 outlines four distinctive cultures that typify organizations showing the type of organizational structure and the power relationships attached to the structure and culture. Handy does not advocate one-culture-one-organization; rather differences are essential for achieving excellent organizational health. All types of cultures and roles should be fostered within every organization: the lion and the fox, the company protector, the team player and the crafts person who focus on contributing and achieving excellence rather than managing the system. He advocates that structure and power relationships need to be matched to the type of job and categorised jobs into three types:

1. steady state: programmable & predictable, accounting for 80% of jobs;
2. development: jobs that deal with new situations and problems which may result in new routines and systems to avoid re-occurrence of the problem; when done well, the organization adapts; there is product development, system development and people development, even development officers;
3. asterisk: jobs that need personal intervention as they fall outside routine structures and procedures; instinct and speed rather than logical or creative analysis get the job done well.

One implication is that managers have to transcend the dominant culture of their organization and potentially embrace all others. When the outcome and job are modified to suit the procedures and structures within the organization the danger is that the ‘cart has been put before the horse’ and effective learning is prevented! When this occurs the achievement of business results is jeopardised. Structures within an organization can be both enabling and disabling. Structures and processes should enable fluid and efficient practices among individuals within the organization. Decision-making within organizations has become more participative since the introduction of principles of industrial democracy. Managing structures and processes for the improved health of individuals and the organization requires a mindset of learning. Sofo (1999) presented nine principles of organizational architecture that describe a successful learning entity which can continually renew itself and thrive.

1. Aligned structure: alignment of structures with the vision, mission, goals and strategy of the whole enterprise;
2. Flexibility: maintain a flexible structure for easy reorganization to capitalise on opportunities;
3. Customer driven: monitoring the changing needs of customers as well as meeting their satisfaction;
4 Cost effective: maintain a healthy focus on productivity, profits and return on investment;
5 Generative capability: simple, dynamic, oppositional and creative while maintaining a system focus;
6 Communication capability: sharing knowledge effectively throughout the entire enterprise and with customers;
7 People capability: empowering people to co-create shared meanings and to optimise processes within the organization;
8 Focus on learning: encouraging the development of organizational learning and dialogue;
9 Transformative: renewing structures to facilitate people’s full participation to continually transform the enterprise.

### TABLE 1
Four Organizational Types showing structure and power features
(Constructed from descriptions by Handy, 1995: 19-43)

<table>
<thead>
<tr>
<th>Type</th>
<th>Symbol</th>
<th>Structure</th>
<th>Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Club (Zeus)</td>
<td>Spider’s Web</td>
<td>Division of work is based on functions and products. Examples include: broking firms, investment banks, political groupings, small entrepreneurial enterprises.</td>
<td>Power is situated with the God in the centre of the web. There is one leader, the god who rewards and punishes; gives individuals free reign; issues orders orally; has high empathy, affinity &amp; trust and expects quick decision-making &amp; opportunity and risk taking.</td>
</tr>
<tr>
<td>Role (Apollo)</td>
<td>Greek Temple</td>
<td>Bureaucracy and orderliness. Roles are formalised with job descriptions &amp; duty statements. Examples include public sector organizations, state industries, local government, life insurance companies.</td>
<td>Power is hierarchical and concentrated at the top. There is one leader and lots of sub-leaders who run committees (not teams). Work is delegated in formalised processes. Stability &amp; predictability means individuals are easily replaced (denial of humanity), Decision-making is slow and change is abhorred!</td>
</tr>
<tr>
<td>Task (Athena)</td>
<td>Net</td>
<td>A network of loosely-linked &amp; self-contained units. A matrix structure consisting of project teams, self-led, cross functional and temporary.</td>
<td>Expertise, not position, title or status is the base of power &amp; influence. Talent &amp; creativity of individuals in groups are valued. Leadership is shared &amp; mutual. Teams and variety flourish. Performance is measured by results of teams, solutions &amp; fun.</td>
</tr>
<tr>
<td>Existential (Dionysus)</td>
<td>Stars</td>
<td>Individual stars are loosely gathered in a circle of influence. Stars are not mutually interdependent. Examples include ‘antique hypermarkets; marketing cooperatives; doctors; lawyers; system analysts; research scientists; consultants.</td>
<td>There is no leader; managers are at the bottom of the status list; management is a chore. Managers govern by the consent of the governed. People have power; they are in charge of humankind’s destiny Organizations exists to help individuals achieve their purpose Power comes from the skill and talent of the individual, not the group.</td>
</tr>
</tbody>
</table>

