Standing on the Toes of Giants:

Social Movement Theory and the Case of the Learning Organisation

Table of Contents

Table of Figures

Table of Tables

Chapter 1 Standing on the Toes of Giants

This thesis is entitled *Standing on the Toes of Giants: Social Movement Theory and the Case of the Learning Organisation.* It examines the efficacy of the learning organisation in the wider context of other business and management ideas.

The concept was popularised in the 1990s by a book published by Peter Senge called *The Fifth Discipline: The Art and Practice of The Learning Organization* (Burnes 2000; Burnes et al. 2004). Many of the discussions of the learning organisation have been developed from what Glaser and Strauss (1999) would refer to as the 'logico-deductive' method. That is to say, reasoned from literature. However, whilst there is a copious amount of books and journal articles that propose the characteristics of a learning organisation, there has been a lack of empirical work on this topic.

Indeed the learning organisation seems to be having been curiously overlooked in the list of management 'fads, fashions and bandwagons' that have been scrutinised. Whilst concepts such as total quality management (TQM) and business process re-engineering (BPR) have gained vociferous detractors (e.g. Grint 1997a), the literature on learning at an organisational level has received considerably less critical attention. This thesis, therefore, is a reappraisal of the concept of the learning organisation concept twenty years after it became popularised.

However, researching this area is complicated by a common language used promiscuously to express completely different concepts. Fundamentally there are two different schools. Those who subscribe to *organisational learning*, and those who subscribe to the *learning organisation* (Tsang 1997; Sun 2003; Sun and Scott 2003). Indeed, this research reveals there are a further four sub-schools.

Thus the *organisational learning school* appears to be composed of the cynical, threshold, universal and ideal type sub-schools. The *cynical school* doubts that organisations can learn, the *threshold school* look for indicators that an organisation has learned, the *universal school* believes *all* organisations learn, whilst the *ideal-type school* differentiates between organisational learning as an activity, and the learning organisation as a romanticised dream.

The learning organisation school, meanwhile has four similar sub-schools; cynical, threshold, universal and collectivist. The *cynical school* doubts learning organisations exist, the *threshold school* distinguished between *ordinary* organisations and *learning organisations*, the *universal school* believes *all* organisations are learning organisations, whilst the

collectivist school believes the learning organisation is one that provides exemplary training for its employees.

Whilst this may appear to be an exercise in semantics, understanding these eight perspectives is fundamental to this thesis. Three interrelated themes are thus considered. The first of these is a consideration of the efficacy of business and management theory in general. The second is the development of an empirically-based, syncretic model of the learning organisation concept. The third theme is the impact that learning organisation theory has had on practitioners.

The research question therefore is:

> To what extent has the concept of the learning organisation impacted on large, commercial organisations?

This is extended to three sub-questions:

> a. What is the perception of managers towards business and management theory?
> b. To what extent do the aspirations of the learning organisation manifest themselves in large, successful organisations?
> c. What is the perception of managers towards the learning organisation?

Chapter 2 examines the first theme: the efficacy of business and management ideas in general. This analysis is necessary as many writers on organisational learning (e.g. Dodgson 1993b; Lähteenmäki et al. 2001; Williams 2001) declare the field to be 'fashionable'. It is therefore necessary to provide some form of meaning for the terms 'fads, fashions and bandwagons' if we are to understand its impact on large corporates.

Figure 1-1 locates the learning organisation concept within the context of other competing business and management ideas. Whilst the list of competing ideas is far from exhaustive, the purpose of Figure 1-1 is to locate the epistemology of the learning organisation and critically analyse advocacy for favoured ideologies. Figure 1-1, therefore, provides the wider context for a discussion on concepts of the learning organisation.

Indeed, in the competition for attention authors dismiss rivals' ideas as fads, fashions and bandwagons: a process termed here as *ideological hegemony*. Various metaphors of progress in business and management are considered. The most compelling, it will be argued, is to consider each ideology as a social movement. That is to say an informal alliance of individuals united in proselytising a single issue.
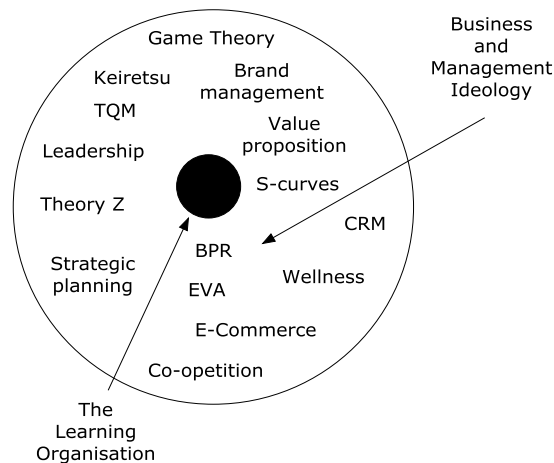
Figure 1-1 Epistemological Context of the Learning Organisation
Source: Author

Two fundamental views of business and management ideas are considered. These views can be both opposing and overlapping. The first approach views management ideas as being recycled concepts from previous incarnations. The second approach assumes knowledge builds upon advances made by its predecessors. This is immortalised in the expression 'standing on the shoulders of giants', variously ascribed to both Sir Isaac Newton and Bernard of Chatres (Merton 1993; Balmer and Gray 1999). The slightly self-deprecating title of this thesis, therefore, is chosen as an ironic pun on what has been termed 'the guru industry' (Huczynski 1993; Hilmer and Donaldson 1996; Micklethwait and Wooldridge 1996; Grint 1997a; Shapiro 1997; Jackson and Carter 1998; Collins 2000; Davenport et al. 2003).
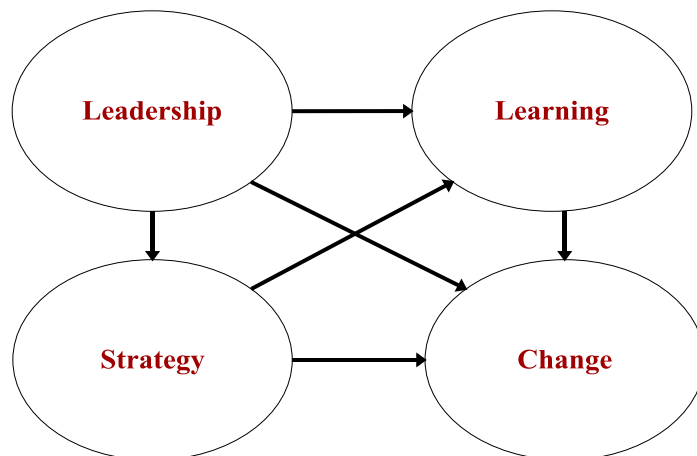
Figure 1-2 Syncretic Model of the Learning Organisation Concept (Second Order)
Source: Author

The second theme is the main research output of this thesis: a syncretic model of the learning organisation concept. Three schools of literature are identified as relevant; classical learning organisation, neo-learning organisation and anti-guru. Classical learning organisation is from

the first wave of popularist literature. Neo-learning organisation literature is based on the second wave. This extends the themes of organisational performance and corporate longevity. The anti-guru school is the cynical backlash against popularist writers. To syncretise is to aggregate teachings, beliefs or practices of different systems of religion or philosophy (Sinclair 2001). These three schools, therefore, are used to develop common themes that characterise different aspects of 'learning organisation theory.'

A syncretic model of the learning organisation concept was derived using SmartPLS (Ringle et al. 2005). Structural equation modelling is well suited to this method as it indirectly measures views and opinions. Thus a theme that needs to be tested becomes a *latent variable*. Each theme then has a number of questions that are different, indirect manifestations of that theme (Hair et al. 2010). However, whilst the respondents are asked a number of different questions, they are unaware of the over-arching theme that is being tested. To increase the integrity of the latent variables the questions in the survey instrument were randomised.

In all, twelve latent variables were identified. This is referred to as the first-order model. These were grouped into four meta-variables. In the structural equation model this is referred to as second order, as they are latent variables of latent variables (*ibid.*).

The relationship between the first- and second-order latent variables is shown in Figure 1-3. Table 1-1, meanwhile, shows the second-order model variables along with their propositions. The number in the left-hand column is the unique reference of the proposition, used throughout this thesis. The propositions start at four as the first three propositions relate to section 1 of the questionnaire.
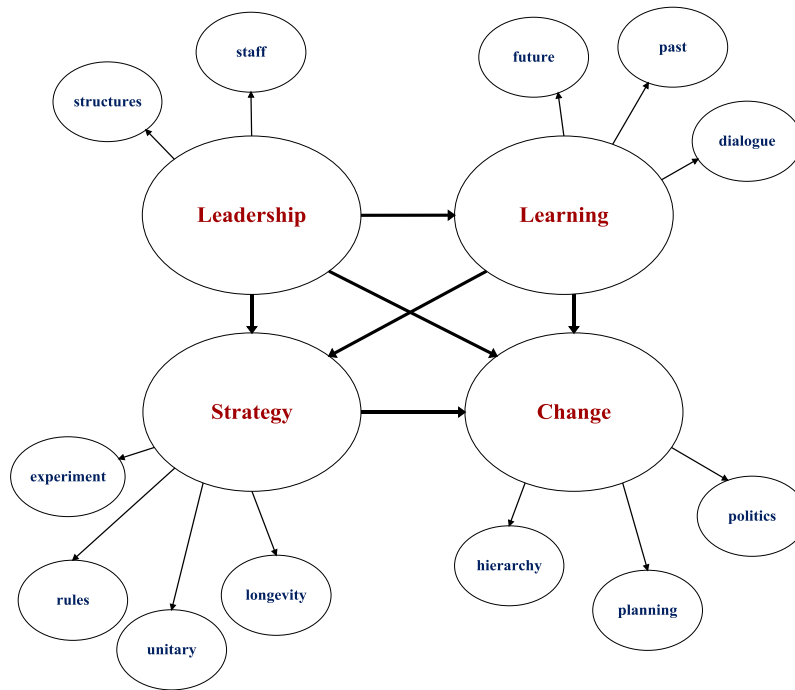
Figure 1-3 A Model of the Learning Organisation (First and Second Order)
Source: Author

The table also shows the abbreviations used throughout this thesis for each first-order latent variable. Thus leadership is an aggregation of *structures* and *staff*, learning is aggregated from *past, future* and *dialogue*, strategy from *experiment, rules* and *longevity*; change from *hierarchy, planning* and *politics*. The relationship between first- and second order variables is shown by putting them both in brackets. Second order variable first, delimited by a comma, followed by the first-order variable. For example (strategy, structures). The second-order variables, meanwhile, are referred to throughout this thesis as the four *quadrates* of the syncretic model.

Results from the model were used to confirm or falsify relevant themes. Thus, the results for (strategy, longevity), (strategy, unitary) and (change, politics) were relatively low. Therefore the concept of the learning organisation is not necessarily concerned with longevity, as Arie de Geus proposes. Neither is it particularly about developing alignment, as Peter Senge claims. Surprisingly, perhaps, politics is not seen as a substantial barrier for developing a successful organisation.

#	Leadership	First-order variable
4.	A learning organisation will concentrate on enabling structures rather than negative behaviours.	Structures
5.	Learning organisation will have appropriate staff.	Staff
	Learning	
6.	Learning organisations will make time to contemplate the future.	Future
7.	The learning organisation will make time to reflect on the past.	Past
8.	The learning organisation will create room for dialogue.	Dialogue
	Strategy	
9.	A learning organisation will have a culture of playful experimentation.	Experiment
10.	A learning organisation will constantly challenge the rules of the industry.	Rules
11.	A learning organisation is committed to the longevity of the enterprise.	Longevity
12.	A learning organisation will have a unitary culture.	Unitary
	Change	
13.	The tension between hierarchy and learning is managed in a learning organisation.	Hierarchy
14.	In a learning organisation planning is more important than the plan.	Planning
15.	Organisational politics will be minimised in a learning organisation.	Politics

Table 1-1 First- and Second-Order Variables for the Model of a Learning Organisation

Contrary to the learning organisation as conceived by Senge, leadership came out as the most consistent element. Given the responses for leadership and change it appears that establishing appropriate systems is important, but ultimately control is derived through legitimate authority and not through egalitarian control and democracy. Learning from the past, present and for the future were identified as important themes. Finally within the strategy quadrate experimentation was important, along with learning by challenging the inherited wisdoms of the industry.

The third theme of this thesis is the respondents' disposition towards the learning organisation. The results indicated that whilst most of the respondents felt they had not implemented a learning organisation, they felt it was ultimately possible. The strength of feeling evinced from this section confirmed the concept is still considered contemporary.

Figure 1-4 shows the relationship between learning at the individual level and learning at the collective level. This provides a roadmap of how Chapters 3 and 4 are to be developed. This follows complaints that the quiddity of *organisation* and *learning* are rarely considered in any real depth (Williams 2001; Rashman et al. 2009). These chapters thus examine:

> ... [how the] magic juxtaposition of the terms 'organization' and 'learning' stresses, rather than hides the need for a clear and elaborate conceptualizations of what is meant by both 'organizations' and 'learning.' (Easterby-Smith et al. 2001, p.17)

Indeed this field is characterised as being both vague and vivid in how these two terms can be combined (Lähteenmäki et al. 2001). However, the broad analytic value of *learning* seems to have wide appeal amongst practitioners (Dodgson 1993a). Chapter 3 thus examines individuals and organisations using first principles. This is necessary as the organisation learning literature is replete with reification errors (Silverman 1970).

It is suggested that many of the classical sociological texts on organisations (e.g. Katz and Kahn 1966; Perrow 1970; Silverman 1970; Perrow 1986) develop theory that is, for the most part, devoid of real-world examples. In contrast a number of diverse organisations are examined to consider their commonality. Using this analysis organisations are characterised as incorporeal, ephemeral and nebulous. Whilst the development of organisational taxonomies is considered a quixotic pursuit, a classification system is developed to isolate the sample of organisations that will be ultimately used.
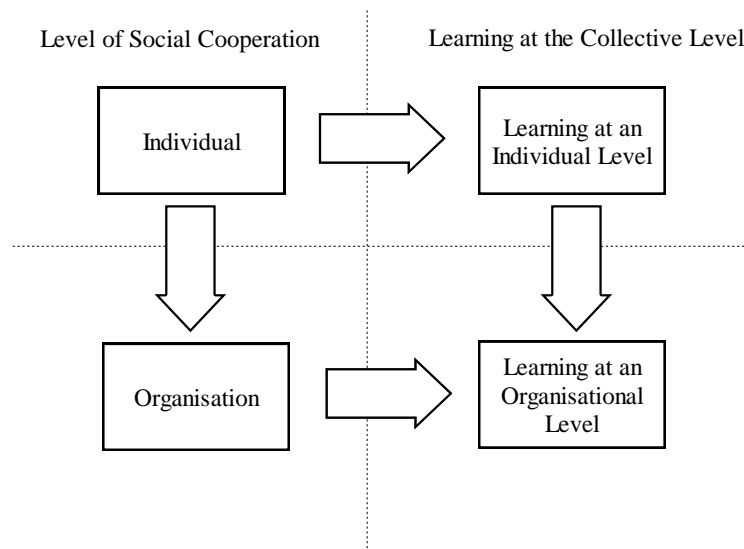
Figure 1-4 Level of Social Cooperation and Learning Aggregation
Source: Author

Chapter 4 examines work-based learning. Learning is described on three different levels. First-order learning is concerned with being more efficient or productive. Second-order learning is concerned with questioning the efficacy of the process. Third order learning has a recursive quality to it; it is a reflection on the evaluation process itself. That learning has a temporal nature is also considered as being absent from most of the analyses of learning.

Ultimately the temporal nature of learning manifests in the survey instrument as (learning, past), (learning, future) and (learning dialogue).

Consideration is then made of the link between intrapersonal and interpersonal learning. Tacit and explicit modes of learning are considered through socialisation, memes and tradition. This leads on to an examination of learning at the organisational level. Firstly the adoption of the term *organisational learning* into the wider literature is examined. Secondly, the problem of linking individual learning to collective learning is considered. Then the bifurcation in the literature between the schools of *organisational learning* and the *learning organisation* is discussed.

The difference between the *formal organisation* and the *informal organisation* are considered. The former involves the manifestation of articulated rules. The latter is concerned with the tacit adoption of unarticulated rules. This is usually referred to as culture (e.g. Deal and Kennedy 1988), though arguably the generational transmission of unarticulated rules is best referred to as tradition (Shils 1981; Hobsbawm and Ranger 1983). Rather than being a literature review, therefore, this chapter considers how the transmission of rules is the central tenet of organisational learning.

Chapter 5 is then concerned with reviewing the literature of the learning organisation concept to arrive at a syncretic model. This chapter considers eight of the most influential works from what is here termed *the classical learning organisation literature*. These books are *The Fifth Discipline*: *The Art and Practice of The Learning Organization* (Senge 1997); *The Learning Company* (Pedler et al. 1991); *Learning in Action: A Guide to Putting the Learning Organization to Work* (Garvin 2000); *The Living Company* (de Geus 1999); *The Learning Organization* (Garratt 2000); *Sculpting The Learning Organization* (Watkins and Marsick 1993); *The Organizational Learning Cycle* (Dixon 1994) and *Towards the Learning Organization* (Lampel 1998). Two books from what is here referred to as *the neo-learning organisation literature* are also identified. The first is *Built to Last: Successful Habits of Visionary Companies* by Collins and Porras (2000). The second is *Good to Great: Why Some Companies Make the Leap... and Others Don't* by one of the co-authors of the previous books (Collins 2001).

Chapter 6 then considers the ontological limitations of learning and organising. This is a detailed examination of what I have termed *the social constructivists paradox*. Ryle (1949) would refer to it as a 'category error'. According to this philosophical proposition, first applied in this field by Argyris and Schön (1996), 'learning' and 'organisation' belong to two

different logical categories. It is a paradox because, whilst being *technically correct* learning is a social process and individuals within a collectivity invariably learn from each other.

Chapter 6, therefore, identifies three different heuristics we use to help understand the incorporeal, ephemeral and nebulous phenomenon known as 'organisation'. These heuristics are identified as metaphor, ideal types and systems theory. These heuristics are then combined with Ryle's concept of category mistake to reappraise the concept of the learning organisation. The analysis from Chapter 6 identifies that metaphors are overstated whilst the use of ideal types are understated. There is also an absence of systems thinking in the literature. These weaknesses lead to an uncritical adoption of learning and organisation ontologies.

Using a systems approach the social constructivist's paradox can be explained by considering organisational learning as an emergent property. Meanwhile, the absence of different epistemological viewpoints are identified. Thus, organisational learning is interdisciplinary, yet does not seem to recognise that different traditions exist in different business functions in which managers are initially trained.

A further criticism notes the lack of empirical studies. In terms of verification or falsification this makes the learning organisation unique as a management ideology. It is noted that there is an attendant lack of literature that has become disillusioned with these concepts. The analysis of Chapter 6 leads to three major components that are missing in its literature. The lack of leadership, strategy and politics.

It is therefore proposed that these concepts are most applicable to large, commercial companies. This is because they have a higher level of self-determination compared to other forms of organisation. Thus, whilst operating within constraints imposed by governments, they are reasonably free to create new products and services. Larger organisations are considered more complicated to manage. Meanwhile, failure to execute a dynamically sustainable and successful strategy will result in organisational decline and ultimately demise.

The efficacy of the corporate life cycle model is considered. Whilst appearing to be popular amongst practitioners its usefulness for predicting corporate failure is identified. Chapter 7 also considers the limitations of researching the causality of organisational performance. This leads on to a section that contrasts the research methodology of previous studies and the one proposed in this thesis. The design of the questionnaire is described, along with the stages of

how companies were targeted. A response rate of 15.1% of the 1127 companies is recorded, leading to 170 observations for the structural equation model.

Chapter 8 provides the descriptive statistics of the 170 responses. The response to each question is provided in graphic and tabular format. As described in the previous chapter, the three different sections match the three research sub-questions. Thus the first section relates to the disposition of the respondents towards new business and management ideas. The second is the data collection for the structural equation model. The third section relates to the respondents' view of the learning organisation concept. Chapter 80 effectively addresses the first and third research sub-questions. Each question is provided in the context of a proposition. In addition the propositions and/or questions are supported by direct quotes from the classical learning organisation, neo-learning organisation and anti-guru schools.

Chapter 9 is a discussion of how SmartPLS was used to develop the syncretic model of the learning organisation concept. In the second-order model the quadrate for strategy was probably the least successful. Three questions were removed from this quadrate, leaving (strategy, longevity) with only one question, *and* a low value for the variance. Meanwhile, the variance for (strategy, unitary) was also relatively low. Whilst the change quadrate was mostly successful, a relatively low variance for (change, politics) manifested in the final iteration.

Chapter 10 provides the conclusions for this thesis. The findings may be summarised into the three research sub-questions. Firstly, practitioners find business and management theory useful. They do not view it in terms of fads, fashions and bandwagons. Secondly, a syncretic model of the learning organisation concept is compatible with practitioner views. This is with the exception of the aspirations for longevity and creating a unitary culture. Finally, the learning organisation concept has a particular resonance amongst company directors. Thus, twenty years after its introduction it still remains a popular idea.

Thus in terms of the overall research question the concept of the learning organisation has had a positive impact on large, commercial companies. Indeed, whilst there are certain limitations in its meaning, the power of the learning organisation concept seems to have been completely underrated by its critics.

Chapter 2 Social Movements: The Learning Organisation

2.1 *Introduction*

This chapter examines the explosive growth of business and management ideas. More specifically, it critical evaluates 'guru phenomenon' of the early nineties which is the basis for section 1 of the survey instrument. Fads, fashions and bandwagons are pejorative terms that are often applied to business ideologies. The objective of this chapter is to examine whether the learning organisation can be described in any of these terms. This forms section 3 of the survey instrument. Concepts of supply and demand for management ideas is superseded by a framework involving the production and consumption by four different stakeholder categories. These are academic-to-academic literature, academic-to-practitioner literature, the consultant-to-practitioner literature , and the practitioner-to-practitioner literature.

The analysis then moves on to consider the production and utilisation of management ideas in terms of its life cycle. These stages are production, acquisition, consumption and disposal. Criticisms of management gurus mainly centre on its indiscriminate and uncritical production. This chapter, therefore, discusses the reasons for its exponential increase from the consumer's perspective. The ontology of business and management ideas are considered by comparing the theological circuit of knowledge with the scientific circuit of knowledge. From this Finke's dimension of creative realism is presented as a taxonomy in which the learning organisation could be located, or at least appraised in an empirical approach.

The next section considers the use of citation indices as a proxy for the progress and adoption of business and management ideas. However, this section concludes the use of citation indices are fundamentally flawed. This is due to anomalies in databases and the ephemeral attention of editors and academics to new business ideas. Having shunned the conventional, somewhat prosaic, measurement this thesis proposes surveying senior managers for a more realistic evaluation.

Having considered *why* business and management ideologies might be adopted the next section considers various metaphors for *how* business and management ideologies are spread. Four heuristics are considered within this context: the scientific metaphor, the technological metaphor, the garbage can metaphor and management ideologies as social movements. This leads to a discussion on ideological hegemony: the competition amongst business ideas for the attention of managers. The chapter concludes with a brief examination of the zeitgeist of the learning organisation. This is to determine whether it past its zenith or whether it may still considered a contemporary concept.

2.2 *Stakeholder Analysis of Management Ideologies*

Since the 1980s a global industry has developed that impacts on everybody's life. It is unregulated and for the large part, unreported (Micklethwait and Wooldridge 1996; Collins 2000; Brindle and Stearns 2001; Jackson 2001; Wheen 2004). Some estimates put its value at £20bn per year (Micklethwait and Wooldridge 1996). Others say it accounts for between eight and 27 percent of domestic economic activity in the United States (Davenport et al. 2003). That industry is the one that provides advice, guidance, instruction and assistance to managers of organisations.

Pfeffer and Fong (2003) claim there has been little critical analysis of the efficacy of the advice industry until the work of Davenport et al. (2003). This assertion, however, overlooks a fairly substantial literature on the topic (e.g. Micklethwait and Wooldridge 1996; Collins 2000; Brindle and Stearns 2001). More recently the field has been augmented by the publication of *Hard Facts, Dangerous Half Truths and Total Nonsense* (Pfeffer and Sutton 2006b). This publication has lead to a subsequent move towards evidence-based, as opposed to ideologically-driven, management (e.g. Collins 2000; Learmonth 2006; Pfeffer and Sutton 2006a; Rosseau 2006b; Rosseau 2006a; Arbaugh 2007; Ashkanasy 2007; Cascio 2007; Lawler 2007; Pfeffer and Sutton 2007; Rosseau 2007; Rynes et al. 2007).

Brindle and Stearns (2001) state that business schools and consultants are key transmitters of management ideology. Davenport et al. (2003), meanwhile, identify three different distribution channels for the advice industry; publications, education and conferences. Publications include products such as books, audio tapes and DVDs. Micklethwait and Wooldridge (1996) divide the industry into the consultancy business, business schools and the guru industry. Huczynski (1993), meanwhile, discerns three different types of guru; the 'academic guru', the 'consultant guru' and the 'hero manager.'

This thesis is principally concerned with printed publications. Publications provide an artefact (Benders et al. 2006; Nijholt and Benders 2006) and gravitas to management ideas (Davenport et al. 2003). According to Pfeffer (2005a), there are over 30,000 business books in print with 3,500 being added every year. Micklethwait and Wooldridge (1996) estimate the sale of management publications alone is worth $750m in the United States.

Much of the focus of the advice industry has been on management gurus (Micklethwait and Wooldridge 1996; Collins 2000). These range from individuals with rather dubious credentials to Nobel laureates (Davenport et al. 2003; Hoopes 2003).

The first business guru of the modern age was Frederick Wilmslow Taylor whose 'scientific management' started the managerialist movement (Huczynski 1993; Micklethwait and Wooldridge 1996; Hoopes 2003). Writers such as Drucker (1982) and Burnes (2000) assert the development of management as a subject has been heavily influenced by the original disciplines of the authors who subsequently provided its foundation. Consequently, the perspectives from fields as diverse as economics psychology, anthropology, and political science are incorporated into the subject. (Perrow 1986; Handy 1987; Senge 1997; Burnes 2000; Ghoshal 2005).

This integrative approach manifests itself in research methodology. Yin (2003), for example, is often cited in case study research whereas he was, in point of fact, a political scientist. Meanwhile Hammersley and Atkinson (2005), who wrote *Ethnography: Principles in Practice* are often cited for their work on participant observation. However, their text only highlights one example of a participant-observer. Indeed authors such as Reason (1988) and Argyris (2001) bemoan the positivistic approaches imported from other disciplines. The importance of the study of organisations by business schools is eloquently made by Mintzberg (2004b):

> A number of social sciences, notably anthropology, sociology, economics, and political science, focus on broad issues of society; a single one, psychology, focuses on the individual. But none give serious attention to the important level of human activity between the individual and society – namely, *organizations, which so influence our daily lives. We live in a world of organizations, from the day we are born in a hospital to the day we are buried by a funeral home, including so much that happens in between*. The economy itself contains business organizations of all sorts. Government is as much an interacting network of public organizations as a system of legislative and executive politics. The rest of society, so-called civil service, is itself a wide array of all kinds of organizations, variously called NGOs, not-for-profit, trusts, cooperatives, and so forth. *We have a desperate need to understand these phenomena, and it is in the business schools where they get particular attention- from people not just trained in business but a variety of the social sciences, who congregate here to focus on issues of organization…So the potential is enormous. And I believe the output is impressive – in fact, one of the best-kept secrets in the academic world* (Mintzberg 2004b, p.394. Emphasis added.)

Carrying on the theme of concepts imported from other disciplines some writers use the language of economics to describe the *supply* of and *demand* for management ideology (e.g. Mintzberg et al. 1998; Kanter 2005; Rayport 2005). There has been very little in the way of a taxonomy to describe the production and consumption of business ideas. Using terminology derived from consumer marketing, therefore, the perspectives of production and consumption will be used instead.

Furthermore, adopting a convention developed in e-commerce (e.g. Tassabehji 2003; Chaffey 2009) a taxonomy is proposed that more accurately represents the stakeholders in the

production and consumption of theory. Whilst all the permutations would create sixteen combinations, the following can be identified as being the most relevant:

a. Academic to academic
b. Academic to practitioner
c. Consultant to practitioner, and
d. Practitioner to practitioner

The academic-to-academic literature is scholarly output intended for the consumption of other academics (Armstrong and Wilkinson 2007). It is characterised by journals such as *Administrative Science Quarterly, Management Science, Organizations Science*, and the various publications of the Academy of Management (Davenport et al. 2003). Academic to academic literature is characterised by a limited readership and a lengthy publication pipeline (Davenport et al. 2003; Armstrong and Wilkinson 2007).

Inherited wisdom dictates that the search and subsequent purchasing of new business and management ideas is to improve personal and organisational performance (Worren 1996; Huczynski and Buchanan 2001; Davenport et al. 2003). By and large managers are looking for a set of guidelines, or prescriptions, that will enable them to be more successful (Dalton 1959; Pinker 1997; Collins 2000; March et al. 2000). What consumers value, therefore, is a 'certainty tied to prescription' (Salaman and Butler 1990, p.185).

Practitioners are defined as managers, directors and executives of organisations. This includes trainee or prospective managers. For the large part 'practitioners' is the label used by academics to distinguish scholars from artisans (e.g. Rynes et al. 2001; Rynes et al. 2002; Coghlan 2003; Gendron 2004; Kerr 2004; November 2004; Cohen 2007; Rynes 2007a; Rynes et al. 2007). A clear but unhelpful distinction that was derived in ancient Greece (Dewey 1944; Schön 1991).

The academic-to-practitioner literature falls into two further sub-categories. The first is in the production of textbooks (Collins 2000) for what is termed pre-professional (Rogers and Freiberg) or pre-service (Scott et al. 2004) education . Assuming a legitimacy for those in authority, these texts take a so-called managerialist perspective (Lawrence 1969; Burrell and Morgan 1979; Donaldson 1985; Huczynski and Buchanan 2001). The second category of academic-practitioner literature is in the transmission of neo-ideology through publications such as *Harvard Business Review, MIT Sloan Management Review,* and *California Management Review*. According to Davenport et al. (2003) publication in these journals serve

to legitimise new ideas for management. Indeed it was in *MIT Sloan Management Review* that Senge's idea of the learning organisation first appeared (Senge 1990).

Hofstede (1991) warns against the limitations of typologies that do not fit into real-life situations. Likewise Pinker (1997) asserts that pristine categories are, in fact, fictions. The same could be said of consultant-to-practitioner literature, which is difficult to define. Individuals often straddle academic-consultant divisions (Micklethwait and Wooldridge 1996; Davenport et al. 2003). Indeed in the three journals mentioned in the previous paragraph, it is not uncommon for consultants to publish articles in *Harvard Business Review* and *MIT Sloan Management Review* (Micklethwait and Wooldridge 1996; Davenport et al. 2003). In its purest form this category might include consultants who have never been academics. At the extreme end this includes books like *The One Minute Manager* and *Who Moved my Cheese* that are considered accessible but superficial (Trank and Rynes 2003). *The One Minute Manager*, for example, was written after one of the authors, Blanchard, discovered that managers usually only read the first chapter of a book (Huczynski 1993; Jackson and Carter 1998).

The practitioner-to-practitioner literature, for the large part, takes the form of autobiographies (Micklethwait and Wooldridge 1996; Collins 2000). Examples include Iacocca 1987; Mackay 1993; Harvey-Jones 1998; Branson 2000; Gerstner 2003. Thus once the practitioner migrates from practice they would fall into the consultant category. de Geus (1999), for example, retired from Royal Dutch Shell and became an independent author, speaker and consultant.

This thesis concentrates on practitioner-oriented literature: the category of the author(s) are considered irrelevant. Thus Question 3 of the survey instrument asks respondents about the source of new management ideas. The categories considered are managers in organisations, academics at universities and management consultants. Respondents are asked to select what they consider as the most influential writers; academics, consultants or practitioners.

2.3 *The Cycle of Consumption*

Having considered the various stakeholders involved, we now turn our attention to the consumption of management theory. Consumer behaviour is defined as:

> … individuals or groups *acquiring, using and disposing of products, services, ideas or experiences*. This definition includes the *search for information and actual product purchase*. The study of consumer behavior includes an *understanding of consumers' thoughts, feelings, and actions* and an understanding of relevant marketing strategies. (Arnould et al. 2004, p.23. Emphasis added)

There are a number of striking similarities between consumer behaviour and the transmission and assimilation of business and management ideas. Davenport et al. (2003), for example, refer to the process of searching and subsequent purchasing of an idea in exactly the same manner as would happen in the acquisition of a consumer product.

Conventional Consumer Behaviour	Managers as Consumers
The producers are interested in the disposing of and acquiring ideas and information.	The production and consumption both dispose and acquire ideas and information.
There is a circle of consumption production, acquisition of goods and services.	Business and management ideas are considered to have a cyclical quality about them. (e.g. Moyer 2008)
The biography of the ideas can contribute to the value.	Previous ideas build upon each other, both destructively and constructively (e.g. Balmer and Greyser 2003)
Much marketing attention has focused on one aspect of acquisition – purchase decisions.	Attention has been focused on the production side, rather than on consumption.
Consumption patterns are indeterminate or not fully predictable.	The industry is characterised by 'fads, fashions and bandwagons'
Involves keeping up with the customer's imagination.	New business and management idea have an element of production and contagion.
The limits of our own cultural assumptions, cultural values, myths, symbols and ritual.	Limited to a managerialist, pragmatic perspective.

Table 2-1 The Manager as Consumer
Adapted from Arnould et al. (2004)

Table 2-1 presents a fuller exposition of this analogy.

Figure 2-1, meanwhile, shows the cycle of consumption. The process starts with production. This leads to acquisition, then consumption and ultimately disposal. These four steps can be short-circuited at any stage, as shown by the arrows in the middle of the diagram.
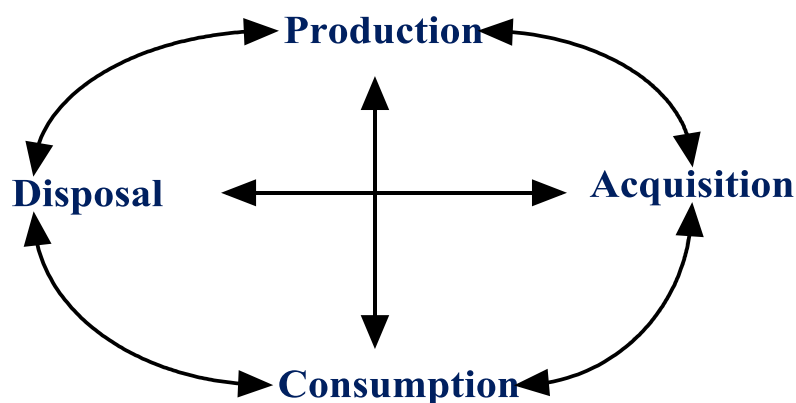
Figure 2-1 Circle of Consumption
Adapted from Arnould et al. 2004, p.11

2.3.1 The Production of Business Ideas

The production of theory is provided by organisations such as consulting firms, journalists, investment banks, business schools, law firms, publishers and technology vendors (Micklethwait and Wooldridge 1996; Davenport et al. 2003; Birkinshaw et al. 2008). Davenport et al. (2003) claim that the advice industry is, for the large part, greatly maligned and deeply misunderstood.

Activity-based costing	Activity value analysis	Adaptive enterprises	Artificial intelligence	Attention management	Balanced scorecard	Benchmarking
Brainstorming	Brand management	Business modelling	Cannibalization	Centralization /decentralization	Change management	Chaos / complexity
Competitive intelligence	Complex adaptive systems	Concurrent engineering	Conglomeration	Continuous improvement	Co-opetition	Core capabilities
Core competence	Corporate culture	Cost-benefit analysis	Creative destruction	Crisis management	Critical-path analysis	Cross-selling
CRM	Customer satisfaction	De-layering	Decision trees	Diversification	Double-loop learning	Downsizing
e-Commerce	e-Marketplaces	Economic value analysis (EVA)	Economies of scale/scope	Electronic data interchange (EDI)	Empowerment	Enterprise systems
Entrepreneur-ship	Evolutionary modelling	Excellence	Experience curves	Experience economy	Five forces analysis	Flat organizations
Franchising	Game theory	Globalization	Growth/share matrix	Hawthorne effect	Hierarchy of needs	Horizontal organization
Information ecology	Information management	Intellectual capitalism	Intellectual property management	Interorganizational systems	Intrapreneurship	Just-in-time delivery
Keiretsu	Knowledge management	Lead user analysis	Leadership	Lean production	Learning organizations	Lifetime customer value
Loyalty management	Management by objectives	Management by walking around	Managerial grid	Marketing myopia	Mass customization	Mass production
Matrix management	Mentoring	Mission statements	One-minute manager	Open-book management	Operations research	Organizational ecology
Outsourcing	Paradigms	Pay-for-performance	Permission marketing	Portfolio analysis	Portfolio management	Process improvement
Product life cycles	Profits pools	Prototyping	Quality circles	Quality of work life	Real options	Reengineering
Resource-based strategy	Restructuring	S-curves	Satisficing	Scenario planning	Scientific management	Scientific retailing
Segmentation	Services	Seven S model	Simulation	Six Sigma	Social capital	Sociotechnical systems
Spans of control	Strategic alignment	Strategic business unit	Strategic planning	SWOT	Succession planning	Supply chain management
Synergy	Systems dynamics	T groups	Teams	Technology transfer	Theories X and Y	Theory Z
Time-based competition	TQM	Unbundling	Value chain	Value disciplines	Value migration	Value proposition
Vertical/ horizontal integration	Virtual organizations	Vision	War for talent	Wellness	Yield management	Zero-based budgeting

Table 2-2 A Select Survey of Business and Management Ideas
Davenport et al. (2003)

They identify 140 business and management ideas. Their list includes concepts such as; e-commerce, total quality management, business process re-engineering, empowerment, flat

organisations, the Hawthorne effect, just in time, the war for talent and, significant to this thesis, learning organisations.

Additionally, they published the list of *Top Two Hundred Business Gurus* calculated on an aggregate of ranks from Google, Social Sciences Citation Index (SSCI) and media mentions. A sample of the Top Thirty business gurus is shown in Table 2-3. Significantly for this study, Peter Senge who is identified in Chapter 5 as being one of the most influential in his field is ranked as the number six 'guru' overall.

Guru	Name	Google Hits	Google Hit	SSCI Citations	SSCI Rank	Media Mentions	Media	Sum of Ranks
1	Michael Porter	18,536	13	3,129	2	2,338	8	23
2	Tom Peters	33,364	6	883	25	2,209	7	38
3	Robert Reich	31,448	7	791	27	6,304	5	39
4	Peter Drucker	49,760	2	1,202	15	593	33	50
5	Gary Becker	9,355	32	3,912	1	682	26	59
6	Peter Senge	18,290	14	1,312	12	585	34	60
7	Gary Hamel	9,624	30	1,065	18	772	22	70
8	Alvin Toffler	44,670	3	352	63	2,848	6	72
9	Hal Varian	13,550	19	912	23	454	43	85
9	Daniel Goleman	10, 603	28	603	36	779	21	85
11	Rosabeth Moss Kanter	7,617	41	1,357	10	545	37	88
12	Ronald Coase	7,117	42	1,534	7	338	51	100
13	Lester Thurow	8,510	36	532	40	708	24	100
14	Charles Handy	8,022	37	528	41	625	29	107
15	Ronald Romer	4,666	57	1,342	11	463	42	110
16	Henry Mintzberg	5,440	52	1,591	6	289	57	115
16	Stephen Covey	20,660	10	184	96	2,099	9	115
18	Michael Hammer	6,372	47	775	29	487	40	116
19	Bill Gates	510,059	1	127	118	81,600	1	120
20	Warren Bennis	10,030	29	393	56	558	36	121
21	Jeffrey Pfeffer	4,511	60	1,870	4	273	60	124
22	Philip Kotler	8,660	34	826	26	243	66	126
23	Robert C. Merton	3,250	84	1,057	19	609	31	134
24	C.K. Prahalad	6,910	44	1,011	21	208	76	141
25	Thomas H. Davenport	6,783	45	647	34	270	62	141
26	Don Tapscott	12,160	21	192	94	626	28	143
27	Malcolm Gladwell	12.087	22	162	104	780	20	146
28	John Seely Brown	7,688	40	357	62	425	45	147
29	George Gilder	13,850	18	121	119	897	14	151
30	Kevin Kelly	11,865	24	156	106	703	25	155
30	Chris Argyris	5,120	54	1,302	13	157	88	155

Table 2-3 The Top 30 Business Gurus
Davenport et al. (2003)

2.3.2 The Acquisition of Business Ideas

Managers are usually concerned with 'creating innovative solutions to consumption problems' (Arnould et al. 2004, p.9). Ironically, the same managers that are engaged in attracting and supporting consumers of their output are themselves consumers of the burgeoning business and management advice industry (Armstrong 2003). However, it is

asserted that the same level of attention is not paid to the output of the business advice industry (Pfeffer and Fong 2002; Mann 2004; Mintzberg 2004b; Ghoshal 2005).

2.3.3 The Consumption of Business Ideas

The motivation for the consumption of business and management ideas is an area for speculation. The economists Micklethwait and Wooldridge (1996) suggest that managers are motivated by fear and greed. Huczynski (1993), meanwhile, suggests that managers are anxious about their status and are motivated by the need for predictability, control and esteem. Expanding on the last point, Huczynski claims that adopting a business and management idea will help raise the profile of a manager within their organisation.

Cleverley (1971) suggests nine reasons for adopting a business and management idea. These are 1) an economic benefit based on their prospects for advancement 2) a conviction about the truth of an idea 3) by the comfort that it offered a more pleasant life 4) conformity to external authority 5) obedience to internal authority 6) the hope of increased status through conversion 7) the esprit-de-corps that manifests itself though the sharing of esoteric jargon 8) the magnetism of a mass movement that forms a community, and 9) a compliance to that community.

Brindle and Stearns (2001) meanwhile suggests that management fads 1) provide an identifiable agenda that those within the organisation can relate to 2) serve to legitimate a firm 3) give chance for a CEO to demonstrate activity 4) provide an opportunity for careers to advance 5) serve to build organisational culture 6) provide socialisation 7) legitimate decisions.

Here it is proposed that the thoughts, feelings and actions that managers experience in adopting a new business idea provides six interrelated emotions. These include 1) the need for meaning, 2) the need for inspiration 3) a feeling of impending threat, 4) a need to achieve longevity for their organisations, 5) an aspiration to personal immortality, and 6) credibility amongst peers.

Collins (2000) claims one of the reasons why management gurus have been so successful is that they provide meaning to the complex task of being a manager in an organisation. Thus gurus help managers locate meaning with an occupational milieu:

> Nowadays men everywhere seek to know where they stand, where they may be going, and what – if anything – they can do about the present as history and the future as responsibility. Such questions as these no one can answer once and for all. *Every period provides its own answers*. (Wright Mills 1959, p.165. Emphasis added).

Thus, it may seem that towards the end of the twentieth century managers turned to management gurus to provide guidance, context and meaning to a world they view as threatening (Huczynski 1993). This phenomenon is also referred to variously as sensemaking (Weick 1995) and the negotiation of meaning (Wenger 1998).

The inspirational aspect of the advice industry, meanwhile, is reflected in writers such as Charles Handy and Warren Bennis whose work reflects 'humanism, grace and thoughtfulness' (Peters 2006, p.31). Collins and Porras (2000, p.xiii) enthuse at how 'people feel inspired by the very notion of building an enduring, great company.' Huczynski (1993, p.44), meanwhile, describes how Peters and Waterman 'provided [an] optimistic, upbeat message' with *In Search of Excellence* (Huczynski 1993, p.44). Thus:

> New business ideas can energize individuals, leading them to work harder and to think more creatively. Doing the same job over and over again each day – no matter how initially interesting it may have been – can become very boring unless there are new business ideas blowing through often (Davenport et al. 2003, p.7).

The opposite of inspiration is the second category; the threat of extinction. According to Abrahamson (1996b) some authors use the threat of demise to motivate their readers to adopt a particular management idea. Some examples are shown in Table 2-4.

In the rapidly changing, more competitive new economy…	Thompson 2003, p.96
An economy that is increasingly competitive…	Pfeffer and Sutton 2006b, p.136
a. The environment is becoming more complex b. The rate of change is accelerating c. Competition is intensifying and becoming more global	Deal and Kennedy 1988, pp.178-9
… in an increasingly competitive world marketplace [for human resource]	Watkins and Marsick 1993
In today's hypercompetitive business environment…	Detert and Burris 2007, p.869
… in today's tumultuous business world	Seibert 1999, p.54
To remain viable in an environment characterized by change and uncertainty, organizations must be able to continue to change themselves.	Edmondson and Moingeon 2001, p.157
In an increasingly rapidly changing environment, the only competitive advantage left, it is said, is to learn faster than others.	Finger and Brand 2001, p.132
By any objective measure, the amount of significant, often traumatic, change in organizations has grown tremendously over the past two decades.	Kotter 1996, p.3

Table 2-4 Implicit Threats from Increased Changes in the Business Environment

A third motivation is to try and ensure longevity for their organisation. The average life expectancy of a Fortune 500 company, for example, is between 40-50 years (Caulkin 1995; Garratt 2000). Indeed, a third of the FTSE-listed companies of 1970 had disappeared thirteen

years later (Caulkin 1995; Micklethwait and Wooldridge 1996). Thus having founded a company, the aim must be to keep it functioning as an economic enterprise (Greiner 1998). Indeed the founder of Sodexho articulated a preference to create something long and enduring rather than being recognised as the industry leader (Ford 2003).

The fourth motivation is immortality. According to Becker (1997) this is example of a *causa sui*, a self-caused cause. This is to be part of something 'larger and more enduring than ourselves' (Morgan 1997, p.228). Thus, having enjoyed some degree of economic success, part of our existential dilemma is for the founder to achieve a tangible legacy of lasting worth (Becker 1997). Thus, the foundation of a business empire is something that transcends the ephemeral existence of human life (Morgan 1997).

> In quieter moments, we all wonder what our lives will sum up to, what we're going to leave behind when we die. *Built to Last* pointed people to a path that they could follow if they wanted to leave behind their own legacy. (Collins and Porras 2000, p.242)

The final motivation is credibility amongst peers as advocated by Grint (1997a). Empirically, however, contradictory evidence exists. In a study conducted by Staw and Epstein (2000) the authors found organisations who adopted innovative business ideas did not improve their financial performance. However, their management was more admired and thought to be more innovative because of it. Research conducted by Davenport et al. (2003), meanwhile, indicates that organisations gain first-mover advantage and gain credit from peers and investors for adopting ideologies in their infancy. In fact, the concept of first-mover advantage is, in itself a management ideology (Suarez and Lanzolla 2005). Thus, whilst evidence for increased performance was contradictory, both studies showed that credibility amongst peers was increased by becoming an early adopter of new business idea.

2.3.4   The Disposal of Business Ideas

Operationalising business ideas is referred to as *praxis*; 'that component of epistemology that emphasizes learning through practical application' (Raelin 2000, p.176). Indeed praxis views the development of management practice and management theory as inseparable (Argyris 2001).

Argyris and Schön (1996) claim that, in the main, business and management ideas are ideologically driven. This proposition is also hinted at by Collins (2000) who takes a critical-practical perspective. Pfeffer and Sutton (2006b) cite the examples of performance-related pay for teachers and police line-ups as practices that persist in spite of significant evidence that these processes are ineffective:

> Despite the fact that the world of business prides itself on its self-analytical and ordered approach to things, businessmen are no less prone than the next man to fashion and

crazes. As the ground of what constitutes business success is ploughed over again and again 'new discoveries' are made, new methodology is produced and new panaceas for success are recommended, and as eagerly sought. (Harvey-Jones 1987, p.7)

The accusation of 'fashion and crazes' is a common theme in the relatively sparse literature on the efficacy of business and management advice:

… There is a terrible bias in today's management literature towards the current, the latest, the "hottest." This does a disservice, not only to all those old writers, but especially to those readers who are all too frequently offered the trivial new instead of the significant old. (Mintzberg et al. 1998, p.8)

However, two of the only writers to have written extensively on the subject have observed:

Although fads are pervasive, they have not been much studied. A good bit of the literature that does exist is hostile or sceptical, and scepticism is certainly understandable (Brindle and Stearns 2001, p.viii)

However, this is nothing new:

Nowadays, it is true, many intellectual fads are widely taken up before they are dropped for new ones in the course of a year or two. Such enthusiasms may add spice to cultural play, but leave little or no intellectual trace. That is not true of such ways of thinking as 'Newtonian physics' or 'Darwinian biology.' Each of these intellectual universes became an influence that reached far beyond any special sphere of idea and imagery. In terms of them, or in terms derived from them, unknown scholars as well as fashionable commentators came to re-focus their observations and re-formulate their concerns. (Wright Mills 1959, p.13)

Thus the ebb and flow of interest in management ideas cause them to be variously labelled *fads* (Armandi 2003; Rowley 2003; Sherman 2003; Mintzberg 2004b; Williams 2004), *fashions* (Abrahamson 1996a; Abrahamson 1996b; Worren 1996; Neves 2003; Mintzberg 2004b; Williams 2004; David and Strang 2006) and *bandwagons* (Argyris and Schön 1996; Fiol and O'Connor 2003). The two former terms use the fashion industry as a metaphor, so it is instructive to compare these definitions with trends.

Fashions refer to particular combinations of desirable attributes…*Fads* are short-lived fashions, often adopted by relatively few people, often members of a common subculture… *Trends*, or style, last longest and may define an era (Arnould et al. 2004, p.713. Emphasis added).

Thus, in this sense, fads are used to indicate the ephemeral nature of management ideas. Fashion is a metaphor for their cyclical impact on the psyche of the business world. Bandwagons is a term that is used to characterise their contagious effects (e.g. Abrahamson and Ronsenkopf 1993; Staw and Epstein 2000; McGahan 2002; Fiol and O'Connor 2003; McNamara et al. 2008).

One of the purposes of this research, therefore, is to examine whether the learning organisation concept can be considered as a fad, fashion or a bandwagon. It also considers the wider implications of the respondents' view of business and management ideology. These are

the first and third research questions respectively. Thus Question 1 of the survey instrument asks about their enthusiasm towards management ideas. Question 2 asks to what extent the respondent's company consider new management ideas to be passing fads. The results, discussed in Chapter 10, suggest that whilst the concept has been around for a considerable time, the learning organisation is still considered a relevant concept.

2.4 *The Adoption and Propagation of Theory*

The previous sections established the word 'theory' as a contested term (Saunders et al. 2000). Its usage encompasses other terms such as frameworks, models, and ideologies (Sutton and Staw 1995; Kilduff 2006). Indeed as Friedman and Miles (2006) wryly observe, a shared commitment amongst theorists should be labelled as something better than a theory.

In 2006 Pfeffer and Sutton published *Hard Facts, Dangerous Half Truths and Total Nonsense: Profiting from Evidence-Based Management*. In this work a reviewer refers to the 'cherished and ingrained superstitions' that managers attach to certain business and management theories (*ibid.,* p.i). This seems to reflect 'current ideology rather than actuality' (Glaser and Strauss 1999, p.261).

A number of euphemisms exist for what is generally referred to as *theory*. Brindle and Stearns (2001), for example, refer to *management enthusiasms*. Based on a precedence started by Perrow (1970), however, the term 'business ideology' will henceforth be used as a synonym for a 'business and management idea'.
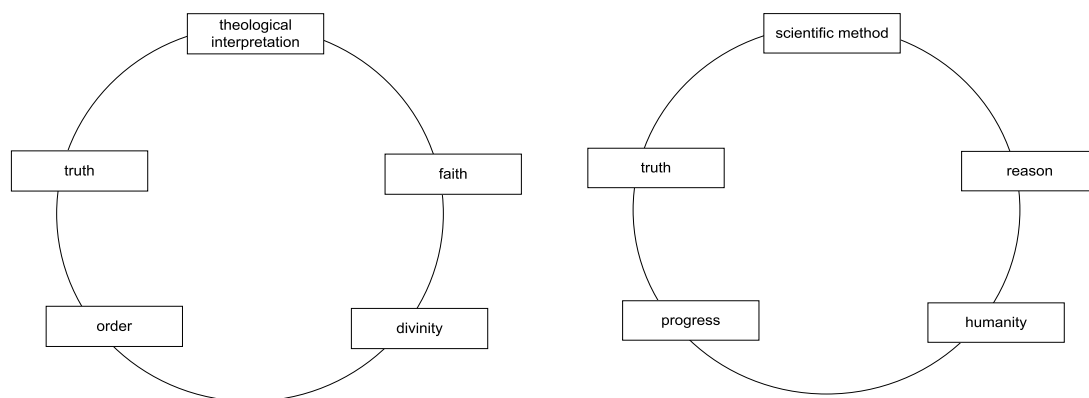
The Theological Circuit of Knowledge   *The Scientific Circuit of Knowledge*
Figure 2-2 The Theological and Scientific Circuits of Knowledge
Smith 1998, p.56

The difference between faith and reason is illustrated in Figure 2-2. This diagram shows the theological circuit of knowledge and the scientific circuit of knowledge respectively. Here the theological circuit is based upon faith, whereas the scientific method is based on reason. The

scientific circuit of knowledge will be examined later. However the point here is this separation may inspire an element of 'blind faith' in its adherents.

Table 2-1 on page 24, meanwhile, shows two contradictory views on the production of theory. The item in the second row subscribes to a cyclical view. This cyclical view of theory generation is advocated by Moyer (2008) in the *Harvard Business Review* article *Theory-Go-Round*. 'Theory-Go-Around' can be demonstrated in the terms *cooptation* and *coopetition*. According to Perrow (1970) the word *cooptation* was coined by Selznick (1949) in *TVA and the Grass Roots*. Subsequently the concept appears in the influential book by Pfeffer and Salancik (1978) *The External Control of Organizations*. Meanwhile according to Mintzberg et al. (1998) the idea of *coopetition* was coined by Brandenburger and Nalebuff in their influential *Harvard Business Review* article of 1995. Coopetition is essentially the same portmanteau as cooptation, but reintroduced some fifty-five years later. Furthermore Micklethwait and Wooldridge (1996) use the example of marketing myopia (Levitt 2006) and core competencies (Hamel and Prahalad 1994) as the same idea reinvented. This causes one critic to observe:

> … 'gurus' have a tendency (1) to present, quite unwarrantedly, their ideas and their analyses as new departures, distinct from what has gone before, or (2) have a tendency to revisit, quite unknowingly, arguments and forms of analysis which previous generations of scholars, invoking a different 'grammar', have discussed and rejected. (Collins 2000, p.33)

As an illustration of this kind of rhetoric Goldratt (1997, p.85) refers to the *Theory of Constraints* as a 'breakthrough idea'. This phrase gives it a respectability akin to natural science. A claim some would consider an exaggeration.

Arnould et al. (2004) point out that the term *fashion* is applied to movies, music, food, advertising, interior design and clothing. An implicit and pejorative assumption is thus made between the production of theory and the 'chaotic cycles of style' of the fashion industry (Pinker 1997, p.501). The fashion metaphor, therefore, is an attempt to make other business ideologies appear ephemeral and superficial.

The second row of Table 2-1 on page 24, meanwhile, illustrates the second view. In this perspective business ideas build upon previous work, somewhat akin to the concept of paradigms in natural science (Burrell and Morgan 1979; Kuhn 1996; Burnes 2000). As Furrer et al. (2008) demonstrate from the strategy literature, themes that become accepted from previous generation effectively set the agenda for their successors. Thus theory becomes 'a paradigm laboriously built up by the work of others in the discipline' (Scott et al. 2004, p.12).

In this view knowledge is incremental while contributions are built upon from venerated predecessors; standing on the shoulders of giants (Merton 1993; Balmer and Gray 1999).

Management Enthusiasms	Year	Key Words
Early Theories		
Scientific Management	1900-1930s	Processes; one way to do things, efficiency
Administrative Management	1930s	Division of labour functions, hierarchy.
Human Social Factors	1940s	Workers' social needs are important for optimal motivation and productivity.
Beginning of True Faddism		
Theory X and Theory Y	1950s	Authoritarian versus participatory management, motivation
Leadership	1950s	Criticality of leader as pivotal to firm's success or failure, traits could be identified.
Strategic Planning	1950s-1960s	Plan, control, external environment critical.
Management by Objectives	1965	Individual goals related to company goals
Portfolio Management	1973	Boston Consulting Group; matrix of business products, cash cows, stars, dogs, and the like
Matrix Management	1970s	Restructure reporting relationships to eliminate functional structures
Quality circles	1970s-1980s	Monitor, workplace improvement
Total Quality Management	1980s-1990s	Customer focus, efficiency, processes, quality
Empowerment		
Benchmarking		
Reengineering	1990s	Processes, start-over, structure
Team-Based Work & Self-Managed Teams	1980s-1990s	
Downsizing	1990s	Layoffs, called restructuring for efficiency
Learning in Organisations	1990s	Constant learning, how organisations learn new ways of doing things, share learning.
Leadership	1980s-1990s	Traits, charisma capable of being learned, individual pivotal to survival.
Entrepreneurship	1990s	Start-ups, e-commerce.

Table 2-5 Chronological List of Management Enthusiasms
Brindle and Stearns (2001, pp.18-19)

The phrase *Old Snake Oil, New Bottles* is taken from a chapter from *How Mumbo Jumbo Conquered the World* by Wheen (2004). Thus, is the learning organisation really something new, or is it simply repackaged? Was the learning organisation a genuine management innovation? A management innovation is defined as an:

... invention and implementation of a management practice, process, structure or technique that is new to the state of the art and is intended to further organizational goals. (Birkinshaw et al. 2008, p.825)

A chronological list of 'management enthusiasms' as Brindle and Stearns (2001) euphemistically refer to them, is shown in Table 2-5. These are divided into 'early theories', starting with scientific management in 1900 and 'the beginning of true faddism' in 1940.

Huczynski (1993) discerns six stages of development within business ideology 1) bureaucracy 2) scientific management 3) administrative theory 4) human relations 5) neo-human relations 6) guru theory. Thus Huczynski's list starts with bureaucracy. Also, Huczynski's list adds 'guru theory' which is the theory of how the gurus influence management ideology. However, as will be described in section 2.6 on *ideological hegemony,* this group of writers will be recast as the anti-guru school.

What both lists illustrate is referred to as 'pendulum theory' (Barley and Kunda 1992; Brindle and Stearns 2001; Jackson 2001). Pendulum theory suggests that the ephemeral interest of managers swings from efficiency to treating people more humanely. Brindle and Stearns (*ibid.*, p.50) suggest interest rotates between 1) The tension between change and continuity 2) Efficiency in production versus concerns about the worker. 3) An ongoing debate about how to organize and structure the work, resulting in a dizzy swing between centralisation and decentralisation.

These two views of progress, however, are not mutually exclusive and merely demonstrate two extremes of a continuum. Hoskisson et al. (1999), for example, contend that research in the literature on strategic management seems to swing like a pendulum. This is indeed exacerbated by the regular rehistorising of previous theory, e.g. Parker and Ritson *Revisiting Fayol: Anticipating Contemporary Management* (2005)

In contrast to management ideology, which is arguably socially situated, progress in physics is seen as generational (Kuhn 1996). In this view outmoded world views are displaced and updated by new scientists that previous generations of physicists reject until their dying breath (Kuhn 1996; Popper 2002; Lindley 2007). Generally speaking natural science does not revisit, promote and teach ideas that are considered outmoded. In contrast there is no equivalent to outdated and/or discredited practices such as alchemy in chemistry or the use of leaches in medicine. Thus:

> The social sciences present a paradox. They live under the guidance of their own traditions and thus prolong the past into the present; they themselves both seek to escape from their past by making themselves scientific and they at the same time retain a self-conscious attachment to the ideas and great figures of the past – to which they sometimes add the new constituents of a past which has only recently been acquired by them. But as

regards the traditional features of their own subject matter they have been rather obdurate (Shils 1981, p.138).

Thus, whilst natural science and social science have similarities, comparisons between the two seem to be of interesting, but limited, value.

> … Unfortunately, every reader is his own sociologist. In contrast to many other disciplines that tell the reader about a technical area with which he is not too familiar, the sociologist describes a world that is familiar to all. Thus, much of his description appears to be "obvious." The rub is that we all carry around in ourselves contradictory explanations, each of which seems equally obvious; we bring out the one which suits us at the time. (Perrow 1970, p.94).

Question 4 of the survey instrument asks the respondents whether they believe business and management theory progresses as ideas build upon one another or are recycled from previous concepts. To examine our understanding further, therefore, we need to develop an ontological view of business and management ideology. Smith (1998) asserts there are three levels of ontological reality; empirical, actual and real/deep. Empirical deals with perceptions, impressions and sensations. Actual deals with events and states of affair, whilst real/deep deals with structures, mechanisms and powers/liabilities.
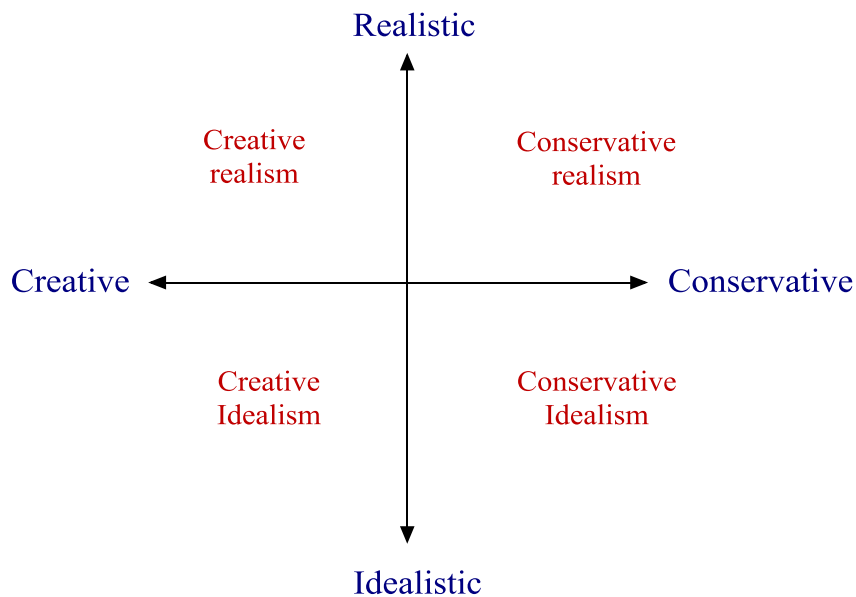
Figure 2-3 The Dimensions of Creative Realism
Finke 1995, p.306

Finke (1995), meanwhile, proposes a taxonomy based on the level of creativity and reality of an idea. This is shown in Figure 2-3. This taxonomy is usually used to evaluate creativity in work groups (Thompson 2003). It can be argued that this taxonomy is equally applicable to business and management ideas. However, whilst an initial glance suggests it might be useful, Chapter 10 discusses its limitations and suggests an alternative framework. The four quadrants are explained in Table 2-6.

Creative realism	Ties in with established, traditional ideas. It is very structural and low on imagination and divergence. Creative realists tend to avoid ambiguity and uncertainty.
Creative idealism	Is associated with what might be called 'crackpot' ideas. These trains of thought are original, but often fanciful and unrealistic.
Conservative idealism	Is the extension of common ideas that were unrealistic to begin with, e.g. women are inferior to men. These ideas are likely to be unimaginative with no basis in fact and are often used to close down innovative thinking.
Conservative realism	Shows imagination and divergence but is connected to real issues and concepts

Table 2-6 Dimensions of Creative Realism
Knasel et al. 2000, p.130

The second research sub-question is by far the most substantial. Indeed Chapter 3 and Chapter 4 are concerned with examining concepts of *organisation* and *learning*. Section 2 of the questionnaire uses structural equation modelling to evaluate where the learning organisation concept lies in the creative-conservative, idealistic-realistic continuum. The results from Chapter 9 tends to suggest that whilst the learning organisation can be initially thought of as located in the quadrant for creative idealism, further discussions analysis shows the need for a more specific taxonomy in the field of organisational learning and the learning organisation.

2.4.1 The Adoption and Diffusion of Management Theory

Various concepts have been advanced that characterise the adoption and diffusion of management theory. Figure 2-4 shows the rates of adoption and diffusion of innovations (Rogers 2003). This S-shaped curve is the usual concept applied to business ideologies.

Arnould et al. (2004) point out the bandwagon effect of late majority consumers 'because everybody else is doing it' (*ibid.,* p.738). This phenomenon is also known as social proof, herding and cascades (Surowiecki 2007). Examples of bandwagons include the adoption of frequent flier programmes (Arnould et al. 2004) and the internet bubble of the 1990s (Tassabehji 2003; Wheen 2004; Chaffey 2009). The concept of bandwagons also applies to business, politics, surgery, fashion, mergers, acquisitions and purchasing shares of initial public stock offerings (Staw and Epstein 2000; Fiol and O'Connor 2003; McNamara et al. 2008).
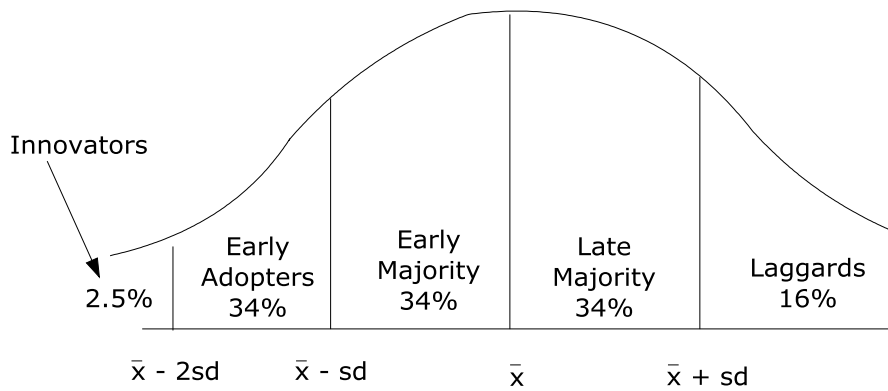
Figure 2-4 Adopter Categorisation on the Basis of Innovativeness
Rogers 2003, p.281

The convention for measuring the adoption and decline of management ideas is to use citations indices as a proxy (Benders et al. 2006). David and Strang (2006), for example, use citation indices from ABI Inform to determine the rise and subsequent decline of articles on total quality management. Nijholt and Benders (2006) use citation indices to investigate self-managed teams. Jackson (2001) uses citation indices for business process re-engineering, *The Habits of Highly Effective People* by Covey (1994), and the learning organisation. The shapes of the resulting citations index graphs plotted over time are all similar in appearance to that of Figure 2-5; a steady increase followed by a marked decline that resembles a lifecycle.
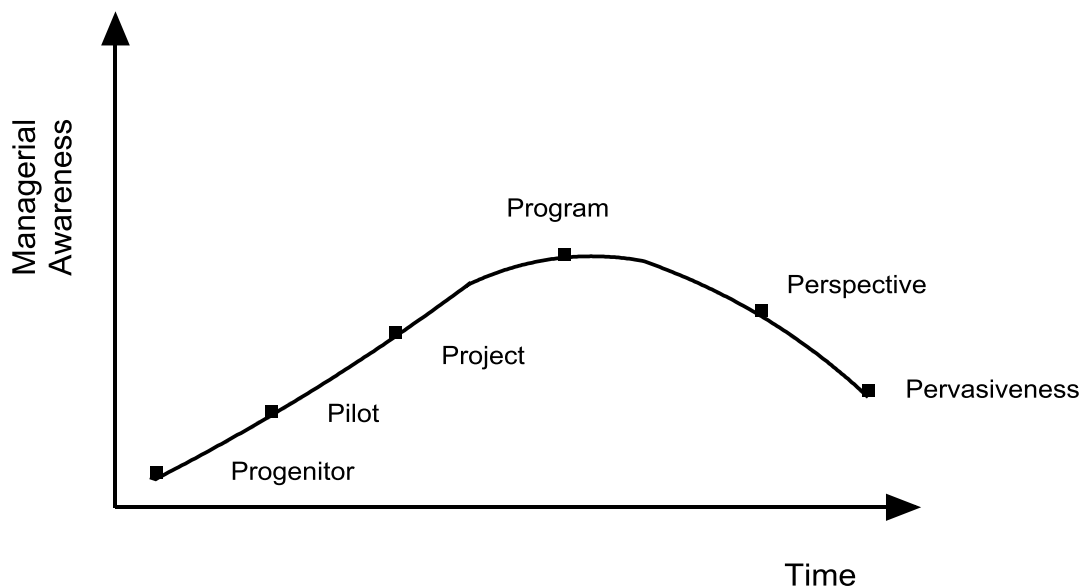
Figure 2-5 The P Cycle of a Successful Business Idea
Davenport et al. 2003, p.53

Cohen and March say that 'New ideas and practices spread… like measles through an elementary school' (1974, p.xvi). In fact, the disease metaphor has been reinvigorated recently by Gladwell (2001). In *The Tipping Point* Gladwell (*ibid.)* describes the spread of

ideas as epidemics. This geometric progression is thought to be true of new management ideas amongst neophyte managers (Rifkin 1994; Shapiro 1998). Indeed Davenport et al. (2003) refer to the initial stage as the 'contagion' of an idea. The attention given by consumers engenders further attention, gives credence, and helps legitimise the idea.

> There exists a fleeting and deliriously exciting moment in the life of an idea when it teeters between what one person suspects and what everyone accepts. In that moment, months or years before it exerts any practical influence, the idea holds the greatest potential to inspire and incite. Opportunities, implications, and related discoveries open up from it in all directions like a hall of mirrors (Harvard Business Review 2005)

However, it is misleading to assume that *all* business and management ideas become contagious. Bower (2005), for example, published an idea called *The Velcro Organisation*, which has not (as yet, at least) enjoyed the same success when compared to the 140 business ideas identified by Davenport et al. (2003). The same could be said of the concept of *Spiral Dynamics* by Beck and Cowan (1999) which only enjoys marginal interest.

In counterpoint to the 'deliriously exciting moment' of contagion is what Stafford Beer terms the 'literature of disillusionment' (Argyris 2001, p.39). This starts when academics take interest and negative press coverage signals the recession of the wave (Davenport et al. 2003).

However, whilst Nijholt and Benders (2006) point out that interest in business ideologies may decline, their practice may not be necessarily so ephemeral. This is a considerable understatement. Bureaucracy and scientific management have been around for nearly a century and yet are still the subject of debate (Du Gay ; Popper 2002; Hoopes 2003). These topics remain part of the syllabus of business schools (Mintzberg 2004b). The use of budgets and double-entry book-keeping, meanwhile, have been around for six centuries (Drucker 1982).

Nijholt and Benders (2006) also make the point that the trends may be an irregularity within the databases. This may also have something to do with the lengthy peer review process and backlog of articles (Davenport et al. 2003; Armstrong and Wilkinson 2007). Likewise Furrer et al. (2008) point out that it is inaccurate to use the number of citations as proxies for popularity as the motivation for quoting the particular piece can be ambiguous.

Thus, whilst the print media indicators make engagement look cyclical, it may also demonstrate an interest and subsequent decline in interest between academic authors and their respective journal editors. This decline, however, may not be reflected in the content of text books that subsume this into their material.
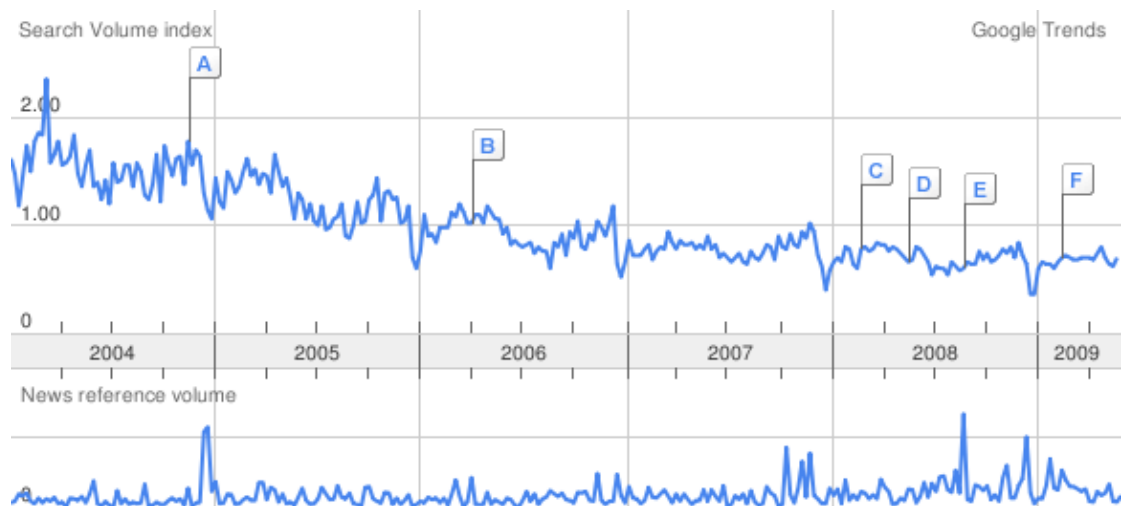
Figure 2-6 Google Trends Results for the term 'Learning Organization'
Search Conducted 07-06-09

In contrast to the 'P cycle' of successful business idea are searches made on Google Trends. These results for these are shown in Figure 2-6 for the term 'learning *organization*', whilst Figure 2-7 shows the results for the term 'learning *organisation*.' Both of these graphs shows a general downward trend in searches for their respective terms. The labels on the graphs correspond to articles published on the same day of the peak. These peaks may or may not correlate to the peak in search activity. The term 'learning organisation' meanwhile dropped to zero on two occasions. No reason is given for this marked decrease in interest and may be a flaw in the database.

The same exercise was carried out on business ideologies such as TQM, BPR, lean manufacturing, leadership, corporate governance, ethics and project management. All showed a similar downward trend. This contrasted to cyclical events such as Wimbledon, the Olympics and Christmas. It was also compared with events of contemporary interest. These included credit crunch, recession, Facebook, Twitter, social networking, the emergence of the entertainer Susan Boyle from relative obscurity and the death of Michael Jackson.
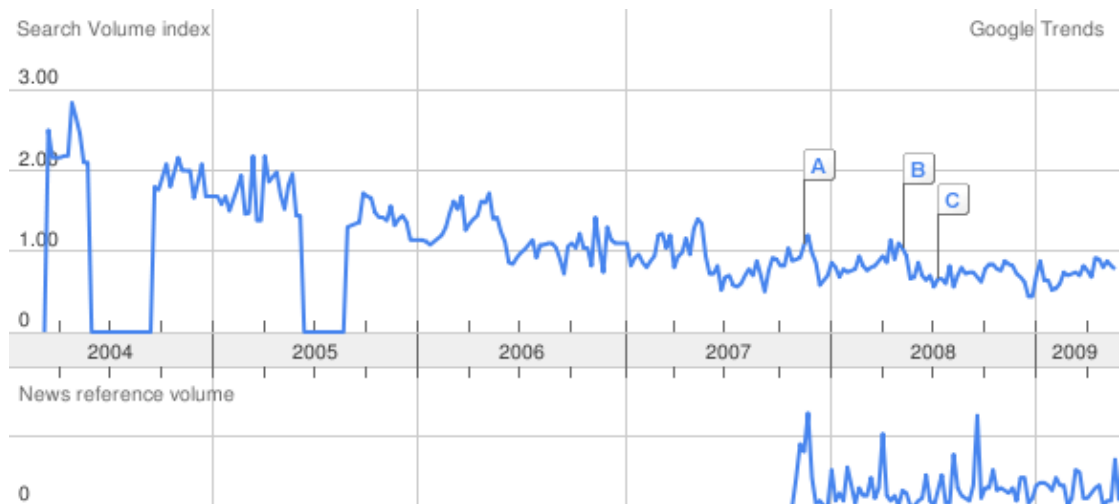
Figure 2-7 Google Trends for the term 'Learning Organisation'
Search Conducted 07-06-09

These searches demonstrate a declining interest that can be reignited by an external event. Thus, high-profile corporate failures such as Enron produce a renewed interest in ethics and corporate governance (Pearce 2003; Bakan 2005). For these reasons counting citations index is a rather obvious but prosaic and deeply misleading exercise. Unfortunately, using citations indices seems to have become the accepted method of proving a fad has been and gone (e.g. Spell 1999). This research sought the views of the consumers of management ideas rather than use secondary data compiled from misleading indicators.

Thus management ideas are thought to have a 'zeitgeist': an ideology whose time has arrived (Grint 1997a; Davenport et al. 2003). This thesis examines whether the learning organisation has passed its zeitgeist. Thus, whilst organisational learning can trace its roots to Cyert and March's 1963 publication *A Behavioral Theory of the Firm,* the zeitgeist of the learning organisation is thought to have reached its zenith after the publication of *The Fifth Discipline*.

2.5 *Metaphors of Progress*

Section 2.3.1 introduced the work of Davenport et al. (2003) who identified over 140 different business and management ideas. However, even this list is not definitive as it leaves off ideas such as first-mover advantage (Suarez and Lanzolla 2005), project management (Slack et al. 2007; Mantel et al. 2008) and corporate social responsibility (Bakan 2005).

The publication of *Hard Facts, Dangerous Half Truths and Total Nonsense* created a wave of interest in evidence based management, e.g. Learmonth 2006; Pfeffer and Sutton 2006a; Pfeffer and Sutton 2006b; Rosseau 2006b; Rosseau 2006a; Arbaugh 2007; Ashkanasy 2007;

40

Baack 2007; Bielmeier 2007; Cascio 2007; Dierdorff 2007; Miller 2007; Pfeffer and Sutton 2007; Rosseau 2007; Rynes et al. 2007; Williams 2007.

The next section considers *how* business ideologies are spread. Four heuristics are considered: management as a science, management as a technology, the garbage can metaphor and management ideologies as social movements.

2.5.1 Scientific Metaphors

Although it was initially conceived as a science (Micklethwait and Wooldridge 1996; Hoopes 2003; Mintzberg 2004b) the practice of management is recognised as being highly contextualised and idiosyncratic (Mintzberg 1973; Kanter 1997; Davenport et al. 2003). Given the various disciplines that have converged to create a discipline that is dedicated to occupational issues, it is perhaps not surprising that different labels have different connotations. Although used interchangeably, according to Mintzberg (2004b) *business* is distinguished as the technical study of the subject area, whilst *management* is distinguished by its people-related issues. Meanwhile the words *theory*, *framework*, and *model* are also used interchangeably when, for the large part, they actually form more of an ideology (Davenport et al. 2003; Pfeffer 2005b; Pfeffer and Sutton 2006a; Pfeffer and Sutton 2006b).

Section 2.4 proposed two categories of progress within business and management. These were characterised as 'cyclical' and 'standing on the shoulders of giants'. Indeed, whilst management ideas make extravagant claims in their early stages, they also generate a spin-off industry to refine and improve the original idea (Buchanan 2005b). Thus, although new ideas are considered progress, much of the progress in the scientific community is brought about by discovery through accident where 'Each [discovery] necessitated the community's rejection of one time-honored scientific theory in favour of another incompatible with it' (Kuhn 1996, p.6).

For the large part the study of individuals in their occupational milieux suffers from what some authors have referred to as 'physics envy' (Derman 2005; Ghoshal 2005). Indeed, as Massachusetts Institute of Technology finance professor Andrew Lo once quipped "In physics it takes 3 laws to explain 99% of the data; in finance it takes more than 99 laws to explain about 3%" (Derman 2005 p.16). Science seems to make a poor metaphor for progress in business and management: outdated ideologies such as bureaucracy and scientific management are not superseded in the same way alchemy was in science or the ubiquitous use of leeches in medical treatment.

2.5.2   Technological Metaphors

Drucker (1982) proposes three types of innovation: product innovation, social innovation and managerial innovation. Thus, rather than using citation indices as a proxy it may be more appropriate to use the metaphor of management ideas as 'technologies' (Dutton et al. 1984). Three models will be considered: the Nolan-Gibson model, the 4Ps of Tidd et al. (2005) and the six-stage model of Gallivan (2001).

The Nolan-Gibson model of technology adoption and assimilation is shown in Figure 2-8. This model was developed over a number of papers to describe the budgetary characteristics of a new information systems (King and Kraemer 1984). The notion of initiation and contagion of the technology is inherent in the familiar *S*-curve of Figure 2-5.
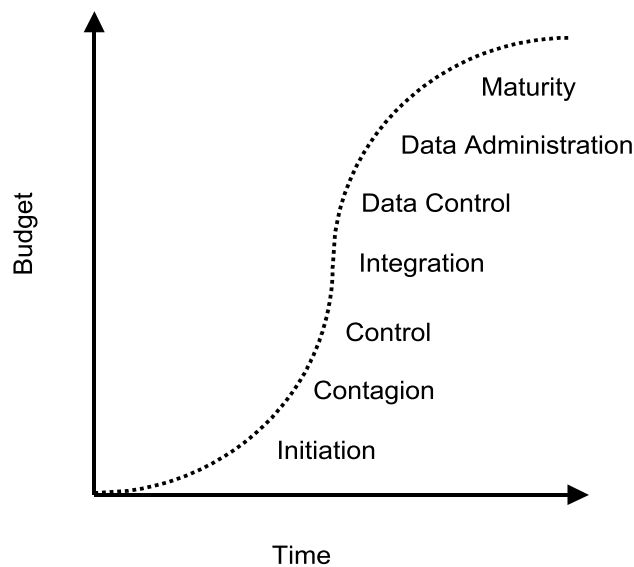
Figure 2-8 The Nolan-Gibson Model of Technology Adoption
Adapted from King and Kraemer 1984

The idea of initiation and contagion is taken one stage further in the technology assimilation model of Cooper and Zmud (1990). Table 2-7 shows this as a six-stage model that includes initiation, adoption, adaptation, acceptance, routinisation and infusion.

Initiation	A match is found between an innovation and its application in the organisation
Adoption	A decision is reached to invest resources to accommodate the implementation effort
Adaptation	The innovation is developed, installed and maintained. Procedures are developed and revised. Members are trained both in the new procedures and in the innovation
Acceptance	Organisational members commit to the innovation
Routinisation	The technology is integrated into the organisation's process
Infusion	Increased organisational effectiveness is realised

Table 2-7 Diffusion and Innovation and Technology Acceptance Model
Adapted from Cooper and Zmud 1990, p.124

Tidd et al. (2005) propose an *S*-shaped curve as being characteristic of technology assimilation and adoption. This has been used to illustrate the diffusion curve of colour TVs in the UK between 1968 and 1980. Table 2-8 illustrates four categories of technological innovation where business processes, ideas, paradigms are considered a 'technological' innovation.

Product	Changes in the way things (products/services) which an organisation offer
Process	Changes in the way in which they are created and delivered
Position	Changes in the context in which the products/services are introduced
Paradigm	Changes the underlying mental models which frame what the organisation does

Table 2-8 The 4Ps of Innovation
Tidd et al. 2005, p.10

Thus, viewing technology as the total of knowledge available to society (Sinclair 2001), rather than as product innovation leads to the conclusion that management ideas may be more akin to competing technologies. There is, however, one important distinction. The intellectual property of product innovation can be protected by patents, secrecy and licensing (Osborne Clarke 2005). The business model for the advice industry relies on the promulgation of ideas through publications and conferences (Davenport et al. 2003) that are not afforded the same level of intellectual property protection. Thus, as will be shown in Chapter 8 the technology metaphor is a better approximation for theory progression than the scientific metaphor.

2.5.3 The Garbage Can Metaphor

March (2006) states that the original article on the garbage can theory is proposed in a paper in *Administrative Science Quarterly* (Cohen et al. 1972). Subsequently it appears in the two influential publications (Cohen and March 1974; Cohen et al. 1976). From a decision-making perspective, therefore:

> … an organization [functions as] a collection of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be the answer, and decision makers looking for work. (Cohen and March 1974, p.81)

The garbage can theory is illustrated in Table 2-9 and comprises problems, solutions, participants and choice opportunities.

Problems	Problems are the concern of people inside and outside the organisation. They arise over issues of lifestyle; family; frustrations of work; careers; group relations within the organisation; distribution of status; jobs and money; ideology; or current crises of mankind as interpreted by the mass media or the next-door neighbour. All require attention. Problems are, however, distinct from choices, and they may not be resolved when choices are made
Solutions	A solution is somebody's product. A computer is not just a solution to a problem in payroll management, discovered when needed. It is an answer actively looking for a question. The creation of need is not a curiosity of the market in consumer products; it is a general phenomenon of process of choice.
Participants	Participants come and go. Since every entrance is an exit somewhere else, the distribution of entrances depends on the attributes of the choice being left as much as it does on the attributes of the new choice. Substantial variation in participation stems from other demands on participant's time (rather than from features of the decision under study)
Choice opportunities	These are occasions when an organisation is expected to produce behaviour that can be called a decision. Opportunities arise regularly, and any organisation has ways of declaring an occasion for choice. Contracts must be signed; people hired, promoted, or fired; money spent, and responsibilities allocated.

Table 2-9 The Garbage Can Metaphor
Adapted from Cohen and March 1974, p.82

Using the garbage can perspective, therefore, management ideologies are solutions looking for problems.

2.5.4   Social Movement Theory

The final metaphor recognises that an ideology has a competitive, and therefore political, element to it. Hambrick and Chen (2008), for example, wrote of strategy as an admittance-seeking social movement. In the same sense business and management ideologies can be considered as social movements.

Byrne (1997) states that one of first problems in social movement theory is to actually define what is meant by the term 'social movement'. Tilly (2004) characterises social movements as inclusive collectivities of various interest groups; a means of political claim, made united by a common grievance. McCarthy and Zald (1977) define social movements as a shared belief about a preferred state of the world. della Porta and Diani (2006), meanwhile, make the point that conflict is not necessarily required; a distinction can thus be made between protest movements and social movements. In this distinction protest movements are:

> … centred upon a single policy area, but incorporating different issues; persist over time, sometimes helped by a formalised organisational structure; examples include CND, Greenpeace, liberal and socialist feminists. (Byrne 1997, p.166)

whilst social movements are:

> … groupings which espouse a wide-ranging, comprehensive and radical ideology which rejects prevailing political, economic and social norms and conventional ways of

practising politics; examples include radical feminists and 'deep' greens – [Friends of the Earth] and the Green Party. (Byrne 1997, p.166)

Social movements embody the principals of worthiness, unity, numbers and commitment (Tilly 2004). These characteristics could equally apply to business ideologies. Where they differ is that social movements usually arise to address perceived social, economic or political inequity (Byrne 1997; Tilly 2004; della Porta and Diani 2006).

However, Tilly (2004) observes that from time to time science and medicine generate social movements. In the same way management ideas can be considered as single issue collectivities of action. della Porta and Diani (2006) goes on to make the distinction between epistemic communities and social movements:

> … epistemic communities [are] specific scientific and/or managerial competencies in distinct policy areas … actors usually endowed with decision-making power and certified knowledge, as well as, often electoral accountability. Instead, social movement actors usually occupy a peripheral position in decision-making processes, and need to mobilize public opinion to maintain pressure capacity (della Porta and Diani 2006p.28)

Figure 2-2 on page 31 showed the difference between theological and scientific circuits of knowledge. Thus there would appear to similarities between the ideology of a management idea and the ideology of social movements. At the very least, they are part of the same epistemic community.

In *New Academic Fields As Admittance-Seeking Social Movements: The Case of Strategic Management* Hambrick and Chen (2008) asserts that a new area of study should be significantly different, and not overlap with existing subjects. This thesis asserts that the learning organisation is significantly different from existing areas of study. The field, however, is somewhat diverse with a number of competing ideas. Rather than use the pejorative term 'guru', therefore writers from this area of study will be referred to as belonging to the learning organisation movement.

Social movements thus offers a superior metaphor for those advocating progress in business and management ideology. This is the reason it has been adopted as part of the title for this thesis. Advocates of particular ideologies, therefore, could be better described as forming particular social movements. Indeed under this scheme it would be possible for consumers to support any number of ideologies that are advanced by their various campaigners. Social movements contrast with communities of practice (Brown and Duguid 1991; Wenger 1998), which tend to be more bounded and recognisable. This, then, leads us on to the next section which is concerned with the political process whereby one ideology is advanced above another.

2.6 *Ideological Hegemony*

Collins (2000) claims that, as managers can be considered an elite, this presupposes some form of ideology. In a somewhat prescient statement one author talks of how:

> Every interest and power, every passion and bias, every hatred and hope tends to acquire an ideological apparatus with which to compete with the slogans and symbols, the doctrines and appeals of other interests. As public communications are expanded and speeded up, their effectiveness is worn out by repetition; so there is a continuous demand for new slogans and beliefs and ideologies. In this situation of mass communication and intensive public relations, it would indeed be strange were the social studies immune from the demand for ideological ammunition, and stranger still were social researchers to fail to provide it. (Wright Mills 1959, p.81)

Knowles et al. (1998, p.69) defines ideology as a 'systematic body of beliefs that requires loyalty and conformity by its adherents' Previous sections have examined scientific, technological and the garbage-can metaphors of adoption. Effectively this section considers business and management as a form of 'societal garbage can.' Extending the analysis of Collins (2000), therefore, *ideological hegemony* can be defined as advocates promoting their management enthusiasms over those of others.

Academic-oriented literature is characterised as being descriptive and analytical (Argyris and Schön 1996; Grugulis et al. 2000). However Davenport et al. (2003) assert that academics are not early adopters of, or indeed creators of, new business concepts. If anything, researchers tend to bemoan (at considerable length) the lack of influence that research has on practice (Robson 2004; Pfeffer and Sutton 2006b). The inability to operationalise research, as well as the lack of impact on managers, is widely recognised in the literature (e.g. Rynes et al. 2001; Donaldson 2002; November 2004).

> The traditional view was that business school academics generated ideas based on their research, and that managers used them. In fact, with a few notable exceptions, academics have singularly failed to address, let alone meet, the aforementioned management needs. (Huczynski 1993, p.174)

> … We believe that most business schools – and most academics who inhabit them – have not been very effective in the creation of *useful* business ideas. Sure, a lot of business ideas are explored in business school research, but for the most part, they are created elsewhere and are seldom even discussed in an accessible fashion by academics (Davenport et al. 2003, p.81).

Academic-oriented literature is criticised as being 'committed to the rigorous pursuit of irrelevancy.' (Pfeffer and Salancik 1978, pp.80-81), or where 'rigor over relevance' is preferred (Davenport et al. 2003, p.81). This has developed into the relevance-rigour debate of recent times (Samuelson 2006; Gulati 2007; Latham 2007; McGahan 2007; Rynes 2007a; Tushman et al. 2007; Vermeulen 2007; Clinebell and Clinebell 2008; Adler and Harzing 2009; Worrell 2009) where it is recognised the very different worlds of the academic and the

practitioner need to be bridged (Cohen 2007; Guest 2007; Rynes 2007b; Rynes et al. 2007; Saari 2007).

Whilst prestige is derived from research output that has an indirect benefits to the business school (Becker et al. 2003; Mintzberg 2004b; Markides 2007) more recently, contradictory evidence has been provided (Safón 2007). The main criticism of the academic-to-academic literature is that it is solipsistic in nature. Davenport et al. (2003) state they have never encountered a manager who regularly reads scholarly articles. This category of literature can thus be characterised as "… one of the academic boys who write for each other" as one participant in an early study put it (Dalton 1959, p.219).

In contrast to the academic literature, practitioner-oriented literature is characterised as being prescriptive (Argyris and Schön 1996; Grugulis et al. 2000). Examples would include Schneider (2006) *First, Break the Rules: What the World's Greatest Managers do Differently;* Lockwood (2006) has 10 rules for *Building the Green Way;* Nohria and Joyce (2003) - *What Really Works – Separate the facts from the fads;* Hughes and Weiss (2007) *Simple Rules for Making Alliances Work.*

However, there is an ambivalent view of the academic-practitioner literature by scholars. Whilst the production of textbooks is tacitly viewed as a legitimate academic activity, popular business academics are 'disparaged by their professional colleagues for having "sold out"' (Davenport et al. 2003, p.73), a point echoed by Huczynski (1993). Ghoshal (2005), a major proponent for making research relevant, criticises the 'ideology-based gloomy vision' of academic-to-academic literature. In this influential article he claims the underlying principal of Jensen and Meckling (1976) is that managers cannot be trusted to do their jobs. Meanwhile Ghoshal (2005) points out the five forces model proposed by Porter (1980) suggests that companies must compete not only with their competitors, but also with their suppliers, customers, employees and regulators.