Source: The author
The Japanese have something to teach us about organizations. The theory Z organization (Ouchi, 1981) is characterised by consensual decision-making; implicit informal control even though it has explicit measures; individual responsibility; holistic concern for staff; long-term employment; slow evaluation and promotion and moderately specialised careers. Ouchi’s research demonstrates that corporate prestige, managerial ability and corporate earnings were all closely related with the ‘Z’ characteristics of the organization described here. ‘Z’ characteristics are visible only within learning organizations.

WHAT ARE DEVELOPMENT AND LEARNING?

Development is learning that permeates life, leisure and work. It occurs on many levels simultaneously, the organic, intellectual, emotional, spiritual and psychic. This article argues that our society’s most critical activity for survival and prosperity is the continual learning of its people and the steady development of its organizations as optimum learning organizations. Learning has become the decisive business activity because it impacts directly on the outcomes we desire to achieve.

Nothing stays the same. Development is often conceived as not related to jobs at all but extending individual dimensions and capacities. Development is a leadership and planning process very much the domain of all people in an organization, community or society. Development means growth, evolution and progress. This means everything never stops changing. Development implies that as things change they get better, not worse. Development is learning that permeates work. It occurs on many levels simultaneously and in many different ways.

Learning can be orderly, self-directed as well as chaotic, frustrating and inefficient. Learning is an active and very complex process directed consciously or unconsciously by the learner. People can learn intentionally and unintentionally, sometimes when they least expect it. People can learn on their own, from each other, from mentors, in small groups, in teams or as part of an organization. People can learn from observing, from engaging in action, by taking risks and by reflecting on their actions whether they have improved their own approach and the knowledge or a discipline. When organizations place high priority on experiences they examine the potential that people possess which is derived from their work and life experience. They examine and question how they have reflected on their experience and how they have improved their own approach and the success of the groups and organizations they worked for. Learning is the changed behaviour itself that results from thinking deeply about your experience.

Some forms of knowledge can be extraordinarily complex so that people can learn without any apparent change in observable behaviour. We can conclude that additions or modifications to one’s store of thoughts may not manifest themselves in what people say and do, but many people equate learning with behaving in new and improved ways. Some might say that you are learning when you avoid making the same mistakes.
Perhaps you make distinct and different mistakes as you slowly approximate the desired results. In this sense learning is the ability to do things differently; it is the ability to detect and correct actions we have judged to be incorrect. This is important because being correct is an important basis for developing confidence in ourselves, in our communities, nations and globally. Chris Argyris (1982) as discussed below, divided learning into two categories (single and double loop) that both elucidate the relationship between what we believe and how we behave.

Planning is the action that we formulate in our minds as a result of reflecting upon our experiences. Our experiences result from decisions we make from reflecting on previous experiences. This is the planning cycle and it equates with the learning cycle. Without the action and without the results there will be no credible learning cycle and the learning may be useless. Learning involves thoughtful action, pausing to reassess the situation to create alternative forms of behaving. We may just imagine a plot and create a contingency in our minds. We probably will not create a number of scenarios or contingencies unless we are aware of this as a strategy and make a deliberate attempt. Learning is a creative act. Learning is everything. Learning or knowledge is useless without using it and without follow-through. Put simply, learning is creating the results we want.

An organization is a thinking and communicating organism – quadruple-loop learning

Learning is manifest in the business results attained by the organization. Our chief challenge is to appreciate organizations as living systems. To continually attain business results means that the organization must be continually learning. The delight of an organization lies in its splendiferous differences. Part of the opportunity in organizations is to learn from the differences among people. The different elements of an organization by definition make it a unique living organism that influences the organization’s capacity to achieve its purposes. Of course some elements will impact more directly than others on the outcomes the organization strives for. Meyer (1982) identified four main elements that impact on organizational learning and organizational results. These include culture, structure, strategy and reserves. Reserves are defined as cushions of resources such as people, money, technology and operating systems. Watkins and Marsick (1993) stressed that the organization must be able to change itself (a living characteristic). This is achieved in part through a commitment to purpose, the culture and structure so the organization is able to perceive new relationships, to reflect and to change the framework through which it works. Identifying, diagnosing, analysing, perceiving and changing are all forms of learning.

The learning organization, is more than a metaphor or an oxymoron but a living system mindset of a business entity, a living company, a human community (de Geus, 2002) that continually engages in learning and invests in the development of itself (the people) at every level as a core strategy. Learning improves the capacity of individuals, teams and of the organization as a living organism to initiate and to respond to new things. The learning level and the learning potential of the organization increase because people can effect desired change through the culture and through the necessarily responsive processes and structures in the organization. Learning, not the structure itself, achieves direct business results when people expand their intelligence through their emotion and are able to perceive new possibilities, create new relationships and change the elements of the organization through which they work. Swieringa and Wierdsma (1992) made an important expansion to the concept of organizational learning as a ‘triple-loop’ activity. Their description of learning is as a collective activity rather than as an individual one. Learning, whether single, double or triple-loop is a collective activity, as companionship meaning the sharing of bread, the nourishment of life.

Single-loop learning (Argyris, 1982) is when collective learning brings about changes in existing rules and there is a focus on ‘improving’ with a concomitant collective learning in ability. Examples of single-loop learning include efforts to improve quality service and customer relations which may involve radical behavioural changes without challenging or discussing the underlying assumptions, rules or principles and without any significant changes in strategy, structure, culture or systems within the organization. Single-loop learning produces organizational results without changing the direction of the organization and by simply following habitual proven behaviour that continues to be effective. The Business Council of Australia (Access Economics, 1991) found that one in four businesses did not establish any goals for productivity or efficiency. If businesses establish goals that consider future working environments then effectiveness will improve. That is, single-loop learning (establishing goals) leads directly to business results (improved effectiveness). Field and Ford (1995) call this ‘goal-based’ learning. Sofo (1999) calls it planning; planning as a subset of working is in fact learning. Zuboff (1988) maintained that working is the new form of learning.
Double-loop learning is similarly a collective activity but it focuses on changing the rules, challenging existing structures and assumptions and forging collective insights. There is renewal of collective insights within existing principles. Double-loop learning produces organizational results by changing the processes and challenging habitual relationships and behaviours. Sofo (1995) calls it critical reflection strategies using teams. Field and Ford (1995) call it learning through critical questioning. It builds on single-loop learning. There can be no valid organizational learning unless every person in the organization masters the cycle of thinking, doing, evaluating, reflecting and building networks of transformative relationships (Senge, 2006). Triple-loop learning addresses the essential principles and values of the organization, the role it wants to fulfil, the type of business it wants to pursue and the image it wants to portray. The questions addressed in triple-loop learning are the same questions addressed in strategic planning: where are we? Where do we want to go and what is the best way to get there? They are questions of collective ‘courage’, collective ‘will’ and collective ‘learning’. The focus is on organizational development. Triple-loop learning produces organizational results by changing not only the habitual relationships but by fundamental changes to the organization itself.

Sofo (1999) introduced a concept of quadruple-loop learning that goes beyond triple-loop to focus on scenarios and different contexts. This is learning at its most complex level that directly produces business results desired. There are two key aspects to this. The first involves constructing multiple interpretations of the present that are plausible. One mistake people make is not to consider different interpretations of the present and the future. So the way these issues and problems are approached is from a single perspective. Instead it will be more useful to approach complexities from multiple perspectives and to interpret the present in various ways; to consider a number of possible futures and various ways of getting there. Because strategic choice is complex and is determined by perspectives on the present and the future no single strategy is tied to any specific perspective of reality.

The second aspect of quadruple-loop learning combines views of the present with elements of scenario planning by constructing different and plausible narratives of the future. Creating possible connections between present and future scenarios in relation to individuals, groups, communities and organizations is the basis for transformation through quadruple-loop learning. A key aspect of quadruple-loop learning is where the organization plans around imaginative and creative constructions of possible futures. This is even more radical than triple-loop learning because there is a major focus on the possible global influences and the relationships of the collective learning to the global learning. It is a change beyond the values and principles of any single organization. It represents collective learning beyond the levels of courage to the level of creativity, imagination and freedom. Quadruple-loop learning leads to transformation of individuals, groups and organizations. It is perhaps the most difficult level for an organization to address and to achieve.