Thus, whilst ideological hegemony is something of a trait in academe (Pinker 1997; Glaser and Strauss 1999), it would appear denigrating others' work is not unique to the academic-to-academic literature. According to Ghemawat (2004), however, fad busting is not an activity encouraged by *Harvard Business Review*. Ghemawat claims articles of this nature simply would not get published. Brindle and Stearns (2001) claim that promoters of fads do not seem to like the term. This is hardly surprising as it suggests their work has an ephemeral quality to it. Some random examples of ideological hegemony are shown in Table 2-10. Ironically this denigration is part of the process of promoting *their* ideology.

... MBAs 'promoting by fad'	Deal and Kennedy 1988, p.49
'the alphabet soup' of new ideas	Senge 1997; Beer and Nohira 2000
'Where can I apply my beautiful gimmick?'	Drucker 1982, p.430
… the 'sorry state of the business idea marketplace'	Pfeffer and Sutton (2006a, p.32)
'Much of this advice is, at best, a waste of time. At worst, it can — if followed — create more problems than it solves'	Pfeffer 2005a, p.54
… incomprehensible gobbledegook	Micklethwait and Wooldridge 1996, p.15

Table 2-10 Examples of Ideological Hegemony

Thus, whilst academic-oriented literature is criticised as being irrelevant, practitioner-oriented literature is derided in the academic literature as being superficial (Trank and Rynes 2003). As Davenport et al. (2003) put it 'Previous books and articles have capitalized on an undercurrent of resentment about management ideas and a cynical suspicion that they're nothing at all but fads' (*ibid.*, p.56). Davenport et al. (2003), meanwhile, claim there is no such thing as faddish ideas, but rather faddish managers and companies who adopt these ideas. Such managers, they claim, have an uncritical grasp of the underlying concepts and have no wish to follow the business idea through to implementation (*ibid.*). These authors, however, do not offer any empirical evidence for their assertion.

Thus it would seem in the competition for attention, many 'gurus' are guilty of bearing false witness, whilst proselytising their own ideology. As Dawkins (1976) put it '… blind faith secures its own perpetuation by the simple unconscious expedient of discouraging rational inquiry' (*ibid.*, p.197). Indeed these ideologies seem to take on quasi-religious overtones (Huczynski 1993; Argyris and Schön 1996; Pattison 1997; Collins 2000). Figure 2-2 showed the two cycles of theological and scientific circuit where faith and interpretation of the theological circuit are replaced by reason and method in the scientific circuit. Ideological hegemony is thus the victory of faith over reason, or at least to say, evidence-based management (Learmonth 2006; Pfeffer and Sutton 2006a; Pfeffer and Sutton 2006b; Rosseau 2006b; Rosseau 2006a; Ashkanasy 2007; Baack 2007; Bielmeier 2007; Cascio 2007; Dierdorff 2007; Miller 2007; Pfeffer and Sutton 2007; Rosseau 2007; Williams 2007).

With hindsight it was, perhaps, inevitable that the success of the management gurus of the 1990s would create a backlash. This manifested itself in a relatively small school of thought that Huczynski (1993) terms 'guru theory.' However, due to its hostility towards popular management thought these collection of works should be more properly termed the 'anti-guru' school. Examples from the anti-guru school include; Wheen (2004), Huczynski (1993),

Grint (1994), Grint (1997b), Grint (1997a), Brindle and Stearns (2001), Hoopes (2003), Micklethwait and Wooldridge (1996).

2.7 *Summary and Conclusions*

This chapter located the learning organisation within the wider context of business and management ideas. Fads, fashions and bandwagons are pejorative terms indiscriminately used to denigrate new business and management ideas. The terms fads, fashions and bandwagons are often used in the description by authors advocating a competing ideology Meanwhile authors who set out to malign management ideologies can be considered as being from the anti-guru school of thought.

The convention of using supply and demand of management ideology was dismissed as superficial. Four stakeholder categories were proposed as a realistic alternative; academic-to-academic, academic-to-practitioner, consultant-to-practitioner, and practitioner-to-practitioner. The analysis of this thesis is limited to practitioner-oriented books.

The four stages of a life-cycle were used to consider business and management ideology; production, acquisition, consumption and disposal. An ontological perspective highlighted the relevance of the theological circuit of knowledge. This identified management theory's potential for pandering to the cherished and ingrained superstitions of practitioners. Finke's dimension of creative realism was presented as a taxonomy for categorising the learning organisation concept. This would propose using an empirical, evidence-based approach rather than logico-deductive approach as has been used in the past. The use of citation indices were dismissed as a prosaic and superficial measure of impact measure: a survey instrument was felt to be more appropriate to answer the research question.

Four heuristics were considered for progress within this the discipline of business and management. These were the scientific metaphor, the technological metaphor, the garbage can metaphor and ideology as a social movement. Whilst there are elements of all four heuristics in theory development, social movements seem the most appropriate.

The discussion on social movements ultimately lead on to an exploration of ideological hegemony: the rivalry amongst proponents of business and management ideologies for the attention of managers. The chapter concluded with a consideration of the possible zeitgeist of the learning organisation. This was advanced to determine whether the learning organisation had past its zenith, as a life-cycle model would predict.

Having provided a context for the epistemology of the learning organisation we need to deconstruct the terms learning and organisation. One of the limitations of the literature on the learning organisation is that these terms are uncritically adopted. The *social constructivists' paradox* is concerned with the ontological dialectic between individual learning and collective learning. Put another way, organisations do not learn: people learn. So how can we have a meaningful discussion about organisational learning if we have not addressed this paradox? We begin to address this dilemma in the next chapter when we consider the quiddity of organisations.

Chapter 3 The Theory of Organisations

3.1 *Introduction*

This chapter explores the marvellous concept of *organisation*. Although part of our everyday life, relatively little attention is paid to the quiddity of this complex concept (Perrow 1970; Burrell and Morgan 1979; Bakan 2005). Any concept of organisation needs to embrace every permutation of human cooperation: an ambitious goal by any measure. Rather than make assumptions about the nature of organisations, therefore, this chapter uses first principles to examine its ontology.

There is a flaw, common in much of the literature, of treating organisations as homomorphic extensions. That is to say, treating all organisations as if they were the same. Here it is argued that discussions on the learning organisation are most productive for large, commercial companies. This is because they have greater self-determinism, are more complex, and pay a heavy penalty for any learning disability.

A range of examples is used to consider the differences and similarities that can exist between organisations. Though far from exhaustive, the attributes identified that are relevant to this thesis are that organisations are all *incorporeal*, *ephemeral* and *nebulous*. Whilst a definition is offered, this is superseded in favour of a framework of 7 essential characteristics. This framework is later used to justify the target audience in the survey instrument.

3.2 *The Elusive Concept of Organisation*

Burrell and Morgan (1979) warn us that unarticulated assumptions about organisations are likely to lead to a model of analysis that is similarly unquestioned. An obvious, though trivial starting point, is to say that organisations are composed of people (Perrow 1970; Pfeffer and Salancik 1978; Drucker 1982; Deal and Kennedy 1988). They are designed to get some sort of job done (Perrow 1970) and are required when task fulfilment requires more than a single person (Barnard 1938; Mintzberg et al. 1998). Definitions range from managerialist to the sociological in nature. Thus organisations can be defined as:

> … (1) social entities that (2) are goal directed (3) are designed and deliberately structured and coordinated activity systems, and (4) are linked to the external environment. (Daft 1998, p.11)

> … a social arrangement for achieving controlled performance in pursuit of collective goals (Huczynski and Buchanan 2001, p.5)

> … a co-operative enterprise of individuals in pursuit of a common purpose. (Burrell and Morgan 1979, p.149)

… social institutions with certain special characteristics: they are consciously created at an ascertainable point in time; their founders have given them goals which are usually important chiefly as legitimating symbols; the relationship between their members and the source of legitimate authority is relatively clearly defined, although frequently the subject of discussion and planned change.(Silverman 1970, p.147)

Some definitions can be categorised as neutral, where organisations are:

… a group of people working together to yield a satisfactory benefit or its intended beneficiaries while causing no significant harm to any interest group. (Argenti 1993, p.193)

… technologies designed to help people manage activities of high complexity. (Argyris and Schön 1983, p.3)

Other definitions can be considered more sociological in perspective. One author describes an institution as a:

… more or less stable set of roles… graded in authority (Wright Mills 1959 pp.29-30)

Barnard (1938) defines a formal organisation as

… a system of consciously co-ordinated forces of two or more persons (*ibid.*, p.73)

He goes on to say:

An organisation comes into being when (1) there are persons able to communicate with each other, (2) who are willing to contribute action (3) to accomplish a common purpose. The elements of an organization are therefore (1) communication; (2) willingness to serve; and (3) common purpose. These elements are necessary and sufficient conditions initially, and they are found in all such organizations. The third element, purpose, is implicit in the definition. Willingness to serve, and communication, and the interdependence of the three elements in general, and their mutual dependence in specific cooperative systems, are matters of experience and observation. (*ibid*, p.82).

Paraphrasing the words of Burrell and Morgan (1979), Walsh and Ungson (1991) describe organisations as:

… a network of intersubjectively shared meanings that are sustained through the development and use of a common language and everyday social interaction (*ibid.*, p.60)

Some discussions of organisation, meanwhile, highlight the qualities of an organisation as being:

… nets of collective action, undertaken in an effort to shape the world and human lives. The contents of the action are meaning and things (artefacts). One net of collective action is distinguishable from another by the kind of meanings and products socially attributed to a given organization (Czarniawska-Joerges 1992, p.32)

Others explanations explore the phenomenological aspects of organisation:

At its heart, every company is a *dynamic network of promises*. Employees up and down the corporate hierarchy make pledges to one another - the typical management by

objectives. Employees also make commitments to colleagues in other divisions and to customers, outsourcing partners, and other stakeholders. Promises are the strands that weave together coordinated activity in organizations. (Sull and Spinosa 2007, p.80. Emphasis added)

Finally, some definitions explore the quiddity of this social phenomenon:

> … organizations do not exist and cannot be imbued with action potential: all organizations are in fact only a series of interlocking routines, habituated action patterns that bring the same people together around the same activities in the same time and places. (Westley 1990, p.339).

Drucker (1982) declared the twentieth century marked the transition to a 'society of organisations' (*ibid.*, p.11). Micklethwait and Wooldridge (1996), our intrepid economists of the previous chapter, criticise Drucker for not explaining what he means by the phrase *a society of organisations*. Evidently he was referring to the evolution of society from cottage industry to a knowledge economy that has created a proliferation of social, economic and political organisations (Hobsbawm and Ranger 1983; Putnam 2000).

Thus it would appear the word 'organisation,' far from being universally understood, is actually a contested term. The first task in deconstructing the term 'learning organisation', therefore, is to develop a theory of organisations that integrates these contradictory, conflicting and often unarticulated characteristics of this ubiquitous phenomenon.

3.3 *Organisational Theory*

The general definition of a theory is that what holds true for one occurrence needs to hold true for all circumstances (Kuhn 1996; Popper 2002; Saunders et al. 2003; Robson 2004). Or as one author put it 'A theory is a comprehensive, coherent, and internally consistent system of ideas about a set of phenomena' (Knowles 1985, p.10). Perrow (1986), meanwhile, points out that theories are intended to simplify. Walsh and Ungson (1991), however, claim there is a tendency to treat organisations as 'homomorphic extensions'; that is to say that organisations are basically the same. However '… organizations differ widely, and thus what purports to be true of all of them is likely to be either exceedingly general or very trivial' (Perrow 1970, p.ix). Thus:

> … *all theories of organisation are founded upon a philosophy of science and a theory of society, whether the theorists are aware of it or not*. To many this may appear an unduly banal and simplistic statement. However, within the context of an analysis of the field of organisation studies it seems more than justified. *Many theorists appear to be unaware of, or at least ignore, the assumptions which various theories reflect.* (Burrell and Morgan 1979, p.119. Emphasis added).

Burrell and Morgan identify four categories of organisational thought delineated by the *sociology of regulation* and the *sociology of radical change*. The differences between these

two views are shown in Table 3-1. The sociology of regulation and radical change can be sub-divided into four categories, as shown in Figure 3-1. These four categories are known as the *functionalist*, *interpretive*, *radical structuralist* and *radical humanist* paradigms (*ibid.).*

The sociology of REGULATION is concerned with:	The sociology of RADICAL CHANGE is concerned with:
(a) The status quo	(a) Radical change
(b) Social order	(b) Structural conflict
(c) Consensus	(c) Modes of domination
(d) Social integration and cohesion	(d) Contradiction
(e) Solidarity	(e) Emancipation
(f) Need satisfaction	(f) Deprivation
(g) Actuality	(g) Potentiality

Table 3-1 The Regulation-Radical Change Dimension
Burrell and Morgan 1979, p.18

Thus the sociology of regulation is concerned with the underlying unity and cohesiveness of society. It is primarily concerned with the rules and procedures that hold society together. The opposite is the *sociology of radical change,* which is concerned with man's anticipation and modes of domination and structural contradiction. The sociology of radical change tends to be more idealistic, and is thus concerned with what may be possible, rather than with reality, e.g. Marx 1867; Marx and Engels 1888.

The Sociology of Radical Change

Radical humanist	Radical structuralist
Interpretive	Functionalist

Subjective   Objective

The Sociology of Regulation
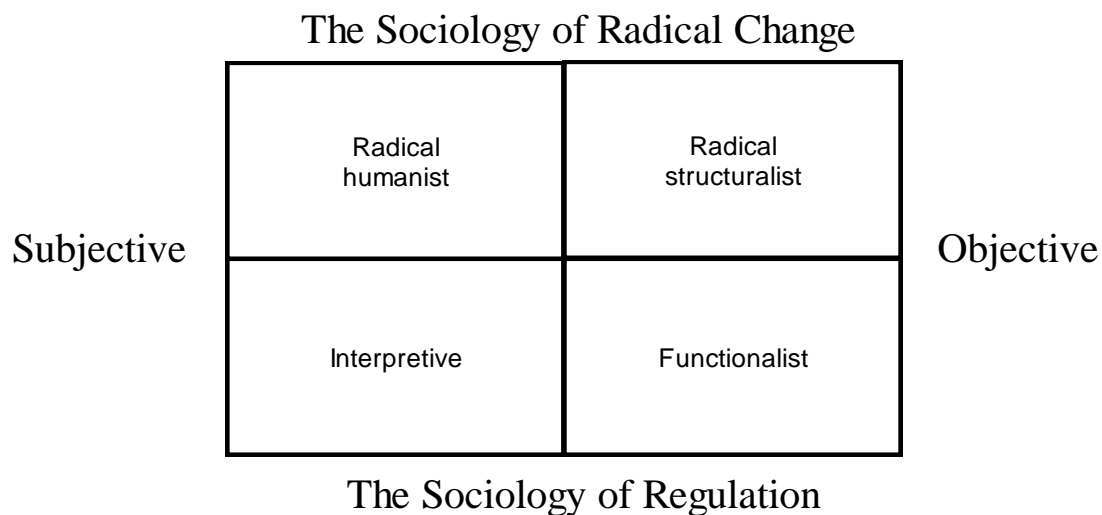
Figure 3-1 The Sociology of Radical Change and Regulation
Burrell and Morgan (1979, p.160)

Referring again to Figure 3-1, Burrell and Morgan (1979) point out that most of the literature on organisational behaviour can be categorised as 'functionalist'. Functionalism is characterised thus:

When we think of organizations we generally think of them as stable, long-lasting entities with fairly precise boundaries and with characteristics which distinguish them from all that is outside. Organizations have a location, an address. People belong to them or they do not. They go to work there for a given number of hours a day and then they leave. The organization exists on weekends and during vacation times even though most of the work force is not present… (Perrow 1970, p.56)

The *functionalist* view can thus be characterised as being managerialist: pragmatic in the sense that the knowledge generated is put to some use, an aspect reflected in the realist's mantra: 'what works, for whom, and in which contexts' (Robson 2004 p.120). The *interpretive* perspective, on the other hand, is predominantly academic as it deals with contextualised, descriptive research. Using the nomenclature from the previous chapter, functionalist literature can be characterised as practitioner-oriented literature. Interpretive literature can be characterised as academic-to-academic literature.

The remaining two quadrants are more revolutionary in their perspective and of less interest than the former two. The *radical humanist* paradigm emphasises the importance of over-throwing the limitations of existing social arrangements. The *radical structuralist* approach on the other hand emphasises structural conflict, modes of domination, contradiction and deprivation (Burrell and Morgan 1979).

As Collins (2000) notes the work that characterise these quadrants include Gramsci's *Selections from the Prison Notebooks* (1976) and Foucault's *Discipline and Punish* (1991). The number of pages that Burrell and Morgan dedicate to these quadrants is relatively meagre compared to those of the functional quadrant. Potentially, this seems to demonstrate a lack of concern for a repressive sociology, the legitimacy of an elite to perpetuate hierarchical power, and an assumption of the legitimacy of capitalism (Micklethwait and Wooldridge 1996; Collins 2000).

More recently DiBella (1995) discerns three orientations in the learning organisation literature; normative, developmental and capability. In the *normative perspective* the learning organisation is characterised by a set of internal conditions. The *developmental process* uses an evolutionary metaphor of environmental fit. In the *capability perspective* all organisations are seen as learning organisations that encompass different learning styles.

Thus the functionalist category from Burrell and Morgan (1979) and normative category from DiBella (1995) are equivalent to the practitioner-oriented literature of Chapter 2. However, this is the only similarity between these three taxonomies. As will be shown in Chapter 10,

the categories that DiBella (1995) advances is incomplete and another framework is proposed that is more integrative.

3.4 *The Characteristics of an Organisation*

Table 3-2 shows various manifestations of *organisation*. The examples are intended to be illustrative of the kinds of diversity issues that are faced in organisational analysis. Table 3-2 includes two organisations that are considered political: the Labour Party and the Government of Ireland. The Labour Party is an organisation that represents a political ideology. It is not part of the Government, but rather part of the democratic process of how the Government is elected in the United Kingdom. Membership of the Labour Party is voluntary. Its finance is raised through subscription and, somewhat controversially, by donations.

The Irish Government, on the other hand, is distinct from the Government of the United Kingdom and the United States by another form of organisation: the nation state. Each Government is constituted of political parties with different ideologies. Table 3-2 also includes a supra-national, or global organisation, the United Nations. Established in 1945 the United Nations promotes peace and understanding between countries (United Nations 2007). Other global examples include the World Trade Organisation and the World Bank (Stiglitz 2002).

Aston University	http://www.aston.ac.uk/
British Cycling Federation	http://ww.britishcycling.org.uk/
British Petroleum (BP)	http://www.bp.com/
British Broadcasting Corporation	http://www.bbc.co.uk/
BUPA	http://www.bupa.co.uk/
Catholic Church	http://www.vatican.va/
Cloud Appreciation Society	http://www.cloudappreciationsociety.org/
Colne Valley Male Voice Choir	http://www.colnevalleymvc.co.uk/
East India Company	
Emirates	http://www.emirates.com/
Facebook	http://www.facebook.com/
Fountains Abbey	
Government of Ireland	http://www.irlgov.ie/
Labour Party	http://www.labour.org.uk/
Led Zeppelin Fan Club	http://planet-zeppelin.com/
Mirfield Free Grammar School	http://www.mirfieldfree.kirklees.sch.uk/
National Health Service	http://www.nhs.uk/
Nike	http://www.nike.com/
Nokia	http://www.nokia.com/
Oxfam	http://www.oxfam.org.uk/
Society for Applied Microbiology	http://www.sfam.org.uk/joinprnout.html
Rover	http://www.mg-rover.com/
Sodexho	http://www.sodexho.co.uk/
United Nations	http://www.un.org/
United States Army	http://www.army.mil

Table 3-2 A Sample of Organisations

Nations are rarely considered as organisations in the management literature. Perhaps this is considered the purview of a different discipline, namely political science. This confirms the view of Perrow (1986) that levels other than those immediately above the one under analysis are rarely considered. Indeed the status outside of an occupational system in the literature on organisational behaviour is reduced, rather weakly, to 'society'. Indeed national character was rarely considered before the work of Hofstede (1991). Hobsbawm and Ranger (1983), meanwhile, point out that artefacts of national identity (the ultimate level in organisational learning) is more likely derived from a recently-invented tradition.

The East India Company, on the other hand, is an example of a quasi-governmental organisation that no longer exists. It is highly unlikely that any of the founding members are alive today as it was dissolved in an Act of Parliament in 1858 (Wolf 1921; Wheen 2004). Undoubtedly successful in its ventures, the military and governmental functions the East India Company evolved were roles that were not deemed appropriate by the British Government for a commercial venture to perform (*ibid*).

The establishment of the military function in Western societies has evolved from a feudal system to the function of a nation's government (Denholme 1982). An example of a modern-day military organisation is given in the form of the United States Army. In contrast to the East India Company, this organisation still exists today. Its purpose is to protect the interests of the citizens of the United States (US Army 2007). An exact date of its inception is open to interpretation, however, the technology and establishment of 499,000 personnel (PBS 2007) differ markedly from the technology and establishment of 10,000 that existed in 1912 (Denholme 1982).

The Roman Catholic Church, on the other hand, is a religious organisation that is trans-national. This organisation functions in contemporary society and, according to Shils (1981), is the oldest surviving organisation in the Western world. The Catholic Church conceives of itself as running back to its foundation by St. Peter. Such claims can be controversial, however, the point here is that it has a very long history, is a current organisation, and is survived by its original founders. The Roman Catholic Church can be considered a 'normative' organisation in that it promotes good citizenship behaviour as the norm for those who practise Catholicism.

Fountains Abbey is an example of an organisation that does not exist today as the monastic orders were dissolved by Royal Decree on 26th November 1539 (Coppack 1993). However the

symbol, or historic artefact, of the Cistercian Monk's former success, the ruined Abbey, still exists today. The ruin shows considerable progression from the thirteen monks who inaugurated the site in 1132 by sheltering under rocks and an elm tree (*ibid.*)

One of the norms of religious organisations is to provide relief in the form of charity. The status of a charity has evolved to become a recognisable legal entity, as distinct from a commercial organisation (Mayson et al. 2006). An example of a charity is given in Table 3-2 in the form of Oxfam. The stated aim of Oxfam is that it '… works with others to overcome poverty and suffering'. As an organisation Oxfam evolved from the Oxford Committee for Famine Relief that was formed in 1942 and is run by both volunteers and full-time professionals (Oxfam 2007).

In contrast to the longevity of the Roman Catholic Church, The Cloud Appreciation Society is an example of a relatively new organisation. Its purpose may seem relatively trivial compared to the previous examples; however, it still qualifies as an organisation. The Cloud Appreciation Society is a voluntary organisation where individuals subscribe to become members. Other examples of voluntary organisations include the Colne Valley Male Voice Choir, the Led Zeppelin Fan Club, the British Cycling Federation, the Royal Society for the Protection of Birds and the Society for Applied Microbiology. These organisations are run by a mixture of volunteers, part- and full-time staff. The Society for Applied Microbiology is an interesting case as it is a voluntary organisation based on professional interests.

The Led Zeppelin Fan Club further illustrates the complexity surrounding membership. Led Zeppelin disbanded in 1980 after the death of their drummer, John Bonham, and yet their fan club continues. Presumably the surviving members of the band are not in the Led Zeppelin Fan club and furthermore, it is not necessary to be a member to appreciate their music.

Facebook is an example of social networking on the internet. It is an example of an increasing trend in virtual communities where individuals are sharing, trading and collaborating on-line (Tassabehji 2003; Tapscott and Williams 2006; Surowiecki 2007). Internet collectivities transcend traditional forms of organisations as individuals become a networked group based on common interests, independent of time and geography (Surowiecki 2007).

Table 3-2 includes two educational establishments: Mirfield Free Grammar School and Aston University. These are state run, or public sector, organisations. The former provides education for GCSE and A-level to pre-18 year old children, whilst the latter is an institute of higher education. A university is an independent charity, whereas a school is a function of local

authority. Both receive funding from the Government. Another public sector organisation shown in Table 3-2 is the British Broadcasting Corporation (BBC). Whilst most broadcasting organisations throughout the world are commercial, the BBC is mainly funded by citizens of the United Kingdom through the TV Licence.

Table 3-2 also includes two health care providers, the National Health Service (NHS) and BUPA. The NHS is the largest employer in Europe and is a public sector organisation responsible for providing care of the 60m citizens of the United Kingdom (NHS 2007). BUPA, on the other hand, is a provident association with 40,000 employees, 4m customers and a turnover of £2.3bn Mann (2002). The latter provides private health care over and above that which is provided through public funding.

The airline Emirates is an example of a relatively new, rapidly growing organisation. Emirates was formed in 1985 when two aircraft were leased from PIA (Wilson 2005). Emirates has grown to a fleet of 91 aircraft, serving 83 destinations carrying 14.5 million passengers per year and one million tonnes of freight (Emirates 2006). The airline has had 18 years of consecutive profits, with the group returning a net of US$762 million on a turnover of US$6.6 billion. It is a national carrier for the United Arab Emirates and is, in effect, state owned. This contrasts with the mixed fortunes of British Airways (BA). BA was transformed from a nationalised industry to one that is privately owned and floated on the London Stock Exchange.

Other examples of modern, utilitarian organisations from Table 3-2 include Nike, Nokia and Rover. Sodexho is a catering company based in France, and is quoted on the CAC40. Its sales are around €12.6 billion and employs 315,000 people on 24,700 client sites in over 74 countries (Ford 2003). Sodexho was founded by Pierre Bellon in 1966. Bellon is still in charge of the company as President-Director General (*ibid.*).

Nike is used as a case study of organisational learning in Chapter 4, whilst Rover is cited because it declared itself a learning organisation (Bower 1993) and has subsequently 'disappeared'. Founded as a lumber company in 1865 Nokia has now evolved into a leading manufacturer of mobile phones (Pfeffer and Sutton 2006b) with a workforce of 60,000 (Ibison 2006).

Finally on the list of examples from Table 3-2 is BP. This company was founded as the Anglo Persian Oil Company by William Knox D'Arcy. Unlike Sodexho the founder of the organisation passed away in 1917 (Wikipedia 1997). BP is one of the world's largest energy

companies with a turnover of $262bn and 96,200 employees. It has 19 refineries in 26 countries, and is economically active in over 100 countries (BP 2007). Unlike the charity Oxfam, BP is financed (partly) through shareholder capital. There are over 1.3m shareholders of the company (BP 2007). Besides providing energy to its customers, predominantly in the form of petrol, BP, like Sodexho, is also required to provide a financial return to its shareholders.

Teleology is defined as the 'ultimate purpose of things' (Sinclair 2001, p.1202). It seems that organisational teleology has two levels. As previously stated organisations are required when the purpose cannot be achieved through individual action (Perrow 1986; Mintzberg et al. 1998). Secondly, an organisation is required to have some form of purpose, even it is a social purpose such as a barbeque (Donaldson 1985). If the organisation outlives its societal purpose, then it will cease to exist, as happened to the East India Company (Argenti 1993).

The fate of Fountains Abbey and the East India Company confirms the view that organisations are 'others directed in a constant struggle for autonomy and discretion, confronted with constraint and external control' as opposed to 'self-directed autonomous actors pursuing their own ends' (Pfeffer and Salancik 1978, p.257). Drucker's view (1982) that an organisation exists as long as society has a function for it is rather austere and remote. How is that decided, and by whom? The two examples of Fountains Abbey and the East India Company defies the view of Pfeffer and Salancik (1978) that organisations continue to exist provided they can attract resources from the environment. Neither definition considers the intervention of the State.

Perrow (1970) cites the National Foundation for Infantile Paralysis as an example of an organisation that survived beyond its original remit. After polio had been largely eliminated the organisation renamed itself the National Foundation and widened its remit to childhood diseases generally. Arguably this organisation continued beyond its original purpose. Similarly della Porta and Diani (2006) point out how social movements focus on survival once they have been formed into a formal organisation. Once Nelson Mandela had been elected to the President of South Africa the anti-apartheid organisation moved its attention to international racism. From this de Geus (1999) concludes 'Anything to keep alive! Most companies seek life with equal passion and zeal' (de Geus 1999, p.217). The idea that companies seek to stay alive as long as possible is tested in Proposition 11 of the survey instrument.

Table 3-2 illustrates that the environment is 'dense with organizations and interest groups with a variety of laws and norms' (Pfeffer and Salancik 1978, p.48). As the above analysis has shown, organisations can be occupational, voluntary, charitable, commercial, private sector or public sector. Indeed they can be a permutation of any or all of these classifications. This confirms Drucker's prediction of a 'society of organisations'. So the question remains, can all the forms of organisation in Table 3-2 be learning organisations... and is this a useful analysis?

In an extension to the homomorphic argument, Albert and Whetten (1985) assert that, by taxonomic tradition, we tend to treat organisations as being of one type or another, citing examples of church or state, profit or nonprofit. In arriving at a definition we may also wish to consider the various antonyms of organisation, such as: association, group, club, society, institute, union, party, business, company, concern, corporation, establishment and outfit.

In considering the difference between individuals and organisations the *unit of analysis* (Yin 2003) needs to be explored (Crossan et al. 1999a). Individuals are viewed as a discrete *biological unit* (Katz and Kahn 1966; Perrow 1970) whilst organisations are considered a form of *social unit* (Pfeffer and Salancik 1978). Thus, the smallest unit of analysis is represented by the individual: the 'basic building block in the social sciences' (Ghoshal 2005, p.78). The organisation, meanwhile, represents the largest unit of analysis amongst individuals (Bateson 2002).

At its basic level a *group* is considered a less formal coalition of individuals, whereas with an *organisation* the interaction between individuals is relatively formalised (Daft 1998). The highest level of human coexistence is considered *society* (Bauman 2004). Thus 'levels of analysis' can be equated to individual, group, organisation and society (Perrow 1986). However, as della Porta and Diani (2006) point out, a nation has its own identity that manifests itself territorially. Therefore we would need to add nation to our list of organisational levels.

The recognition of an individual as a biological unit is intuitive to us as human beings (Katz and Kahn 1966). Daft (1998) points out organisations cannot be seen. They are abstract as opposed to physical (Westley 1990; Harry 2001). Indeed the most that can ever be observed is individuals interacting with one another (Reed and Palmer 1972; Mant 1976; Pheysey 1993; Pfeffer and Sutton 2006b). Whilst the outward manifestations of an organisation exist in the form of physical assets like buildings and machinery (Thurm 2005) these are merely symbols

or artefacts of cooperation (Deal and Kennedy 1988; Arnould et al. 2004). Thus organisations are different to individuals in as much as organisations can be considered *incorporeal.*

Dalton (1959), meanwhile, observes it is difficult to say exactly *when* and *where* an organisation exists. For example, a coalition will exist in some form before it is formalised. Indeed remnants of the coalition may continue to interact after the formal existence of the collectivity has ceased. This observation, quite rightly, contradicts the Silverman definition on page 52.

Longevity is considered a reflection of an organisation's success (Collins and Porras 2000). Indeed inherited wisdom dictates that an organisation has a life cycle from inception to demise (Shils 1981; Greiner 1998; Phelps et al. 2007). Whilst some organisations have been around for a very long time, such as the Roman Catholic Church, other organisations have ceased to exist, such as the East India Company. Thus the second characteristic is that organisations are *ephemeral*. That is to say, although some have been around for a very long time, organisations do not last forever. The classic example of an ephemeral organisation is given by Lanzara (1983), who uses the example of a rescue organisation that is temporarily constituted to mitigate the effects of a natural disaster.

Building on the relatively ephemeral quality of an organisation is the transient character of participation (Cohen and March 1974). Indeed it is not uncommon for an organisation to be survived by its original members (Collins and Porras 2000). Generational succession is more obvious in societies where a sense of collectivity is inherited by successors who were not part its original membership (Dewey 1944; Shils 1981; Brown and Duguid 1991; Wenger 1998).

Indeed the example of the US Army, used in Table 3-2, is also used as an by Argyris and Schön (1996). Members from fifty years ago will have all been replaced by now, and yet it still retains the same identity. This leads us to the final characteristic of an organisation: the membership is *nebulous* due to the turnover though generational succession.

Thus, whilst it appears that whilst there is little disagreement as to what constitutes an individual, the quddity of what constitutes an organisation is part of a diverging ontological debate (Burrell and Morgan 1979; Cook and Yannow 1993; Morgan 1997). For the purpose of this thesis, the characteristics of an organisation are considered to be incorporeal, ephemeral and nebulous.

3.5 *Of Individuals and Organisations*

Mintzberg et al. (1998) observes that concepts such as 'leadership' and 'decision making' can be somewhat relative and arbitrary. The same could be said for the concept of membership of an organisation. Where the participation is relatively voluntary, part of an individual's identity is developed through a desire to associate with like-minded individuals (Sluss and Ashforth 2007). This has been confirmed by McAllister and Bigley (2002) where employees partially define themselves through membership of a particular organisation.

Chatman et al. (1986) consider the relationship between the individuals and their organisations. This is the extent to which the individual is acting on behalf of themselves and the extent to which the individual is acting as a representative of the organisation. Weick (1995) extends this idea by separating behaviour of individuals acting wholly or partially for themselves, or wholly or partially as a representative for the collectivity. Thus, Weick (1995) argues that individuals act "as the organisation" by the extent to which they are willing to be subsumed by the values, goals and beliefs of the coalition. Becoming subsumed by the wider context of a collectivity was eloquently articulated by George Bernhard Shaw:

> This is the true joy in life, the being used for a purpose recognised by yourself as a mighty one. The being a force of nature instead of a feverish, selfish little clod of ailments and grievances complaining that the world will not devote itself to making you happy (Senge 1997, p.148).

Pinker (1997, p.385) asserts that 'the social sciences assume without question that people submerge their interests to the group'. Dalton (1959), on the other hand, makes the opposite point: that man has an ancient tendency to twist the world to his own interests. Various authors point out that classical economics is based on the assumption of rational self-maximisation (Perrow 1986; Ghoshal 2005; Surowiecki 2007). More recently the agency theory of Jensen and Meckling (1976) can be interpreted as people will do the minimum necessary (Christen et al. 2006) whilst managers cannot be trusted to do their jobs (Mintzberg 2004b; Ghoshal 2005).

In contrast to rational self-maximisation, the neo-Weberian decision-making of Herbert Simon predicts satisficing (Blumer 1969; Weick 1995). This is when participants agree to a compromise, as stakeholders recognise the limits of their claims. Blumer (1969) describes the act of satisficing as the "glue" that holds individuals in society together: failure to satisfice will thus have a subversive effect on the coalition.

Organisations can thus be characterised by the extent to which individuals collaborate and/or compete with each other (Burrell and Morgan 1979; Morgan 1997; Surowiecki 2007). This

analysis suggests a continuum from unitary to pluralistic. In this sense unitary means all the individuals share the same agenda, whereas pluralistic implies each has a separate and conflicting agenda. The calculus between individual and organisational needs will be re-examined in further depth in Chapter 6. The balance between these two manifests itself in the survey instrument as question 33. This questions asks the extent to which individual needs are subservient to organisational needs.

Thus, the extent to which an organisation can be considered unitary is the extent to which individuals subjugate their own needs to those of the organisation. Goffee and Jones (1996), for example, cite Apple workers who readily identified themselves as "Apple people". This is much to the amazement of anti-capitalist writers such as Klein (2004). Goffee and Jones (1996), meanwhile, cite the practice of individuals who have the Nike corporate logo tattooed on their bodies. The extent to which an organisation considers itself unitary is tested under proposition 12 of the questionnaire.

Goffee and Jones (1996) take the idea of unitary one stage further by characterising an organisation in terms of the sociability and solidarity of its members. Similarly Cameron and Quinn (1999) characterise a culture as being a clan, an adhocracy, a hierarchy and a market. Both of these are illustrated in Figure 3-2. Organisational culture is a theme that will be returned to in section 4.9.2.
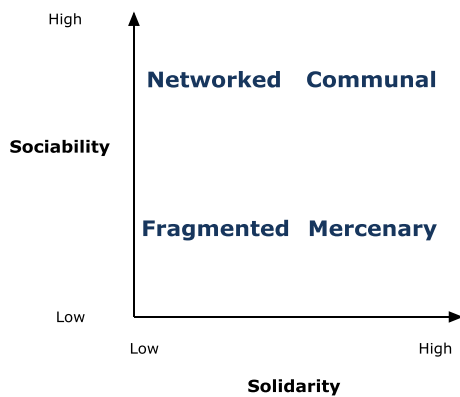
Goffee and Jones 1996, p.134
The Dimensions of Organisational Culture
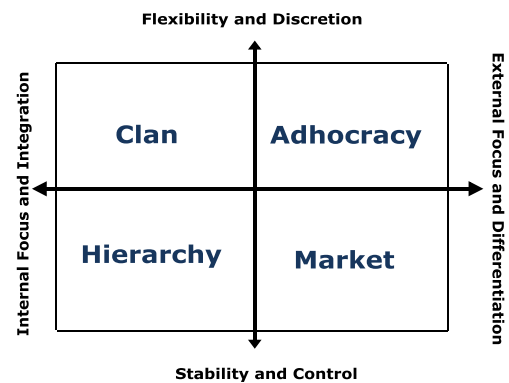
Cameron and Quinn 1999, p.32
The Competing Values Framework

Figure 3-2 Representations of Organisational Culture

Sluss and Ashforth (2007) claim that identity studies are almost entirely focused at the collective level. They place a premium on common fate, cohesion and group norms. Identity studies consider the intrapersonal level (self interest) and the interpersonal level (role relationship). The collective level of self-consciousness is referred to as social identity theory (*ibid.*).

Individual identity is defined as '… people's source of meaning and experience' (Castells 1997, p.6). Organisational membership may be considered as being on a continuum from voluntary to compulsory participation. Compulsory participation implies an element of strong coercion or inherited membership, for example being born into a family or a religion. In the middle of the continuum will be some sort of contract between the organisation and the individual (Mayson et al. 2006). Meanwhile at a national level, economists have developed the concept of a social contract between the citizens of a nation and their politicians (Stiglitz 2002).

Organisational identity refers to the supra-individual characteristic used to label an amorphous group of people (Balmer and Greyser 2003). The previous section used the example of a long and enduring organisation, the US Army. Argyris and Schön (1996) point out that artefacts such as uniforms and weapons will change over time. Indeed the societal role of the Army may evolve over time. However, the concept of that amorphous organisation referred to as 'the Army' will probably perpetuate from generation to generation.

Balmer and Greyser (2003) describe identity as the *quintessence* of an organisation as it answers the questions 'who are we' and 'what are we' (Marshall 2003, p.xvi). According to Albert and Whetten (1985, p.269) these highlight the 'more specific, sensitive, and central characteristics of identity', citing adjectives such as ethical, entrepreneurial, employee-oriented, stagnating, and predatory. Moreover, these adjectives can be taken as indicators of an organisation's reputation (Fombrun and Van Riel 1998; Greyser 1999; Balmer and Greyser 2003; Zadek 2004; Rindova et al. 2005; Mayer 2006).

Albert and Whetten (1985) propose that organisations do not have a single, monolithic, identity, but rather multiple identities that are shaped according to the perspectives of separate stakeholders groups. Arguably this applies to individual identity. Individuals do not have a single, monolithic identity but rather a set of different roles (Barnard 1938; Wright Mills 1959). For example, whilst we usually analyse organisations at the individual or collective level, such analysis ignores the fact that individuals will have concurrent, and sometimes conflicting, memberships of different organisations (Reed and Palmer 1972; Pfeffer and Salancik 1978; Wenger 1998; Kang 2008). These are, as Pinker (1997, p.439) describes them, 'rival coalitions competing for a person's loyalties.' Examples would include family, religious groups, employers and leisure-time affiliations (Barnard 1938; Wright Mills 1959; Williams 2001).

From the organisational learning literature it is postulated that '… the first loyalty of some members may be to their profession and trade union rather than to their employer' (Williams 2001). Indeed a study by Balmer (1994) on BBC Scotland classifies a number of subcultures within the organisation based on factors such as industry, professional and political ideology. The example is given of a reporter who identifies in varying degrees to both the organisation and his profession as a journalist. These subcultures affect the degree to which employees identify with the overall corporate identity of their employer. This means that a unified corporate identification is difficult, if not impossible, to achieve. This dual-identity between profession and employer has also been explored with medics (Pratt et al. 2006), nurses, engineers, and teachers (Olesen 2001).

In the survey instrument Proposition 15 (change, politics) is concerned with internal conflict. This proposition asks the extent to which inter-departmental rivalry, loyalty and professional training interferes with the success of the enterprise. As it turns out the results are actually fairly inconclusive, though 51% of the respondents disagreed to some extent with this assertion. As far as the learning organisation literature is concerned, however, the absence of the theme of politics is considered a serious omission.

To reify is to transform an abstract idea or concept into something real (Wenger 1998; Sinclair 2001). Silverman (1970) points out the dangers reification with organisations; attributing the power of thought and action to social constructs. Identity avoids, to some degree, the dangers to reification. Individuals relate to the supra-individual, amorphous entity known as organisation through its identity. Whilst the interpretation of what an organisation's identity consists of will vary considerably between individuals, it may be related to consistently by its name, for example the BBC or the US Army. However, even a name is not always a necessity in the formation of very ephemeral groups. According to Lanzara's definition, ephemeral groups:

> … do not assume their own survival or permanence as a requirement for identity and effectiveness of performance. In order words, ephemeral organizations are there to disappear, after displaying a great deal of activity. They have no past and no future, they live in the present. They do no tell stories about themselves and do not project their own image into the future, but take the chance of the present (Lanzara 1983, p.88).

Thus, for an organisation that exists in the present it is more correct to say that an organisation is a collectivity that an individual *identifies with*, rather than one in which the organisation requires an explicit, articulated and shared identity.

3.6   *Working Definition of an Organisation*

The purpose of this chapter has been to consider the abstract concept known as organisation. Perhaps the loosest definition of is two or more people who cooperate for mutual support and aid (Barnard 1938). However, even this simple definition is seriously restricted.

Table 3-2 showed a number of organisations, each with a specific identity. However, the word 'recognisable' is used because members identify with the organisation, rather than one that requires a specific identity. This definition, then covers, collectivities from our barbequing group that meets every Bank Holiday Monday to nation states.

Additionally there is no speculation of organisational teleology. The purpose of their support and motivation will vary between individuals. A number of different stakeholders were identified in Table 3-2 such as customers, employees, volunteers, members and shareholders (Freeman 1984; Friedman and Miles 2006). However, the success of the enterprise will depend upon the stakeholders' continued collaboration through collective identification with that coalition (Cyert and March 1992). The above definition is considered more unifying and succeeds the predominantly managerialist definitions presented in section 3.2 on page 51. What all organisations have in common is that they are a unit of endeavour, where individuals sustain cooperation for mutual support to achieve what could not be achieved by a single individual. Thus a working definition of an organisation is simply *a recognisable collectivity of individuals*.

This chapter has also characterised organisations as being *incorporeal*, *ephemeral* and *nebulous*. The focus for this thesis is on companies. Sull and Spinosa (2007) on page 52 eloquently described a commercial organisation as being a *network of promises* between employees, customers, suppliers and shareholders. Furthermore, on page 52 Wright Mills (1959) defines an institution as a stable set of roles, graded in authority. This analysis thus provides us with the following definition:

> An organisation is an incorporeal collectivity of individuals, unified through an intersubjective network of promises between stakeholders. Internally it will be characterised as a stable set of roles graded by dynamic authority to regulate the behaviour of participants. The coalition between stakeholders is ephemeral in the sense that cooperation persists so long as the promises they make continue to attract resources from key external stakeholders. Prolonged existence of the collectivity, meanwhile, implies a nebulous membership, promulgated through generational succession. Thus an organisation can be characterised as an incorporeal, ephemeral and nebulous form of collective human endeavour.

Whilst this definition is inclusive, it is also an unwieldy and particularly unmemorable piece of text. Therefore, a taxonomy will be used to capture the variety of different organisational forms.

3.7 *Organisational Taxonomy*

Various taxonomies of organisations exist in the literature on organisational behaviour. Gouldner (1954), for example, uses leadership and its proclivity towards democratic, authoritarian and laissez-faire activity as the defining characteristic. In a somewhat similar manner Etzioni (1975) uses a typology based on power; coercive where authoritarian leadership is required (for example in prisons) and normative where voluntary self-regulation is promoted (for example in churches). Blau and Scott (1962), meanwhile, differentiate between voluntary associations (where its members benefit), welfare agencies (where its clients benefit) businesses (where its owners benefit) and government (where its citizens benefit). Finally Parsons (1960) developed a taxonomy based on economic organisations, pattern-maintenance organisations (e.g. universities, churches), integrative organisations (e.g. hospitals, courts, law firms, political parties) and political organisations (e.g. the military, and government).

Formality

	Formal	Informal
Membership		
Involuntary	Corporation Religious congregation Social service organization Youth organization	Fan club Brand tribe Brand-loyal shopper Disability group
Voluntary	Nursing home Public school Prison Doomsday cult	Family, ethnic group Culture, nation Social class Market segment

Figure 3-3 A Typology of Groups
Arnould et al. 2004, p.542

Arnould et al. (2004) point out that categories are used to aid our understanding of novel situations. However, pristine categories are nothing more than fictions (Rogers 2003; della Porta and Diani 2006) '… idealizations that abstract away from complicating aspects of reality' (Pinker 1997, p.312). Writing in 1970, Perrow declared interest in the field of organisational contingency theory to have been abandoned. Comparing hospitals with cement

factories using two- three- or four-dimensions, he claims, was no longer of any interest to sociologists. Indeed Figure 3-3 is an example of such a taxonomy taken from the marketing literature. Subsequent to this, mainstream focus turned away from the sociology of organisations to that of organisational behaviour (Donaldson 1985). The purpose of this section, then, is not to rehearse the arguments, but rather to suggest a framework that will justify the elimination of particular categories from the analysis.