The task of identifying solutions is not the same for all. Choosing, making judgements or finding solutions are learning processes that include unique thoughts, behaviours and processes for different individuals and groups. Organizational learning occurs whether an organization is a learning organization or not. It includes feedback, that is the sharing of information and knowledge at every level, single-loop, double-loop, triple-loop and quadruple-loop learning. It includes a continuous focus on learning how to learn and recognises that business results come directly through effective learning at every level.

Outcomes of organizational learning
The direct basis of business results is a complete process of organizational learning. Process analysis of firms reveals that the successful processes are only the organizational learning processes. This can be seen in the various critical success and critical failure factors.

Critical success factors
Why do firms succeed? We consider any number of scenarios. It might be a firm struggling to restore itself to good health. It might be a firm that is striving to be the best in its field. Business result might be defined as the launching of a new initiative or it might be more at the core such as increasing market share by a specified date. Whichever way business result is defined it will often be a difficult thing to achieve the first time and mistakes will be a necessary part of the landscape to success. Organizational learning is successful when organizations achieve their business goals in spite of the mistakes they make and even because of the mistakes they make.

The psychologist Gregory Bateson (1973) was one of the first to stress the importance of learning from mistakes, that is learning how to learn in better ways. Many others such as Argyris (1982, 1994), Boud, Cohen and Walker (1993) Brookfield (1989),
Candy (1991), Mezirow and Associates (1990) Schön (1990) all stress the importance of learning from possible errors. They highlight the necessity of learning by identifying and challenging implicit assumptions, that is, of learning how to learn as a critical success factor. A key point made by all these authors is the importance of becoming critically aware of one’s own thinking processes and one’s own assumptions and generating options, testing them and using the results for further exploration and implementation to achieving results. Sofo (2004) stresses the importance of these individual aware-raising processes and critical reflection strategies being applied beyond individual levels to groups and to organizations.

Every firm has what we might call its areas of influence and its areas of concern. These areas are like both sides of a window. It is easy to clean the side facing us but we have to reach out and reposition ourselves to polish the other side of the window. Areas of influence are those areas of concern on this side of the window, over which firms have control. Areas of concern, are those areas on the far side of the window over which a company has very little or no control. Proactive organizations will focus much of their attention on areas of influence, the things they can do something about and expand these areas thereby diminishing the number of areas of concern over which they have little or no control.

There are three broad areas of control that a company is exposed to. Individual selves are the first area of control over which a company needs to develop personal self-mastery and a full sense of direct control. Personal self-mastery is a critical factor suggested by Senge (1990) and many other authors (Covey, 1989; Field & Ford, 1994; Rylatt, 1994) that is vital to organizational learning. Second, we have indirect control over the behaviours of others in the organization. The behaviours of staff will be a concern to managers and leaders who can gain greater influence over their staff through effective leadership behaviours (Kotter, 1996), through effective communication and through promoting team work and co-operation (Kinlaw, 1991). The basis of co-operation is empathy, openness to others and a willingness to achieve synergy and promote a new and inclusive group identity. Effective team work leads to better business decisions that build a more successful business (Senge, 2006).
Third, there are situational areas such as social policy, politics, environment or socio-economic status of clients that we have very little or no control over. These are on the other side of the window. Perhaps they can be brought into our areas of influence if we seek to understand them, if we take the courage to try and change them but accept with serenity if we cannot change them and proactively learn to achieve business results around them. Only wisdom and organizational learning can help us to distinguish the factors we can change from those over which we have to accept as having very little or no influence. Figure 2 illustrates how organizational learning expands our areas of influence while diminishing the areas of concern thus impacting directly on business results. Learning significantly optimises any ‘luck’ or ‘control’ factor in achieving business results. Figure 3 illustrates that organizational learning allows an enterprise to reach both sides of the window, the areas of influence grow to maximum grasp to incorporate the limits of the areas of concern.

Figure 3: The impact of organizational learning on relationships and business results
Source: The author

Figure 4 illustrates that organizational learning achieves both improved relationships and business results simultaneously. There is an interaction among all these factors so that one stimulates the other as they act in synergy.

Kotter (1996) argues for the sheer centrality of the willingness and ability to keep developing. Learning is critical to career success for individuals and to economic success for organizations. He outlines a twenty years study at Harvard Business School that illustrates the importance of lifelong learning in an increasingly changing business environment. Competitive drive and lifelong learning gave people an edge by creating an unusually strong competitive capacity that helped to create lifelong learning that kept increasing skill and knowledge levels, especially leadership, which in turn produced a prodigious ability to deal with an increasingly difficult and fast moving global economy.