Albert and Whetten (1985, p.270) identify the concept of a hybrid organisation as one:

> …whose identity is composed of two or more types that would not normally be expected to go together… not simply an organization with multiple components, but it considers itself (and others consider it) alternatively, or even simultaneously, to be two different types of organizations.

Syncretism is the attempt to reconcile disparate, even opposing, beliefs and to meld practices of various schools of thought (McLeod 1982). This section aims at developing a syncretic view of organisations that will be used to develop the rationale for the sample chosen. This nomenclature is intended to show the diversity of organisations, without the restriction of categorising organisations into 'types'.

Argenti (1993) is the source of a rather pragmatic book entitled *Your Organization: What's It For?* Although ignored by mainstream literature, his work provides the basis for a more sophisticated organisational classification system. Figure 3-4 is derived by providing a continuum for the dimensions of motive, lifetime and disposition.

Not-for Profit	**Motive**	Profit
Project	**Lifetime**	Permanent
Introvert	**Disposition**	Extrovert
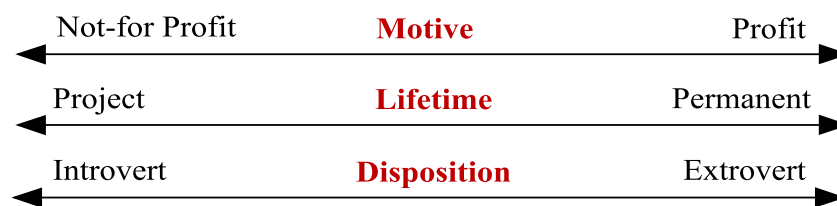
Figure 3-4 Argenti's Dimensions of an Organisation
Adapted from Argenti 1993 (pp.32-33)

Similar to Albert and Whetten (1985), the distinction is made between profit-making (i.e. utilitarian) organisations, and non-profit-making (normative) organisations. Argenti has added a further two dimensions that deal with the intended life time and disposition of the organisation. Thus they can either be 'permanent' or 'project' according to how long they are intended to last, as originally proposed by Likert (Perrow 1970). Examples of relatively permanent organisations from Table 3-2 would include the Bank of England, whilst project organisations would include joint-venture companies set up for a specific time frame. Introvert organisations 'act to benefit the members of the organisation themselves', e.g. trade

unions (Argenti 1993, p.32) whilst extrovert organisations 'aim to benefit persons other than the members', e.g. schools and charities

Whilst offering a greater sophistication than the definitions on page 51, three dimensions with six limits are still restrictive. For example, Argenti categorises 'all companies' as introvert. It could be argued that normative organisations are relatively solipsistic and exist for the benefit of their members, whereas to say utilitarian organisations exist primarily to benefit their shareholders is simplistic.

The work of Parsons (1960), Albert and Whetten (1985), Argenti (1993) have been synthesised into a syncretic view of organisations using seven dimensions.

Normative	**Motive**	Utilitarian
Ephemeral	**Lifetime**	Permanent
Compulsory	**Membership**	Voluntary
Introvert	**Disposition**	Extrovert
Low	**Formality**	High
Low	**Identity**	High
Small	**Size**	Large
Low	**Social Significance**	High
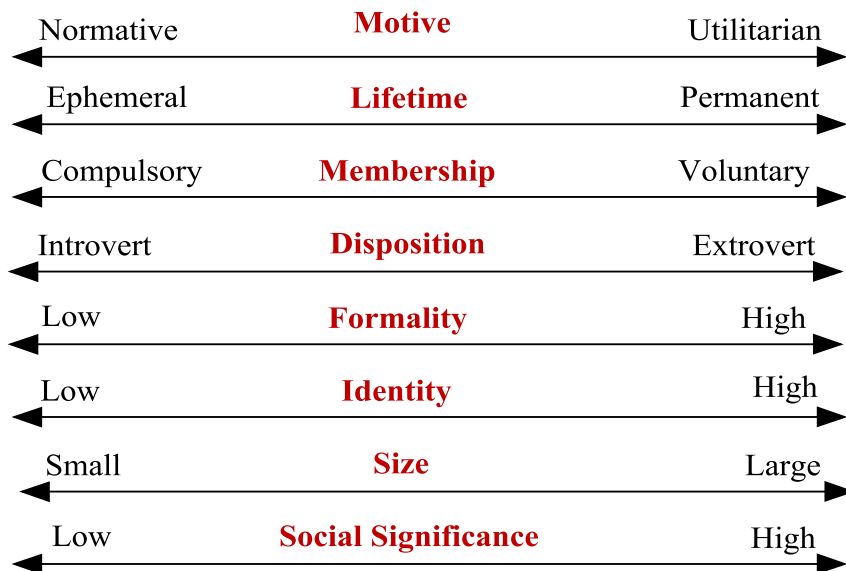
Figure 3-5 Dimensions of an Organisation
Adapted from Parsons 1960; Albert and Whetten 1985; Argenti 1993

Thus the *Motive* of an organisation is shown on a continuum from *Utilitarian* (profit making) to *Normative* (not for profit). This would include whether the organisation is state owned (as in the example of Emirates) or a public liability company, such as BP or Sodhexo.

Figure 3-4 shows the *Lifetime* as ranging from project to permanent, whereas in Figure 3-5 the intended *Lifetime* by its founders range from *Ephemeral* to *Permanent* The *Disposition* of an organisation remains from *Introvert*; for the benefit of its own members and *Extrovert*, for the benefit of those outside the membership boundary. The level of *Formality* has been added to give credence to the notion that cooperation between individuals can be a relatively informal, as well as ephemeral, affair.

70

The dimension *Identity* has been added to represent the image the collectivity has of itself, whilst *Size* has been added to differentiate the enormous range of members that are part of the collectivity. A term coined by Argenti (1993), *Socially Significant,* accounts for an organisation's relative impact on its environment.

3.8 *Summary & Conclusions*

This chapter examined the phenomenon known as organisation. Every individual has an unarticulated, tacit and assumed understanding of organisations. The purpose of this chapter was to explore the meaning of *organisation* so that it has some context for when learning at the organisational level is considered.

Initially a series of definitions of organisations was offered. This identified organisational units such as a family at one end the scale to the development of nations at the other. In terms of theory generation this is less than satisfactory. Thus, the characteristics of organisations were examined through the use of examples, in order to develop some unifying characteristics. Three characteristics were identified; namely that organisations can be considered incorporeal, ephemeral and nebulous.

The incorporeal nature of organisations was then considered more carefully. Individual and, more specifically, organisational identity were used to explain the relationship individuals develop with an apparently incorporeal, ephemeral and nebulous entity. Moreover, it concluded that whilst identity is important, the nature of the relationship is more concerned with the extent to which individuals *identify with* the organisation. Finally, organisational taxonomy was presented.

Using first principles, therefore, this chapter arrived at a definition of an organisation. However the important advance, as far as this thesis is concerned, is to generate a taxonomy that will be used as a rationale to identify target organisations for the questionnaire, namely large commercial companies. These were organisations with the characteristics that were located towards the right of the eight criteria of Figure 3-5.

Thus their motive would be utilitarian as opposed to normative. The lifetime of the organisation would be permanent as opposed to ephemeral. The membership would be voluntary as opposed to compulsory. The disposition would be extrovert as opposed to introvert. The formality would be high as opposed to low. The identity would be high as

opposed to low. The size would be large as opposed to small. Finally their social significance would be high as opposed to low.

The key characteristics of an organisation, so far as this thesis is concerned, is that it is utilitarian: the sample that was targeted are FTSE-listed or AIM-listed companies. The rationale for this is that commercial organisations in a competitive market pay the ultimate price for a learning disability: bankruptcy.

In deconstructing the learning organisation as a concept the next stage is to consider learning. Referring back to Figure 1-4 on page 15, therefore, we have examined the left-hand side of the diagram. This is concerned with the level of social cooperation. The right hand side of the diagram is concerned with the level of learning aggregation. This is the topic of the next chapter.

This chapter identified the first latent variable in the syncretic model of the learning organisation concept, namely (change, politics). Organisational politics is often viewed as a barrier to learning in an organisation. However, as will be discussed in Chapter 6, this theme is conspicuous by its absence from the literature.

Thus having considered the various perspectives of organisation, from interpretive to functional, we now turn our attention to the second half of the ontology: learning. For such an everday part of the lived experience learning too is a deep and complex subject. The fusion of this analysis will allow us a more meaningful, critical and insightful evaluation when we come to analyse learning at an organisational level.

Chapter 4 The Theory of Learning

4.1 *Introduction*

One of the shortcomings of working in this field is that authors rarely articulate their assumptions about learning (Williams 2001; Rashman et al. 2009). However, the literature on learning is enormous and covers many disciplines. The discussion on learning for this thesis, therefore, is restricted to work-based milieux. Three levels of learning are considered. First-order learning is concerned with efficiency: an unquestioning improvement of performance. In second-order learning the effectiveness of this performance is questioned. Third-order learning is a recursive reflection of the process.

The temporal nature of learning is investigated. Learning has to be contextualised in the past, present or future. The discussion then moves on to consider intrapersonal and intrapersonal learning. Intrapersonal learning is what we learn for ourselves, whereas interpersonal learning is what we learn from others. Weick and Wesley (1996) wryly observe that literature reviews of organisational learning seem to be as ubiquitous as the original articles they portend to review. Having acknowledged the reification argument advanced by interpretivists such as Weick, this chapter examines the strengths and limitations of the concept of organisational learning.

The status of rules, systems, procedures and routines is initially considered. This is followed by the role of culture and tradition within organisations. Three specific examples of organisational learning are considered. Firstly, the use of production capacity using the learning curve. Secondly, After Action Reviews (AARs) as used by the United States Army. Finally, the transformation of Nike from poster-child of worker exploitation to champion of human rights.

In the syncretic model of the learning organisation concept the formal organisation evolves into the latent variable (strategy, rules). Learning manifests itself as a second-order latent variables (learning, future), (learning past) and (learning dialogue).

4.2 *Work-based Learning*

Historically, the literature in the field of learning has been dominated by educationists and psychologists (Knowles 1985; Dodgson 1993b; Rogers and Freiberg 1994; Senge 1997; Raelin 2000; Bateson 2002). More recently, however, interest in learning has become more interdisciplinary (Easterby-Smith 1997; Raelin 2000; Easterby-Smith et al. 2001).

As Arnould et al. (2004) point out the concept of learning is challenging and mysterious, even to modern-day neuroscientists. Following suggestions from Õrtenblad (2002) and Brown and Duguid (1991), therefore, the discussion on learning here will be restricted to a work-based context. However, even then it is virtually impossible to invoke the word learning without reference to some of the related concepts of knowledge, intelligence and change (Weick 1991; Chiva and Alegre 2005; Rashman et al. 2009). Thus:

> Intelligence… is the ability to attain goals in the face of obstacles by means of decisions based on rational (truth-obeying) rules. The computer scientists Allen Newell and Herbert Simon fleshed this idea out further by noting that intelligence consists of specifying a goal, assessing a set of operations that reduce the difference… We have *desires*, and we pursue them using *beliefs*, which when all goes well, are at least approximately or probabilistically true. (Pinker 1997, p.62)

> … human intellectual competence must entail a set of skills of problem solving – enabling the individual *to resolve genuine problems of difficulties* that he or she encounters and, when appropriate, to create an effective product – and must also entail the potential for *finding or creating problems* – thereby laying the groundwork for the acquisition of new knowledge. (Gardner 1993, p.60)

Taking the cue from Gardner (1993) above, the term *intellectual competence* is used as an umbrella term for learning and intelligence. Knowledge can be defined as codified learning in a form that can be transmitted to other individuals (Hansen et al. 2001; Nonaka 2007), whereas learning is concerned with processing unprecedented circumstances; situations that are novel to the individual (Knowles 1985; Revans 1998). Meanwhile a pithy definition for learning has been provided by Argyris who characterises learning as the 'correction and detection of error' (Argyris and Schön 1996; Argyris 2001).

Homo Sapiens have a great capacity to learn, whilst as human beings we typically characterise ourselves as being a relatively social, as opposed to solitary, species (Dawkins 1976; Dawkins 1991; Gould 1991; Gould 1997; Pinker 1997; Morris 2005). Thus, the transmission of knowledge in the form of rules to others is an important part of the evolution of our species (Pinker 1997). Three methods of transmission will later be considered; socialisation (Mintzberg et al. 1998), memes (Dawkins 1976) and tradition (Shils 1981).

Learning could thus be said to operate at the intrapersonal and interpersonal level – that which we solve for ourselves and that which we solve with or from other people (Eskin and Nichol 1979). The ideas of Piaget (1950) are useful here: that we learn rules uncritically through assimilation. By altering our established rule-base from knowledge and/or experience that is new to us we learn through accommodation.

Bateson (2002) points out that we have been conditioned to think about learning as a two-unit affair where the teacher "taught" and the student "learned". This is confirmed from the mainstream in higher educational where Ramsden (2003, p.x) defines learning as a 'subject-based conversation between more and less experienced learners'. This approach is arguably the 'jug and mug' version of traditional education whereby the student is an 'empty vessel' that requires filling by the instructor (Rogers and Freiberg 1994). In addition to the mainstream educational and psychological literature much of the focus on learning has been based around child development (Piaget 1950; Gardner 1993).

For practitioners learning and childhood classroom experiences are said to be synonymous (Wenger 1998; Heron 1999), whilst adult learning has been a neglected area (Knowles 1985). However, there has been a change in attitude towards learning over the past two decades where learning is no longer seen as an activity restricted to a children (Hawkins 1994).

This view is supported by Raelin (2000) who points out the separation between theory and practice in conventional educational systems that makes learning seem 'impractical, irrelevant and boring' (*ibid*, p.1). According to Garvin (2000) this is a debate that goes back the 1900s and the work of Dewey who argued that genuine education only comes through experience. Dewey (1944) traces the separation of intellect and skill back to ancient Greece, whereby the ruling class were the educated whilst the lower classes were the artisans. This is still reflected in today's society by academic and vocational training (Pedler 1997).

Rogers (1969) makes the distinction between *cognitive learning* and *experiential learning*. The cognitive school of learning is concerned with what Paul (1995) describes as the acquisition of knowledge through a mode of lower-order memorisation. Paul claims cognitive learning, the acquisition of pure thought, is the dominant mode of knowledge transfer in schools and universities. Experiential learning, on the other hand, is knowledge brought about through encounter, and is a less quantifiable element of intelligence. This is the domain of professional knowledge, learned through experience (Scott et al. 2004).

Thus, whilst the dissemination of cognitive knowledge is well developed in the field of pedagogy, it is argued that experiential learning is still relatively undeveloped and largely overlooked in the field of education (Piaget 1950; Dewey 1963; Revans 1980; Knowles 1985; Paul 1995; Freire 1996; Goleman 1998; Mintzberg 2004b).

The previous chapter asserted that individuals were the components of organisations. As far as learning is relevant to the topic under study Senge (1997) makes the point that a

collectivity cannot learn unless individuals learn. Raelin (1997), meanwhile, asserts that work-based learning is the engine of organisations learning as it directs developmental activities and educational efforts.

4.3 *A Systemic View of Learning*

Building on ideas of previous authors, Raelin (2000) states that work-based learning occurs at three levels. These will be explained in the following three sections. The level of learning, combined with the temporal aspects of learning, which forms the next section, will be tested in the questionnaire.

4.3.1   First-order Learning

In first-order learning new information produces a direct challenge to current actions (Raelin 2000). New actions are sought to replace new methods under shifting environmental conditions (Dawkins 1991). Moreover this method of trial and error is concerned with problem solving (Popper 2003).
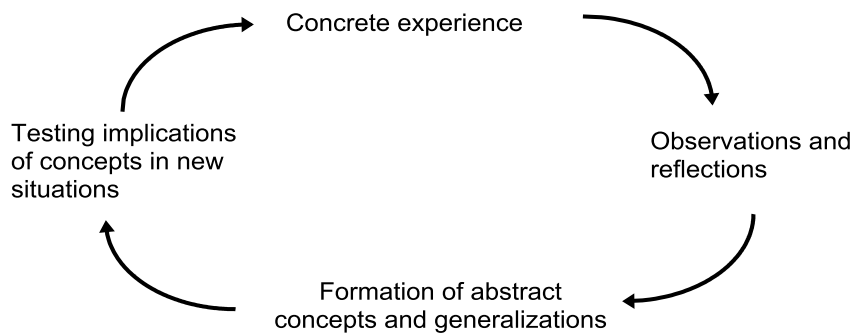
Figure 4-1 Kolb's Learning Cycle
Kolb (1984), p.40
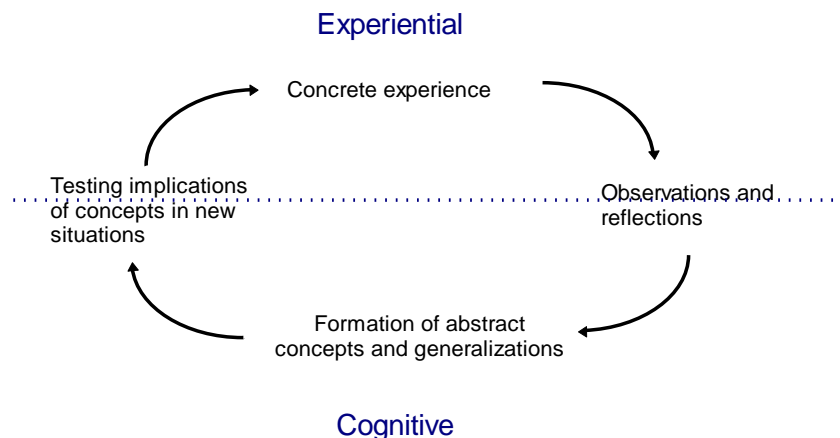
Figure 4-2 Experiential and Cognitive Learning
Adapted from Kolb (1984), p.40 and Rogers (1969)

As Pfeffer and Sutton (2006b) have observed we gain proficiency through practice until we can execute a skill with relative ease. First-order learning can be considered an iterative process of skill improvement. Thus it is linked to change, or more properly speaking, improvement (Pfeffer and Sutton 2006b).

First-order learning is commonly associated with Kolb's learning cycle, as shown in Figure 4-2. According to Kolb, experiential learning is the process 'whereby knowledge is created through the transformation of experience' (Kolb 1984, p.38). The usual explanation of the learning cycle is that (1) a person has an experience (2) reflects on that experience, (3) learns from that experience and (4) tests the new behaviour that in turn leads to (1) new experience (Kolb 1984).

It could be argued that for a first experience the way into the learning cycle is either at *Concrete experience* (which implies an exogenous trigger of change) or *Formation of abstract concepts and generalizations* (which implies an endogenous trigger of change). It is further argued that the top half of the cycle in Figure 4-2 represents *experiential learning* whilst the bottom half represents *cognitive learning*. The transformation between knowledge and experience in Figure 4-2 is shown by the dotted line.

The relevance to this inquiry is that Question 18 of the survey instrument asks respondents whether they reflect on what happened on previous occasions. Question 19, meanwhile, asks the opposite question, namely whether the company makes repeated mistakes. The four questions that form Proposition 9, meanwhile, is concerned with playful experimentation, where single-loop learning is used to refine journeys into the unknown.

4.3.2 Second-order Learning

According to Argyris (2001) second-order, or double-loop, leaning occurs by comparing the preferred states, or governing variables, with their actions and discovering a mismatch. Thus, whilst first-order learning is about improvement, second-order learning is about whether one should be doing it at all. Single-loop learning and double-loop learning are shown in Figure 4-3, where single-loop learning is about improving actions, whilst double-loop learning is about asking fundamental questions. 'As Peter Drucker has long pointed out, efficiency is doing things right; effectiveness is doing the right things' (Kanter 1994, p.193). The importance of this type of learning is to recognise when the environment has changed, yet individuals persist in what has now become inappropriate behaviours for the new environment (Harvey-Jones 1998).
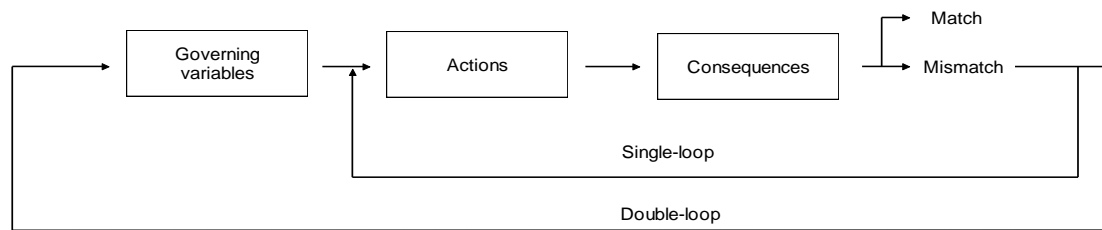
Figure 4-3 Double-loop learning
Source: Argyris 2001, p.68

This type of learning has also been termed Learning II, or *deutero-learning* by Gregory Bates in *Steps to an Ecology of the Mind.* (Bateson 1972; Bateson 2002). As with single-loop, the concept is not new, but rather presented in a different format, as illustrated from this quote of Winston Churchill.

> In war, as in life, it is often necessary, when some cherished scheme has failed, to take up the best alternative open, and if so it is folly not to work for it with all your might. (Churchill 1985, p.565)

Bateson (2002) argues that much of adult learning is concerned with the concept of transference, or analogical reasoning. According to this concept adults try to solve problems based on their surface-level similarity to other situations, rather than on their deep, or structural, similarity. Furthermore Shils (1981) talks about an attachment to 'the given' whereby the embedded process becomes the natural way to do things. Both rationally recommended and coercively imposed methods may be involved, however 'the attachment to the traditional patterns of acting and believing is not easily dissolved' (*ibid*, p.200).

Mintzberg et al. (1998) assert that every industry has its own list of inherited wisdoms. According to Pfeffer and Sutton (2006b) these can become cherished and ingrained superstitions. Argyris (2001) refers to the habit of reliance on past solutions as dynamic conservatism, whilst Thompson (2003) refers to the problem of 'inert knowledge.' In a similar vein Sull and Houlder (2004) use the phrase 'active inertia' to describe how even in times of dramatic changes managers rely on accelerating activities that have worked in the past.

Mintzberg et al. (1998) assert that the limits stipulated by industry rules need to be tested periodically, and that organisational wisdom may require continuous unlearning. Thus in many senses double-loop learning is about pausing and asking 'why?' It addresses the weaknesses of single-loop learning that has no memory or ability to discriminate. Claude Bernard is credited with the expression 'It is what we think we know already that often prevents us from learning' (Raelin 2000, p.27). Thus, second order learning is also connected with the concept of *unlearning* (Hamel and Prahalad 1994).

Three double-loop learning questions are asked in the survey instrument. Proposition 8 is concerned with dialogue, in which question 23 asks to what extent challenging assumptions is encouraged. Within the strategy quadrate, meanwhile, question 29 asks whether the company challenges the assumptions of their business sector. Additionally Question 32 asks whether the company would be willing to diversify to a different business sector in order to protect the future of the enterprise, i.e. protect the longevity of the company.

4.3.3   Third-order Learning

In third order we reflect upon the process itself, an activity that according to Bateson (2002) ranges between rigour and imagination. In third-order our entire assumptive frame of references can be challenged as we perceive the construction of our worldview has questionable premises (Raelin 2000).

Thus Dewey uses the phrase *learning about learning* (Dewey 1944, p.45). Other examples of third-order processes include *thinking about thinking (*Raelin 2000), a *perspective of perspectives,* arguably the purview of ontology (Smith 1998). Another example includes a *tradition of traditions* or as Shils (1981) put it *traditionality*. Traditions for tradition's sake. In the same vein Bateson (2002) talks about a relationship in terms of a context of contexts. Third-order learning is included for the sake of completeness. It is not tested in the survey instrument with the possible exception of question 24. This asks if the word 'learning' is used a lot in their company.

4.4 *The Temporal Nature of Learning*

Having considered some explanatory models of learning we now turn our attention to its temporal aspects. Bluedorn and Standifer (2006) assert that time is one of the most challenging and elusive concepts in human thought. Bateson (1972), meanwhile, warns that paradox is generated when time is ignored. With the possible exception of Williams (2001) there is little emphasis on the *temporal context of learning* in the literature. Thus learning has a *past,* a *present* and a *future*. Where experiential learning draws lessons from the past, experimentation is aimed at the future (Garvin 1993).

Previous work in the field has concentrated on the '*observations and reflections'* stage of the learning cycle. This started with Schön's seminal work *The Reflective Practitioner* (1991), inspired by Polanyi's *The Tacit Dimension* (Pfeffer and Sutton 2006b). More recent examples of the integration between reflective learning and practice include Caie 1988; Marsick et al. 1992; Doncaster and Thorne 2000; Bailey 2002; Vince 2002.

Schön (1991) makes the distinction between reflecting *on* action, and reflecting *in* action. He uses the example of a designer sighting a set of stairs in various locations, and talking through the process as a form of the latter. In this instance the frequency of the learning cycle is very rapid as new ideas are tried and quickly rejected in favour of improved solutions. This illustrates the point of Mintzberg et al. (1998) that learning should not necessarily 'stop' before action 'commences'.

Shils (1981), meanwhile, states that behaviour has a career behind it, a 'momentary end-state of a sequence of transmissions and modifications and their adaptation to current circumstances' (*ibid,* p.43). This is similar to the concept of transference in adult learning, mentioned earlier. Furthermore Weick (1995) states that decoupling reflective action from history makes future anticipated action misleading. Thus, actions can only be interpreted after they have been completed (Pfeffer and Salancik 1978; Mintzberg et al. 1998). In *Zen and the Art of Motorcycle Maintenance* this is taken to an extreme:

> *Any* intellectually conceived object is *always* in the past and therefore *unreal*. Reality is the always the moment of vision before intellectualization takes place. *There is no other reality*. (Pirsig 1989, p.250)

Whilst the literature is burgeoning on reflection its opposite, at the cusp of experience and knowledge, is rarely written about (Raelin 2007). According to Popper (2003) Kant made the distinction between *a priori* and *posteriori* knowledge. *a priori* means knowledge that we possess *prior* to sense-observation; and *posteriori* which means knowledge we possess *after* observation. Examples of other labels that various authors have given to pre-experience include *fantasy* (Bateson 2002); *pre-mortem* or *prospective hindsight* (Garvin 2000); *preunderstanding* (Coghlan and Brannick 2002), *imaginal learning* (Heron 1999) *superstitious learning* (Kim 1993; Leavitt and March 1998; Bateson 2002) *conjectural knowledge* (Popper 2003), *conjectural anticipation* (Dewey 1944, p.150) and *projection of consideration* (*ibid.*, p.159). Other terms that could be used include *precedent learning* or *premonitional learning*.

Popper (2003) also points out that the future is not an extrapolation of the past. However, the value of previous experience in predicting future behaviour is questionable 'the future is actually indeterminate, unpredictable' (Weick 1995, p.28). Garvin (2000), meanwhile, points out the dangers of nostalgia, or hindsight bias, where a 'filtered sense of the present, linked with a reconstruction of the past... has been edited in hindsight' (Weick 1995, p.57). Bluedorn and Standifer (2006) term a tendency to regard one's own time with greater positive attribution than those of others, especially bygone eras, as chronocentrism (Daft 1998). As Pinker (1997) wryly observes, people are at their most creative when writing up their

autobiographies. This needs to be taken into consideration when autobiographies of business leaders are being considered in the practitioner-to-practitioner literature.

Pinker (1997) points out the debate between whether language drives the concepts, or concepts drive the language. Thus Perrow (1986), building on the work of Cohen et al. (1976), claims that thought is not necessarily the father of the deed. As Weick (1995) describes in sensemaking, the explanation was constructed after the behavior, or as Schuetz (1944) puts it, we only grasp the meaning of our actions retrospectively. Often these are maximised in the present for political purposes, a process termed *post-decision optimisation* (Daft and Steers 1986; Levitt and March 1988). Unfortunately, as Perrow (1986) also points out, we reinterpret the action because we unconsciously believe that the deed must follow thought.

The focus thus far in this chapter has been solely concerned with a systemic approach to how individuals learn, also known as intrapersonal learning (Goleman 1998). The focus now moves along the continuum towards interpersonal learning: how and what we learn from others (*ibid*.). This is the first step towards learning at the organisational level, the ultimate objective of this chapter.

4.5 *Intrapersonal and Interpersonal Learning*

As far back as the 1950s psychologists have shown how exemplary behaviour, in the form of norm-bearer theory, can be used in change management (Cumming et al. 1956). However the interpersonal transmission of learning from one individual to another is surprisingly fragmented. As previously mentioned, the emphasis in the past has been between the teacher and the pupil (Rogers and Freiberg 1994), exemplified in the learning organisation literature by the collectivist school. The concepts that have been documented include:

a. Socialisation (Levitt and March 1988; Huber 1991a; Weick 1991; Miner and Mezias 1996; Snowden 2002a), by means of:

  i. acculturation (Pike 1971; Arnould et al. 2004)

  ii. enculturation (Pike 1971; Brown and Duguid 1991; Arnould et al. 2004)

b   Memes (Dawkins 1976; Price 1995)

c   Tradition (Shils 1981; Weick 1995)

Arnould et al. (2004) characterise culture in its widest sense as being adaptive and dynamic. Learning how to behave in a culture by growing up in it as a native is called enculturation, whilst learning a new culture through is known as acculturation (*ibid*.). In an occupational context, therefore, individuals will be acculturated into an organisation and/or a profession

(Levitt and March 1988). Various authors refer to this process as the concept of socialisation where existing members of the organisation encourage the individual to accept the existing rules and routines (Levitt and March 1988; Huber 1991a; Weick 1991; DiBella 1995; Mintzberg et al. 1998). These rules and routines then become part of the individual's memory: both for formal and informal rules. Thus through socialisation the individual assimilates and accommodates the rules of the organisation.

Dawkins (1976) coined the noun *meme* to denote a unit of cultural transmission in his book *The Selfish Gene:*

> Just as genes propagate themselves in the gene pool by leaping from body to body via sperms or eggs, so memes propagate themselves in the meme pool by leaping from brain to brain via a process which, in the broad sense, can be called imitation. (*ibid,* p.192)

Dawkins suggests memes can be transmitted through tunes, ideas, catch-phrases, clothes, fashions, ways of making pots or building arches. The selection favours memes that exploit their cultural environment to their advantage. Arguably the concept of memes can be extended to behaviour as 'A great deal of individual learning occurs through a process of modelling or imitation' (Williams 2001, p.76). This concept has found its way in to the management literature through the concept of mimetic isomorphism (DiMaggio and Powell).

Despite our neophyte culture, Shils (1981) asserts that a significant amount of life is lead in accordance with beliefs and behaviours that were discovered in the distant past. All organisations, then, have a stake in the continuity of the past (Cohen and March 1974). Organisations such as schools, universities, armed services, churches, businesses and political institutions are imbued with traditions and attend, in various degrees, to their continued preservation (Shils 1981).

A *traditum* is defined as 'anything which is transmitted or handed down from the past to the present' Shils (1981, p.13). Shils maintains a traditum can be a physical object or a cultural construction. To be considered a traditum, however, does not take into consideration how long and how it has been handed down. Likewise it makes no rational deliberation of its validity, how it has been accepted into use, or where it originated. Thus a minimum of two transmissions over three generations are required for a pattern of belief or action to be considered a tradition. 'The decisive criterion is that, having been created through human actions, through thought and imagination, it has been handed down from one generation to the next' (Shils 1981, p.13). Thus, according to this view, elements of the past that form part of the present culture are shared as much with predecessors as they are with contemporaries.

This transmission between generations by tradition, socialisation or meme has been replicated under laboratory conditions (Jacobs and Campbell 1961; Weick and Gilfillan 1971). In both of these experiments an arbitrary meme was perpetuated for 30 generations after the original accomplices had been replaced by naïve subjects. Polanyi (1967) asserts that transmission between generations is predominantly tacit. Therefore, for long-lived companies this, perhaps, shows the strength of tradition in organisations.

So far as the survey instrument is concerned the company's stake in the continuity of the past influences the strategy quadrate, namely proposition 10 which is concerned with industry rules. Proposition 11, meanwhile, is concerned with the longevity of the enterprise and tests whether managers' view of organisations are more utilitarian or normative. A focus on tradition, the continuity of the past, would indicate a preference for the latter.

4.6 *Learning at the Organisational Level*

According to Shrivastava (1983) the concept of learning at an organisational level can be traced back to Cyert and March's landmark book, *A Behavioural Theory of the Firm* (Cyert and March 1992). This work was originally published in 1963 and is widely recognised as being canonical (Mintzberg et al. 1998). However, it is interesting to note the phrase 'organisational learning' is not introduced until page 120 of the book, just over half way though.

Organisational learning is widely recognised as being multidisciplinary, (Easterby-Smith 1997; Easterby-Smith et al. 2001) influenced by subjects such as organisation theory, economic history, business management, innovation studies and psychology (Dodgson 1993a). However, it troubles Weick (1991) that organisational learning was adopted by organisational theorists at approximately the same time as it was being abandoned by psychologists. 'I worry that scholars of organizations may have made their inquiries even more difficult by adopting a concept that didn't work for others, and will not work for them' (*ibid.*, p.116).

The early academic-to-academic literature was rather prosaic and dealt with the quiddity of organisational learning, e.g. Cangelosi and Dill 1965; Weick 1991. This tended to treat organisations as homomorphic extensions. However, despite Weick's early concerns the field has now developed to a greater level of sophistication, where differences between organisations are better delineated (e.g. Chiva and Alegre 2009; Rashman et al. 2009).

In fact organisational learning has become so important that it spurned two further branches; absorptive capacity (Cohen and Levinthal 1989; Cohen and Levinthal 1990; Jansen et al. 2005; Lane et al. 2006; Todorova and Durisin 2007; Lichtenthaler 2009) and dynamic capabilities (Teece et al. 1997; Ambrosini et al. 2009; Easterby-Smith et al. 2009; Pandza and Thorpe 2009; Sun and Anderson 2010).

As Revans comments its adoption was relatively slow:

> The suggestion that any organisation ought to be able to learn from its own everyday experience, simply by asking itself what it thinks it is trying to do, what is preventing it from doing it and what measures it might take to overcome its problems and to move nearer to its goals, is still regarded by students and practitioners of administration science as unrealistic nonsense. (Revans 1998, p.108)

Indeed:

> ... even a cursory reading of the recent literature suggests that the disposition to regard organizational learning as a paradoxical idea was far more vigorous twenty years ago than it is now. (Argyris and Schön 1996, p.189)

The explosive interest in the U.S. on learning at an organisational level started at the publication of Peter Senge's *The Fifth Discipline* in 1990 (Burnes 2000). Meanwhile interest in the U.K. was galvanised with the publication in the same year with *The Learning Company* by Pedler, Boydell and Burgoyne (Pedler et al. 1991). According to Tsang (1997) the success of these books lead to a proliferation of articles and books on the subject of learning at the organisational level.

The adoption of the term *organisational learning* can be illustrated by examining two of the more popular texts in strategy, namely Igor Ansoff's *Corporate Strategy* and, more recently, Kaplan and Norton's *Balanced Scorecard.* Comparing different editions of Ansoff's *Corporate Strategy* (1965;1987) demonstrates the gradual adoption of the term. In the 1965 edition 'organisational learning' does not appear at all. In the revised edition of 1987 it merits a mention in the context of strategy formulation. Referring back to the theme of socialisation (Section 4.5 on page 81), Ansoff states:

> Coherence of behavior and organizational coordination are attained through informal *organisational learning* and *adaptation*. New managers and workers are typically given long indoctrination periods into the nature of the business; their careers are shaped by gradual progression through the firm. In the process they acquire an experiential, almost intuitive, awareness of the firm's strategic guidelines. (Ansoff 1965, p.105. Emphasis added.)

Moving on in the strategy literature Kaplan and Norton (1996) provide a portfolio of critical success factors for a business to succeed. Their *Balanced Scorecard* uses the following to provide indicators for management to track:

1.   Finance;

2.   Customers;

3.   Internal business processes;

4.   Innovation and learning.

The idea that Kaplan and Norton advance is that finance, the conventional measurement of success, was limited as it was a historical measure. Thus, using an argument similar to the paradox of time advanced by Bluedorn and Standifer (2006), the three remaining indicators are focused on the present and future. Significantly for this topic, the fourth element is concerned with time. Far from being a fad the *Balanced Scorecard* is still influential today (Buchanan 2005b; Kaplan and Norton 2005b) and has thus passed the test of longevity. Whilst not the only instrument for performance measurement, the Balanced Scorecard remains the most well-known (Pun and White 2005).

Thus by the end of the 1990s, the prevailing view had changed to one that was amenable to learning at the organisational level: the phrase had dropped into common business parlance. For example:

> An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage. (Gates 1999, p.263)

This quote is mostly attributed to Jack Welch. Given such a glowing endorsement from two of the highest profile CEOs in the world, it is not surprising that learning at the organisational level attracted so much attention in the 1990s.

4.7 The Link between Individual and Organisational Learning

The next theme is the one that seems to have eluded many writers on learning at an organisational level the most (Dodgson 1993a). This is what I refer to as the *social constructivists' paradox*. Chapter 3 characterised organisations as incorporeal, nebulous, and ephemeral. Given these characteristics: how can organisations 'learn'? I call it the social constructivists' paradox because whilst interpretivists such as Weick argue convincingly against generalised themes of collective learning, without interpersonal learning modern-day society would simply not exist. As writers likes Shils have argued, knowledge is passed down through successive generations through tradition.

Argyris poses the provocative question *What is an organisation that it may learn?* (Argyris and Schön 1996; Argyris 2001). In their revised publication of their 1978 classic Argyris and Schön state three objections to learning at the organisational level:

a) There are those who argue that the very idea of organizational learning is contradictory, paradoxical or quite simply devoid of meaning.
b) A second challenge to the idea of organizational learning accepts it as a meaningful notion. What it denies is that organizational learning is always or ever beneficent.
c) A third kind of scepticism about organizational learning questions whether real-world organizations do learn productively, and whether, in principle and in actuality, they are capable of coming to do so. (Argyris and Schön 1996, p.188)

The principal objection, according to Argyris and Schön arises from the third point. Indeed much of the obsession in the early research is concerned with whether the organisation learned or not (e.g. Hedberg 1981; Lähteenmäki et al. 2001; Williams 2001). The distinction is somewhat similar to Burrell and Morgan's *Sociology of Radical Change* and *Sociology of Regulation*. These scholarly objections can be characterised as being interpretivist in nature. The functional view of practitioner-oriented literature, on the other hand, views organisations as something that are 'hard and concrete' (Burrell and Morgan 1979). That organisations learn is thus readily accepted as a truism, as shown in the largely practitioner-oriented literature of learning at an organisational level:

All companies learn. All companies, whether explicitly or not, have an identity that determines their coherence. All companies build relationships with other entities, and all companies grow and develop until they die. (de Geus 1999, p.17).

Level	Process	Inputs/Outcomes
Individual	*Intuiting*	Experiences Images Metaphors
Group	*Interpreting*	Language Cognitive Map Conversation/Dialogue
	Integrating	Shared Understandings Mutual Adjustment Interactive Systems
Organisation	*Institutionalizing*	Plans/Routines/Norms Diagnostic Systems Rules & Procedures

Table 4-1 The 4Is Framework
Crossan et al. 1999b, p.525

Probably the most well-known framework that links the individual to the organisation is the 4Is framework. This is shown in Table 4-1. This model has been subsequently updated by various authors (Lawrence et al. 2005; Schilling and Kluge 2009). The theme of these models, however, is always the same: how individual learning manifests in organisational learning.

Figure 4-4, meanwhile, shows how individual and organisational development is thought to be linked. Good individual performance reinforces good organisational performance. Conversely, good organisational performance reinforces individual performance. Thus,

reflexivity between the individual and the organisation will influence behaviour in both directions (Kiewitz 2004).
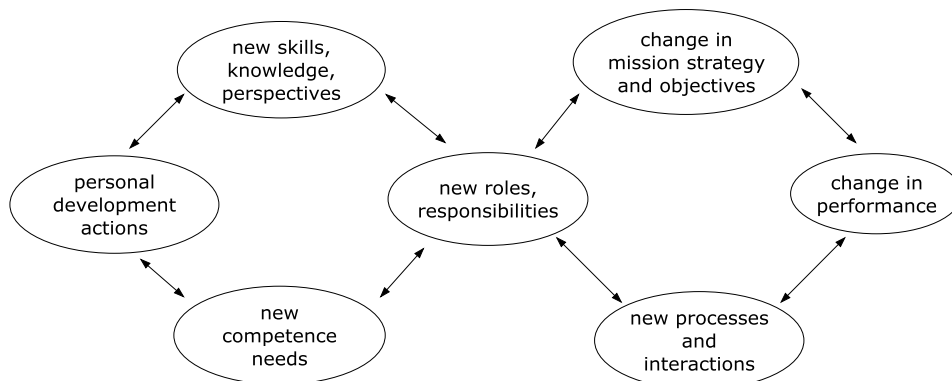
Figure 4-4 The Link Between the Individual and the Organisation
Lines and Ricketts 1994, p.160

Miner and Mezias (1996) discern four levels of learning; individual, group, organisation and populations of organisations. Eskin and Nichol (1979), on the other hand, state that learning falls into five categories; intrapersonal, interpersonal, group, intergroup and organisational. However, even this is a limited analysis as, given the previous analysis of Chapter 3, four extra levels can be added. These extra levels are inter-organisational, societal (Knasel et al. 2000), inter-societal and global.

1.	Intrapersonal	Self-understanding, i.e. blind areas of self, patterns of defensive behaviour
2.	Interpersonal	The way people relate to each other, i.e. scripted and patterned responses
3.	Intragroup	Group dynamic theory and leadership, i.e. task and maintenance functions in the group
4.	Intergroup	The nature of conflict and collaboration between different groups, i.e. interdepartmental conflict.
5.	Intraorganisational	The structure and culture of organisations and their influence on individuals, i.e. planned organisational change
6.	Interorganisational	The extent to which organisations associate and learn from each other, for example in confederations of companies in the same sector.
7.	Intrasocietal	Learning within a society, that body of people that identifies itself as being a society
8.	Intersocietal	The learning between the cultures of different societies.
9.	Global	World-wide learning

Table 4-2 Levels of Learning
Adapted from Eskin and Nichol 1979, pp.34-35

Section 3.4 established that the *smallest unit of analysis* is the individual whilst the organisation represents the *highest level of analysis* that individuals identify with. Table 4-1

shows there are nine levels of learning to consider, from each individual to the population of the planet.

4.8 *Bifurcation of Learning at an Organisational Level*

The discussion of learning at an organisational level now divides, as the school can be separated into a continuum of two dimensions: those who subscribe to organisational learning and those who subscribe to the learning organisation. Thus, there are those who:

> ... divide the literature that pays serious attention to organizational learning into two main categories: the practice-oriented, prescriptive literature of "the learning organization," promulgated mainly by consultants and practitioners, and the predominantly skeptical scholarly literature of "organizational learning," produced by academics. (Argyris and Schön 1996, p. 180)

'Learning at an organisations level' is a phrase coined to capture the surpra-conceptual elements of *organisational learning* and *the learning organisation*. Tsang (1997) has been credited by Burnes (2000) with first making the division clear. Indeed this conceptual clarification has been distinctive in the literature (e.g. Ayas 2001; Finger and Brand 2001) and has been subsequently built upon (Sun and Scott 2003).

The distinction is important because Tsang (1997) equates organisational learning with descriptive research (characteristic with academic-to-academic literature) and the learning organisation with prescriptive research (characteristic of practitioner-oriented literature). Section 2.2 on page 20 identified these categories more accurately as practitioner-oriented literature and academic-to-academic literature. As will be shown, however, the terms are not mutually exclusive. Rather, *the learning organisation* cannot be considered without the concept of *organisational learning*, whereas the latter term can operate as an independent ideology.

In earlier writings on in this field organisational learning and the learning organisation are interchangeable terms. Levitt and March (1988) exemplify this by using the term learning organisation to imply one that is adept at organisational learning. However, they seem insensitive to the fact that *all* organisations, by this definition, are learning organisations. Organisational learning and the learning organisation therefore have over-lapping and complementary themes that make this distinction a difficult one to operationalise when analysing the literature (Lähteenmäki et al. 2001).

Dodgson (1993a) claims that organisational learning became 'fashionable' for three reasons. Firstly, the concept of the learning organisation was gaining currency amongst large

companies. Secondly, the profound influence of rapid technological change, and lastly the concept of learning has a broad analytic value..

4.9 *Organisational Learning*

According to Burnes (2000), Chris Argyris and David Schön have been writing about organisational learning for over forty years. In their landmark publication they state that organisational learning occurs when:

> ... members of the organization act as learning agents for the organization, responding to changes in the internal and external environments of the organization by detecting and correcting errors in organizational theory-in-use, and embedding the results of their enquiry in private images and shared maps of organization (Argyris and Schön 1978, p.29).

Other definitions include:

> … the acquiring, sustaining, or changing of intersubjective meanings through the artifactual vehicles of their expression and transmission and the collective actions of the group (Cook and Yannow 1993, p.384)

> Organizational learning is defined as increasing an organization's capacity to take effective action (Kim 1993, p.43)

> … the capacity (or processes) within an organization to maintain or improve performance based on experience. This activity involves knowledge acquisition (the development or creation of skills, insights, relationships), knowledge sharing (the dissemination to others of what has been acquired by some), and knowledge utilization (integration of the learning so that it is assimilated, broadly available, and can also be generalized to new situations). (DiBella et al. 1996, p.363)

> Organizational learning means the process of improving actions through better knowledge and understanding. (Fiol and Lyles 1985, p.803)

> An entity learns if, through its processing of information, the range of potential behaviors is increased. (Huber 1991b, p.89)

> Organizational learning is defined... as the process within the organization by which knowledge about action-outcome relationships and the effect of the environment on these relationships is developed. (Duncan and Weiss 1979, p.84).

> [Organisational learning occurs by] … encoding inferences from history into routines that guide behavior (Leavitt and March 1998, p.319).