The human sustainability model espoused by Dunphy and Griffiths (1998) captures well the critical success factors for business results in the twenty-first century that are based on a clear significance in organizational learning. It is characterised by dynamic flexibility, the ability to increase productivity steadily through production process improvement and product innovation. The model works best when the development and application of intellectual capital is the prime focus of the organization and when the knowledge work involved demands strong interdependency among main players, considerable innovation and flexible decision-making. Reciprocity, trust and commitment are vital to producing synergies and business results. High levels of uncertainty are managed by building mutual commitment to a shared future, by creating trust and a collaborative approach including dialogue, debate and negotiation to achieving innovation and flexibility in a context of exchange relationships. Power comes from learning. Intellectual capital and social capital, that is information about relationships among people are prominent success factors to the model. Shared leadership creates greater learning opportunities for all staff. The culture of innovation encourages a challenging of basic assumptions (double-loop learning) underlying current practices and leads to innovation and change. The model describes the organization continually repositioning itself in the pursuit of future opportunities.
The human sustainability model advocates principles of organizational learning discussed by authors who are prominent in this field (Argyris, 1994; Field and Ford, 1994; Senge, 2006; Schwartz, 1992; Schön, 1990; Swieringa & Wiersma 1992; Watkins and Marsick, 1993). The critical success factors for achieving business results are all clearly based on organizational learning that include continually building new mental models, fostering team learning; achieving self-mastery, shared visioning and planning; systems thinking; creative thinking, critical thinking and openness to multiple perspectives of the future that includes scenario planning (Schwartz, 1992).

How organization (structure) impacts on team learning

If you do not experience team learning then you will not experience organizational learning. A key question posed in this sub-theme is the extent to which different forms impact on the learning that occurs within organizations. Social forms include both formal and informal arrangements. Informal social arrangements may include arrival and departure practices (eg greetings), phatic communication throughout the day whether it is real or virtual, basic needs practices such as climate control and comfort (OH&S), replenishment (eating and drinking) and the need for ‘fun’ such as social committee activities, jokes, gossip and stories. Formal arrangements include all prescribed and written regulations, policies and protocols established for official governance, communication and decision making such as powers, responsibilities, committee composition, meeting places and times as well as structure of the environment eg open plan office space and privacy procedures. Such an understanding of the dynamics and complexities of interpersonal relationships highlights the sophistication of learning as a social activity as in the case of engaging in dancing, which means adopting a stance, deciding to express yourself habitually on the dance floor or modifying your routine and responding to your partner’s dance. Dancing has many levels of formalities and informalities and moshing as an example of dancing is as legitimate as waltzing but has a different form. Moshing on the dance floor requires no practice but you practise the waltz off the dance floor until you are ready to graduate to the floor. Generally organizations expect moshing which means doing your job, dancing without the opportunity to practise. The assumption is that you are already competent to dance. Dancing provides an apt metaphor for learning since modern solo dancing is a reflection of independent learning; both are a misnomer. Learning, like dancing (moshing or waltzing) is always a social activity. Human capital possessed by both individuals and groups is also a result of social activity.

Two forms of elusive human capital emerge as key processes of learning, intellectual and social capital. It is widely recognised that knowledge and capability are what gives an organization a performance edge and these intellectual resources and capacities have come to be labelled intellectual capital. Galbreath (2005) maintains that commercial or organizational success is tied principally to the development and utilization of these intangible resources. Social capital is the benefit or success that people derive from their membership in social networks and is a derivative of intellectual capital as well as an iterative capacity with intellectual capital. Finding the right balance between too much and too little structure, between traditional top-down control and flat or horizontal laissez-faire structures is key to maximizing capital as organizational learning and adaptiveness.

Trust is one example of social capital that builds cohesion by encouraging people to perceive new patterns and co-manage complexity. Trust is recognized as a fundamental organizing element of well-functioning organizations (Bruhn, 2001; Fukuyama, 1995; Tyler, 1998). It is indispensable for effective cooperation and communication (Diffie-Couch, 1984; Baier, 1986) and forms the bases for positive interpersonal relationships (Fox, 1974; Lewis & Weigert, 1985). A climate of trust, a critical aspect of social capital is indispensable for success since it confers many benefits on an organization (Barney & Hansen, 1994). Trust is an organizing element within organizations since increments in empowerment and trust can mitigate effects of organizational complexity, reduce transaction costs, strengthen relational systems within flatter organizational structures and diminish the need for supervisory oversight, unproductive controls, and measurement systems that negatively impact productivity and the capacity to succeed in highly competitive markets (Kotter, 1996; Moyer & Henkin, 2006).