> Organizational learning occurs through shared insights, knowledge, and mental models... [and] builds on past knowledge and experience - that is, on memory. (Stata, 1989, p.64).

Thus, as with most other definitions in social science there is little agreement or indeed commonality (Fiol and Lyles 1985). In fact, organisational learning is criticised in the anti-guru literature for its diverging number of frameworks it has produced (Brindle and Stearns 2001). Indeed frameworks of organisational learning abound in the literature, (e.g. Lyles and

Schwenk 1992; Kim 1993; Crossan et al. 1999b; Williams 2001). Easterby-Smith (1997) defends this by claiming diverging frameworks are an inevitable product of its multidisciplinary nature.

The early literature on organisational learning is mainly populated by papers that offer frameworks, call for more empirical work (e.g. Miner and Mezias 1996; Williams 2001) but do not offer any empirical evidence themselves (e.g. Crossan et al. 1999b; Lawrence et al. 2005; Schilling and Kluge 2009). By the time of a review by Bapuuji and Crossan (2004) the situation had changed. They report on 123 papers, 55 of which were based on empirical studies. Of the 55 empirical studies 10 used qualitative research methods, 43 used quantitative research methods, whilst two used both.

In the knowledge-based perspective expounded by de Holan and Phillips (2004) organisations are repositories of knowledge residing in rules, routines, standard operating procedures, mental models and dominant logics. Furthermore, this repository is an embodiment of organisational memory (Walsh and Ungson 1991; Cyert and March 1992; Ebbers and Wijnberg 2009), a storehouse of organisation knowledge, in terms of forms, rules, procedures, conventions, and technologies. (Levitt and March 1988; Mintzberg et al. 1998; March et al. 2000).

An interpretivist would view an organisation as an abstraction of intersubjectively shared meanings. The purest form of the sociology of regulation, as Burrell and Morgan (1979) have termed it, is a largely neglected area of research (March et al. 2000). Yet the formulation of regulating activities becomes tangible evidence that an organisation has 'learned' in that they offer some form of physical artefact of collective resolution (*ibid.*)

Perrow (1986), summarising the work of economist Frank Knight (1935), claims that man is fundamentally a rule-making, rule-breaking animal. At the national level Shils (1981) points out that legislation is a social innovation that transforms society. Legislation is aimed at instituting change by imposing a form of sanction on those who do not comply. Thus rules are the basis and bane of civilised living that permeate humans existence (Knight 1935). Pinker (1997) suggests learning rules is the essence of human evolution, as rule formation and observation regulates interpersonal behaviour in a collectivity. The defiance of rules, on the other hand, identifies an egocentric propensity to maximise our own needs (Perrow 1986).

Rules can be separated into two categories: those that regulate the *formal* organisation and those that regulate the *informal* organisation (Daft 1998). Rules, systems, standard operating

procedures and routines are example of formal, documented and explicit organisational rules (Levitt and March 1988). Culture, on the other hand, represents normalised, tacit, informal or undocumented rules. The next two sections explore these categories.

4.9.1   The Formal Organisation

According to Perrow (1970, p.52) '...society socializes individuals so that they will submit to authoritarian structures.' Thus managers seek to stabilise their organisations within its environment (Perrow 1970; Pfeffer and Salancik 1978; Burrell and Morgan 1979; Morgan 1997). Perrow (1986) also points to stabilizing structures such as rules and operating procedures. Indeed Tyler and Blader (2005) assert that the observation of rules and procedures is critical for organisations to function effectively.

As discussed on page 52, Wright Mills (1959) defines an institution as a stable set of role graded in authority. This implies an asymmetric distribution of authority. This represents the dark, and rather infamous side of organisations, particularly for corporates. This is the issue of power and politics. In the survey instrument this manifests itself under the latent variables for (change, hierarchy) and (change, politics). The former is concerned with how formal authority is managed within the respondent organisations. Thus Proposition 13 reads 'The tension between hierarchy and learning is managed in a learning organisation.' Proposition 15 states 'Organisational politics will be minimised in a learning organisation'.

Whilst a significant amount of time and resources is devoted to controlling employee behaviour, non-compliance in organisations is also widespread (Veiga et al. 2004). For example, in the ethnographic study of Dalton (1959), he observes a blatant disregard of safety policy in order to meet production targets. It appears that time has not changed this as rules become subordinated during periods of unsatisfactory organisational performance (Lehman et al. 2009).

March et al. (2000) point out that research on rule generation is a sadly lacking. Indeed *The Dynamics of Rules* is one of the only texts on this subject. In this book March et al. use an event history approach to demonstrate the impact rules have on history, decision-making and learning at Stanford University. They assert that rules are major events in the evolution of an organisation. Formal rules represent the minimum behaviour required from individuals in an organisation (*ibid.*)

Section 4.4 on page 79 introduced the idea of the temporal nature of learning. This can be applied to rule birth as it is the organisation's reaction to some form of disruption: past,

present or anticipated. '[The creation of rules] signal the addition of new knowledge, retention of experience, solution of problems, or absorption of environmental changes over time' (March et al. 2000, p.139).

Organisational history plays an important part of this and is kind of a fossil record of 'what bothered their predecessors' (Morrell and Capparell 2001, p.47). At the societal level legislation is concerned with previous events that '… annuls that part of the past with which it deals' (Shils 1981, p.189). Thus Thurm (2005) shows how the introduction of a rule-based system called a 'request-for-guidance' helped reduce confusion and instilled a discipline of minimising changes when unanticipated problems were encountered during construction of the replacement New York Times building.

In this sense rule birth amounts to a 'trigger for change' (McCalman and Paton 1992), and the rule is the organisation's response to the disruption. This trigger for change is the start of organisational learning as it is the detection and error correction predicted by Argyris (2001). Furthermore rules are amended through incremental adjustments to experience and rescinded as organisations substitute new rules for old ones. Mintzberg et al. (1998) assert that routines impart a form of stability to the organisation, increasing order and decreasing conflict. Thus, taking a managerialist perspective Silverman (1970) refers to such rule-making innovations as an 'organisational success'.

Returning to theme of the sociology of regulation, Mintzberg et al. (1998) points out that organisations are composed of hierarchies of routines. These range from the shop floor to management who assume control over the activities of those below them. Pfeffer and Salancik (1978) acknowledge that authority is derived from the ability to make and enforce rules as well as regulate the possession, allocation and use of resources.

Chapter 3 defined an organisation as a collectivity that individuals identify with. Tyler and Blader (2005) point out the reflexivity between the individual and organisation should be considered within an identity framework. As Knight (1935, pp.302) points out "In general, the group as a unit must also exert some pressure on its members". March et al. (2000, p.6) points out that rules involve three constructions:

1. The construction of the self: Which of my identities is relevant?
2. The second is the construction of reality: How do I code the situation in which I find myself?
3. The third is the construction of a match between the two: What do my identities tell me to do in the situation as I have defined it?

These rules, procedures, systems and routines are considered 'formal' in that they are part of the organisation's documentation. This may be enshrined as a code of conduct for employee behaviour (Paine et al. 2005) or to the production of intellectual property (Mouritsen et al. 2001). Systems that are deployed to detect and correct error at the organisational level would include processes such as the balanced scored card (Kaplan and Norton 1996; Kaplan and Norton 2005a) and human capital management (Bassi and McMurrer 2007). Furthermore quality systems such as ISO 9000 confirm compliance to a minimum standard (Philip 1994).

However, this is a limited view of organisational rules as it only considers managerialist, endogenous rule creation: the formation of rules by managers to regulate the behaviour of subordinates. Organisational learning also has an exogenous influence that is generally neglected. An organisation will also learn to influence and control its external stakeholder groups: shareholders, customers, suppliers and competitors (Freeman 1984; Friedman and Miles 2006). Abuse of this influence goes outside the realms of practitioner-oriented literature and into anti-corporate activism (Brugmann and Prahalad 2007; den Hond and de Bakker 2007).

Contrary examples of the beneficence of organisational learning are offered by Pfeffer and Sutton (2006b). Both illustrate the nebulous participation of individuals that characterise an organisation. The first involves the tragedies of the *Columbia* and *Challenger* space shuttles. The subsequent enquiry discovered that whilst there had been a significant change in personnel, the systems and culture *had not changed*. This finding is all the more puzzling as in a similar study of the global orbital launch vehicle industry the memory of bad experiences resonated longer than organisational successes (Madsen and Desai 2010).

The second example is from the automotive industry. Pfeffer and Sutton (2006b) refer to the experience of Toyota in the United States. In this instance the company transformed incorrigible low-performing automotive workers into top performers. The new organisation was composed of essentially the same people, but working for a different management. Thus Proposition 14 is concerned with the balance between order and chaos; generating rules that are successfully deployed and address the issue as originally intended. Thus Question 40 asks to what extent the organisation feels disordered, whilst Question 41 asks if everything goes according to plan.

4.9.2　　　The Informal Organisation

The second theme that emerges from the sociology of regulation is the *informal organisation*. As Brown and Duguid (1991) point out, the most important rules are not in the employee handbook. These undocumented rules manifest the regulation of behaviour through organisational culture (Cook and Yannow 1993), 'the way we do things around here' (Deal and Kennedy 1988, p.4) and refers to tacit transmission of unarticulated rules. Deal and Kennedy (*ibid.*) argue that managers, acting on rational data, only engage in aspects that are 'hard' such as policies, structures, procedures, strategies or budgets. Values tend not to be written down, and when they are they appear as moral exhortations rather than relevant to everyday work.

According to Hofstede (1991) the concept of organisational culture was popularised in Deal and Kennedy's book, *Corporate Culture: The Rites and Rituals of Corporate Life*. Its popularity was enhanced following the success of a companion volume from the same McKinsey/Harvard Business School team, Thomas Peters and Robert Waterman's *In Search of Excellence* that appeared in the same year.
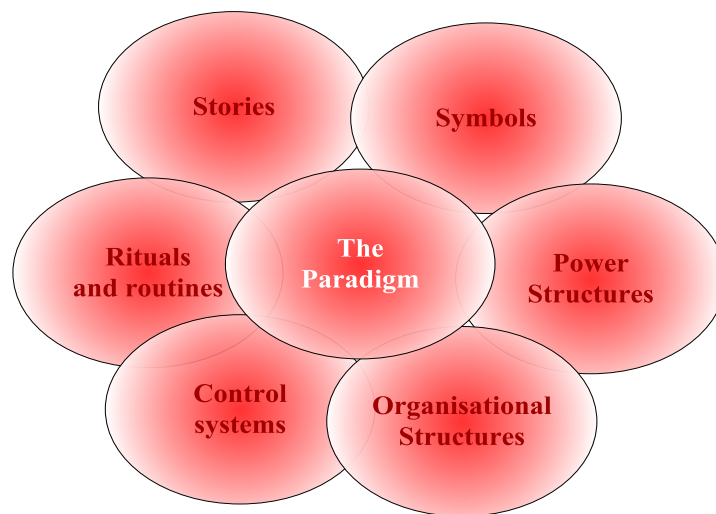
Figure 4-5 The Cultural Web
Johnson and Scholes 2002, p.230

Writers such as Deal and Kennedy (1988) and Arnould et al. (2004) define culture in various combinations of stories, symbols, values and heroes. Figure 4-5 shows an illustration of the cultural web, a diagram commonly used to illustrate the components of organisational culture, for which two definitions are offered:

> …. a set of values, beliefs, and feelings, together with the artifacts of their expression and transmission (such as myths, symbols, metaphors, rituals), that are created, inherited, shared, and transmitted within one group of people and that, in part, distinguish that group from others.(Cook and Yannow 1993, p.379)

… dynamic blueprints for action and interpretations that enable a person to operate in a manner acceptable to other members of the culture… Members of a culture use knowledge of these models as a lens to perceive their world, as a set of rules for making sense of it, and as a repertoire of taken for granted ways of acting on it. (Arnould et al. 2004, p.74)

From the sociology of regulation perspective two of the most influential ideas seem to emanate from stories and symbols (Taylor et al. 2002). According to one author storytelling 'is part of *being* an organization' (Boje 2006 p.219). Weick (1995, p.221), meanwhile, refers to the '... ongoing sensemaking and senseforgetting of the organization, and it is part of the *being* of storytelling, which is in a state of constant proliferation and rehistorization'. The seminal work of Snowden (2002b), meanwhile, illustrates how collecting these stories allows us to codify the rules and values that underlie the reality of that organisation's culture. Thus the informal organisation helps regulate behaviour. Individuals are socialised into the occupational system by tacitly adopting the norms of others.

4.10 *Intraorganisational Learning*

Chapter 3 characterised organisations as incorporeal, nebulous and ephemeral. It concluded that a reasonable definition for an organisation was a 'collectivity that individuals identify with'. In 2005 Darling et al. wrote an article for Harvard Business Review called *Learning in the thick of it*. The article is concerned with how OPFOR, The U.S. Army's Opposing Force help to prepare soldiers for combat.

OPFOR is a 2,500-member brigade; however, what makes it more extraordinary in terms of organisational learning is that, as part of the Army's policy of rotation one third of its strength are moved to other units. Thus, within three years OPFOR's membership will have completely changed. The lessons have become institutionalised as "continuity folders" for their successors (Darling et al. 2005). Thus lessons from previous experience are incorporated into future actions:

> A unit may generate a lesson during the AAR process, but by OPFOR's definition, it won't have learned that lesson until its members have changed their behavior in response… More important, soldiers see their performance improve as they apply those lessons, which sustains the learning culture. (Darling et al. 2005, p.90)

Darling et al. emphasise that the AARs are a continuous process. The authors did some comparisons with utilitarian organisations. They found AARs are used in organisations such as Shell Oil, Colgate-Palmolive, DTE Energy, Harley-Davidson, and J.M. Huber to identify 'both best practices (which they want to spread) and mistakes (which they don't want to

repeat)' (Darling et al. 2005, p.86). However, they also conclude that 'most corporate AARs, however, are faint echoes of the rigorous reviews OPFOR performs' (Darling et al. 2005, p.86). AARs are also discussed in Garvin's *Learning In Action*, one of the books identified as being from the classical learning organisation school. This book is reviewed in section 5.6.

In contrast to the American Army, Nike is an American sportswear manufacturer that

> … has positive image as a U.S. origin brand, but it suffers from negative connotations as a company that uses low-paid labor in Southeast Asian manufacturing facilities (Arnould et al. 2004, p.321).

Nike's business model is based on managing its brand and supply chain with production being outsourced to countries in economic free zones in emerging economies (Klein 2000; Chaffey 2009). However, consumer activists targeted the high-profile brand of Nike to expose corporate exploitation in developing countries (Klein 2000; Arnould et al. 2004; Zadek 2004).

According to Zadek (2004) these failures were caused when buyers circumvented the labour code to achieve targets and thus secure bonuses. A labour code, an organisational rule, was in place to control labour costs. However, a vicious cycle ensued where delivery times were shortened by increasing overtime. Exactly what the labour code was trying to prevent. This situation was exacerbated by the company structure. A devolved accounting structure was in place where functions such as marketing finance, procurement and inventory management were separate profit centres. When consumer activism created legal and public relations costs this was paid for centrally: the profit centres that were the source of the labour code infringements went without penalty. Furthermore, any changes to the system were considered an affront to the business model that had brought Nike success in the past. Thus the second failure was one of over-learning: the denial of novel situations in favour of established patterns.

The return to grace follows Nike's path to what Zadek (2004) calls "civil learning". Zadek (2004) postulates that organisational learning pathways are complex and iterative. A company can make great strides in one area only to take a few steps backward in another. Nevertheless, Zadek asserts that companies almost invariably progress through the five stages, as shown in Table 4-3.

Stage	What Organisations Do	Why They Do It
Defensive	Deny practices, outcomes or responsibilities.	To defend against attacks to their reputation that in the short term could affect sales, recruitment, productivity, and the brand.
Compliance	Adopt a policy-based compliance approach as a cost of doing business.	To mitigate the erosion of economic value in the medium term because of ongoing reputation and litigation risks.
Managerial	Embed the societal issue in their core management processes.	To mitigate the erosion of economic value in the medium term and to achieve longer-term gains by integrating responsible business practices into their daily operations.
Strategic	Integrate the societal issue into their core business strategies.	To enhance economic value in the long term and gain first-mover advantage by aligning strategy and process innovations with the societal issue.
Civil	Promote broad industry participation in corporate responsibility.	To enhance long-term economic value by overcoming any first-mover disadvantages and to realize gains through collective action.

Table 4-3 The Five Stages of Organisational Learning
Zadek 2004, p.127

Thus, Nike's conversion from poster-child of child labour to industry leader of corporate responsibility is an example of double-loop at the organisational level, or OLII. As Figure 4-3 on page 78 illustrated, second-order learning is concerned with altering the governing variables. In this instance, altering the company's whole philosophy of its business.

4.11 *Interorganisational Learning*

As an example of interorganisational learning Williamson and Cable (2003) report on hiring patterns amongst firms. They conclude that in times of uncertainty organisations would copy the examples set by other organisations. Indeed industrial espionage is an example of vicarious interorganisational learning (Dodgson 1993b).

Other formalised examples of interorganisational learning exist in 'boundary spanners' (Dodgson 1993b), technology spillovers (Weigelt and Sarkar 2009; Yang et al. 2010), collaborative know-how (Simonin 1997) and the use of external knowledge to foster innovation (Lichtenthaler 2009). Meanwhile inter-company alliances (Williams 2001) and joint ventures (Jianhua 1997; Peng and Shenkar 2002) are an exchange of interorganisational knowledge based on trust between companies (Dodgson 1993b).

4.12 *Summary and Conclusions*

This chapter examined learning at the individual level to develop ideas that could be transferred to learning at the organisational level. The models examined were restricted to work-based learning due to volume of literature on learning. Three orders of learning were examined. First-order learning is concerned with an unquestioning improvement of

performance. In second-order learning the effectiveness of this performance are questioned. Third-order learning is reflective of the process itself, for example learning about learning. The chapter concluded with a statement of the temporal nature of learning: that is to say that learning has to be contextualised in the past, present or future.

The link between intrapersonal and interpersonal learning is explained by three different carriers which are effectively the same. These are socialisation, memes and tradition. The latter is a value-laden term that tends to be overlooked in the organisational learning literature. The link between intrapersonal and interpersonal learning is a major barrier in this school. Whilst the functionalist, practitioner-oriented literature takes this link for granted, the interpretive, academic-to-academic literature suffers from what I have termed the social constructivist's paradox. That is to say, how can an ephemeral, incorporeal and nebulous entities learn?

This chapter recognised a bifurcation in the literature on learning at an organisational level. This separates the areas of *organisational learning* and *the learning organisation.* Organisational learning, meanwhile, was itself divided into two areas: the formal organisation and the informal organisation. Figure 3-5 identified the target audience for the questionnaire as formal organisations. Within the formal organisation the creation and enforcement of rules and procedures, including strategy, is a demonstration of learning. However, as far as the informal organisation is concerned Chapter 6 will argue there has been too much emphasis on the culture of organisations. Using the temporal theme the culture is merely the current manifestation of its traditions in the form of formal and informal rules.

The chapter concluded with a consideration of intra- and interorganisational learning. Mimetic isomorphism implies that companies conform to the rules of their industry. However Proposition 10 (strategy, rules) states 'A learning organisation will constantly challenge the rules of the industry'. The results to this proposition were fairly mixed: whilst it just about passed the criteria set for the syncretic model the response to Question 30 are rather distributed. This implies a balance between not wanting to be too different, but not wanting to be *quite* the same, either.

Thus far we have considered the theory of organisations in the previous chapter and the meaning of learning at an organisational level. We are now ready to analyse the context of learning organisation and carry out a literature review of the topic. Ultimately this will lead us to a critique of the learning organisation concept: its strengths and limitations that will help us build a model that can be tested empirically.

Chapter 5 The Learning Organisation: A Syncretic Model

5.1 *Introduction*

A discussion on theory was presented in section 3.3. This chapter examines the extent to which concepts of the learning organisation offer a comprehensive, coherent, and internally consistent system of ideas. Initially the pejorative aspects are investigated. This considers whether the learning organisation was a fad, or whether it was simply a idea repackaged from the past.

The first section considers the promiscuous and indiscriminate use of the term. Next the *collective school* of the learning organisation is identified, followed by the rationale for eliminating this perspective from the research. Having considered the exclusions the analysis leads to the criteria to be used for selecting the material in the syncretic model.

The literature review of the learning organisation itself comprises a total of eleven books. The first nine books are referred to as the classical school of the learning organisation. These are *The Fifth Discipline* (Senge 1997); *The Learning Company* (Pedler et al. 1991); *Towards the Learning Company* (Burgoyne et al. 1994); *Learning in Action: A Guide to Putting the Learning Organization to Work* (Garvin 2000); *The Living Company* (de Geus 1999); *The Learning Organization* (Garratt 2000); *Sculpting The Learning Organization* (Watkins and Marsick 1993); *The Organizational Learning Cycle* (Dixon 1994). The final book is actually an excerpt from *Safari Strategy* (Mintzberg et al. 1998) by Lampel (1998). At just under 700 words this article offers a pithy summary of the learning organisation concept.

The remaining two books are from the neo-learning organisation literature. These are successors to the theme of corporate longevity. The first book is *Built to Last: Successful Habits of Visionary Companies* by Collins and Porras (2000). The second is *Good to Great: Why Some Companies make the leap... and others don't* by one of the co-authors of the previous book (Collins 2001). The chapter concludes with a matrix that maps the major themes of each author with the latent variables to be used in the syncretic model.

5.2   *The Pejorative Learning Organisation*

This section examines two of the pejorative aspects of the learning organisation concept. The first considers whether it was a fad, and how this could be measured given the limitations of citations indices. The second considers whether the concept of the learning organisation idea is simply a recycled concept, and how this could be measured.

5.2.1 The Learning Organisation as a Fad

As a reminder, the research question of this thesis is:

> To what extent has the concept of the learning organisation impacted on large, commercial organisations?

The three research sub-questions are:

a. What is the perception of managers towards business and management theory?
b. To what extent do the aspirations of the learning organisation manifest themselves in large, successful organisations?
c. What is the perception of managers towards the learning organisation?

According to Burnes et al. (2004) the 1990s showed an increase of interest in organisational learning, from both academia and industry:

> The learning organization is all the rage right now, and mostly for good reason. But it is no panacea for anything. People have to learn but they also have to get on with doing the regular work efficiently (Mintzberg et al. 1998, p.228).

Whilst the anti-guru school are relatively quiet on the matter of organisational learning and the learning organisation, there is evidence of a small amount of literature of disillusionment from organisational learning theorists. Thus whilst Miner and Mezias (1996) are mostly supportive they suggest "learning" may play out as a fad. Meanwhile, from the learning organisation literature: '... I am not optimistic for the learning organisation as an idea, as I perceive it will softly and silently vanishing away' Tosey (2005, pp.347-348).

In 2008, the journal *The Learning Organization* did a retrospective of the concept (Smith 2008). The articles range from those who are basically supportive (Tosey 2008) to the cynical (Grieves 2008). Peters and Snowden (2008), meanwhile, believe that the learning organisation's life signs are 'minimal'.

The purpose of the third section of the questionnaire, therefore, is to see if the concept, having achieved its zeitgeist in the 1990s, is now 'silently vanishing away.' Indeed, it needs to be pointed out that in the retrospective carried out by *The Learning Organization* there is little in the way of empirical evidence. The alternative hypothesis, advanced in Chapter 2, is that the concept has been incorporated into the technology of a social movement. The data provided by managers suggests that some writers have been a little hasty in sounding the death knell of the learning organisation.

5.2.2 Old Snake Oil, New Bottles

The first research sub-question is concerned with the disposition of respondents towards new business ideologies. As described in section 2.4, two extremes of knowledge development are characterised in business and management theory. On the one hand business ideology builds on previous ideas (e.g. Kennedy 1996; Crainer and Dearlove 2003) or old concepts get repackaged and sold to unwitting managers. (Moyer 2008).

The question then arises 'is the learning organisation is old snake oil, repackaged into new bottles?' The following quotes were found about organisations that made no mention of the learning organisation, and indeed mostly pre-date the concept. However, they could equally have been taken from the learning organisation literature:

> ... These organizations construct their own environments. They gather information by trying new behaviours and seeing what happens. They experiment, test, and stimulate, and they ignore precedent, rules, and traditional expectations (Daft and Weick 1984, p.288).

> The *innovative organisation* requires a learning atmosphere throughout the entire business. It creates and maintains continuous learning. No one is allowed to consider himself 'finished' at any time. Learning is a continuous process for all members of the organization. (Drucker 1982, p.516-517. Emphasis added.)

> Senior executives at *agile companies* assume collective rather than individual responsibility for results. They build interdependencies among units and divisions, motivating themselves to engage with one another, and carefully manage their dealings to promote collaboration that is frequent, intense, informal, open, and focused on shared issues and the long terms. Challenges to conventional thinking are encouraged (Doz and Kosonen 2007, p.142. Emphasis added.)

> The *nonbureaucratic organization* is anti-elitist, power is less centralized, and professionals and specialists have more say. It has fewer rules, especially those governing nonproduction matters. It is more exciting, more things are happening. There is greater scope for individual responsibility at the intermediate and lower levels, and greater challenge at the top. Initiative is prized more. Yet few organizations approach this ideal; many more fit the bureaucratic model. (Perrow 1970, p.66. Emphasis added)

We shall return to this point in Chapter 80. For the moment it is worth observing that innovative organisations, agile companies, nonbureaucratic organisations and learning organisations are all ideal types. Romanticised versions of a complex, dynamic reality that are more aspirational than pragmatic.

5.3   *Selection of the Learning Organisation Literature*

Before reviewing the selected books it is worth considering to what extent the literature selected is influential and representative of the concept. The normative, developmental and capabilities perspectives of DiBella (1995) were discussed on page 55. In his analysis he draws upon *The Fifth Discipline* (Senge 1997); *Learning in Action* (Garvin 2000); *The*

Learning Company (Pedler et al. 1991); *The Learning Organization* Garratt (2000) and *Sculpting The Learning Organization* by (Watkins and Marsick 1993).

However, his review is restricted to those books that *specifically* use the phrase learning organisation somewhere in their title. This excludes *The Living Company* (de Geus 1999). However, whilst de Geus only use the term learning organisation only once in his work he has a great deal in common with other authors from the classical learning organisation literature. The oversight is slightly ironic, given that DiBella's second category uses an evolutionary metaphor. The other work DiBella did not include from the classical learning literature is *Towards the Learning Company: Concepts and Practices* (Burgoyne et al. 1994).

Jackson (2001) uses fantasy theme analysis to examine the structure of the messages in *The Fifth Discipline*. In his definitions of learning organisations he uses the following references: *The Fifth Discipline* (Senge 1997); *The Learning Company* (Pedler et al. 1991); *The Knowledge Creating Company* (Nonaka and Takeuchi 1995); *Learning in Action* (Garvin 2000); *Sculpting The Learning Organization* (Watkins and Marsick 1993); *Management Learning Organizations* (Kilman 1996) and *The Living Company* (de Geus 1999). Thus with the exception of Kilman (1996) and Nonaka and Takeuchi (1995) these are the same references as those cited in the introduction to this chapter. The former is an academic paper (and therefore outside the scope of the criteria for this research) whilst the latter is a book on knowledge management, arguably the successor to the learning organisation.

In their empirical studies in organisational learning Lähteenmäki et al. (2001) draw upon Senge, Garvin, Pedler *et al.*, Dixon. Meanwhile Klimeki and Lassleben (1998) draw upon Senge, Garvin, Pedler, and de Geus. Õrtenblad (2002) in his typology of the learning organisation reviews Watkins and Marsick Garratt, Senge, Pedler *et al.,* Garvin. However, he also reviews Lessem 1991; Jones and Hendry 1992; McGill et al. 1992; Jones and Hendry 1994; Marquardt and Reynolds 1994; West 1994; Pedler and Aspinwall 1998. Of the seven not included in this study four are journal articles, one of which is unpublished. These latter publications would not, therefore, meet the selection criteria. Of the three books Lessem (1991) is out of print, as is Marquardt and Reynolds (1994).

Pedler and Aspinwall (1998) is an interesting case in point as it is a synthesis of learning organisation theory. In fact seven out of the 11 works cited in this work are referenced in *A Concise Guide the Learning Organization*. The ones excluded from their work, but included in this thesis are (Burgoyne et al. 1994; Mintzberg et al. 1998; Collins and Porras 2000; Collins 2001). Whilst the first two of these are from the classical learning organisation

literature, the latter two are from the neo-learning organisation literature. However, with the exception of Burgoyne et al. (1994) these books were published in the same year as Pedler and Aspinwall (1998).

From the classical learning literature six out of the seven have been consistently reviewed by other authors, acting independently. Indeed, as will be in Table 5-11 on page 131, *Towards the Learning Company: Concepts and Practices* (Burgoyne et al. 1994), makes the weakest contribution to the model. Deciding the criteria and which books to include and exclude is always going to be a matter of debate. The rationale for including the neo-learning organisation and anti-guru schools will be provided by the end of the chapter. However, it *seems* that the books selected provide some sort of foundation for the learning organisation concept.

Name of Book	Author(s)	Amazon.co.uk Sales Rank	Davenport's Rank
The Fifth Discipline	Senge (1997)	10,500	6
Learning in Action	Garvin (2000)	671,102	131
The Learning Company	Pedler et al. (1991)	168,584	-
Towards the Learning Company	Burgoyne et al. (1994)	676,368	-
The Living Company	de Geus (1999)	244, 326	124
The Organizational Learning Cycle	Dixon (1994)	437, 797	178
The Learning Organization	Garratt (2000)	2, 013, 674	-
Sculpting The Learning Organization	Watkins and Marsick (1993)	809, 481	-
Strategy Safari	Mintzberg et al. (1998)	10, 775	16
Built to Last	Collins and Porras (2000)	6,283	76 (Porras)
Good to Great	Collins (2001)	424	84

Table 5-1 Literature Review on The Learning Organisation

Table 5-1 also shows the Amazon rank and Davenport's rank. An excerpt of Davenport's ranking was shown in Table 2-3 on page 26. Clearly there are some incompatibilities between these two metrics. The first nine books are specifically on the learning organisation of which Senge's appears the most influential. Pedler et al. (1991), however, have the second highest Amazon sales rank among the nine learning organisation books and yet do not have a ranking

from Davenport. With a sales rank that goes below two million Garratt (2000) is the lowest ranked book.

It is noteworthy that all the authors in Table 5-1 are either from the United States or the United Kingdom. Therefore it is worth considering whether British management theory is comparable and indeed compatible with American management theory. So far as these issues are concerned the views are divided. Collins (2000) states the Britain and America are often 'paired'. Meanwhile Brindle and Stearns (2001) assert American management is widely modelled in Europe. However, in the field of learning at the organisational level Easterby-Smith and Araujo (2001) claim that Americans rarely cite Europeans and vice-versa. This claim is not substantiated by any bibliographic analysis, however.

For the purpose of this thesis it is assumed that UK and American literature is, for the large part, compatible. However, the strongest influence appears to be from the direction of the world's largest economy.

5.3.1 The Learning Organisation as a Piece of Jargon

In *Management Gurus and Management Fashions* Jackson (2001) analyses the concept of the learning organisation in the context of a 'symbolic cue'. A symbolic cue is defined as a cryptic phrase that contains meanings and emotions that are common to its community. However, as will be demonstrated in this chapter, within the learning organisation movement, there is no such internal coherence. Indeed, the phrase seems to incite more confusion than clarity with diverging, rather than converging, meanings.

For some the term *learning organisation* can be a bit of a throwaway remark. In *Managers not MBAs*, for example, Mintzberg (2004b) mentions it three times without any explanation as to how the concept is being used. Similarly in *Strategy Safari* (Mintzberg et al. 1998) the phrase is used in a rather promiscuous manner before a definition is provided.

Some authors, meanwhile, have some rather strange notions of what constitutes the learning organisation. For example in *The Critical Chain* Goldratt (1997, p.101) claims 'A cornerstone of the learning organisation is to replace unsatisfactory compromises with win-win solutions.' However, I did not find any such cornerstone in the learning organisation literature.

Another example of 'strange references' to the learning organisation concept is in the work of McNair (1997), which evolves into a slightly different set of ideas:

> ... instead of learning being understood as external to the workplace and then imported into it, members of that organisation engage in continuous and collaborative learning processes. One version of the learning organization is exemplified by Senge's (1990) model, in which he suggests that a learning organization is characterized by personal mastery, shared vision, mental models, team learning and systems thinking. *Organizations therefore are coming to resemble traditional academic departments in universities in that symbolic work becomes the norm* (Scott et al. 2004, p.13. Emphasis added).

The link between Senge's version of the learning organisation and university departments is a *non sequitur*. In fact Senge berates universities for how they compartmentalise knowledge rather than taking an holistic approach. Indeed seemingly authoritative texts on human resources (e.g. Huczynski and Buchanan 2001) give an incredibly misleading view on the subject by concentrating on Argyris's concept of *organisational learning* rather than *the learning organisation*. Others still use some fairly strange references for their reviews of the learning organisation. In an ironic twist, two rather wretched examples can be drawn from the anti-guru school.

As a reminder Micklethwait and Wooldridge (1996) are our self-appointed charlatan hunters from Chapter 2. In *The Witch Doctors* Senge's work gets a rather superficial treatment, in fact he only receives three mentions in the index. These authors equally indulge in the sin of using the learning organisation as a throw-away remark without explaining what they mean. For example: '... bosses' problems with learning organisations' are not purely ones of ego.' (Micklethwait and Wooldridge 1996, p.190). The question in this context is, how does a learning organisation differ from a successful organisation? The phrase itself is a useless piece of jargon, which was supposed to illustrate how useless business jargon can be.

In their review Micklethwait and Wooldridge draw upon *Wellsprings of Knowledge* (Leonard-Barton 1995) no less than seven times to characterise the learning organisation. *Wellsprings of Knowledge* is a relatively obscure text. It does not, for example, figure highly in the criteria cited in Table 5-1. Micklethwait and Wooldridge also use Philip Hodgson's entry in the *Financial Times Handbook of Management* (Birchall and Smith 2004) for a definition of the learning organisation. This is an incredibly sparse review of learning organisation theory, and not as authoritative as the publisher's reputation may suggest. Other books cited as being learning organisation texts include *Competing for the Future* (Hamel and Prahalad 1994) and *The Knowledge Creating Company* (Nonaka and Takeuchi 1995). For Micklethwait and Wooldridge, then, the learning organisation and knowledge management are practically indistinguishable.

Grint (1997a), too, is disparaging of flimsy management ideology. However, whilst reviewing the learning organisation his only reference is a rather obscure article from *The Times* (Dearlove 1993). Ironically Dearlove is co-author of *The Ultimate Business Guru Book* (Crainer and Dearlove 2003). These authors were series editors of *The Financial Times Handbook of Management*. Such findings beg the question whether cyclical, erroneous and duplicitous referencing is undermining good scholarship (Harzing 2001).

For some, however, the notion of a learning organisation is something of a tautology. A point addressed by Garvin:

> ... all organizations learn at some point in their lives. A few learn repeatedly but largely by happenstance. Long-successful companies, however, such as IBM and Johnson & Johnson, are invariably committed, conscientious learners. In fact *it is almost a truism to say that such organizations learn*, for they have prospered for decades while facing diverse and varied conditions. Revolutionary technologies, shifting markets, and unanticipated competitors have all required innovative responses. *How else would have these companies have survived if they were not continually learning something new?* (Garvin 2000, pp.8-9. Emphasis added)

Following on from the previous section, *The Google Story* (Vise 2005) offers some food for thought. Google, it seems, has a culture of playful experimentation: Proposition 9 (strategy, experiment). Time is allocated to independent development: Question 25. This is confirmed by Chaffey (2009) who states their social networking site, www.orkut.com was developed during staff research time. Google also challenges the rules of the industry: Proposition 10 (strategy, rules). Thus Google could be considered as having many of the characteristics of a learning organisation, and yet the phrase is never invoked in the book.

However, this would only remain true whilst they continued to be successful... *in every sense of the word*. Huge plaudits too were made of boo.com (Malmsten et al. 2001) and to Enron (Pearce 2003; Bakan 2005) before their high-profile and catastrophic failures. This raises certain vexing question. At what point did these companies cease to be a learning organisation? Were they ever a learning organisation? Most disturbing of all, how would we know? From this, we must assume that learning organisations are synonymous with successful organisations.

To counter these diversifying views, therefore, content analysis was used to identify the various debates to develop a survey instrument. This survey instrument is shown in Appendix A. Structural equation modelling was then used to test some of the arguments advanced in the literature. This created a unified model of the learning organisation concept for large, publicly-quoted, commercial organisations. Meanwhile, it must be noted that the term

'learning organisation' is used in a rather promiscuous way. A resolution to these unarticulated assumptions will be described in Chapter 10.

5.3.2 The Collectivist School

The term *collectivist school* is derived from Hofstede's *Culture and Organizations* (1991) where a distinction is made between individualism and collectivism. The concept is similar to the sociologist's view of loose ties and tight ties in society (Putnam 2000). Thus in an individualistic society citizens are expected to look after themselves and their own families. Collectivistic societies are characterised by strong, cohesive groups. Thus, in a form of paternalism unquestioning loyalty is exchanged for a lifetime of protection.

Individualism	*Collectivism*
Personal time Have a job which leaves you sufficient time for your personal or family time.	*Physical conditions* Have good physical working conditions (good ventilation and lighting, adequate work space, etc.).
Freedom Have considerable freedom to adopt your own approach to the job.	*Training* Have training opportunities (to improve your skills or learn new skills).
Challenge Have challenging work to do – work from which you can achieve a personal sense of accomplishment.	*Use of skills* Fully use your skills and abilities on the job.

Table 5-2 The Collectivist School of the Learning Organisation
Adapted from Hofstede , p.52

This is summarised in Table 5-2 where the individualistic approach of the left-hand column emphasises the individual's independence from the organisation. In contrast the right-hand column, which includes such aspects as physical conditions, training and skills, emphasises the dependence of the individual on the collectivity.

Examples of the collectivist school include (Keep 2000; Keep and Rainbird 2000) and more recently a consultancy report by Bersin & Associates (2005). The latter goes by the title *The High-Impact Learning Organization: What Works in the Management Operations, and Governance of Corporate Training*. Thus, for this school a learning organisation is one that provides training in the form of codified problem solving for lower grade employees. This is a utilitarian view of learning and includes such schemes as Investors in People (McNair 1997). The collectivist school of the learning organisation has to be dismissed as this study is concerned with board-level learning.

5.4 *A Syncretic Model of the Learning Organisation*

Figure 5-1 shows the interrelationships that are hypothesised between leadership strategy, learning and change. Thus leadership influences learning, strategy and change. Strategy influences learning and change whilst learning influences change.
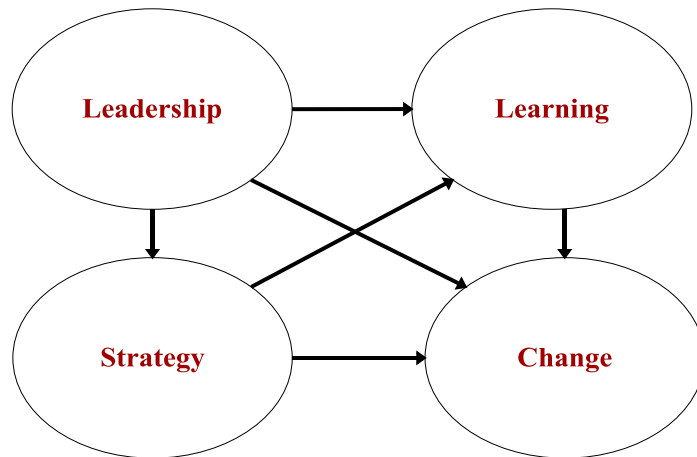
Figure 5-1 A Syncretic Model of the Learning Organisation Concept
Source: Author

Each of these four areas is referred to as a *quadrate*. The following is a consideration of how each book, identified above, contributes to the formation of the quadrates and their respective first-order latent variables.

5.5 *The Fifth Discipline – Senge*

In Table 5-1 Senge's book on the learning organisation is by far the most influential. According to Davenport et al. (2003) Senge is ranked as the sixth most popular management guru overall. It is relatively difficult to find much in the way of critical analysis of Senge's work, with the notable exception of Jackson (2001). For the large part the learning organisation is inseparable from subsequent interest in knowledge (Collins 2001). Micklethwait and Wooldridge (1996), meanwhile, are baffled by the success of such nebulous writing. Perhaps, as they suggest about ethics, it is similarly difficult to be critical of 'learning' as a subject when so much of our development is dependent on the process.

Personal mastery	Individual growth and learning.
Mental models	Deeply ingrained assumptions which affect the way individuals think about people, situations and organisations.
Shared visions	The development of a common view of the organisation's future.
Team learning	The shift from individual learning to collective learning.
Systems thinking	The 'Fifth Discipline' which links the others together and which, he argues, is missing in most organisations.

Table 5-3 The Five Disciplines of a Learning Organisation
Adapted from Senge (1997)

Senge defines the learning organisation as one that is 'continually expanding its capacity to create its future' (Senge 1997, p.14). Senge argues that there are five interrelated disciplines

that organisations need to foster amongst individuals and groups in order to promote learning and success. A description of the five disciplines is shown in Table 5-3.

According to Senge the fifth discipline is systems thinking. This links personal mastery, mental models, shared vision and team learning together. Senge claims that this is this missing element in most organisations. This gives the book its name, whilst the phrase *learning organisation* is relegated to the sub-title.

Senge's major influences include Jay Forrester, Chris Argyris and David Bohm. *The Fifth Discipline* is interwoved with Sufi stories and peppered with the odd quote from the likes of Einstein. Senge's approach is markedly different from other writers on the learning organisation. This is because of the influence of Forrester. As Senge himself says, he was a student of Jay Forrester who takes a systems dynamics approach to learning (Forrester 1963). Rather than use cause and effect, systems dynamics takes a cyclical view of the events. Senge thus advances a theory of learning that underpins his advocacy for a learning organisation.

Senge's second major inspiration is Chris Argyris. Senge draws extensively from Argyris, highlighting aspects such as; skilled incompetence, leaps of abstraction, left-hand column exercises, balancing inquiry and advocacy, espoused theory, theory in use and defensive routines. In fact it is fair to say that Senge popularised the work of Argyris, or at least created a 'guru's guru' of him: often quoted, seldom read.

The final inspiration for Senge is the physicist David Bohm. Senge draws extensively on Bohm's work on dialogue (Bohm 2003). Dialogue forms part of team learning as shown in Table 5-3. Senge make a distinction between discussion and dialogue. Senge claims dialogue was revered in other societies, and is 'all but lost to the modern world' (Senge 1990, p.239). Drawing from the work of Argyris he maintains that whilst managers are trained to be advocates, team learning is concerned with balancing inquiry with advocacy.

One of the only in-depth critiques of Senge's work is provided by Jackson (2001). In this work fantasy theme analysis is used to examine Senge's *The Fifth Discipline,* Stephen Covey's *Seven Habits of Highly Effective People* and Michael Hammer and James Champy's *Reengineering the Corporation*. His analysis is shown in Table 5-3. Jackson followed in the footsteps of Huczynski (1993) who wrote the ironically titled *Management Gurus: What Makes Them and How to Become One*.

Fantasy theme	Type	Metaphors	Motive
Living in an Unsustainable World	Setting theme	Tragedy of the Commons, *Dances with Wolves*	Identification
Getting Control but not Controlling	Action theme	Dr. Karl-Henrik Robert	Transcendence
The Manager's New Work	Character theme	The Designer of the Ship	Hierarchy
Working it out within the Microworld	Setting theme	The Beer Game	Transcendence

Table 5-4 Key Fantasy Themes Within the Rhetorical Vision of the Learning Organisation Jackson (2001), p.135

Whilst the analysis of Jackson (2001) is nothing short of brilliant, his analysis and my own are completely different in interpretation. Jackson's final theme, for example, was not very much in evidence in my analysis; in fact the Microworld experiments were a welcome theme to be ignored. The first theme, *Living in an Unsustainable World,* was developed in Table 2-4 on page 28. As already discussed this is a common rhetorical device for gaining the reader's attention (Huczynski 1993; Jackson 2001). My analysis showed the third theme was rather more in evidence as it redefined the role of leadership. On two occasions he mentions Herzberg's principle of having made enough money to survive by Tuesday afternoon. This theme transcends the monotony of work and appeals to man's higher aspiration of undertaking meaningful work.

> Now, I think that the human being has a deep drive to learning. So, as you create organisations that are more in line with human nature, you are building learning organisations. So although we started in a different place, we ended up in the same place. (Senge 1997, p.347)

This is what Becker (1997) referred to as a *causa sui*, a self-caused cause. This was first discussed in section 2.3.3 on page 27 and logically leads to two important and recurring themes in the learning organisation literature. The first of these is the L ≥ C principle, where learning within an organisation needs to be greater than, or equal to, the rate of change in the external environment. The L ≥ C principle is encapsulated in Proposition 6 (learning, future). Thus, in an interview with Ray Stata, President and CEO of Analog Devices Inc., Stata states how he

> ... began to see that the rate at which organisations learn may become the only sustainable source of competitive advantage, especially in knowledge-intensive businesses. (Senge 1997, p.349)

Indeed this quote became the mantra of organisational learning. It is amazing how many journal articles start with this quote, which is mostly unascribed. The second principle is the one of corporate longevity. Thus:

Few large corporations live even half as long as a person. In 1983, a Royal Dutch/Shell survey found that one third of the firms in the Fortune "500" in 1970 had vanished. Shell estimated that the average lifetime of the largest industrial enterprises is less than forty years, roughly half the lifetime of a human being! The chances are fifty-fifty that readers of this book will see their present firm disappear during their working career. (Senge 1997, p.17)

According to Senge the reason for this is that organisations are not aware of systems dynamics. Senge argues that managers react to events, yet they fail to see underlying structures. One of these underlying trends is how companies fail to recognise gradual decline. Thus for corporates this is a tempting message: if you understand the underlying structures you understand the secret of eternal organisational youth. The ultimate then is the foundation of a business dynasty.

With phrases like compensating feedback, systems archetypes, and amplifying feedback Senge thus introduces us to his version of learning. Added to this is compelling advice such as 'Don't push growth: remove the factors limiting growth' (Senge 1997, p.95) he lures the reader into a novel way of thinking about organisations.

The final theme that Jackson raises *Getting Control but not Controlling* leads on to Senge's main impact on the survey instrument. Senge is quite ambivalent about the subject of leadership. His claim is that systems dynamics is the antithesis of leadership, and yet leadership is a topic he refers to on a number of occasions. Thus as early as page 4 we find a quote from *Fortune* magazine:

> *Forget your tired old ideas about leadership*. The most successful corporation of the 1990s will be something called the learning organization. (Senge 1997, p.4. Emphasis added)

Senge's view is thus the antithesis of what may be considered the vast literature of the hero-manager (Huczynski 1993; Jackson and Parry 2001):

> Our traditional views of leaders-as special people who set the direction, make the key decisions, and emphasise the troops-are deeply rooted in an individualistic and none systematic world view. Especially in the West, leaders are *heroes* - great men (and occasionally women) who "rise to the fore" in times of crises. (Senge 1997, p.340)

Although he does not refer to it directly, Senge is talking about the concept of empowerment. Thus employees are empowered within a framework of systems thinking. Again, using the rhetorical device of an ideal type he suggests:

> To paraphrase Lao-tzu, the bad leader is he who the people despise. The good leader is he who the people praise. The Great leader is he who the people say, "we did it ourselves." (Senge 1997, p.341)

One of Senge's major impacts on the survey instrument is thus to do with the way leadership is developed within the organisation. Specifically, this becomes *enabling structures*; captured in Proposition 4 (leadership, structures).

> "The old dogma of planning, organising and controlling," [is cast aside as managers] ... realise "the almost sacredness of their responsibility for the lives of so many people." Managers' fundamental task, according to O'Brien, is "providing the enabling conditions for people to lead the most enriching lives they can." (Senge 1997, p.140)

Senge is more specific around the act of forgiveness where mistakes are viewed as lessons to be learned from a growing management team where "making the mistake is punishment enough." (Senge 1997, p.301). This viewpoint manifests in Question 8 of the survey instrument.

Senge's approach to learning, the second quadrate of the survey instrument, is based around systems thinking. The Kolbian approach as shown in section 4.3.1 is not much in evidence in Senge's work, except towards the very end of the book. This is in contrast to other authors, for whom this is a central premise.

Propositions 6 (learning, future) and Proposition 7 (learning, past) relate to the temporal nature of learning. The contribution here is relatively weak, except to censure managers for being uncritical and unreflective in their actions. Proposition 8 (learning, dialogue) is Senge's major contribution to the learning quadrate. This is concerned with generating dialogue within an organisation. Senge, in fact, dedicates a whole chapter to *team learning*, one of the five disciplines.

The third quadrate is concerned with strategy. For Senge strategy is subordinate to systems dynamics:

> One thing all managers know is that many of the best ideas never get put into practice. Brilliant strategies fail to get translated into action. Systematic insights never find their way into operating policies. (Senge 1997, 175)

So far as the strategy quadrate is concerned Senge's major contribution is concerned with the longevity of the enterprise: Proposition 11(strategy, longevity). Also, the extent to which a unitary culture is desirable in a learning organisation: Proposition 12 (strategy, unitary). Alignment is a central tenet of team learning and correlates with Senge's emphasis on vision. However as will be shown in the review of *Good to Great,* the importance of alignment becomes a contested concept.

The final quadrate relates to change. Senge's work is influential with two propositions in this area. The first relates to the tension between hierarchy (in the form of organisationally legitimised authority) and learning. This is represented in Proposition 13 (change, hierarchy). The second proposition relates to the effect of politics within an organisation, Proposition 15 (change, politics). As will be discussed in section 6.9 organisational politics can be best described as an overlooked but illusive topic of research.

5.6 *Learning in Action – Garvin*

David Garvin's is a Harvard academic and his contribution stands out as a scholarly but accessible piece of work. Given its reputation the mere fact that a Harvard professor has published in this area adds credence to the topic of the learning organisation. *Learning in Action: A Guide to Putting the Learning Organization to Work* was published in 2000. Although his book arrived somewhat late into this field his contribution includes two articles in Harvard Business Review (Garvin 1993; Garvin et al. 2008). According to the ranking devised by Davenport et al. (2003) Garvin is ranked 131 out of the Top Two-Hundred Gurus.

Garvin claims that:

> ... despite this apparent acceptance, progress has been slow. Learning organizations have been embraced in theory but are still surprisingly rare. Managers find them easy to imagine but hard to create and sustain. The reason, in large part, is the lack of guidelines for practice (Garvin 2000, p.ix).

Thus suggests that Garvin subscribers to the *threshold school*, i.e. there is a difference between 'ordinary' organisations and *a* learning organisation. Thus:

> A learning organization is an organization skilled at creating, acquiring, interpreting, transferring, and retaining knowledge, and at purposefully modifying its behavior to reflect new knowledge and insights, (Garvin 2000, p.11)

Garvin offers a substantial list of references as endnotes to substantiate academic credence. However from a practitioner's perspective it must be a frustrating read because he is *not prescriptive enough*. Complaining that sweeping metaphors and grand scheme are insufficient he has a tendency to talk around the topic rather than provide concrete solutions. Although he claims that the learning organisation is based on the gritty details of practice his approach is to use exemplars.

Indeed *Learning in Action* is an improvement upon *The Fifth Discipline* in that the examples given are much wider. In fact, it becomes like a roll call of CEO heraldry; Roger Enrico of PepsiCo, Jacques Nasser of Ford, Andy Grove of Intel, Chad Holliday of DuPont and Chuck Knight of Emerson Electric. Other examples include perennial favourites such as Johnson & Johnson, GE, IBM, L.L. Bean, Xerox and Motorola.

Despite his precise definition, however, the definitions he uses all refer to *organisational learning* rather than *the learning organisation*. The seminal work of Kim (1993) that divides organisational learning from the learning organisation is referred to, but not within this context. This is a considerable oversight.

Early on in his book Garvin produces what he calls a 'litmus test' for a learning organisation. These consist of five questions. These tests and their implications for the survey instrument are shown below in Table 5-5.

Litmus Test	Implications for the Survey Instrument
Does the organisation have a defined learning agenda?	Although not explicitly referred to as a 'learning agenda' this is arguably all the learning propositions considered together: Propositions 6 (learning, future), 7 (learning, past) & 8 (learning, dialogue). Specifically this sentiment is captured by question 24.
Is the organisation open to discordant information?	Essentially this 'double-loop learning'. This refers to Proposition 10 (strategy, rules). Specifically questions 29 & 30.
Does the organisation avoid repeated mistakes?	This refers directly to Proposition 7 (learning, past). Specifically questions 18 & 19.
Does the organisation lose critical knowledge when key people leave?	Proposition 5 (leadership, staff) is concerned with retaining the appropriate people within the organisation, specifically questions 11 & 12.
Does the organisation act on what it knows?	This essentially refers to the change propositions. Specifically questions 39 & 43.

Table 5-5 Garvin's 'Litmus Test' for a Learning Organisation
Garvin (2000), pp. 13-15

Unfortunately he does not describe how he arrived at these series of tests. Indeed they appear, Moses-style, as tablets of stone (Lähteenmäki et al. 2001). Garvin goes on to make some curious but unsubstantiated remarks. Thus he claims that Xerox, L.L. Bean and G.E. pass the definitional test of a learning organisation, however many universities, consulting firms and General Motors are "found wanting" (Garvin 2000, p.12). Quite why some pass but others fail is not explained.

As far as the development of the survey instrument is concerned Garvin's impact is similar to that of Senge's. Whilst leadership is less important, attention to the organisation's strategy is given rather more attention. Leadership for Garvin is thus concerned with reducing the number of rules and regulations (Question 9) whilst attracting and retaining appropriate people (Questions 11 and 12). Leadership, then, is about creating the right environment under which people will thrive.

Garvin's impact on the learning propositions is fairly evenly spread. For example he addresses the issues surrounding the temporal nature of learning. These are Propositions 6 (learning, future) and Proposition 7 (learning, past) respectively.

Within the strategy quadrate Garvin's influence is recognised with Proposition 9 (strategy, experiment). This is concerned with the organisation's approach towards product and managerial innovations. Indeed Garvin dedicates a whole chapter to the subject of experimentation. Likewise his contribution to Question 28, the toleration of management towards errors and mistakes, is substantial. The organisation's approach to double-loop learning, discussed in section 4.3.2, is represented in Proposition 10 (strategy, rules). This is concerned with challenging the assumptions of the industry (Question 29) and the double-edged sword of Question 30, which is concerned with being considered unconventional.

Considering Garvin's mandate of providing pragmatic advice his impact on the change proposition is marginal. Proposition 13 (change, hierarchy), the tension between authority and learning, is addressed through an in-depth discussion of After-Action Reviews (AARs). The only other influence of Garvin on the change constructs is item 5 of Table 5-5. This influenced Question 39 (My company is mostly successful at implementing change) and Question 43 (In my company we are flexible enough to respond to unexpected opportunities and/or threats).

5.7 *The Living Company - de Geus*

As mentioned in Section 2.2 the work of de Geus (1999) could be classified as belonging to the consultant-to-practitioner category. Starting as a planner for Shell he is largely credited with minimising the impact of the 1973 OPEC crisis on the Anglo-Dutch oil company through scenario generation (Caulkin 1995). According to the ranking devised by Davenport et al. (2003) de Geus is ranked 124 out of the Top Two-Hundred Gurus.

The Living Company is largely complementary to *The Fifth Discipline*. de Geus makes the distinction the between an economic company and a living company:

> The first type of company is run for a purely economic purpose: to produce maximum results with minimum resources. This sort of 'economic company' is managed primarily for profit. People are regarded as 'assets' - extensions of the capital assets of the firm... It is a corporate machine. Its sole purpose is the production of wealth for a small inner group of managers and investors. It feels no responsibility to the membership as a whole. (de Geus 1999, p.124)

As its subtitle suggests it is concerned with *Growth, Learning and Longevity in Business*. However his *main* thesis is concerned with corporate longevity. Using a familiar set of statistics he quotes the Shell study used by Senge on page 111 that found:

> ... the average life expectancy of Fortune 500 firms, from birth to death, was only 40 to 50 years. The study also found many companies over 200 years old. Arie convinced me that most corporations die prematurely - the vast majority before their 50th birthday. Most large corporations, he said, suffer from learning disabilities. They are somehow unable to adapt and evolve as the world around them changes. (de Geus 1999, p.1)

de Geus never uses the expression *learning organisation* and even then only refers to a *learning company* once in his text. Thus, whilst Senge uses mechanistic metaphors, de Geus employs an organismic metaphor. de Geus adopted the organismic perspective from William Stern's work, and is a view he has held since college. Examples of this are peppered throughout his work.

a. Like all organisms, the living company exists primarily for its own survival and improvement: to fulfil its potential and to become as great as it can be. (de Geus 1999, p.18)
b. Each of these units is goal oriented, is conscious of itself, is open to the outside world and has a finite life span. (de Geus 1999, pp.109-110)

The metaphor de Geus employs could also be considered anthropomorphic in character. Though he does not explicitly invoke Charles Darwin he is, nevertheless, appealing to the popularist view of "survival of fittest."

de Geus has relatively little to say about leadership. As his thesis is predominantly concerned with corporate longevity, this theme is transformed into one of stewardship. The noble purpose of stewardship is to pass on to future generations an organisation that is healthier than the one inherited.

So far as learning is concerned de Geus's approach is to provide a version of single-loop learning where he labels the stages as perceiving, embedding, concluding and acting. However, in contrast with Garvin, who is predominantly concerned with learning from the past, the emphasis on learning for de Geus is anticipating the future. This is Proposition 6 (learning, future) and is consistent with de Geus's expertise as someone who popularised scenario planning to the business community.

The concept of playful experimentation is fairly strong in *The Living Company*. These form part of the strategy elements, specifically Proposition 9 (strategy, experiment). However, as one might expect, his greatest influence on the survey instrument is concerned with the intended longevity of the enterprise. The examples he draws upon include:

a. Stora. This was the oldest company in the world. The roots of this Swedish company can be traced back to the thirteenth century (Caulkin 1995). Ironically, according to the company's website it has recently merged into a company called Stora Enso and therefore may no longer qualify.

b. The Suminomo Group. Founded by Riemon Soga in 1590 as a copper casting shop this company is now a large Japanese conglomerate with interests as diverse as electronics, rubber, timber and glass.

c. The Tercentenaries Club. This organisation only accepts companies into its membership that are over three hundred years old.

Using these examples de Geus argues that the average life of companies should be two to three centuries rather than 40 to 50 years. de Geus's influence thus dominates the formation of questions surrounding whether the respondents feel the continued existence of the enterprise is more important than its core competencies. In the questionnaire this relates to Proposition 11 (strategy, longevity), and specifically to Question 32.

The Living Company can also be considered an egalitarian mandate. Towards the end of his work de Geus considers the issues of centralisation versus decentralisation. This element relates to how the company achieves change. Proposition 13 (change, hierarchy) thus relates to the tension between hierarchy and learning; empowerment versus authority. de Geus's work is fairly influential in this element. Additionally, a minor contribution is made to Proposition 15 which is concerned with organisational politics (change, politics).

5.8 *The Learning Company – Pedler et al.*

Mike Pedler, John Burgoyne and Tom Boydell developed the concept of the Learning Company. Essentially this is the same as the learning organisation, and seems to have been published at the same time as *The Fifth Discipline*. Unfortunately these U.K. academics do not appear in the rankings devised by Davenport et al. (2003). However, according to Burnes (2000), they have been equally influential. In developing the learning company they articulate a framework that is distinct from other, rather nebulous concepts, of the learning organisation.

1.	Learning approach to strategy	Company policy and strategy formulation, together with implementation, evaluation and improvement, are consciously structured as a learning process.
2.	Participative policy-making	All members of the organisation have a chance to take part, to discuss and contribute to major policy decisions.
3.	Informating	This describes the way in which information technology is used to inform and empower people.
4.	Formative accounting and control	Ensures that systems of accounting, budgeting and reporting are structured to assist learning, and hence delight their internal customers.
5.	Internal exchange	Involves all internal units and departments seeing themselves as customers and suppliers, contracting with one another in a partly regulated market economy.
6.	Reward flexibility	Recognises that rewards need to be flexible as individuals view rewards differently.
7.	Enabling structures	Organisational roles are loosely structured, in line with the established and contracted needs of internal customers and suppliers, and in such a way as to allow for personal growth and experiment.
8.	Boundary workers as environmental scanners	Just as informating takes place within the company, so is data collected from outside. In a learning organisation such scanning is carried out by all members who have contact with external customers, clients, suppliers etc.
9.	Inter-company learning	Since a learning organisation seeks to delight its customers, it will engage in a number of mutually advantageous learning activities with other organisations.
10.	Learning climate	In a learning company managers see their primary task as facilitating members' experimentation and learning from experience.
11.	Self-development opportunities for all	Resources and facilities for self-development are made available to all members of the company - employees at all levels, and, ideally, external stakeholders, too.

Table 5-6 Characteristics of a Learning Organisation
Pedler et al. 1991

Thus Pedler et al. (1991) define a learning company as one that:

> ... facilitates the learning of all its members and consciously transforms itself and its context. (Pedler et al. 1991, p.1)
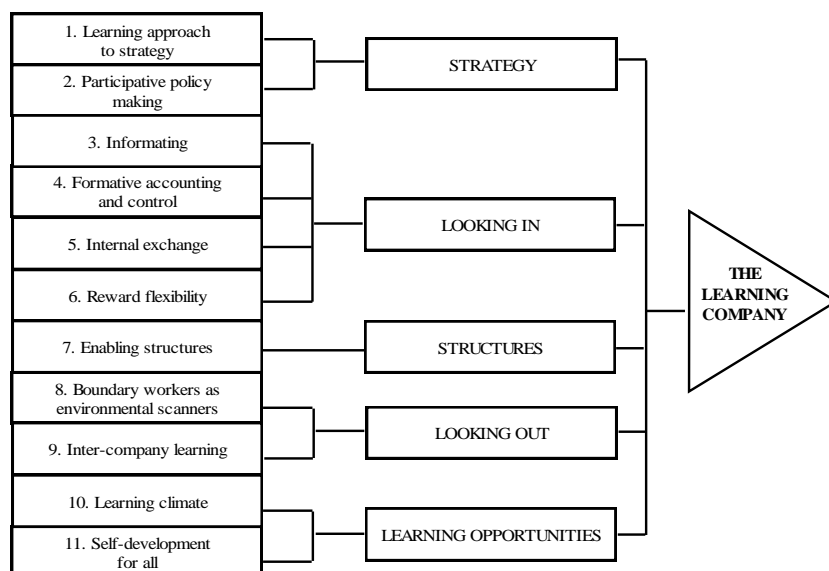
Figure 5-2 Characteristics of the Learning Company
Pedlar et al. (1991, pp.18-23)

This is remarkably similar to the two definitions already provided by Senge and Gavin. Pedler et al. suggest eleven characteristics of a learning company. These are listed in Table 5-6 and

illustrated in Figure 5-2. Twenty-five percent of their book is concerned with explaining these characteristics. The remaining seventy-five percent is dedicated to 101 'glimpses' of the learning company. In this sense the 101 glimpses resembles the post-structuralism of Smith (1998). Indeed the authors provide a matrix of how each these 101 glimpses illustrate their conception of the learning company. In contrast to the work of Senge, Pedler et al. view the organisation as an organism. This is illustrated by their 'era spotting' where the organisation is viewed as having a life cycle.

The work of Pedler et al. is unique in the learning organisation literature as it is the only that is strongly influenced by TQM and Japanese management. In this sense *The Learning Company* is a product of its era which, according to Collins (2000), was enraptured with these particular topics of study. The authors of *The Learning Company* also consider the spirit of such an enterprise. Ethical perspectives are thus given a higher prominence in this treatment, compared to the other books.

The influence of Pedler et al. is seen through much of the survey instrument. In many senses *The Learning Company* has a humanistic agenda:

> There is the dream - that we can design and create organizations which are capable of adapting, changing, developing and transforming themselves in response to the needs, wishes and aspirations of people, inside and outside. (Pedler et al. 1991, p.1)

For the leadership quadrate the emphasis is very much on providing enabling structures, in a similar vein to Senge. Pedler et al. also figure strongly in the area of how management motivates people (Question 7), though they do acknowledge that this is the most difficult aspect to get right.

The strongest influence of Pedler et al. is on the learning quadrates. For these authors everything revolves around learning. Thus the propositions surrounding the temporal nature of learning are represented. These are Proposition 6 (learning, future) and Proposition 7 (learning, past) respectively. Proposition 8 (learning, dialogue) is also much in evidence. Particularly strong is the question surrounding the development of a learning climate (Question 24).

The strategy propositions are rather less in evidence, with the proposition surrounding experimentation being relatively strong. This becomes Proposition 9 (strategy, experiment). Meanwhile challenging the assumptions of the business sector is also evidenced. This is Question 29, (strategy, rules).

Given the author's proclivity for a humanistic agenda it is perhaps not surprising that the authors of *The Learning Company* have an egalitarian perspective. Thus, in the tension between authority and learning their answer is to make the organisation more democratic. This is Proposition 13 (change, hierarchy). Finally, the tension developed by inter-departmental rivalry can be minimised by the TQM philosophy of "internal customers" – Proposition 15 (change, politics).

5.9 *Towards the Learning Company - Burgoyne et al.*

Following on from *The Learning Company* the same trio of Mike Pedler, John Burgoyne and Tom Boydell edited and contributed to *Towards the Learning Company*. The emphasis remains the same as the previous collaboration, however, they are joined by authors who contribute to 21 chapters on the topic of the learning company.

The organismic metaphor is much in prominence, together with an extended treatment of organisational life cycle. The distinctive topics of spirit and energy resurface again in an almost existential treatment. Ironically enough the book concludes with a chapter asking if a business school can be considered a learning company.

So far as the survey instrument is concerned the subject of leadership is rather less in evidence. When it does appear it is subsumed into the context of one of the other quadrates. Thus the theme of enabling structures, so prominent in *The Learning Company,* is virtually non-existent in its successor volume.

Equal in prominence is the treatment of learning. This is almost entirely based around the learning cycle. There is therefore nothing of specific relevance to the questionnaire, with the exception of Proposition 8 (learning, dialogue). The same is true of strategy, where there is a tendency to talk around the subject and nothing of specific interest for the development of the survey instrument.

Towards the Learning Company impacts most heavily on the change quadrate. Specifically Proposition 13 (change, hierarchy), which is concerned with the tension between authority and learning. More specifically *Towards the Learning Company* deals with the topic of organisational politics. This chapter is written by John Coopey and is called *Power, politics and ideology*. Interestingly, this chapter also deals with the concept of the learning company agenda being hijacked by manipulative managers. This is Proposition 15 (change, politics).

5.10   *The Learning Organization – Garratt*

As a U.K. consultant and author, Garratt does not appear in the rankings devised by Davenport et al. (2003). Garratt's book is a small but accessible addition to the literature on the learning organisation. As he is closely associated with Institute of Directors much of his work is directed towards the board. For Garratt the organisation is driven by what happens at board-level, and he is unequivocal on their responsibility for the enterprise.

Garratt's view of the learning organisation is based around three levels of learning; policy learning (concerned with external effectiveness), operational learning (concerned with internal efficiency) and strategy learning, which integrates the two former levels together. Whilst providing an undeniably articulate framework Garratt does not provide any practical examples how this works in practice. Rather, he shows how this *might* work.

For Garratt the imperative for a learning organisation is survival. In addition to the oft-quoted average life span of a Fortune 500 company, he cites the $L \geq C$ argument directly and implicitly on a number of occasions. This is encapsulated in Question 38, part of Proposition 13 (change, hierarchy). Garratt is firmly in the 'organisation as organism' school of thinking, where organisations fight for survival in a Darwinian world.

Garratt draws upon a number of perennial favourites as examples BP, British Airways and SAS. However there is a warning about the performance of companies following periods of downsizing. Indeed Garratt makes the following, rather extraordinary claim:

> *Some of my colleagues reckon a rule of thumb that a non-learning organization is at least four times less efficient than a Learning Organization*. Although it is difficult to measure precisely, this factor is certainly worth considering seriously. Most of the organizations I have seen or worked with have been, or have large sections which are, non-learning organizations. (Garratt 2000, p.43. Emphasis added)

Thus it will be seen that Garratt also subscribes to the *threshold school* of the learning organisation. Indeed, similar to Garvin, he does not explain, or even justify, whether there is a causal link between performance and learning. This poses the question, what is good performance, what is productive learning and how do these correlate? And, by extension, is there a reverse condition where a company may be performing well, but not learning?

Garratt's work, far more than any other, draws upon conventional strategy frameworks. These include Porter's Five Forces, Porter's Value Chain, the EFTQM model and the Mintzberg's six strategy perspectives. For Garratt learning is contextualised in the knowledge economy.

Whilst he acknowledges the work of Senge in popularising the concept of the learning organisation, he traces the roots of the concept back to the work of Revans. Garratt's work more than anyone else's includes the process of action learning in his formation of the learning organisation.

So far as the survey instrument is concerned, Garratt's work has the least impact in the leadership quadrate. However his influence is particularly strong in the learning quadrate. As well as providing a great deal of context, his influence is particularly strong in reflecting on the past. This is Proposition 7 (learning, past), particularly Question 18 and Question 19. Proposition 6 (learning, future), which is arguably strategy related, has no relevance as no consideration is given to how this might be resourced. Challenging assumptions (Question 23) and providing a context of learning (Question 24) are well represented. This is within Proposition 8 (learning, dialogue).

Although providing a context of strategy in his model of operational and policy learning, Garratt's influence only extends to two propositions. The first is challenging the rules of the industry in Proposition 10 (strategy, rules). The second is Proposition 11 (strategy, longevity). Proposition 9 (strategy, experiment) is conspicuous in its absence.

Garratt's greatest influence is in the final quadrate of organisational change. Perhaps somewhat surprisingly for someone who is writing from the board's standpoint, Garratt takes a very egalitarian view of power. His perspective, then, is somewhat similar to Pedler et al.'s democratisation agenda in Proposition 13 (change, hierarchy).

Garratt takes a learning perspective towards strategy, endorsing Mintzberg's view of strategy formulation rather than that of Porter's planning perspective. This will be explored later in section 6.8. Thus strategic planning, according to Garratt, is viewed as an unhelpful oxymoron. This evolves into Proposition 14 (strategy, rules), in particular Question 41 and Question 43. A consideration of organisational politics, however, is all but overlooked. The assumption being that dialogue through action learning will inform directors of employee concerns.

5.11 Sculpting the Learning Organisation – Watkins and Marsick

Inspired by Elisbet Ney, Watkins and Marsick (1993) use the metaphor of a sculpture, gently chipping away until the desired form appears, to describe the transformation to a learning organisation. Watkins and Marsick are based in the U.S.A. They claim a unique perspective

on the learning organisation as adult educators. Watkins and Marsick do not appear in the Top 200 gurus as devised by Davenport et al. (2003). Whilst this work is considered influential (e.g. Jackson 2001) it has to be pointed out that this book has been out of print for a considerable amount of time.

Watkins and Marsick define the learning organisation as:

> … one that learns continuously and transforms itself. Learning takes place in individuals, teams, the organization, and even the communities with which the organization interacts. Learning is a continuous, strategically used process-integrated with, and running parallel to, work. Learning results in changes in knowledge, beliefs, and behaviors. Learning also enhances organizational capacity for innovation and growth. *The learning organization has embedded systems to capture and share learning*. (Watkins and Marsick 1993, p.8-9. Emphasis added)

In the introduction they repeat the litany of living in times of unprecedented change. Their answer to all this instability is to evolve into learning organisations. Watkins and Marsick differentiate between individual, team, organisation and societal learning. Societal learning for Watkins and Marsick thus considers issues such as work-life balance and family-friendly policies. Uniquely they explore learning in a health and safety context.

Somewhat similar to Pedler et al., Watkins and Marsick take a phenomenological approach, using a whole series of case studies to illustrate their suggestions for the learning organisation. The organisations include Manulife Financial, AT&T, IBM, Esso Petroleum, General Electric, Xerox, AWACS, Digital Equipment Corporation and Johnsonville Foods.

Another similarity with *The Learning Company* is the assimilation of total quality management into learning organisation theory. The Malcolm Baldrige Award, for example, is given a number of mentions. However, whilst the internal contradictions between TQM's 'right first time' and having 'a culture of playful experimentation' are explored, they are not resolved. In their exploration of what empowerment might mean in a learning organisation Watkins and Marsick are unique, though again this theme was particularly popular during this period (*ibid.*).

Another aspect Watkins and Marsick have in common with Garvin, Pedler et al., Burgoyne et al. and Garratt is an acknowledgment that action learning contributes towards an understanding of the learning organisation. Watkins and Marsick, however, take this a stage further by considering action research, action reflection learning and action science. Collectively they refer to these "action technologies".

Although they claim to use a "systems approach," this is not much in evidence. The characteristics of a system, for example, are not considered. Inductively they arrive at what they refer to as the seven C's of the learning organisation. These are continuous, collaborative, connected, collective, creative, captured and codified, and capacity building. These are mapped on to the four different levels of learning in Table 5-2.

Nature of learning	Learning facilitators	Learning threats	Learning outcomes (seven C's)
Individual Change in behavior, knowledge, motivation, capacity to learn	Learning becomes continuous and developmental	Learned helplessness; lack of inquiry skills	Continuous learning for continuous improvement.
Team Change in a group's capacity for collaborative, synergistic work	Groups reframe, experiment, seek diversity, and exchange insights.	Compartmentalization; rewards for individualism over teamwork.	Collaborative; connected; collective; creative.
Organisation Change in organizational capacity for innovation and new knowledge.	Employees are empowered and structures decentralized; systems embed learning results.	Structural rigidity; tunnel vision; truncated learning	Connected; captured and codified; capacity building.
Societal Change in overall capacity of community and society.	Total Quality Management initiatives are integrated with quality of work life initiatives	Fragmentation; tunnel vision	Connected by enhancing community's capacity building.

Table 5-7 Summary of Learning at Four Levels in the Learning Organisation
Watkins and Marsick (1993), p.263

With respect to the survey instrument the leadership propositions are mainly concerned with aspects surrounding empowerment, for example Question 5. So far as incentives are concerned (Question 7) the authors are similar to Pedler et al. who recommend a personal development fund. These come under Proposition 4 (leadership, structures). Proposition 5 (leadership, staff) is largely overlooked. The only context in which this is considered is the knowledge lost through downsizing.

The work of Marsick and Watson is particularly well represented in the learning quadrate. With a fairly even distribution across most of the questions their work puts a particular emphasis on dialogue. This is Proposition 8 (learning, dialogue).

Experimentation in managerial processes (Question 26) is emphasised, though this does not extend to product innovation. Representation is also extended to Question 28 which is

concerned with how mistakes are viewed within the organisation. These are both within Proposition 9 (strategy, experiment).

The change quadrate is, however, rather underrepresented with specific examples. However, Proposition 15 (change, politics), concerned with power distribution, could be said to be ubiquitous in its representation through the emphasis on empowerment as a panacea.

5.12   *The Organisational Learning Cycle - Dixon*

As its title suggests Dixon's work extends the Kolbian learning cycle of Figure 4-1 to an organisational level. Based in the U.S.A. Dixon is ranked 178 out of the Top Two-Hundred Gurus. This is perhaps surprising as this work is a relative lightweight. For the large part Dixon demonstrates how cycles can be applied to learning at an organisational level, but adds little in the way of originality.

Thus, the litany of change in a turbulent world is repeated using an organismic metaphor:

> A formula borrowed from ecology states that in order for an organism to survive, its rate of learning must be equal to or greater than the rate of change in its environment. The formula is written $L \geq C$. Considering organizations as organisms, it is apparent that organizations are going to have to increase their rate of learning to survive in these times of unprecedented change. (Dixon 1994, p.2)

The cases considered are rather minimal; Chapparrall Steel, The World Health Organization and Johnsonville Foods. Dixon's influences include John Dewey, Kurt Lewin, Jean Piaget, Gregory Bateson, Reg Revans, Paulo Friere, Chris Argyris, David Kolb, Malcolm Knowles, Jack Mezirow and Alan Mumford.

The influence of Dixon on the survey instrument is fairly limited. Firstly, in terms of leadership Dixon points out the negative effects of not dealing effectively with poor performers. This is Proposition 5 (leadership, staff). As part of the learning propositions Dixon discusses how a computer company reflects for 15 minutes daily on its previous day's performance. This is Proposition 7 (learning, past). The benefits of Proposition 8, (learning, dialogue) are also extolled over two pages. Within the strategy quadrate Dixon is one of the only writers to advocate product innovation by allowing employees to work on their own projects. This develops into Proposition 9 (strategy, experiment), specifically Question 25 and Question 27. 3M is cited as an organisation that uses this practice. Finally, within the change quadrate Dixon advocates egalitarian values, and therefore considers the way power will be distributed within a learning organisation. This is Proposition 13 (change, hierarchy).

5.13 *Strategy Safari - Mintzberg*

Not necessarily recognised as an authority within the learning organisation school, Joseph Lampel is a co-author of *Strategy Safari (*Mintzberg et al. 1998). This work identifies ten different schools of strategy formulation. These schools will be discussed in section 6.8. However, this excerpt provides a pithy summary of the principal issues. The section is therefore reproduced in full below in Table 5-8, with the relevant proposition or question inserted using square brackets.

For many students of strategy, the holy grail is an organization capable of cumulative learning and constant self-renewal. Such an organization combines flexibility with effectiveness. It is able to learn from experience without being trapped by this experience [(strategy,past)], and it can leverage this learning in the marketplace. This so-called "learning organization" represents the fullest expression of the learning school. It strives to make organizational learning central rather than an accidental activity which often goes unused. The basic character of the learning organization can be expressed in the following principles:

1. *Organizations can learn as much, if not more, from failure as from success* [Question 28 (strategy, experiment)]. Learning organizations fight the natural tendency to bury failure and forget it as soon as possible. Failure is often costly to organizations, but learning organizations realize that some of the costs can be recouped by careful consideration of the hidden shortcomings.

2. *A learning organization rejects the adage* "if it ain't broken, don't fix it." All the processes that regulate work in the organization can be improved even when they appear efficient under superficial scrutiny. The source of the improvements is often buried deep within existing ways of doing things. A learning organization undertakes a periodic reexamination of systems, routines, and procedures [Question 20 (learning, past)] to discover whether they still perform a needed function and should be retained. New technology, new knowledge, and new practices often allow organizations to redesign routines to make them more efficient and effective.

3. *Learning organizations assume that the managers and workers closest to the design, manufacturing, distribution, and sale of the product often know more about these activities than their superiors.* Mobilizing this knowledge is a high priority in the learning organization. This is usually done by relying on teams where members of the organization can exchange and pool their knowledge. Sharing of knowledge is combined with an open door policy that encourages workers and supervisors to bring problems to the attention of top managers. Finally, and perhaps most importantly, managers have to learn the art of asking questions [Question 29 (strategy, rules) & Question 23 (learning, dialogue)], best done at close proximity to operations. In a learning organization managers have become accustomed to walking around and interacting with their subordinates in their work settings.

4. *A learning organization actively seeks to move knowledge from one part of the organization to another, to ensure that relevant knowledge finds its way to the organizational unit that needs it most.* That means encouraging formal interactions, by social gatherings, rotating people between units, and creating multifunctional or multiunit project teams.

5. *Learning organizations spend a lot of energy looking outside their own boundaries for knowledge.* They learn from customers, suppliers, and competitors [Question 24 (learning, dialogue)]. In the past, organizations have tended to limit their interaction with buyers to marketing research, and interaction with suppliers to formal channels. Increasingly, however, many firms have enlarged these interactions by bringing such people into the development and design processes. Organizations can learn from their competitors by reverse engineering products, benchmarking their own operations, and examining the policies and culture of rivals.

The learning organization is the antithesis of the old bureaucratic organization [(Question 9 (leadership, structures)]: it is decentralized, encourages open communications and encourages individuals to work in teams. Collaboration replaces hierarchy [(change, hierarchy)], and the predominant values are those of risk taking, honesty, and trust. Indeed, the picture that emerges has an uncanny resemblance to the utopian visions of social reformers at the turn of the century, and may prove just as difficult to create and sustain in practice. The difficulty, however, should not disguise an important aspect of the learning organization that is often lost in the hype that surrounds this concept by the work of Peter Senge (1990): Organizations that are capable of learning from their experience do better than organizations that simply adapt to their environments.

In short, the improved capabilities conferred by such organizational learning do not result merely in better products and higher profits; they also increase the ability of the organization to take advantage of rapidly changing external conditions. Their strategies are sufficiently open-ended to allow for the unexpected, so that their capabilities of organizational learning can deal with rapidly changing situations.

Table 5-8 Lampel's Interpretation of the Learning Organisation
Mintzberg et al. (1998), pp. 214-215.

5.14   *Built to Last – Collins and Porras*

The final two books are from the neo-learning organisation school. Although they do not appear to belong in this field they carry on the themes of corporate longevity and idealisation of the corporate form. This may be stretching the definition a little too far; however *Built to Last* and *Good to Great* challenge some aspects of the learning organisation, whilst filling in some missing gaps. In a tone similar to the authors considered previously they state that:

> ... *people feel inspired by the very notion of building an enduring, great company*. We've met executives from all over the world who aspire to create something bigger and more lasting than themselves – an ongoing institution rooted in a set of timeless core value, that exist for a purpose beyond just making money, and that stands the test of time by virtue of the ability to continually renew itself from within. (Collins and Porras 2000, p.xiii)

Where the work of Collins and Porras differs from the previous books is that it is empirically based. Using the temporal nature of learning the work is a retrospective on past performance rather than being speculative about future performance. On a six year research programme Collins and Porras identified 18 visionary companies. They also identified 'comparison companies' in the same industry in order to isolate what separated the visionary companies from the comparison companies. They used the following criteria to identify their visionary companies:

> 1) Premier institution in its industry 2) Widely admired by knowledgeable businesspeople 3) Made an indelible imprint on the world in which we live 4) Had multiple generations of chief executives 5) Been through multiple product (or service) cycles 6) Founded before 1950. (Collins and Porras 2000, p.2)

The performance of the stock price (the sole empirical criteria used by Collins and Porras) was as follows. One dollar invested on January 1, 1926 in the general stock exchange was worth $415 on December 31, 1990. If this one dollar had been invested in the comparison

companies the investment would now be worth $955. For the visionary companies the investment would be worth $6,356. This equates to six times more than the comparison companies and over fifteen times more than the general market.

Visionary Company	Comparison Company
3M	Norton
American Express	Wells Fargo
Boeing	McDonnell Douglas
Citicorp	Chase Manhattan
Ford	GM
General Electric	Westinghouse
Hewlett-Packard	Texas Instruments
IBM	Burroughs
Johnson & Johnson	Bristol-Myers Squibb
Marriott	Howard Johnson
Merck	Pfizer
Motorola	Zenith
Nordstrom	Melville
Philip Morris	RJR Nabisco
Procter & Gamble	Colgate
Sony	Kenwood
Wal-Mart	Ames
Walt Disney	Columbia

Table 5-9 Comparison & Visionary Companies of Collins & Porras
Collins and Porras 2000, p.3

The argument Collins and Porras advance, therefore, is going to be very compelling for company managers and directors. As Becker (1997) might suggest this work offers managers the secrets of how to create an organisation that could become a dynasty, or at least a living memorial. The message becomes even more compelling when Collins and Porras suggest it is not necessary to be a charismatic, hero manager. Somewhat insidiously this suggests that anyone can found a visionary company: good news for every reader.

For Collins and Porras the key to success is to preserve the core values of the organisation whilst stimulating progress. Stimulation is provided by constant experimentation characterised in the phrase "do a lot of stuff and keep what works". This is Proposition 9 (strategy, experiment). For Collins and Porras the worst malaise of an established company is complacency. This manifests as Proposition 7 (learning, past). Meanwhile, one way to preserve core values of the organisation is to have a policy of promoting from within the organisation. In the questionnaire this sentiment is captured in Questions 10, 11, 12 and, specifically, Question 14. Indeed Chapter 8 of their book is entitled *Home Grown Management.*

Proposition 14 (change, planning) states that in a learning organisation planning is more important than the plan. This is articulated in the work in Collins and Porras more than anywhere else. Contrary to the commonly held-view that organisations succeed due to brilliant and complex strategic planning, the visionary companies succeeded through "experimentation, trial and error, opportunism, and – quite literally – accident" (Collins and Porras 2000, p.9). The questions that follow this proposition (Questions 40, 41, 42 and 43) explore this in more detail.

5.15 *Good to Great – Jim Collins*

Jim Collins, who co-authored the book previously reviewed, takes the idea of high-performance companies a step further in *Good to Great*. Taking five years with a project team of 20 he identified 11 companies with exceptional performance. This is from an original sample of 1,435 Fortune 500 companies from 1965 to 1995. The team looked for companies that made a transition from a steady performer to fifteen years of sustained growth. The screening process whittled the candidates down over four stages.

Good-to-Great Companies	Direct Comparisons
Abbott	Upjohn
Circuit City	Silo
Fannie Mae	Great Western
Gillette	Warner-Lambert
Kimberly-Clark	Scott Paper
Kroger	A&P
Nucor	Bethlehem Steel
Philip Morris	R.J. Reynolds
Pitney Bowes	Addressograph
Walgreens	Eckerd
Wells Fargo	Bank of America

Table 5-10 Good to Great Companies of Collins
Collins 2001, p. 8

The result of their investigation was that good leadership differentiated the good-to-great companies from the direct comparisons. Collins developed this into a five-stage model of leadership where good-to-great companies were led by people who achieved "level-5 leadership". Collins argues vociferously that this research was based on a process akin to grounded theory (Glaser and Strauss 1999), though he does not use this phrase himself. Unfortunately it has to be observed that these findings will pander towards the hero-manager image that consumers of management theory would find most appealing. The work of Collins has quite a significant impact on the survey instrument. As already stated, this work challenges previous assertions about the longevity of the enterprise. It also fills in a number of gaps left by the learning organisation literature. Unfortunately, and as one might expect,

Collins indulges in his own version of ideological hegemony. Referring to the steady growth of Walgreens, he states that:

> In a world overrun by management faddists, brilliant visionaries, ranting futurists, fearmongers, and all the rest, it's refreshing to see a company succeed so brilliantly by taking one simple concept and just doing it with excellence and imagination. Becoming the best in the world at convenient drugstores, steadily increasing profit per customer visit – what could be more obvious and straightforward? (Collins 2001, p.93)

Good to Great is not without its critics (e.g. Niendorf and Beck 2008; Resnick and Smunt 2008). They point to the assumptions that are made in measuring success retrospectively. Indeed Walker (2006, p.120) refers to *Good to Great* as "*...* a unique excavation of management practices in the late 20th century. It is great archaeology." However, as Table 5-1 shows, as number 5 on the top-selling list of Amazon it has been incredibly popular.

Within the leadership quadrate Proposition 4 (leadership, structures) evolved out of the work of Senge. However according to the research carried out by Collins his 'good-to-great companies' concentrated on enabling structures rather than addressing issues involving commitment, alignment, motivation, and change. This infers two suppositions. Firstly, issues involving commitment, alignment, motivation, and change are emergent properties of a system that does not have enabling structures. This may be due to an authoritarian regime. Secondly, addressing issues of commitment, alignment, motivation, and change is more about treating the symptoms, rather than the cure. Proposition 12 (strategy, unitary) addresses this issue by hypothesising whether a learning organisation needs a unitary culture.

The question of motivation is particularly applicable to Question 7 and 9 where, if the appropriate enabling structures are in place, motivation and sanction will not be an issue. Collins's strongest influence, however, is in Proposition 5 (leadership, staff). This affects attracting (Question 10) and retaining staff (Questions 11 and 12). This also affects the process of succession within the company (Question 13) and its policy issues (Question 14).

The learning quadrate is most weakly represented. This is perhaps not surprising as a learning perspective has not been taken as the major issue. Proposition 8 (learning, dialogue) is represented, specifically Question 22 which is concerned with the quality of the outcome, rather than the views of people senior in the hierarchy.

Within (strategy, experiment) making mistakes (Question 28) are considered an organisation's tuition fees. Meanwhile the basic theme of *Good to Great* is enhanced performance, hence corporate longevity. This translates into Proposition 11 (strategy, longevity). Furthermore, following on from his work in *Built to Last*, a great company is

deemed to be founded on people rather than the products or services ("who is more important than what"). Hence in the quest for corporate longevity the company would be willing to diversify to different sectors (Question 32). Meanwhile the needs of the organisation are given priority above the need of individuals (Question 33). In contrast with Senge, who believes that everybody should be going in the same direction, the question of alignment within a unitary culture are challenged (strategy, unitary).

Finally within (change, planning) 'planning is priceless but plans are useless' is used as a direct quote from an Abbott executive (Proposition 14). This happens in a company where luck is sometimes seen as a contributing factor to success (Question 42). As will be explained, this causality is rather more complex than it first appears.

5.16   *A Map of the Literature to the Questionnaire*

Table 5-11 shows the map of how the latent variables developed in this thesis relate to themes extracted from the classical and neo-classical literature schools. Twelve themes were inductively developed from the 11 books. Of the 132 permutations, 65 are represented from the literature. This represents 49% of coverage. The yellow squares show that the particular theme is covered by the author. The last column is the sum of authors who have written on a particular theme. The bottom row is how many of the identified themes have been covered by the relevant author.

Proposition	First-order variable	Senge	Garvin	de Geus	Pedler et al.	Burgoyne et al.	Garratt	Watkins & Marsick	Dixon	Lampel (in Mintzberg)	Collins & Porras	Collins	Total
4	(leadership, structures)	■		■	■			■		■		■	6
5	(leadership, staff)		■				■			■	■	■	5
6	(learning, future)	■		■	■							■	4
7	(learning, past)		■				■		■	■	■	■	6
8	(learning, dialogue)	■	■	■	■		■	■	■	■			9
9	(strategy, experiment)		■	■	■	■	■		■		■	■	8
10	(strategy, rules)		■	■	■								3
11	(strategy, longevity)	■		■							■		3
12	(strategy, unitary)	■									■	■	4
13	(change, hierarchy)	■	■		■			■		■	■	■	8
14	(change, planning)	■		■					■			■	4
15	(change, politics)	■		■	■		■		■				5
	Total	7	8	7	8	3	5	4	5	6	5	7	65

Table 5-11 Mapping of Literature to Latent Variable

Table 5-11 also shows that Garvin and Pedler *et al.* cover the highest amount of themes, scoring 8 out of 12. This is closely followed by Senge and de Geus with 7 out of 12. The least amount of coverage came from the Burgoyne *et al.* book. The most common theme was (learning, dialogue), which scored 9 out of a possible 11. This is closely followed by (strategy, experiment) and (change, hierarchy). The most underrepresented themes with a score of 3 out of 11 were (strategy, rules) and (strategy, longevity).

Whilst this map is a useful summary it represents qualitative, rather than quantitative analysis. As such it does have its limitations. As an extreme example, a theme may be represented by a whole chapter in one book, and only a sentence in another book. This analysis has tried to avoid such extremes. Table 5-11 also illustrates how close the neo-learning organisation is to the classical learning organisation themes. This helps to justify their inclusion into the sample of literature chosen.

A master list of how the literature mapped on to the questions is given in Appendix E.

5.17   *Summary and Conclusions*

This chapter defined a theory as a comprehensive, coherent, and internally consistent system of ideas. Eleven books were selected for analysis from the learning organisation movement. Eight of these books were from the classical learning organisational school; *The Fifth Discipline* (Senge 1997); *The Learning Company* (Pedler et al. 1991); *Towards the Learning Company* (Burgoyne et al. 1994); Learning *in Action* (Garvin 2000); *The Living Company* (de Geus 1999); *The Learning Organization* (Garratt 2000); *Sculpting The Learning Organization* (Watkins and Marsick 1993); *The Organizational Learning Cycle* (Dixon 1994); *Towards the Learning Organization* by Lampel (1998) which was an excerpt from *Strategy Safari* by Mintzberg et al. (1998). Two books, meanwhile, were selected from the neo-learning organisation movement. These were *Built to Last: Successful Habits of Visionary Companies* by Collins and Porras (2000) and *Good to Great: Why Some Companies make the leap... and others don't* (Collins 2001).