In this example of trust it is clear that the function to be achieved is increased trust. Trust is embedded within certain internal forms and interacts with other forms (eg monitoring by supervisors). Of itself trust is an organizing element within organizations since it mitigates organizational complexity. Management encouraging conversations among staff to rethink how the organization is structured is itself a structure
that builds trust. Trust is a structure for promoting collective intelligence. A paradox is that trust itself can be a form as well as a function. A trust structure is the dynamic relationship aspects that keep numerous employees together, working together and learning together. The impact of trust on organizational learning is relatively undisputed. Trust is also part of the recruitment and retention of talent within organizations. It is a key factor in maintaining valuable know how within organizations and a key factor in team learning. While it is true that individuals learn it is also true that teams and organizations learn. Teams are entities that listen, think and communicate as a learning organization.

Team learning is the fundamental component of organizational learning and as such is a team skill in a different way to which individual learning is a social skill. A collection of gifted individual learners will not necessarily create a learning team any more than a group of talented athletes will produce a talented sports team. This notion was introduced into the literature by Donald Schön (1990) who advocated experimentation where action can be slowed, stopped or even reversed countless times; the environment can be controlled and complexity simplified. Peter Senge (2006) also maintains that learning teams learn how to learn together and that team skills are more challenging to develop than individual skills. He also advocates practice fields for learning teams so they can develop their collective learning skills since he emphasizes that the almost total absence of meaningful practice or rehearsal is probably the predominant factor that keeps most management teams from being effective learning units. Sports teams and music teams such as bands and orchestras all rehearse and train together but it seems that work teams avoid this. If Schön and Senge are correct then team learning requires regular practice which is more than dialogue and discussion but real rehearsal and experimentation with decisions where lucid assessments of the wisdom of different decisions are compiled and team members pause as a team to reflect on how they might arrive cooperatively at better decisions.

Critical failure factors -trust

Seventy five per cent of change efforts fail (Kotter, 1996). This means that most learning efforts do not lead to business results. He observed that trust is absent in many organizations and argued that change efforts fail because of eight critical errors: allowing too much complacency; failing to create a sufficiently powerful guiding coalition; underestimating the power of vision; under-communicating the power of vision by a factor of 10, 100 or even 1,000; permitting obstacles to block the new vision; failing to create short term wins; declaring victory too soon; neglecting to anchor changes firmly in the corporate culture. These eight errors are all failures in learning that are manifest in a lack of commitment, a lack of trust and a lack of belief in the importance of change. All of these factors illustrate how organization (poor management) leads to failure. A majority of employees, perhaps 75% of management overall and virtually all of the top executives need to believe that considerable change is absolutely necessary (Kotter, 1996).

The eight common errors lead to failure to achieve business results because new strategies are not implemented well; power and communication structures re too inflexible; people fail to realise the need for double-loop learning and beyond, and persist with single-loop learning even when it is inappropriate; acquisitions do not achieve expected synergies; re-engineering takes too long and costs too much; downsizing does not get costs under control and quality programs do not deliver hoped-for-change.

Mistakes are not necessarily inevitable. With learning they can be avoided or in the least mitigated. The secret is in discovering why people are happy with the status quo, why they are comfortable with their habitual behaviour, with their consistent output and their ingrained levels of unconscious competence. The challenge is to learn to revise mindsets and taken for granted actions. The key is learning why organizations resist change, how to overcome destructive inertia and how to maximise leadership and management effectiveness.