The justification for the selection of these particular texts was as follows: 1) Books are readily accessible by managers, and therefore the practitioner-oriented literature was selected. 2) Davenport's ranking of the top 200 gurus 3) Amazon's sales rank 4) A strong correlation with other literature reviews.

Two conclusions are obvious from the wider literature on the learning organisation. The first of these is the term *learning organisation* is used indiscriminately and promiscuously. The second is that the authors do not concur about what characterises a learning organisation.

Garvin and Pedler *et al.* cover the highest amount of themes of the syncretic model, closely followed by Senge and de Geus. The most common themes were (learning, dialogue), (strategy, experiment) and (change, hierarchy). The most underrepresented themes were (strategy, rules) and (strategy, longevity). A similarity index of 49% was demonstrated between classical and neo-learning organisation theory and a syncretic model.

Having considered the separate ontologies of learning and organisations we are now in a position to provide a critical evaluation of the concept. This critical evaluation highlights the strengths and limitations of the learning organisation for which we will develop an empirical model. This model will generate characteristics of the learning organisation that will form a series of null hypotheses. Structural equation modelling will be used to verify or falsify these hypotheses. Additionally in the wider scope of the project, descriptive statistics will be collected about what senior managers think about business and management theory in general, and the learning organisation in particular.

Chapter 6 The Learning Organisation: A Critique

6.1 *Introduction*

Having reviewed the literature on the learning organisation in the previous chapter we now move on to offering a critique of the concept. The first section investigates three heuristics we use to help understand the incorporeal, nebulous and ephemeral phenomenon of organisations. These are metaphors, ideal types and systems.

Metaphors of organisation are based on the work of Morgan (1997). The three main metaphors identified as being the most useful to this analysis are 1) the organisation as machine 2) the organisation as an organism and 3) the anthropomorphic metaphor. Ideal types use Finke's dimensions of creative realism of Figure 2-3 to show how organisations, both real and imagined, are romanticised. The third heuristic uses a systems approach for organisations.

These heuristics lead to three criticisms of the learning organisation concept. These are 1) an overstated use of metaphors, 2) an understated use of ideal types and 3) an absence of systems thinking. This analysis then leads two further criticisms. Firstly, how the learning organisation movement adopts an uncritical adoption to the concept of *learning*. Secondly, how the learning organisation movement adopts an uncritical adoption of the concept of *organisation*.

This leads to four of the main criticisms of the learning organisation that justify the contribution of this thesis. These are the lack of empirical evidence, the lack of leadership as a topic, the absence of strategy as a topic and a failure to consider the impact that organisational politics has on the learning organisation.

6.2 *Organisational Heuristics*

Given that Chapter 3 characterised an organisation as incorporeal, nebulous and ephemeral three different types of heuristics are investigated that help us understand the phenomena. These heuristics are metaphors, ideal types and the systems view of organisations.

6.2.1 Metaphors of Organisations

Aristotle identified four tropes; words or expressions used in a figurative sense (Morgan 1997; Hammersley and Atkinson 2005).

a) *Metaphor*: a figurative similarity between the object under study and another concept or entity.

b) *Synecdoche*: where a part is used to represent the whole.

c) *Metonymy*: the use of symbolic substitution.

d) *Irony*: a humorous, usually scurrilous, view of the opposite.

Pinker (1997) asserts that humans think in terms of metaphors whilst Dawkins (1991) observes that the human mind is an 'inveterate analogiser'. Dawkins points out we are compulsively drawn to see meaning in the slightest similarities between very different processes. Metaphors are also used in to create insight into business and management processes (Buchanan 2005a). Examples include war (Gavetti and Rivkin 2005) basketball (Slywotsky and Drzik 2005) and chess (Coutu 2005). Whilst these may be useful heuristics, Pfeffer and Sutton (2000) take a contrary view and refer to the use of 'sloppy analogies' in the business press. In *Images of Organization* Morgan (1997) came up with a number of different metaphors commonly used in organisational analysis. The most prevalent of these in society are the organisation-as-machine and organisation-as-organism metaphors (Knowles 1985). A third category may be added, not actually covered by Morgan (1997): the anthropomorphic metaphor.

Morgan (1997) points out that machines are ubiquitous and influence virtually every aspect of our thinking. This is even reflected in the word organisation, which derives from the Greek *organon*, meaning tool or instrument (*ibid.*). Accordingly, we have learned to use the machine as metaphor for ourselves and our society, and to shape our world in accordance with mechanical principles. Early forms of mass production, for example, treated production workers as machine components that could be easily trained and hence replaced (Pfeffer and Sutton 2006b) leading to the commoditisation of the labour supply (Schumacher 1974). This metaphor found its expression under the first 'fad' of scientific management of Fredrick W. Taylor (Huczynski 1993; Collins 2000; Brindle and Stearns 2001; Hoopes 2003).

Burrell and Morgan (1979) argue the organic metaphor for organisations has its roots in the writings of Comte, Spencer and Durkheim. Selznick was the first to depart from the mechanical equilibrium model derived by Pareto, leading to a 'world view' that was dominant in the first half of the twentieth century (*ibid.*). The organisation-as-organism metaphor uses Darwin's theory of evolution. Dawkins (1991) points out that Darwin's successors have seen evolution in everything from the development of civilization to fashions in skirt length. This lead on to the movement of so-called 'social evolutionists' such as Herbert Spencer who, according to Gould (1991) and Smith (1998), coined the phrase 'survival of the fittest' in the 1870s.

Bertalanffy was the first to make the distinction between open and closed systems (Kast and Rosenzweig 1972). The machine metaphor is associated with closed systems. However, as Robson (2004) points out, organisations are not hermetically sealed from outside influence.

Organisations are inherently open systems (Williams 2001), meaning that 'they influence and are influenced by changes in their environment' (Arnould et al. 2004, p.101). On the other hand the organism metaphor is more of an open-systems approach. Pfeffer and Salancik (1978) point out that whilst authors acknowledge this to begin with, their subsequent treatment employs a closed-system approach to reduce the number of moderating factors.

The final metaphor is the organisation-as-person metaphor. The classic example of this comes from the legal profession. In the United Kingdom a company is a 'body corporate' with a 'legal personality' through the provision made in the Companies Act 1985 Section 13 (3) (Mayson et al. 2006). This style of metaphor is referred to as anthropomorphism (Sinclair 2001).

6.2.2 Ideal Types

An ideal type may be defined as:

> .... a theoretical device for generalizing beyond a particular situation... Ideal types are simplistic and exaggerated categories providing a yardstick against which it is possible to compare and contrast empirical evidence. (Smith 1998, p.146)

Hughes (1958) states that an ideal type is a utopia formed by the one-sided accentuation of one or more points of view. Furthermore it has a conceptual purity that cannot be found empirically anywhere in reality. This is exemplified in the works of Marx, Lenin, Engels and Weber (Popper 2003). Burrell and Morgan (1979) point out that ideal types include concepts such as bureaucracy, economic man and capitalism. These are 'useful fictions against which the real can be compared' (*ibid.*, p.257).

Figure 2-3 on page 35 showed Finke's dimensions of creative realism. This is concerned with connecting 'theory' with 'reality'. Davenport et al. (2003) indirectly identify the learning organisation as an 'ideal type'. They discuss the difference between the abstract concept of the learning organisation (creative idealism), and how this is operationalised (creative realism) by organisations such as Motorola, GE, IBM (in the 1990s), Toyota, Citicorp and General Motors. Thus referring back to the diagram in Figure 6-4 on page 144:

> There is a great deal of difference between listening to an abstract discussion on the learning organization and hearing how GE embeds and uses learning its executive teaching facility in Crotonville, New York. As Voltaire might say if he were alive today, these firms would have to be invented if they didn't already exist (Davenport et al. 2003, p.103).

The 'perfect organisation' is acknowledged as a fantasy (Drucker 1982). However the above companies are widely acknowledged as exemplars against which a benchmarking exercise would provide a measure of creative realism.

6.2.3   A Systemic View of Organisation

Viewing organisations as systems was largely influenced by the seminal work of Ashby (1956). This heuristic uses concepts developed in control engineering and applies them to organisations. In *The Social Psychology of Organisations* Katz and Kahn (1966) propose a processural model of input, throughput and output. Indeed, as was discussed in Chapter 5 one of the seminal writers on the learning organisation, Peter Senge, uses a system dynamics approach for *The Fifth Discipline*. This has continued in the literature, for example, in work on self-reinforcing cycles of 'fire-fighting' in organisations (Repenning and Sterman 2001; Repenning and Sterman 2002). Writing back in 1970, Perrow describes the systems approach as being 'all the rage'. However, as a school of thought this has largely disappeared from contemporary literature on organisational behaviour. It does not, for example, get a mention in a leading text book by Huczynski and Buchanan (2001).

The following are offered as definitions for a system:

> A system is a set of interrelated parts, arranged into an organized whole or organized structure. (Elliot 2004, p.49)

> A system is an organized or complex whole: an assemblage or combination of things or parts forming a complex or unitary whole. (Kast and Rosenzweig 1972, p.14)

> A set of objects together with relationships between the objects and their attributes related to each other and to their environment so as to form a whole. (Harry 2001, p.43)

Harry (2001) defines a system as an assembly of parts where:

1. the parts or *components* are connected together in an *organised* way;

2. the parts or *components* are *affected* by being in the system are *changed* by leaving it;

3. the assembly *does something*;

4. the assembly has been identified by a person as being of *special interest*.

The taxonomy of a system is shown in Table 6-1. The first three elements constitute the fundamental components of a system in terms of *input*, *process* and *output*. This is represented in Figure 6-1 where an entity is accepted from the environment, transformed in some way, and passed into the environment in an altered form.

The separation between the transformation process and its environment is known as the boundary. This is the fourth element of a system. In systems terms the boundary can either be *physical* or *abstract* (Harry 2001; Bocij et al. 2008). Thus, for organisations the *abstract boundary* can be defined as the membership of the organisation, whilst the *physical boundary* can be defined in terms of the location(s) of the organisation. Pfeffer and Salancik (1978)

point out that when behaviours, rather than individuals are considered as the unit of analysis, it is more possible to understand the extent to which a person can be considered a member of an organisation:

> The problem of drawing the boundary around a social system has been a perplexing one. Individual boundaries are, apparently, more easily discerned. Nature has neatly packaged people into skins, animals into hides, and allowed trees to enclose themselves with bark. It is easy to see where the unit is and where the environment is. Not so for social organizations. Are suppliers part of the organization, or part of its environment? (Pfeffer and Salancik 1978, p.29)

Ultimately they conclude that:

> The boundary is where the discretion of the organization to control an activity is less than the discretion of another organization or individual to control that activity. (Pfeffer and Salancik 1978, p.32)

1.	Input	The first three stages element represents the transformational aspects basics of a system in terms of accepting resource from the environment process of conversion and providing a yield of resources.
2.	Process	
3.	Output	
4.	Boundary	The separation between the transformation process and the environment.
5.	Subsystems	The disaggregation of the transformation process into components.
6.	Feedback	The interaction between the system and its environment
7.	Goals	What the system needs to achieve

Table 6-1 Taxonomy of a System
Adapted from Harry 2001; Elliot 2004; Bocij et al. 2008

Figure 6-1 Basic Input–Process-Output Diagram
Adapted from Reed and Palmer 1972; Bocij et al. 2008
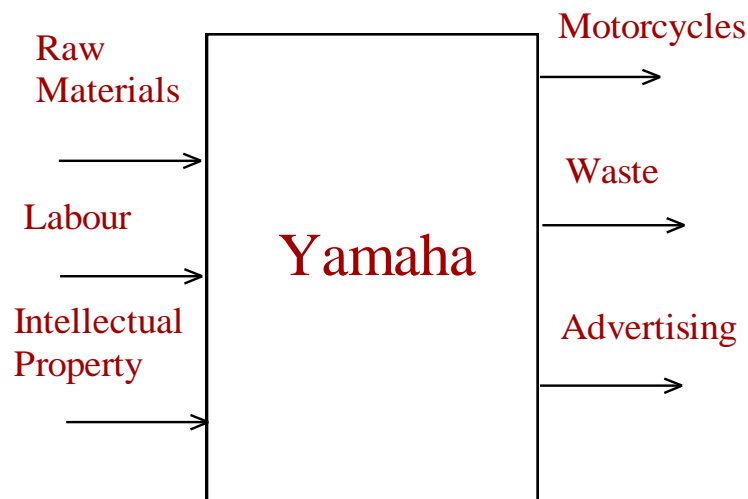
Figure 6-2 Input and Outputs Applied to Yamaha

Thus, a simplistic application of how systems theory can be applied to an organisation for Yamaha is shown in Figure 6-2. So far as Yamaha is concerned the process, or how Yamaha converts raw materials, labour and intellectual property into the outputs of motorcycles, waste and advertising is known as the *black box* approach. This organisational analysis is one favoured by economists. (Mintzberg et al. 1998; Argyris 2001).

Burrell and Morgan (1979) point out the extensive literature of what happens between the input and output, the fifth element of Table 6-1, as is an analysis of the *subsystems* or the division of labour.
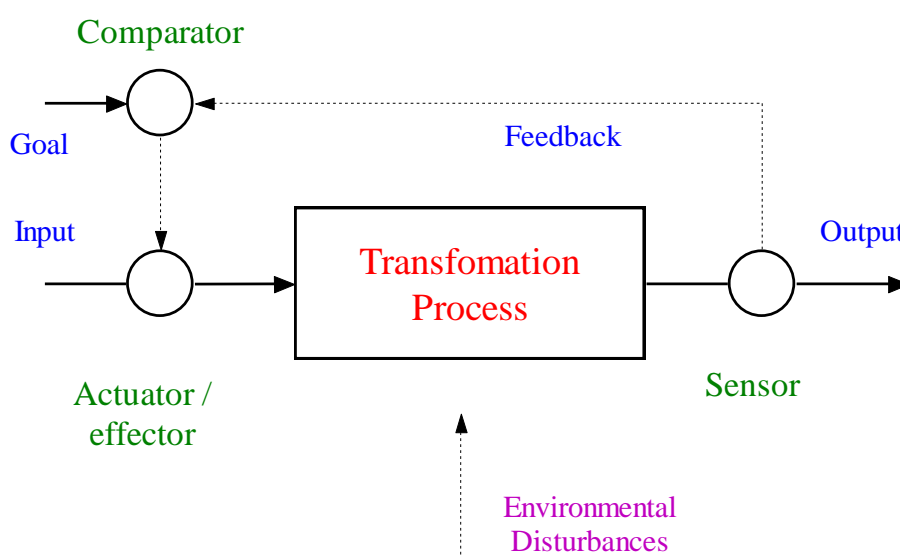
Figure 6-3 Classical Control System
Harry (2001), p.93

The sixth component of a system is *feedback*. Feedback can either be *positive* or *negative*. In *positive* feedback the outputs feed the inputs of the system; this can be in the form of a *virtuous* or *vicious* cycle and implies the system is not being properly regulated (Harry 2001; Bateson 2002; Elliot 2004; Bocij et al. 2008). These are referred to as *entropy* and *negentropy* respectively (Bateson 2002). However, as Dawkins (1991) points out negative feedback is used by engineers and living bodies, as systems require some form of regulation. Negative feedback eliminates error and creates desired states by avoiding noxiant states (Morgan 1997).

Thus, negative feedback implies an element of control, and this is illustrated in Figure 6-3 where the output is compared to the goal of the system to control the input (Bocij et al. 2008). Finally, Figure 6-3 also shows the seventh component of a system; the *purpose* or *goal*.

139

It is a fundamental principle that all systems are goal seeking. The reason for a system's existence is directly related to its *purpose* or *goal*. Goal-seeking behaviour within a systems environment is a major component principle of systems theory. (Elliot 2004, p.51)

There is a striking similarity between the classical control model and organisational learning. In many discussion on organisational learning, these networks of intersubjective meanings are said to be goal seeking (Weick 1991; Williams 2001). Using a systems model learning is both an outcome and a process (Dodgson 1993b; DiBella et al. 1996). In a systemic view organisation and learning becomes synonymous. Organisational learning, meanwhile, is best characterised as an emergent property of the system.

Thus the following components need to be identified for a system to be present: input, process, output, boundary, subsystems, feedback and goals. Though it has fallen out of favour in contemporary approaches to organisational behaviour, an organisation can be considered a system, and therefore a form of organisational heuristic.

The use of systems analysis as a heuristic has two important implications that are completely overlooked in the literature on the learning organisation. Firstly, the initial definitions of organisations, cited on page 51, indicate a managerialist approach to organisations operating as systems. The quotes from Daft (1998), Huczynski and Buchanan (2001) and Silverman (1970), for example, specifically mention the word *goal* in their definitions.

Second, systems are said to have emergent properties, where the sum of the system characterises properties that cannot be ascribed to the behaviour of single components (Harry 2001). Security, for example, is the emergent property of a web site. In the same sense, organisation learning can be said to be an emergent property of the collectivity. Organisations do not learn, individuals do. However, through socialisation, memes and tradition the output of the organisation becomes more effective through a constant negotiation between individual and collective requirements (Brown and Duguid 1991; Wenger 1998).

6.3 *An Analysis of Organisational Heuristics*

Three criticisms are covered within the ontologies of learning and organising. These follow on from the themes of the previous chapter. Firstly it is proposed that the learning organisation overstates its use of metaphors. Secondly it understates the use of ideal types. The final section points to an absence of systems thinking.

6.3.1 Overstated Metaphors

According to Morgan (1997), who wrote the canonical text on the subject (Dodgson 1993a), the use of metaphors as an organisational heuristic has become ubiquitous. Section 6.2.1 introduced three metaphors used in organisational heuristics: mechanical, organismic and anthropomorphic.

Previously transference of learning has been considered as a way of providing insight into a similar process (Bateson 1972). A measure of a metaphor's efficacy has been characterised by its economy, cogency and range (Brown 1977; Noblit and Hare 1988; Hammersley and Atkinson 2005; Cornelissen and Kafouros 2008.) Economy refers to the metaphor's simplicity; cogency to its suitability; and range is the capacity to draw together diverse domains (Brown 1977).

Dawkins (1991), however, points out that whilst analogies can be immensely fruitful it is easy to push them to the extent that they become tenuous, unhelpful or 'downright harmful'. Hammersley and Atkinson (2005, p.246) meanwhile claim that 'metaphors may prove, like the apprentice sorcerer's accomplices, helpers that get out of hand, running away with and finally overwhelming their hapless originator.' Indeed the limitations of metaphorical analysis is rarely explored (Cornelissen 2005; Cornelissen 2006).

The organisation-as-machine has been characterised as "classical management theory" through the scientific management of Frederick W. Taylor (Hoopes 2003; Pfeffer and Sutton 2006b). In this metaphor people are components of a machine designed to achieve some form of goal-oriented activity. In this perspective employees are inexpensive, easy to supervise, replace and easy to train (Morgan 1997). Accordingly we make 'the people fit the machine'. This is exemplified in the *collectivist school* of the learning organisation, discussed from section 5.3.2. The collectivist school applies to lower grades of an organisation where the tasks are essentially the same. Learning can thus be codified into a bounded series of limited transactions (Wenger 1998).

Morgan (1997) points that a world envisaged along mechanical principles has brought success to places such as the athletic track and the football pitch. This metaphor has found its way in to the learning organisation literature (e.g. Moilanen 2001b). However, whilst the metaphor may have worked well for the industrial revolution (Pfeffer and Sutton 2006b) the mechanical metaphor seriously underestimates the human aspect (Morgan 1997).

Pfeffer and Salancik (1978) assert the idea that organisations have goals or objectives is one of the most commonly found characteristics used in the definitions of an organisation. Indeed, strong evidence of this can be seen in some of the definitions on page 51. This is another example of reification. Thus, as Westley (1990) argues, organisations cannot be imbued with action potential.

Robson (2004) points out that in a closed system explanation and prediction are symmetrical: that is to say it is possible to correlate cause and effect. However in relatively open systems configurations of structures and processes change dynamically, making prediction and explanation impossible (*ibid.*). Morgan (1997) shows how stability in one part of an open system creates instability in another part. Citing the work of Lawrence and Lorsch (1967) it is asserted that:

> … After some pro forma acknowledgment of social constraints, the environment, and open systems, most authors spend their time, space, and research documentation dealing with the same old concepts out of which organizational behavior grew - leadership, motivation, task design, communication, and control (Pfeffer and Salancik 1978, p.xxxi)

Thus, whilst organisations are generally acknowledged as open systems (e.g. Williams 2001), subsequent treatment assumes a closed system. As an example of this in their 20 indicators of learning Lähteenmäki et al. (2001) make no mention of competition or the business environment. Ontologically speaking, this is an example of dichotomous, or polarised, thinking. To concur with the analysis of Pfeffer and Salancik , it is not a mutually exclusive judgement, but rather is the extent to which organisations can be considered as open- or closed. Chapter 3 discussed the nebulous qualities of organisational membership that becomes increasingly complicated by concurrent membership of multiple groups. Previous analysis has shown that closed systems only exist at their highest level of analysis. Thus, for example, the global economy has a combined Gross Domestic Product of $31,110bn (Economist 2004). This GDP, however, is not exported and as Stiglitz (2002) points out the balance of payments, the focus for many politicians, cancel each other out on the global balance sheet. This conclusion is neatly summed up as follows:

> Mechanical models of social systems, therefore, tend to be characterised by a number of theoretical contradictions and are thus of very limited value as methods of analysis in situations where the environment of the subject of study is of any real significance. (Burrell and Morgan 1979, p.61)

In the history of thought of organisations the 'organisation-as-machine' metaphor gave way to the human relations movement of the 1920s and 1930s (Burnes 2000; Hoopes 2003). This characterises the incorporeal, ephemeral and nebulous entity as a living organism (Morgan 1997; Hoopes 2003). As shown in section 6.2.1 an extended form of the organism metaphor is

anthropomorphism. It is used, for example, in marketing that uses the term brand personality, '… a set of human characteristics associated with a brand' (Arnould et al. 2004, p.374).

The most pervasive and controversial example of the anthropomorphic metaphor is used by the legal profession. As discussed on page 136, according to the legal definition a company is a 'body corporate' with a 'legal personality'. However, critics point out the limitations of this metaphor. Pfeffer and Salancik (1978), for example, point out that organisations are not criminally liable. In the Enron fraud, for example, senior executives were ultimately held accountable for their nefarious activities that were going on within the organisation (Pearce 2003; Bakan 2005). This point eloquently is made by the eighteenth century Lord Chancellor, Edward Thurlow: organisations have 'no soul to be damned and no body to be kicked' (Bakan 2005, p.79).

Throughout the learning organisation literature the mechanistic metaphor is almost totally absent. Senge uses the metaphor of how a DC-3 aeroplane is similar to the five disciplines, however, this is in the context of technology. By the end of the book Senge starts to use the organismic metaphor. This school, therefore, shows a particular change in emphasis from an economic engine to a brain-rich, asset poor, organisation operating in the knowledge economy (de Geus 1999).

Thus the organismic metaphor is ubiquitous throughout the learning organisation literature. It is adopted uncritically as a preference over the mechanistic metaphor. Darwinism reaches its zenith in Collins and Porras who dedicate a five-page section entitled "Corporations as Evolving Species". As previously described, this is utter nonsense. Evolution has no purpose or direction. The metaphor breaks down as it reaches the limit of its range.

The most obvious form of anthropomorphism relevant to this thesis is in the analysis by de Geus 1999, discussed in section 5.7. de Geus (1999, p.18) writes 'Like all organisms, the living company exists primarily for its own survival and improvement: to fulfil its potential and to become as great as it can be'. The extent to which managers view organisations as economic engines or social dynasties is measured in the questionnaire. Generally speaking, it appears that managers take the utilitarian view of their companies.

6.3.2 Understated Use of Ideal Types

Ideal types were defined in section 6.2.2 on page 136 as useful fictions of conceptual purity. Previous examples of ideal types were illustrated as bureaucracy, economic man, socialism and capitalism. An idealised view of the learning organisation is illustrated in Figure 6-4. This

shows a continuum of supermarkets in an arbitrary order that could demonstrate a 'best in class.'

Morrisons   *Asda*   *Sainsbury*   *Tesco*   *Best in Class*
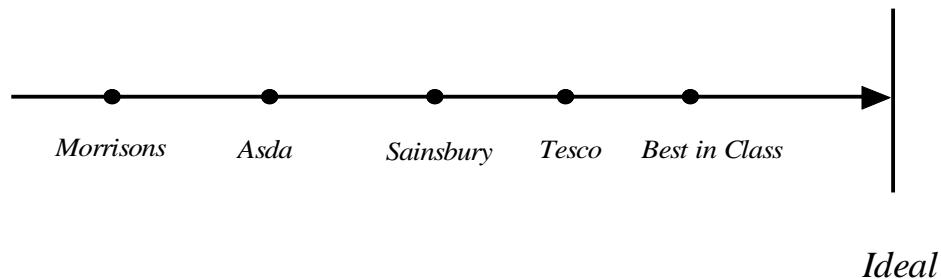
Ideal

Figure 6-4 Approximations to an Ideal Type
Source: Author

The bifurcation between *organisational learning* and *the learning organisation* was introduced in section 4.8. In their short critique of the learning organisation Micklethwait and Wooldridge (1996) complain the learning organisation needs to be seen as a process rather than a product, however, this confuses the two schools. Semantically there must be a subtle, but fundamental, distinction between the two. Organisational learning is a concept used to describe the shared experience of learning that takes place within an organisation. *The learning organisation*, meanwhile, describes an idealised form of human endeavour (Tsang 1997; Burnes 2000; Ayas 2001; Finger and Brand 2001). Thus *organisational learning* (a verb) is phenomenological in character, whilst *the learning organisation* (a noun) is an *ideal type*. The distinction is eloquently summarised be the following quote (emphasis added):

> Proponents of the learning organization are not worried about the meaningfulness of organisational learning and take its desirability to be axiomatic. They *prescribe* a variety of enablers through which they claim that organisations can enhance their capability for productive learning, but they do not inquire into the gaps that separate reasonable prescription from effective implementation.
> Skeptical researchers into organizational learning present, from a variety of perspectives, important reasons for doubt. Some of them have raised questions about the paradox inherent in the claim that organizations learn, which hinges on assumptions about relationships among individual, interpersonal, and higher levels of social aggregation. Other writers have challenged the desirability of organizational learning, arguing that organizations may learn in ways that foster evil ends or reinforce the status quo, or arguing that the ideal of the learning organization may be used to support a subtler and darker form of managerial control. Still other researchers observe and categorize phenomena that function as impediments to valid inference and effective action.
> *The problems raised by the two branches of the literature are largely complementary: what one branch treats as centrally important the other tends to ignore*. Both branches do concern themselves with the capability of real-world organizations to draw valid and useful inferences from experience and observation and to convert such inferences to effective action. *But authors of prescriptive bent tend to assume uncritically, that such capabilities can be activated though the appropriate enablers and learning skeptics tend to treat observed impediments as unalterable facts of organizational life.* (Argyris and Schön 1996, pp.198-9. Emphasis added).

144

The impact of these two divisions is shown in Figure 6-5 where the learning organisation is shown as an ideal type, and organisational learning is shown as an ideology that influenced the learning organisation. It will be recognised there is a certain commonality between the two sub-divisions.

Influence

Organisational Learning / The Learning Organisation

Activity   Ideal
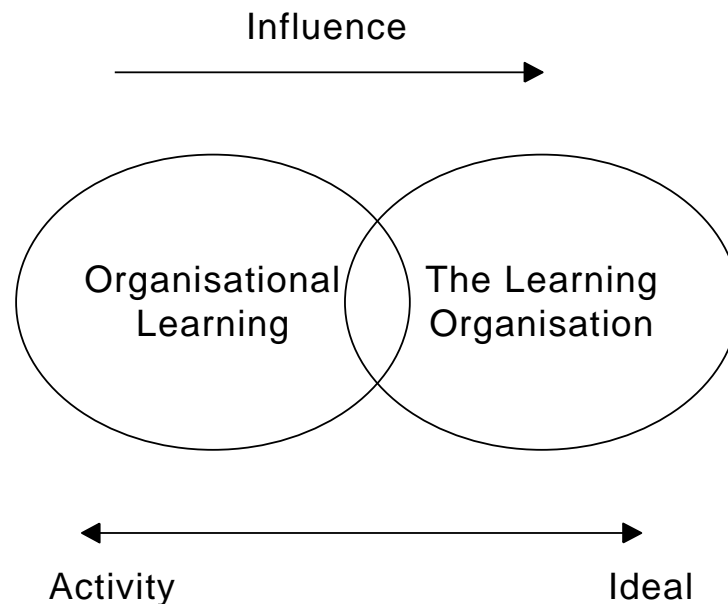
Figure 6-5 The Two Divisions within the School of Learning at an Organisational Level
Source: Author

Previously recognition of this bifurcation on learning at an organisational level offered greater confusion than clarification; *the learning organisation* and *organisational learning* are used as synonyms. Examples of this inaccurate use of language can be found in Morgan 1997; Burnes 2000. Garvin (1993), meanwhile, uses seven definitions of organisational learning to define the learning organisation. Indeed two of these citations proved to be inaccurate.

As Hammersley and Atkinson (2005) point out, most metaphors are in fact examples of a synecdoche, or what (Arnould et al. 2004, p.649) refer to as a 'representativeness heuristic'. That is to say in ideal types we see the similarity between the subject and the object. Clearly, a learning organisation could not exist without the capacity for organisational learning, however an 'organisation that learns' may not necessary be a learning organisation (!) Thus Figure 6-5 shows that whilst both divisions are inspired by the notion of organisational learning, this influence is one-way compliment. Thus, whilst Senge (1997) draws much on the output of Chris Argyris and Donald Schön this complement is not returned. Argyris and Schön (1996, p.184) dismiss Senge's contribution as "Utopian", whilst Pedler et al. (1991) do not warrant a mention.

The Utopian aspect of the learning organisation, meanwhile, is captured in quotes similar to the following. As Hoopes (2003) says Utopianism is the very stuff of management fads.

> There is the dream - that we can design and create organizations which are capable of adapting, changing, developing and transforming themselves in response to the needs, wishes and aspirations of people, inside and outside. (Pedler et al. 1991, p.1)

> It seems that the 'dream' of the Learning Company as a practical aspiration is becoming increasingly attractive at a time when the nature of change in the world might well leave us dissatisfied and cynical about the efficacy of the management and organisation theories we have subscribed to now (Blantern and Belcher 1994 ,p.110).

Burrell and Morgan (1979) identify two schools of thought within the social sciences: Anglo-French positivism and the German idealism of Marx and Weber. According to their analysis Weber uses ideal types to provide explanations of social phenomenon, whilst avoiding the dangers of reification. Thus, the ideal type is about creating the "perfect" organisation:

> Everybody knew of course that no ideal organization could ever really be achieved; reality always demands bending the rules. But one could hope to come close to the ideal – with exceptions infrequent and confined to purely local situations. (Drucker 1982, p.545)

This point is taken up by Peter Senge in *The Fifth Discipline*

> You can never say, "We are a learning organisation," any more than you can say, "I am an enlightened person." The more you learn, the more acutely aware you become of your ignorance. Thus, a corporation cannot be "excellent" in the sense of having arrived at a permanent excellence; it is always in the state of practising the disciplines of learning, of becoming better or worse. (Senge 1997, p.11)

Thus in some respects the learning organisation reflects a return the 'German proclivity for grand systems of thought' (Mintzberg et al. 1998, p.87). Indeed, an interesting comparison could be said to exist between the learning organisation as an ideal type and a previous ideal type, bureaucracy.

Thus, whilst the limitations are acknowledged, the use of ideal types is not specifically mentioned in most of the literature identified in Chapter 5. Indeed it is reduced in emphasis, almost to the point of a footnote. This is indicative of the inspirational message needed for practitioner-oriented literature.

As Perrow (1970) points out bureaucracy, an ideal type, came to be viewed in the pejorative. Whilst there is a utopian dimension to social movements (della Porta and Diani 2006), part of the questionnaire will examine if the concept of the learning organisation has slipped from ideal type to the pejorative from a practitioners' perspective.

6.3.3   Absence of Systems Thinking

Figure 6-1 illustrated a simple processing system, superseded by Figure 6-3 where the output is fed back to regulate input to create the 'classic control system'. It is proposed that when people form a collectivity they create a *social* system. In the most limited sense it will replicate the processes involved in Figure 6-1, whereas Figure 6-3 shows a system that is regulated. These system archetypes are the unifying theory that provide commonality to Table 3-2 on page 56.

As an organisational heuristic, a systemic approach can be considered a binary decision. If the criteria of Table 6-1 can be fulfilled, then the manifestation(s) under study can be considered a system. A systemic approach to organisational analysis may appear elementary and prosaic to some, however, it illuminates four fundamental points.

First, concepts such as culture, identity and reputation can be considered *emergent properties* of a social system. An emergent property is defined as 'The properties that make sense in terms of the whole but not in terms of separate individual parts…' (Harry 2001, p.58). Thus, adjectives such as ethical, entrepreneurial, employee-oriented, stagnating, and predatory represent a holistic perspective, or emergent property, of the collectivity. These only make sense when the individuals (acting as components in the system) act as a collectivity with a supra-, all encompassing, identity.

Secondly, the control system that regulates the input of the system can be considered as a cumulative form of past organisational learning, whereas organisational learning for the future will form strategy. Thus, further reference is made to the temporal nature of learning.

Thirdly, a systemic approach to organisations is conspicuous by its absence (Atwater et al. 2008). Whilst Silverman (1970) points out the 'severe logical difficulties' of a systems view to organisations, except as a heuristic device, systemic thinking seems to be treated with disdain in certain quarters. For example Karl Weick, the leading proponent on *sensemaking*, asserts that:

> Despite its popularity, however, the notion of 'system' is an elusive one. Many books on systems theory do not offer a formal definition of the systems concept, (Weick 1995, p.57)

The three definitions of a system offered on page 61 contradict this assertion. Weick's later comments are even more scathing:

> …. systems theory often represents little more than old conceptualisations dressed up in new and needlessly complex jargon. For many, it is another case of the emperor having no clothes (Weick 1995, p.58).

Solipsism is the philosophic theory that the self is the only thing that can be known to exist. (Sinclair 2001). Weick's comments form an ideological hegemony through epistemological solipsism, a form of academic 'one-upmanship' (Pinker 1997; Glaser and Strauss 1999). In reviewing the literature on organisations a profound change in emphasis seems to have occurred in the literature as organisational behaviour developed as a discipline. The work of sociologists such as Katz and Kahn 1966; Perrow 1970; Silverman 1970; Pfeffer and Salancik 1978; Perrow 1986 who studied the quddity of organisations became overlooked in favour of a discipline that studied the manifestations of people's behaviour in organisations (Pfeffer and Sutton 2006b). In fact the term organisational behaviour is both ambiguous and a further example of reification. Is it about how individuals behave in organisations, or how organisations behave?

This situation is one that has evolved over time. Commenting in the third edition of *Complex Organizations* back in 1986, Perrow comments on the ubiquity of the processural model in the literature. However, leading books on organisational behaviour, for example Chell 1987; Huczynski and Buchanan 2001; Brooks 2003, show that the approach that has come to dominate is the way in which people behave *in* organisations. Indeed some texts on organisational behaviour, for example Brooks (2003), does not offer a formal definition of an organisation. For others a definition is not a priority. Chell (1987), for example, does not examine definitions of organisations until two-thirds of the way through her text. Thus as with many aspects of social science there is no single, universally-accepted definition of what constitutes an organisation.

Fourth and finally, it helps to resolve the question about treating organisations as homomorphic extensions. Organisations are homomorphic to the extent to which their output(s) are similar. For example companies that produce commodities such as oil, gas or electricity are homomorphic. Thus viewing organisations as a 'black box' facilitates more meaningful comparisons.

In the final analysis it is rather ironic that Senge, a student of Jay Forrester, used a systems dynamic approach rather than a basic systems approach of the input-process-output archetype to describe learning and organising. The evidence shows a move away from a systems approach, which has subsequently been rejected (though not explicitly) through the rise of the school of organisational behaviour.

For some authors organisational learning is a metaphor for individual learning (e.g. Huber 1991a; Pedler et al. 1991; Dodgson 1993b; Klimeki and Lassleben 1998; Elkjaer 2004). Indeed some authors see the learning organisation as a metaphor (e.g. Cornelissen 2005). Whilst many of the authors claim they are using a systems approach (e.g. Levitt and March 1988; Dodgson 1993b; Miner and Mezias 1996; Klimeki and Lassleben 1998; Lähteenmäki et al. 2001; Williams 2001) most of them do not seem to know how to use systems analysis. Disturbingly Weick (1995), a leading proponent of the interpretivists' school does not, or cannot, relate to systems thinking.

6.4 *An Uncritical Adoption of Learning*

A criticism of practitioner-oriented literature is that the theme of learning has been incorporated, somewhat uncritically, into the literature. Handy (1985, p.201), for example, asserts that 'mankind is essentially a learning creature'. This uncritical adoption is echoed in the learning organisational literature. For example Senge (1997, p.347) states '… I think that the human being has a deep drive to learning', whilst starting his first article for Sloan Management review as follows:

> Human beings are designed for learning. No one has to teach an infant to walk, or talk, or master the spatial relationships needed to stack eight building blocks that don't topple. Children come fully equipped with an insatiable drive to explore and experiment. (Senge 1990, p.7)

At the fundamental level it is proposed that, *learning is an enabler: it facilitates a transition previously denied to an individual*. However, at the organisational level this analysis overlooks at least 7 aspects:

1. Absence of learning definitions
2. The malevolent aspects of organisational learning.
3. Inappropriate transference of learning
4. Over-learned behaviour
5. Organisational forgetting
6. Partial organisational learning
7. Sustained organisational learning
8. The threshold of organisational learning

The first criticism of the school of learning at the organisational level is the absence of clear learning definitions. Chapter 4 used the systems dynamics style of archetypes used by Senge (1997) in *The Fifth Discipline*. However, Senge does not use these archetypes himself. Underpinning the work of Garvin (1993), Garratt (2000) and Watkins and Marsick (1993) is the philosophy of action learning. The same could be said of Pedler et al. (1991) though the

connection tends not to be made overtly. This manifests itself in a literature of disillusionment on the learning organisation (Argyris 2001). For example in Elkjaer (2001) *The Learning Organization: An Undelivered Promise* there is no distinction between cognitive and experiential learning. Another work that make this fundamental error includes Accenture (2004).

Secondly, as pointed out in section 4.3.1 by Argyris and Schön (1996), not all organisational learning is beneficent, the 'dark side of social capital' as Putnam puts it (2000, p.350). Activities such as fraud, blackmail, bribery, harassment, bullying, theft, racism, sexism and ageism are all equally valid learning outcomes (Miner and Mezias 1996; Lähteenmäki et al. 2001). They are, of course, completely undesirable examples of collective learning. When they involve more than one individual there is a danger that such malevolent behaviour can spread and become institutionalised. Indeed the recent problems facing alleged corruption at Siemens is a manifestation of this 'dark side' (Grieves 2008).

The third criticism levelled at the literature of learning at an organisational level is inappropriate transference of learning. Chapter 4 argued that much adult learning involved the use of transference, after the work of Bateson (2002). Garvin (1993) claims that managers have a tendency to draw parallels that are incorrect and misleading from previous experience. Mergers and acquisitions are cited as a particular example of this manifestation (*ibid.*). Management is highly contextualised, therefore lessons learned in one particular context may not necessarily be transferable to other contexts (Kanter 1997; Pfeffer and Sutton 2006b).

The fourth element, over-learned behaviour, follows on from inappropriate transference of learning. Over-learned behaviour is defined as:

> … looking too much at one set of circumstances instead of contemplating all the possibilities and discontinuities one might face in current situations. (Morrell and Capparell 2001, p.47)

Cohen and March (1974) caution that managers will find the meaning and context of today's actions buried in past experience. Usually over-learned behaviour is associated with unquestioned tradition (Shils 1981): inherited wisdom that proves harmful to the future prosperity of the collectivity. The result of over learning is what James March refers to as the 'hot-stove effect' (Coutu 2006), where memory becomes an enemy of progress (Cohen and March 1974). The way to escape this is through double-loop learning, as discussed in section 4.3.2.

Staw (1981) wrote a compelling article entitled *The Escalation of Commitment to a Course of Action,* where strategy formulation builds upon successive decisions in such a way that its trajectory becomes inescapable. Argyris (2001) coined the phrase 'dynamic conservatism' to describe an organisation's preference for a strategy of undeviating intent. In a sense this is similar to the retrospective sensemaking of Weick (1995). Referring back to Figure 3-5 on page 70 it is assumed that dynamic conservatism will be higher amongst normative organisations than utilitarian organisations. The utilitarian view is characterised by the work of such authors as Drucker 1982; Argenti 1993. Thus, the survey instrument asks two questions that specifically refer to double-loop learning. Both these questions are about challenging assumptions: Question 23 (learning, dialogue) and Question 29 (strategy, rules).

Although perhaps the worst manifestation of a reification, organisational forgetting is the opposite of organisational learning. Organisational forgetting includes memory decay, failure to capture learning, unlearning and avoiding bad habits (de Holan et al. 2004). The term was coined by de Holan and Phillips (2004) who observe how a Cuban hotel was unable to deliver a consistent level of service due to rapid staff turnover. A similar occurrence was recorded after the cessation of Liberty Ship construction in the United States where knowledge of their construction had diminished by as much as 97 percent within twelve months. (Argote et al. 1991; Epple et al. 1991). Also in the United States, Stiglitz (2002, p.115) refers to the potential damage created by the "destruction of informational capital" that would have been caused had the weaker banks been closed down, rather than bought-out during the U.S. Savings and Loans Crisis of the 1980s. The survey instrument thus asks about whether the organisation makes the same mistakes repeatedly (Question 19).

Partial organisational learning is related to the incorporeal nature of the collectivity. Learning in an individual may be observed and measured, but what organisational depth is required before an organisation can be considered to have learned? (Hedberg 1981; Finger and Brand 2001; Lähteenmäki et al. 2001; Williams 2001)

> The concept of the learning organization favours individual and collective learning processes at all levels of the organization, but does not connect them to the organization's strategic objectives, even though the assumption certainly is that such a connection exists. It is therefore imperative, in our view, that the link between individual and collective learning and the organization's strategic objectives be made. *All currently existing theories on the learning organization, including Dixon's collective learning cycle, simply assume such a link, without making it explicit how this works, nor what the exact strategic outcomes are for the organization.* This shortcoming speaks in favour of some form of measurement of organizational learning, so that one can assess whether and to what extent such learning contributes or not to the organization's strategic objectives. (Finger and Brand 2001, p.147. Emphasis added)

Sustained organisational learning, on the other hand, refers to a long-term improvement. This is in contrast to systemic problems (Repenning and Sterman 2001; Repenning and Sterman 2002) where a short-term improvement was at the expense of long-term performance. Ideally the output needs to be sustained independently of the key individual's participation. Thus:

> ... interpretations of the past can be embedded in systems and artifacts (e.g. structures, transformations, ecology), as well as within individuals In this way, organizational memory is both an individual- and organizational-level construct (Walsh and Ungson 1991, p.61).

According to this view organisational learning can only ever be considered partial (Williams 2001). This criticism is not measured in the survey instrument, but it becomes part of the taxonomy that explains different philosophical views of the school in Chapter 10.

The seventh and final supposition is concerned with the threshold of organisational learning. With the exception of a few thoughtful commentators (Fiol and Lyles 1985; Kim 1993) the organisational learning literature seems mostly satisfied with the following quote:

> … an organization learns *if any of its units* acquires knowledge that it recognizes as potentially useful to the organization. (Huber 1991b, p.89)

Thus, the point is, how can we decide that an organisation has actually *learned*? Chapter 4 examined learning at the individual level. Figure 4-2 on page 76 illustrated Kolb's learning cycle in the context of cognitive and experiential learning. Learning, from a systemic point of view at least, was defined as the detection and correction of error (Argyris and Schön 1996; Argyris 2001).

Whilst it is the foundation of this school, the Kolbian model has its limitations (Allinson and Hayes 1988; Holman et al. 1997; Vince 1998). Firstly it does not involve any discrimination about the efficacy of the learning, i.e. there is no decision-making at any stage of the process. Secondly the model assumes that everything learned will be remembered, '… experience may be a wise teacher, but that its lessons are easily forgotten' (Garvin 2000, p.98). Thirdly, as Argyris and Schön (1996) point out, not all learning is beneficent.

Finally, no consideration is made about the duration of the cycle. The process of incorporating performance into knowledge may be relatively short, lasting less than a second, when the learning point will be absorbed. However, the cycle may take several years to complete. This is demonstrated in 'anticipatory socialisation' associated with the training of certain occupational roles such as a doctor, a nun (Ebaugh 1988) or a police officer (Levitt and March 1988).

Arguably all learning is experiential to some degree, even when it is relatively cerebral. A student sat in a classroom, though for the large part physically inert, is still engaged in a 'learning experience'. Thus, it is the level of experience and its attendant effect on future behaviour that needs to be considered in the conversion from cognitive to experiential learning, and vice-versa. The question of whether an organisation has learned is not measured in the survey instrument. Rather it is part of the integrative taxonomy shown in Chapter 10. This explains the different perspectives of the school of learning at an organisational level.

6.5 *An Uncritical Adoption of Organisation*

As with most aspects of social science, there is little, if any, agreement on the definition of an organisation (Gabriel and Schwartz 1999). Ghoshal (2005) points out that the consumption of theory is directed at managers. This is reflected in the definitions of Chapter 3 where the emphasis is very much on such concepts as 'goals', 'purpose' and 'control' (Gabriel and Schwartz 1999). Critical concepts such as 'nation' have been simply overlooked, or at best relegated, to considerations about an equally amorphous concept, *society*. This is congruent with the observation that the macro analysis is usually restricted to one level above the one being considered (Perrow 1986). Thus,

> Despite the appeal of this image [of the learning organization] there is little agreement about the nature of learning within organizations and indeed whether it is possible to claim that organizations learn (Antonacopoulou 2001, p.217).