Strict adherence to economic rationalism is another key reason for failure. The Australian author, film director and broadcaster Bob Ellis (1998) presents 202 arguments against economic rationalism. He adopts an extreme stance. He summarises the meaning of economic rationalism in the title of his book: First abolish the customer. At its heart is a refusal to spend money on the unnecessary such as shedding unnecessary workers regardless of their contributions, commitment and dedication. He maintains that economic rationalism kills, poisons, criminalises, traumatises, hurts, defies democracy, offends all thoughts of civilisation, is an enemy of mercy and family and community and continuity and love and home. It is a bad thing and at its heart, corrupt and should be done away with. It should be burned to the ground and its ashes sown with salt (Ellis, 1998).
Dunphy and Griffiths (1998) present few advantages but five distinct disadvantages for the economic rationalist approach to company success. They say that companies who operate on the principles of economic rationalism can succeed under limited conditions, for example if they focus on short term gains and single-loop learning. The main disadvantages are that economic rationalism operates on a reliance of low trust of seeking short-term profits and is not suited to the operation of knowledge-based organizations.

Another critical factor of organizational failure is the belief that rather than learning, organization (particular interventions or gimmicks such as structural change reducing hierarchical levels, new forms of work organization and participative job redesign and teams) will lead to effective behaviour change that in turn will achieve increased productivity and business results. Dunphy and Griffiths (1998) give examples of Australian companies that both succeeded and failed in achieving results desired. The minority of organizations that succeeded did so because the learning was credible and diffuse.

Those organizations that failed such as the Australian Taxation Office, did so because too few key personnel who drove it and were aware of the new ideas failed to see the change to its conclusion. Another factor noted that the areas of concern were outside the areas of influence and control of the organizations. So, learning and intervention efforts were thwarted by lack of sufficient learning and anticipation about political and economic conditions. Another reason is that staff generally remained unconvinced of the purported new egalitarian approaches, of the new ways of improving interactions, of new flatter structures and challenging the prevailing corporate orthodoxy. Learning leads to action such as work redesign that may lead to business results if the learning is continued throughout the entire implementation. If business results appear not to be achieved then learning from errors along the way is critical in order to adjust the course of actions.

Smith and Alexander (1988) relate a telling example of the failure to learn leading to significant failure in business opportunity by Xerox Corporation Research Centre in 1973. Staff in the Research Centre developed their PC three years before Apple’s first PC product. Because PCs were not Xerox’s goal focus the researchers were unable to convince the hierarchy of the merits of their invention. Consequently many of the key developers left Xerox (loss of intellectual capital) taking the technology with them and some of them joined the less hierarchical new company that was to become Apple. Lloyd (1990) asserted that problems with know-how and reputation are two chief reasons for failure of organizations. He describes reputation as an external structure and talent, an internal structure as examples of human capital, maintaining that companies are listening, thinking and communicating organisms whose success depends on learning structures to maintain both optimum reputation and steady know-how. Tom Lloyd expressed strong conviction that organizational success is directly due to learning.

From another perspective, failure is proof that effective learning has direct impact on business results. Change programs fail when they do not make full use of people’s learning capacities. Even if new discoveries are made about innovative and work practices, business results will not eventuate unless the learning is followed through the complete implementation stages. For example downsizing has failed generally to increase performance in organizations that use it. Systematic research studies have demonstrated that downsizing has had the opposite effect to that intended especially three to five years after the event (Dunphy & Griffiths, 1998). Downsizing as an intervention management strategy appears to work under certain conditions when it is part of a wider set of strategies that overcomes ignorance among managers and includes learning among all staff in organizations. Failure comes because people do not change their mindsets about organizations to match the dynamic interactions required for success with the global environment. New realisations cannot be implemented if organizations continue to be viewed as closed and static systems without essential reference to the outer environments.

Managers and leaders make wrong judgements about the levels of effort required to achieve business results. Kotter (1996) claims that at least 15-20% of employees must go far beyond the normal call of duty to produce any significant change. Effort, or going beyond routine expectations, that is, doing things differently, adds up to change which is ‘learning’. That is, unsuccessful actions are necessarily lacking in effective learning bases. There is no better example to illustrate this than Australia’s corporate collapses during the 1980’s that were the biggest string of corporate disasters in the country’s history. The Australian financial journalist, Trevor Sykes (1994) illustrates how some of Australia’s heroes of yesterday have ended up looking like utter idiots because of their inability to learn from their mistakes. As Reg Revans (1984), the father of action learning has said, the key to learning in the workplace is to discover what it means to be an honest person and then striving to become one.
ORGANIZING AND ORGANIZATIONAL SUCCESS RELY ON CONTINUAL LEARNING AND DEVELOPMENT

Businesses are always going out of business for many reasons outside their areas of influence. Capitalism as a system is so dynamic and competitive that many players find it impossible to manage a business successfully. Macro and microeconomic factors move at such a rate that managers and owners cannot learn quickly enough to survive incessant and frenetic change characteristic of our world in the new millennium. Small businesses in Australia are notoriously vulnerable to these factors and the bulk of Australian small businesses fail. Large businesses are harder to slay. Destruction is usually achieved through incompetent management that consists of a failure to learn. Business results fail because people refuse to learn for their own reason, that often of a failure to learn. Business results fail because of incompetent management that consists of a failure to learn. Destruction is usually achieved through incompetent management that consists of a failure to learn. Business results fail because people refuse to learn for their own reason, that often of a failure to learn.

Capitalism, as a system, is so dynamic and competitive for many reasons outside of its areas of influence. Many players find it impossible to manage a business successfully. Macro and microeconomic factors move at such a rate that managers and owners cannot learn quickly enough to survive incessant and frenetic change characteristic of our world in the new millennium. Small businesses in Australia are notoriously vulnerable to these factors and the bulk of Australian small businesses fail. Large businesses are harder to slay. Destruction is usually achieved through incompetent management that consists of a failure to learn. Business results fail because people refuse to learn for their own reason, that often of a failure to learn.

The collapse in Australia in the 1980’s were due to this sort of stupidity. The final words of Sykes are very telling pointing to a failure in learning for the collapse of Australia’s corporatons in the 1980’s:

If engineers never learned from history every generation of students would be condemned to reinvent the wheel. But engineers and scientists do learn from history, and so we have seen heart transplants and human beings walking on the moon. In economics and finance, however, the human race still starts every generation with flint axes (Sykes, 1994: 594).

SUMMARY AND CONCLUSION

I have reviewed the basic concept of the organization as a structure of interpersonal relationships and examined basic functions and types of cultures nurtured within enterprises. I have examined some important concepts that the international literature contributes to our understanding of key aspects of organizations. In particular, I have highlighted the complex aspects of organizational learning and how these relate to the outcomes achieved by enterprises. This has included the critical success factors and factors that lead to failure. Charles Handy said that the intellectual assets of a company are worth up to 4 times the tangible book value. IBM purchased Lotus for $3.5 billion while it had a book value of only $230 million. The difference was the intellectual capital. Leif Edvinsson from Skandia estimated the ratio as 5:1 or 16:1 between intellectual assets and physical assets. The tip of an iceberg represents about one-ninth of the total size of the iceberg. The tip symbolizes the physical and financial resources of a business while the bulk underneath represents intellectual capital. Roger Byers (2002) reported in his doctoral dissertation that 69% of 177 organizations surveyed in Australia either agreed or strongly agreed that their learning organization program contributes directly and positively to their profit results.

In 1990 the Australian government passed a law (Training Guarantee Administration Act) that if a company did not invest about 1.5% of its annual revenue on training and developing its staff then it would have to pay that amount in extra taxes. What does it say about a country who has to impose a legal structure to force its organizations to spend a minimum amount of money on learning for its staff? The country values learning in the workplace to such an extent that it was prepared to legislate for it to happen. That law was suspended in 1994 but the impact continues. It’s not unreasonable to expect organizations to invest up to 5% of their resources on developing people. The Australian legislation was a first-time legislative boost to building learning oriented cultures within Australian organizations, a task which takes great effort and time and is a never-ending journey.

The case presented in this paper leads to the inevitable conclusion that learning at all levels makes the difference; it is the silver bullet; learning determines form and function and forms, of itself the basis for organizational success. The impact of organization on organizational learning is in fact the impact of the structure of learning. The projectile of organizational learning is created within a complex iterative process involving learning and organization. Learning what are the types of organizing patterns that best impact on learning within organizations leads to the outcomes desired. Thomas Watson, the founder of IBM said that if we want to be successful faster then we should double our rate of failure! Learning is born from failure. Success therefore, is learning to fail faster as a way of eliminating it and learning from it, to achieve success. The paper concludes that in so far as development is a form of learning it impacts directly on improvement and business success.

Dr Francesco Sofo
Associate Professor of Human Resource Development University of Canberra, ACT, Australia 2601
Phone: 61 2 62015123
Email: Francesco.Sofo@canberra.edu.au


ORGANIZING AND ORGANIZATIONAL SUCCESS RELY ON CONTINUAL LEARNING AND DEVELOPMENT