Thus, the majority of the literature that purports to develop organisational theory does not consider the variation or complexities involved in organisational analysis. Respected sociologists such as Katz and Kahn, Perrow, and Silverman are somewhat audacious in their approach as they all make sweeping generalisations and assumptions about the homomorphic nature of organisations.

Additionally, there is a tendency to concentrate on the occupational manifestations of organisation at the expense of other forms. Thus, discussions of technology and complexity hardly encompass wider society arrangements for collectivities such as nationhood, the family, a barbeque or for that matter, the local Sunday school mentioned in Chapter 3. Indeed Perrow (1986) dismisses families, small groups and small-town associations as 'trivial organisations'. Arguably these are collectivities that would need to be incorporated in the concept of 'organisation' if the concept of 'the learning organisation' is to have any validity. This analysis leads to two conclusions. The first is what I have termed the *social constructivists' paradox*: how interpretivists have created a solipsistic discipline view by ignoring the functionalist view of organising. The second criticism is concerned with the absence of an epistemological perspective. That is to say, there is little recognition of the

conventional disciplines such as marketing, finance and operations and how they may have different learning perspectives.

Coterminous implies the coexistence of two entities (Sinclair 2001). Pfeffer and Salancik (1978) points out organisations are ultimately coalitions of various conflicting and competing interests. That is to say, individuals within the coalition have a dynamic view on their varying degrees of compatible and incompatible goals (Bolman and Deal 2003). Failure to satisfice individual and organisational requirements will create instability that may be unsustainable in the longer term (Friedman and Miles 2006). Thus, an organisation will continue to exist to the extent that it continues to attract resources from *without* the organisation (Pfeffer and Salancik 1978) and also succeeds in maintaining the coalition *within* the organisation.
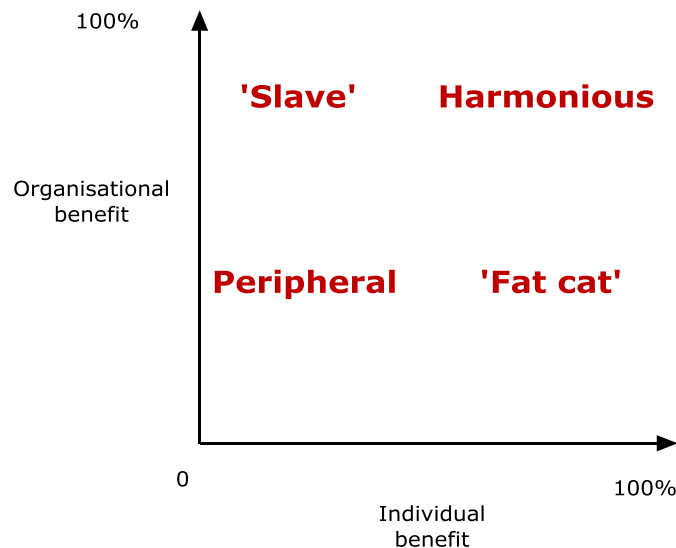
Figure 6-6 A Calculus of Individual and Organisational Exploitation
Source: Author

Pinto et al. (2008) make the distinction between corrupt organisations and organisations with corrupt individuals. This tension between the person and the collectivity is illustrated in Figure 6-6 in what might be called a calculus of individual and organisational benefit. Figure 6-6 is therefore a measure of the psychological contract (Cullinane and Dundon 2006), or the 'subordination of the individual interest to the general interest' (Huczynski 1993, p.14). In the survey instrument this will be measured by Proposition 11 where corporate longevity is facilitated through prioritising collective needs (Question 33) and loyalty to the company (Question 34).

Thus in the circumstance of a 'slave' the collectivity gains with little benefit to the individual. In the 'fat cat' quadrant the individual is exploiting the organisation. If the benefit is of little

significance to either the individual or the organisation the advantage is peripheral. The ideal is shown in the *Harmonious* quadrant – where individual and organisational benefit is perceived to be mutual. This quadrant has been previously referred to as 'exact coincidence' by Wright Mills (1959) and the 'moral' dimension by Etzioni (1975). This may be considered a virtuous cycle where mutually reinforcing 'norms of recipricosity' (Putnam 2000) exist between the individual and the greater good. It is recognised that this quadrant is an ideal type, and subject to considerable internal and external economic, financial and political turbulence.

6.5.1 The Social Constructivists' Paradox Revisited

Chapter 4 established the two principal divisions in the literature on organisations, whilst section 4.8 established that a bifurcation exists in the literature on learning at an organisational level. The first division is the functionalist, or practitioner-orientated literature. This ontology assumes an organisation to be a tangible, physical and significant manifestation of human interaction. To the interpretivists in the academic-oriented literature, however, organisations are abstractions of intersubjective meaning: social concepts by which individuals relate to the world in which they live (Burrell and Morgan 1979; Walsh and Ungson 1991; Weick 1995). Indeed in a paragraph strongly reminiscent of the first chapter of *Catch 22,* Weick (1995) declares:

> [Previously] I urged people to stamp out nouns… in their efforts to understand organizing. Nouns such as *environment* and *organization* conceal the fact that organization is about flows, change, and processes. So-called stable structures are noteworthy largely because they are prone to unravel. A recipe for disaster these days is, "let's get this quality thing behind us." Quality is seen as something that can be fixed once and for all, after which people move on to the next problem. Fixed entities are things that people fix, and once fixed, they are supposed to stay fixed. That is the world of nouns. It is a perfectly consistent world of structures. The trouble is, there is not much in organizations that corresponds to it. (Weick 1995, p.186)

However, the social constructivist's world tells us little, if anything, about the transmission of learning between individuals. Section 4.5 on page 81 discussed intrapersonal and interpersonal learning through socialisation (Mintzberg et al. 1998), memes (Dawkins 1976) and tradition (Shils 1981). In particular socialisation through acculturation and enculturation assume the individual becomes enveloped by the collectivity, rather than recognising it as a reflexive and dynamic process. This is shown in the work of Mintzberg et al. (1998), which despite their protestations to the contrary, still displays a managerialist viewpoint. The existing members of the coalition need to assimilate and accommodate, to some degree, the new individuals for the alliance to continue (Piaget 1950; Arnould et al. 2004).

According to a number of writers organisational culture is a form of encapsulating the organisational learning of the informal organisation. The classic example of this is Cook and Yannow (1993). In the temporal nature of learning it was noted that learning has three constructs: a past, a present and a future. Organisational culture, it is argued, is the current manifestation of the dynamic set of normative rules on how people behave towards each other.

However, a number of tacit assumptions are made about culture as a learning process (Polanyi 1967). Johnson and Scholes (2002), for example, do not explain all the components of Figure 4-5. Instead it is left to the reader to interpolate the missing explanations. This perhaps confirms Polanyi's remarks that much of culture is tacit and does not need any explanation (Polanyi 1967). The marketing literature, meanwhile, provides manifestations of ritualistic behaviour such as parades, elections, trials, fraternity initiations, business negotiations, office parties and gift giving (Arnould et al. 2004).

Polanyi (1967, p.4) coined the expression 'we know more than we can possible tell'. Writers such as Deal and Kennedy 1988; Goffee and Jones 1996 refer to a 'strong culture' but fail to explain, in their tacit assumptions, how this is manifested:

> Culture, then, is what remains to bolster a company's identity as one organization. Without a culture, a company lacks values, direction, and purpose. Does that matter? For the answer, just observe any company with a strong culture – and then compare it to one without (Goffee and Jones 1996, p.133).

Thus, when it comes to culture it seems we know more than we need to articulate when it comes to communicating about human nature (Polanyi 1967). The hypothesis is that we readily acknowledge culture but refute tradition as a pejorative term (Shils 1981).

Figure 3-1 introduced functionalist and interpretivist literature. Section 6.5, meanwhile, introduced the concept of the social constructivists' paradox. To the social constructivists concatenating the concepts of 'organisation' and 'learning' is what Ryle (1949) would term a 'category mistake'. In *Organizational Learning: Affirming an Oxymoron*, Weick and Wesley (1996) claim that learning is concerned with disorganising and increasing variety, whereas organising is to forget and decrease variety. The idea is similar to diverging and converging thinking proposed by Rogers and Freiberg (1994) and Schumacher (1977). Here learning is represented as diverging and organising is represented as converging.
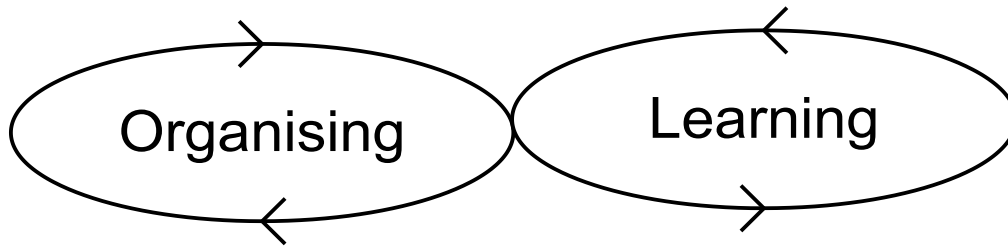
Figure 6-7 The Relationship between Learning and Organising
Source: Author

The interrelationship between organising and learning is shown in Figure 6-7 where both activities are mutually dependent. Whilst this approach appears to be mixing the creativity with learning in its widest sense, it does imply that organisational learning itself is a *reification of reifications*. Although Weick effectively substituted sensemaking for learning, this interrelationship is effectively acknowledged by him as a leading social constructionist:

> Both organizations and sensemaking processes are cut from the same cloth. To organize is to impose order, counteract deviations, simplify, and connect, and the same holds true when people try to make sense. Organizing and sensemaking have much in common. (Weick 1995, p.82)

Thus, whilst the functionalist ontology contains the limitations of reification, the social constructivist paradox restricts analysis to the concurrent interaction of people. Perhaps this is best illustrated in the context of the work of Weick (1995) who suggests that individual sensemaking may be an oxymoron: we can only understand context through the action and interpretation of others.

Some authors argue that organisations can be considered as aggregates of people (e.g. Smith 1998; Argyris 2001; Bateson 2002). Chapter 3 characterised organisations as being incorporeal, ephemeral and nebulous. Section 6.2 identified three heuristics used in analysing this incorporeal, ephemeral and nebulous entity by metaphor, systems and ideal types. Thus, if an organisation can be considered as a system, organisational learning can be considered as an emergent property of that system. The learning organisation, meanwhile, can be considered an ideal type.

Thus, the social constructivists' paradox is essentially academic pedantry: an extension of Ryleian philosophy taken to an extreme. By taking a systems approach *organisational learning is an emergent property of individuals competing and cooperating in an occupational system*. Though it would appear that basic input-process-output diagram has become lost to the discipline that colonised the concept of the learning organisation. Chapter 10 offers a resolution to such confusion by offering a typology that explains the different perspectives used in learning at an organisational level.

6.5.2 Absence of Epistemological Perspectives

Argyris (2001) points out that functional specialisms are intended to offer a theory about how to control proceedings over an area of responsibility. Epistemological distinctions are common within the literature on business and management education (Mintzberg 2004b). However, as Morris (1997, p.51) points out the real-world is 'seldom if ever rigorously organized into the intellectual disciplines so dear to academics'. Or as another commentator put it: 'The world does not match the static demarcations of university departments and its disciplines…' (Grey 2004, p.180).

The interdisciplinary nature of organisational learning is recognised within the literature (Easterby-Smith 1997; Easterby-Smith et al. 2001). The functional areas that we will consider are strategy, marketing, finance, information systems, human resources, production and operations management (Daft and Steers 1986; Harry 2001; Johnson and Scholes 2002). Thus, so far as the learning organisation is concerned there is little consideration of how the concept would or could impact on the various different functions of a company.

According to McGovern et al. 2004 it is the responsibility of the marketing function to translate innovations that will drive growth. Marketing thus tracks the changing needs of customers. This can be divided into anticipated and unanticipated demand (McGovern et al. 2004).

> … marketing imagination requires deep insight into the needs, lifestyles, and aspirations of today's and tomorrow's customers. Companies with marketing imagination are able to lead customers where they want to go before customers know it themselves. (Arnould et al. 2004, p.181)

Thus the marketing function needs to learn and produce knowledge about customers' needs by sensing the market (McKee 1992; Dodgson 1993a; Arnould et al. 2004). They are 'able to lead customers where they want to go before customers know it themselves' (*ibid.*, p.181) and 'go beyond what consumers are able to tell researchers to find new ways to create value for them'. (*ibid.*, p.166).

It is generally accepted that the finance function is concerned with the recording of historical transactions (Christensen et al. 2008). According to Gambling (1977) the finance function is concerned with uncertainty-reducing rituals with a need for certainty, simplicity and truth. However the finance function has a predominance in the past (Dodgson 1993a), hence the

rationale for the managerial innovation of *The Balanced Scorecard* (Kaplan and Norton 1996).

Information systems have become a source of competitive advantage within an increasingly knowledge-based economy (Laudon and Laudon 2007). However, there is little evidence that this discipline is interested in human learning. Organisation learning has had an impact on this discipline (e.g. Robey and Sahay 1996), as arguably it is one of the fastest moving of all industries (Burnes et al. 2004).

To use a term coined by Wright Mills (1959) it would appear the discipline of organisational behaviour has 'colonised' the learning organisation concept. This is illustrated by the inclusion of the learning organisation as a section of the fourth edition of Huczynski and Buchanan (2001). Section 5.3.2 discussed the collectivist school of the learning organisation that took training as its central function. Thus, to at least some members of the human resource community, training is concerned with attaining the skills, knowledge and attitudes for a new member to be assimilated into an organisation.

The concept of the learning curve dates back to 1922 when the correlation between the cost and quantity of production was first discovered (Wright 1936; Andress 1954; Hirschmann 1964; Garvin 2000). Thus it was noticed that as production increased the collectivity was able to increase productivity whilst reducing waste, materials and overhead (Wright 1936).

The Model-T is cited as a classic example of a learning curve in action (e.g. Abernathy and Wayne 1974). In 1906 the Model-T was priced at $5,000. After eight million units had been produced the price of a Model-T was priced at $900 in 1923. Typically, for every doubling of the original output produces a 75 to 85 per cent reduction in cost (Wright 1936; Abernathy and Wayne 1974; Cameron and Quinn 1999; Garvin 2000). Thus:

> Learning and experience curves are universal sources of competitive advantage. Consultants have long extolled the virtuous cycle of increasing output, reaping the benefits of experience, reducing prices, seizing market share, and then repeating the process until an unassailable competitive position has been established. (Garvin 2000, p.98)

According to Garvin (2000) the effects of a learning curve are not confined to manufacturing but apply to almost any repetitive action. Arthur and Huntley (2005), for example, investigate a learning curve for cost reduction ideas, based an employee incentive scheme. Leslie and Holloway (2006), meanwhile, wrote about a 'sales learning curve'.

Measuring and improving performance is thus central to the discipline of production and operations management where the litany is 'Better, faster, cheaper' (Blackler et al. 2001, p.195). Furthermore, continuous improvement, or *kaizen* to give its modern vernacular, is central to the discipline of Total Quality Management (Slack et al. 2007).

Indeed the cyclical improvements shown in Kolb's Learning Cycle of Figure 4-2 are also incorporated into the production cycles of:

1. Do, plan, check and act (Ishikawa 1985; Deming 1986; Slack et al. 2007)
2. Define, measure, analyse, improve and control (Slack et al. 2007)

Thus, although not explicitly stated, operations management was the discipline that effectively invented organisational learning through its drive for production efficiency.

McGovern et al. (2004) assert, however, that a company does not necessarily need to excel in all the above areas except those that support their main business driver. A business driver is a set of circumstances that:

> … when manipulated or otherwise changed, will directly and predictably affect performance. Business drivers are, by definition, leading indicators of revenue growth (McGovern et al. 2004, p.72).

McGovern et al. (2004) continue that business drivers are going to be different for different organisations. They assert that customer satisfaction will have more impact on high-volume, high-repeat sales, citing queue lengths at Starbucks as an example. Tesco, meanwhile, is also cited as an exemplar in identifying twenty variables of business drivers that include consumer awareness, brand image, and customer conversions.

Effectively this disregard for the various separate functions of a company ignores the political dimensions of companies. It therefore assumes a unitary view between the individual and the organisation. This is the 'Harmonious' sector shown in Figure 6-6 on page 154. Thus interdepartmental rivalry, parochial viewpoints and original professional training may become a barrier to learning in organisations (Dodgson 1993a; Morgan 1993; Morgan 1997).

Thus how different functions of a company might approach organisational learning is never really explored. A company is assumed to be an homogenous whole. So far as the survey instrument is concerned these issues manifest in Propositions 12 (strategy, unitary), 13 (change, hierarchy) and 15 (change, politics). These are concerned with the manifestation of a monoculture, formal authority, and organisational politics respectively.

6.6 *The Absence of Relevant Empirical Evidence*

Jackson (2001) makes the obvious but necessary comment that guru status is a social creation. In some respects gurus represent the 'pop culture' of business ideology. However, there is no denying their popularity. Section 2.4.1 referred to the adoption and diffusion of management theory. This discussed the life-cycle of management ideology, personified from the anti-guru literature by the following quote:

> The fads centre around the introduction of new techniques and follow a characteristic pattern. A new technique appears on the horizon and develops a large stable of advocates who first describe its 'successful' use in a number of situations. A second wave of advocates busy themselves trying out numerous modifications of the basic technique. *A few empirical studies may be carried out* to demonstrate that the method 'works'. Then the inevitable backlash sets in, and a few vocal opponents begin to criticise the usefulness of the technique, most often in the absence of data. Such cynicism typically has very little effect. What does have an effect is the appearance of a new technique and a repetition of the same cycle. (Campbell 1971,p.565-6. Emphasis added.)

In contrast to these assertions, there is little in the way of a 'literature of disillusionment' for the learning organisation. Section 6.4 explored the criticism of the learning organisation school's lack of coherence on learning. This was exemplified in *The Learning Organization: An Undelivered Promise* (Elkjaer 2001). Arguably part of the literature of disillusionment, but for the wrong reasons. Another example would include Tosey (2005) that predicts the demise of the learning organisation concept, as discussed in section 5.2.1.

However, it must be pointed out that the relevant empirical work promised by Campbell in the above quote never really happened. A few minor exceptions do exist. Examples from the organisational learning literature include; Tannenbaum 1997; Lähteenmäki et al. 2001. From the learning organisational literature, meanwhile, there is; Gardiner and Whiting 1997; Lennon and Wollin 2001; Moilanen 2001a. However, 'neither [Tannenbaum (1997) nor Moilanen (2001a)] set out clear criteria for evaluating the point at which one could call a company a learning one' (Lähteenmäki et al. 2001).

Examples of disillusionment, or at least cynicism, do exist in the practitioner-oriented literature. For example, from the monthly magazine by the Chartered Management Institute *Management Today*:

> What a lovely future, for example, is promised by The Fifth Discipline, one of those management books that says competitive advantage will be all about becoming a learning organisation. Why don't managers and their styles match up to the books? Well, there are a few intervening realities. While these books, mainly written by academics, provide a golden treasury of rhetoric for HR and Corporate Communications people - speech writers in particular - most leaders don't have time to read them. They're too busy. They're on a three year contract to change the world. (York 2002, p.79).

Thus the anti-guru school assert that:

> ... As contradictory theories zip past them, managers have learned how to pay lip service to theories without really understanding them, let alone bothering to implement them (Micklethwait and Wooldridge 1996, p. 20)

However, criticisms, other than the rather flippant ones reviewed in section 5.3.1 are few and far between. In fact, Jackson (2001) is the only person to have done any substantial work on the learning organisation. Whilst criticisms of the learning organisation do exist, these are from relatively obscure pieces of work. Jackson (*ibid.)* also makes the point that Senge has never responded to his critics.

As became apparent in Chapter 5 there is an absence of any empirical work until *Built to Last* and *Good to Great* were published in the normative literature. As already mentioned, these two works are not really considered part of the learning organisation literature. This confirms the observation of Huczynski (1993) where greater weight is given to a limited number of case studies. This complaint also manifests in the organisational learning literature (e.g. Lähteenmäki et al. 2001). Thus Senge draws extensively on consultancy client Bill O'Brien of Hanover Insurance. Jackson (2001) reports that these anecdotes relate to consultancy experiences gained by Senge who was drafted into Hanover insurance by O'Brien along with Chris Argyris and Lee Bolman from Harvard Business School. Pedler et al., meanwhile, have 101 glimpses of a learning company, whilst Watkins and Marsick draw extensively on case studies. The result, therefore, is that the evidence is heavily anecdotal.

The purpose of this research is to provide empirical research that confirms or falsifies the concept and its inherent assumptions. Figure 2-3 on page 35 explored the dimensions of *creative realism*. Thus, where the literature on the learning organisation is concerned with *creative idealism* the approach taken in this thesis is a measure of *conservative realism*.

6.7 *The Absence of Leadership*

Leadership is a very topical and emotive subject amongst managers (Mintzberg 2004b). Whilst it tends to be a rather evasive as a topic of study, it is generally accepted that the future of the organisation is largely dependent upon the actions (and indeed inactions) of the top-management team (Porter 1980; Luffman et al. 1996; Johnson and Scholes 2002). However, leadership is almost totally absent from the literature on learning at an organisational level. Indeed from the classical learning organisation literature reviewed in Chapter 5 only Garratt (2000) directly refers to it.

Table 6-2 shows an analysis of four years of Harvard Business Review articles with a derivative of 'leader' or 'leadership' in the title. Though hardly a rigorous measure, an increased and sustained popularity can be discerned. Section 2.2 claimed that in the practitioner-oriented literature the autobiographies of business leaders provide exemplars of inspiration for current leadership incumbents. Examples include Iacocca 1987; Harvey-Jones 1998; Branson 2000. Others seek leadership exemplars from the past, for example *Shackleton's Way* (Morrell and Capparell 2001). Indeed there is an almost insatiable appetite for the topic of heroic leadership (Jackson and Parry 2001; Mintzberg 2004b), with only a small number of detractors (e.g. Buchanan 2005a).

Ciampa 2004	Almost Ready: How Leaders Move Up
Drucker 2004	What Makes an Effective Executive Leadership
Mintzberg 2004a	Enough Leadership
Ready 2004	How to Grow Great Leaders
Collins 2005	Level 5 Leadership: The Triumph of Humility and Fierce Resolve
Goffee and Jones 2005	Managing Authenticity: The Paradox of Great Leadership
Hewlett et al. 2005	Leadership in Your Midst: Tapping the Hidden Strengths of Minority Executives
Mayo and Nohira 2005	Zeitgeist Leadership
Priestland and Hanig 2005	Developing First-Level Leaders
Quinn 2005	Moments of Greatness: Entering the Fundamental State of Leadership
Rooke and Torbert 2005	Seven Transformations of Leadership
Dooher 2006	Leadership in Literature: A Conversation with Business Ethicist Joseph L. Badaracco, Jr.
Frohman 2006	Leadership Under Fire
Groysberg et al. 2006	Are Leaders Portable?
Hamm 2006	The Five Messages Leaders Must Manage
Kellerman 2006	When Should a Leader Apologize – and When Not?
Spreier et al. 2006	Leadership Run Amok: The Destructive Potential of Overachievers
Ancona et al. 2007	In Praise of the Incomplete Leader
Bossidy 2007	What Your Leader Expects of You
Bower 2007	Solve the Succession Crisis by Growing Inside-Outside Leaders
Eagly and Carli 2007	Women and the Labyrinth of Leadership
George et al. 2007	Discovering Your Authentic Leadership
Ibarra and Hunter 2007	How Leaders Create and Use Networks
Kellerman 2007	What Every Leader Needs to Know About Followers
Martin 2007	How Successful Leaders Think
Miles and Watkins 2007	The Leadership Team: Complementary Strengths or Conflicting Agendas
Snowden and Boone 2007	A Leader's Framework for Decision Making
Sonnenfeld and Ward 2007	Firing Back: How Great Leaders Rebound After Career Disasters
Ulrich and Smallword 2007	Building a Leadership Brand

Table 6-2 Analysis of Harvard Business Review Articles on Leadership 2004-2007

Leadership, however, is a disputed term. According to Mintzberg (2004b) some authors view leadership and management as mutually exclusive, following an influential article in *Harvard Business Review* by Zaleznik (1977). Kotter (1996) is a good example of this. Whilst this is an apparently popular notion with the consumers of management education, others authors see leadership as a role that is subsumed into a manager's job and vice versa (Mintzberg 1973; Mintzberg et al. 1998; Mintzberg 2004b; Mintzberg 2004a).

Mintzberg (2004a), for example, ridicules the claim that leaders such as Lou Gerstner from IBM added $40 billon of shareholder value during his tenure as CEO. Surowiecki (2007) makes the same point about John Chambers who allegedly added $300bn to Cisco's shareholder value. In Gerstner's case such heroic leadership ignores the contribution and

sacrifices made by his 380,000 co-workers, referred to on page 184. Indeed on this very topic Gerstner (2003) makes the following comment:

> … Thus began a lifelong process of trying to build organizations that allow for hierarchy but at the same time bring people together for problem solving, regardless of where they are positioned within the organization (Gerstner 2003, p.3)

The argument that Mintzberg (2004a) puts forward is that Gerstner provided the *right* level of leadership for the organisation to flourish:

> Such leaders care a lot more than they cure, they connect a lot more than they control, they demonstrate a lot more than they decide - not least through their own compensation and the retention of their people. (Mintzberg 2004a, p.22)

The argument thus advanced is that in long-lived, successful organisations leaders see themselves as stewards of the organisation preparing to pass the company to the next generation (de Geus 1999). This is exemplified in the following quote:

> Everyone was so focused and into it, and they all had one goal: to make this company successful. It was 'Look at what we did,' not 'Look at me.' (Vise 2005, p.195)

This approach is in sharp contrast to evidence provided by agency theory (Arthurs et al. 2008). From a Freudian perspective Becker (1997) argues that self esteem is based upon the need for an individual to feel themselves to be a hero: the object of primary value to the universe. This ranges from the "high heroism" of Churchill to the "low heroism" of the coal miner. Becker thus argues that the urge to heroism is natural in a society where self-esteem and heroism are interrelated. This illusion helps with our unconscious fear that everything is in fact highly vulnerable and transitory (Morgan 1997).

> It doesn't matter whether the cultural hero-system is frankly magical, religious, and primitive or secular, scientific, and civilized. It is still a mythical hero-system in which people serve in order to earn a feeling of primary value, of cosmic specialness, of ultimate usefulness to creation, of unshakable meaning. They earn this feeling by carving out a place in nature, by building an edifice that reflects human value: a temple, a cathedral, a totem pole, a skyscraper, a family that spans three generations. The hope and belief is that the things that man creates in society are of lasting worth and meaning, that they outlive and outshine death and decay, that man and his products count. (Becker 1997, p.5)

Leadership and a tendency towards narcissism are thus closely linked (Hambrick 2007). This tendency towards a heroic view of leadership is a facet of western culture (Pfeffer and Sutton 2006b). Moreover, this heroic view of leadership has a dark side, a propensity to distinguish between saviours and villains (Ross 1977). These extremes are confirmed by the work of Hofstede (1991) who maintains that this discrimination is a function of a culture's tendency towards individuality or collectivity. Western countries have an individualistic culture. Eastern countries have a collective view. The example given previously was that of Toyota, who changed CEOs with no discernable change in financial performance (Pfeffer and Sutton 2006b, p.98).

Indeed even the individual causality of a leaders' impact on organisational performance is a matter of dispute. Hambrick (2007), for example, estimates that leadership makes between 5-20% of difference. Pfeffer and Salancik (1978) estimate it to be between 5-10%. Furthermore at a national level, Leamer (2004) reports that a change in the country's leadership has little effect on the U.S. gross domestic product. Despite a change in leadership between every four to eight years the economy grew within a narrow range of ±3% for over 30 years. Indeed Cohen and March (1974) point out that a college makes a president and not the other way round. The same might be said of a CEO or a head of state.

A dichotomy can be thus said to exist between environmental determinism and individual causation. Managers are symbols of the organisation (Perrow 1986) that are ultimately held responsible for the success or failure of the enterprise (Pfeffer and Salancik 1978). For the purposes of this thesis leadership within the learning organisation is a quadrate with two first-order variables; structures and staff.

As will be explained in Chapter 80, the two leadership propositions are based on ideas from Mintzberg's *right* amount of leadership. Proposition 4 thus states that *A learning organisation will concentrate on enabling structures rather than negative behaviours*. Proposition 5 states that *The Learning organisation will have appropriate staff*. Thus, having recruited the appropriate staff the concept of good leadership is linked to the concept of empowerment.

6.8 *The Absence of Strategy*

The temporal nature of learning was introduced in section 4.3 on page 76. From a learning perspective strategy is concerned with influencing the future. Strategy can therefore be variously characterised as *fantasy* (Bateson 2002); *pre-mortem* or *prospective hindsight* (Garvin 2000); *preunderstanding* (Coghlan and Brannick 2002), *imaginal learning* (Heron 1999) *superstitious learning* Kim 1993; Bateson 2002) or *conjectural knowledge* (Popper 2003).

In *The structure and evolution of the strategic management field* Furrer et al. (2008) identify three eras that led to the development of the field of strategic management.

a)   The *precursor* period characterised by writers such as Taylor (1947), Barnard (1938), Simon (1947) and Selznick (1957). At this juncture the field was referred to as business policy (Argyres and McGahan 2002a). As Hambrick and Chen (2008) point out writers of this era observed the work of senior managers involved shaping the purpose of the enterprise to the environment. In terms of business policy, therefore, the role of the senior manager was significantly different to that of the middle manager (*ibid.*)

b)   The period of *birth* of strategic management in the 1960s. This is characterised by the work of Chandler (1962), Ansoff (1965) and Learned et al. (1965). In this era Furrer et al. (2008) claim that the emphasis shifted from a deterministic to a more contingent approach. However, they were still managerially oriented with an emphasis on normative prescription (*ibid.*)

c)   A *transition* period towards a research orientation that started in the 1970s. This culminated in the Pittsburgh conference of 1977 where the new title of strategic management was proposed (Hambrick and Chen 2008).

A fourth era can also be discerned from the review of Furrer et al. (2008). This provides a significant bifurcation in the strategy literature between what Kim and Mauborgne (2005) refer to as the structuralist view and reconstructionist view.

Competitive Strategy by Michael Porter (1980) changed the landscape of strategic management (Brandenburger 2002). Based on industrial-organisation economics, Porter derived frameworks that allowed managers to analyse competitive rivalry (Argyres and McGahan 2002b; Furrer et al. 2008). This view is based on the structure-conduct-performance paradigm of environmental determinism (Kim and Mauborgne 2005; Furrer et al. 2008)

During the same period a school of thought emerged that asserted strategies were derived unintentionally, or at least incrementally. Examples of the former include Mintzberg and Waters 1978; Mintzberg and Waters 1985, whilst Quinn 1980; Quinn 1989 are examples of the latter. This view is based on creating market space through innovation (Kim and Mauborgne 2005) or the creative destruction of Schumpeterian economics (Schumpeter 1934; Schumpeter 1976; Foster and Kaplan 2001).

The definitions above show that strategy is a contested term. However, it is now generally agreed that strategy is concerned with the future direction of the enterprise (Porter 1980; Luffman et al. 1996; Johnson and Scholes 2002). As the previous section implied, therefore, shaping the future is the responsibility for the leaders of the enterprise. As the model of the learning organisation shows, therefore, strategy is contingent upon leadership.

As Morgan (1997) points out, stability and control through regulation is the aim of any manager. Additionally Shils (1981) reminds us that a society is in continuous existence: no society remains still, each one is in unceasing change. The balance between control and anarchy was shown in Figure 3-1 as the sociology of radical change and the sociology of regulation. This is the 'order-conflict' debate of Burrell and Morgan (1979): creating stability

in one part of the environment will create instability in another. The series of propositions by Burrell and Morgan within the order-conflict debate is summarised in Table 6-3.

1.	Every society is a relatively persistent, stable structure of elements.
2.	Every society is a well integrated structure of elements.
3.	Every element in a society has a function, i.e. renders a contribution to its maintenance as a system.
4.	Every functioning social structure is based on a consensus of values among its members.
5.	Every society is at every point subject to processes of change; social change is ubiquitous.
6.	Every society displays at every point dissensus and conflict; social conflict is ubiquitous.
7.	Every element is a society renders a contribution to its disintegration and change.
8.	Every society is based on the coercion of some of its members by others.

Table 6-3 The Order-Conflict Debate
Adapted from Dahrendorf 1959, pp.161-2

Thus organisations are seen as representing a subsystem of the environment (Burrell and Morgan 1979). Strategy is also generally agreed to be in the province of senior management (Porter 1980; Luffman et al. 1996; Johnson and Scholes 2002; Elbanna 2006). Weick (1995) makes a useful distinction between a plan and a strategy. Plans are seen as the orderly direction with a clear specification of objectives and identification of routes and choice amongst alternatives (Cohen and March 1974). The following are offered as definitions for strategy:

… the actions managers take to attain the goals of the firm (Arnould et al. 2004, p.165).

… theory of the business… what is our business and what should it be? (Drucker 1982, p.533).

… [a] pattern or consistency in action (Mintzberg et al. 1998, p.189).

The opening statement of Porter (1980) declares that all companies have a strategy, by default, whether it is articulated or not. Mintzberg et al. (1998), meanwhile, make the distinction between planned and emergent strategy, where they claim that few strategies are purely deliberate whilst some are purely emergent.

In *Strategy Safari* Mintzberg et al. (1998) identify ten schools of thought on strategy, as shown in Table 6-4. According to Mintzberg et al. (1998) the majority of the literature on strategy is derived from the design, planning and positioning schools. This is the domain of planned strategy. Emergent strategy is characterised by the learning school which has a small literature (Mintzberg et al. 1998).

The concept of learning has had a big impact within the strategy field. Furrer et al. (2008) report on a content analysis of 2,125 articles that had appeared since 1980 in the following publications; *Academy of Management Journal*, *Academy of Management Review*, *Administrative Science Quarterly* and *Strategic Management Journal*. In all Furrer et al. (*ibid.*) identify 26 themes of research in which 'learning' did *not* appear as a distinct category.

School	Strategy formation as….
1. The Design School	Strategy formation as a process of *conception*
2. The Planning School	Strategy formation as a *formal* process
3. The Positioning School	Strategy formation as an *analytic* process
4. The Entrepreneurial School	Strategy formation as a *visionary* process
5. The Cognitive School	Strategy formation as a *mental* process
6. The Learning School	Strategy formation as an *emergent* process
7. The Power School	Strategy formation as a process of *negotiation*
8. The Cultural School	Strategy formation as a *collective* process
9. The Environmental School	Strategy formation as a *reactive* process
10. The Configuration School	Strategy formation as a process of *transformation*

Table 6-4 Mintzberg's Ten Schools of Strategy
Mintzberg et al. 1998, p.5

Mintzberg et al. (1998, p.223) are enthusiastic adherents of the learning school "because we feel it offers a counterbalancing force to the "rational" deliberateness that has for so long dominated the literature and practice of strategic management". However, Mintzberg et al. (1998) conclude that whilst learning is very much in vogue, there is the risk of going to the opposite extreme.

With the exception of Garratt (2000) and the minor exception of Pedler et al. (1991) strategy is rarely mentioned in the learning organisation literature. Pedler et al. (*ibid.*) mentions it in regard to 'Participative policy-making' and a 'learning approach to strategy'. Garratt (2000) meanwhile has chapters on 'Policy Learning' and 'Strategic Learning'. However for the large part all these approaches can be characterised as theoretical, prescriptive and largely anecdotal

Arguably strategy has two components, strategy formulation and strategy implementation (Johnson and Scholes 2002; Gerstner 2003). These are represented in the survey instrument in the strategy and change quadrants respectively. Table 6-5 shows the propositions and names of the variables in the first and second order model that relate to strategy formulation and strategy implementation.

#	Strategy	First-order variable
9.	A learning organisation will have a culture of playful experimentation.	Experiment
10.	A learning organisation will constantly challenge the rules of the industry.	Rules
11.	A learning organisation is committed to the longevity of the enterprise.	Longevity
12.	A learning organisation will have a unitary culture.	Unitary
	Change	
13.	The tension between hierarchy and learning is managed in a learning organisation.	Hierarchy
14.	In a learning organisation planning is more important than the plan.	Rules
15.	Organisational politics will be minimised in a learning organisation.	Politics

Table 6-5 First- and Second-Order Variables for Strategy and Change

As far as the strategy quadrate is concerned, Proposition 9 (strategy, experiment) asks about the level of experimentation within the company. With the removal of one question the survey revealed a high level of construct validity around this proposition. Proposition 10 (strategy, rules) determines whether double-loop learning in strategic formulation forms the basis of success. Ultimately this question was concerned with the extent to which the respondent organisations pursued disruptive business models. Again a high level of construct validity was achieved, with an equally respectable measure for variance.

Proposition 11 (strategy, longevity) refers back to Chapter 3 and asks if Chief Executives and Human Resources Directors view their organisations as utilitarian. Or, based on the work of de Geus (1999), if they are aiming to build a 'normative' organisation. This is reflected in the interview with the Sodexho, first referred to on page 29:

> My dream is not for us to be number one, but for Sodexho to continue for a long time... My observation has been that what are most sustainable over time are the world's religions. If you consider Christians or Muslims or Buddhists, you will see that what is most permanent, most sustainable, is religion. My dream is that the company is sustainable like that. (Ford 2003, p.45)

Ultimately this proposition proved relatively unsuccessful. Two of the questions were removed from the model. The theme of longevity was transformed into the issue of company loyalty, as it was the only question left in the proposition. Proposition 12 (strategy, unitary) is concerned with the idea of alignment, advocated by Senge (1997). This is referred to here as having a unitary culture. This theme is contested by the neo-learning organisation literature. The results, discussed in Chapter 9 revealed that Proposition 12 makes a relatively weak contribution to the model.

Within the change quadrate Proposition 13 (change, hierarchy) refers back to the characteristics of society, as shown in Table 6-3. The level of analysis of learning is rarely considered above that of organisation. Here it is argued that the propositions of Dahrendorf (1959) are equally applicable to an organisation as they are to society. Thus, in particular *Every functioning social structure is based on a consensus of values among its members* and *Every society is based on the coercion of some of its members by others*. Ultimately Proposition 13 produced a high level of construct validity and accounted for a high level of variance.

Proposition 14 (change, planning) is concerned with whether the respondents subscribe to the school of deliberate strategy, as advocated by Michael Porter, or emergent strategy, as advocated by Henry Mintzberg. Question 42, for example, challenges the rational views of organisations characterised by the design, planning and positioning schools. This question asks whether the respondent acknowledges that luck sometimes plays a part in success.

Unfortunately the 'luck' question had to be removed as it was not making a sufficient contribution. These indicate that planned and emergent strategies are not mutually exclusive. Proposition 15 (change, politics) is an extended case and justifies a separate treatment. The discussion on politics is therefore continued in the next section.

6.9 *The Absence of Politics*

Argyris and Schön (1996) inform us that when a mob is transformed into a collectivity capable of decision and action they become what the Greeks referred to as a *polis*. According to Morgan (1997, p.154) a polis is an "aggregate of many members". Thus before an organisation can be anything else, it is political (Argyris and Schön 1996; Morgan 1997). Politics can be defined as the competition for resource: even when this resource is the ability to influence decision making (Buchanan 2008).

The order-conflict debate of Table 6-3 on page 167 shows that organisations are characterised by the extent to which individuals collaborate and/or compete with each other for resources (Burrell and Morgan 1979; Morgan 1997; Bolman and Deal 2003). These resources may be economic or symbolic (Mintzberg et al. 1998). The competition for resources was covered under the coterminous agenda between individual and the wider collectivity in section 6.5 The conflict between the individual and the organisation was illustrated in Figure 6-6 on page 154.

Table 6-4 on page 168 shows the ten schools of strategy, as defined by Mintzberg et al. (1998). The power school is concerned with how individuals shape and reshape behaviours.

As Mintzberg et al. (*ibid.*) maintain, this competition will not be optimal and reflect the most influential groups within the collectivity. This was illustrated in the fieldwork of Dalton (1959) when powerful cliques were dispersed through reorganisations.

The next criticism is not novel. However, organisational politics has been largely ignored in the literature on learning at an organisational level (Coopey 1994; Lähteenmäki et al. 2001; Ferdinand 2004; Buchanan 2008). Some examples do exist, for example (Mahoney 2000; Vince 2003). However, with one exception (Vince and Saleem 2004) little has been researched that directly addresses the impact of politics. Thus referring back to Figure 6-6 on page 154 organisational politics is concerned with the exploitation of the organisation for the benefit of the individual, whereas learning would be to the mutual benefit to the individual *and* the organisation.

The absence of politics in learning at an organisational level has an impact on a) whether dialogue can truly exist in a competitive environment, b) how errors are managed within an organisation and c) its impact on corporate alignment.

Based on the work of Bohm (2003), Senge (1990) is a major proponent of dialogue within organisations. Dialogue forms part of the team learning component of *The Fifth Discipline*:

> In dialogue, a group explores complex difficult issues from many points of view. Individuals suspend their assumptions but they communicate their assumptions freely. The result is a free exploration that brings to the surface the full depth of people's experience and thought, and yet can move beyond their individual views (Senge 1997, p.241).

Section 4.11 on page 97 illustrated how After-Action Reviews (AARs) were used by the United States Army. This illustrates a point made by Drucker (1982) where the emphasis needs to be placed on *what* is right, rather than *who* is right. Thus as Preskill and Torres (2001) have pointed out, dialogue is concerned with questioning and accommodating multiple views of the same situation.

In order to generate dialogue the following conditions need to be present a) participants must be able to suspend their judgements b) all participants must treat one another with an appropriate parity of esteem c) there must be a facilitator who holds the context of discussion (Senge 1997; Bohm 2003).

According to Hume truth springs from argument amongst friends (Handy 1994; Garvin 2000) but is antithetical to hierarchy (Senge 1997; Bohm 2003). Whilst it is an acknowledged part of

Japanese product development (Nonaka and Takeuchi 1995), the question, therefore, is the extent to which hierarchy and dialogue are mutually exclusive.

The second dichotomy of politics refers to the way in which errors are interpreted and managed in an organisation. This is what Garvin (2000) refers to as the Santayana review "Those who cannot remember the past are condemned to repeat it." McClelland (1953), from a different generation, identifies three needs of individuals; a need for power, a need for achievement and a need for affiliation. For those individuals who have a need for power, mistakes create political vulnerability that can be exploited by others (Staw 1981). Thus, as Argenti (1993) contends, companies are designed for optimum performance. They are not designed for learning; mistakes are usually viewed as defects (Schoemaker and Gunther 2006).

The approach in the learning organisation literature, however, is far more idealistic. Senge, for example, offers the following vignette about making errors when a manager named Burke had been summoned to the office of General Robert Wood Johnson, Chairman of Johnson & Johnson.

> "Are you the one who just cost us all that money?" Burke nodded. The general said, "Well, I just want to congratulate you. If you are making mistakes, that means you are making decisions and taking risks. And we won't grow unless you take risks." (Senge 1997, p.300)

As Collins (2001) puts it, mistakes are 'tuition fees'. Indeed to confirm this particular point of view, *The Wisdom of Deliberate Mistakes* is an article that appeared relatively recently in Harvard Business Review (Schoemaker and Gunther 2006).

The final dichotomy with respect to politics is the question of corporate alignment that Senge (1997) advocates. Whilst the criterion of claimed central character of Albert and Whetten (1985) would be appealing to the authoritarian manager, it contradicts the need for dialogue that tolerates, indeed celebrates, diversity (Janis 1972; Surowiecki 2007). For example *Blue Oceans Strategy* (Kim and Mauborgne 2005) emphasises the need for corporate alignment, whilst Kotter (1996), talks about creating a guiding coalition where the emphasis is about *change leadership* rather than *change management*.

There is also contradictory evidence from the neo-classical learning organisation school:

> I fully expected to find that getting everyone lined up - "creating alignment," to use the jargon - would be one of the top challenges faced by executives working to turn good into great. After all, nearly every executive who'd visited the laboratory has asked this question in one form or another. "How do we get the boat turned?" "How do we get

172

people committed to the new vision?" "How do we motivate people to line up?" How do we get people to embrace change?"

To my great surprise, we did not find the question of alignment to be a key challenge faced by the good-to-great leaders…Clearly, the good-to-great companies did get incredible commitment and alignment - they artfully managed change - but they never really spent much time thinking about it. It was utterly transparent to them. We learned that under the right conditions, the problems of commitment, alignment, motivation and change just melt away. They largely take care of themselves. (Collins 2001, p.176)

According to Elbanna (2006) managers who engage in political tactics are likely to provide unsuccessful decisions that consequently affect company performance. She continues that effective managers may need to use political behaviours themselves to get their proposals accepted. Given board room machinations, such as those described in Young and Simon (2005), reduces some of the earlier statements to an absurd level of naivety. Apple, Pixar and Disney are successful, innovative companies that have enjoyed relative longevity. Their histories, however, have been nothing short of highly political (*ibid.*)

	The unitary view	*The pluralist view*
Interests	Places emphasis upon the achievement of common objectives. The organisation is viewed as being united under the umbrella of common goals, and striving towards their achievement in the manner of a well integrated team.	Places emphasis upon the diversity of individual and group interests. The organisation is regarded as a loose coalition which has but a remote interest in the formal goals of the organisation.
Conflict	Regards conflict as a rare and transient phenomenon which can be removed through appropriate managerial action. Where is does arise it is usually attributed to the activities of deviants and troublemakers.	Regards conflict as an inherent and ineradicable characteristic of organisational affairs and stresses its potentiality positive or functional aspects.
Power	Largely ignores the role of power in organisational life. Concepts such as authority, leadership and control tend to be preferred means of describing the managerial prerogative of guiding the organisation towards the achievement of common interests.	Regards power as a variable crucial to the understanding of the activities of an organisation. Power is the medium through which conflicts of interest are alleviated and resolved. The organisation is viewed as a plurality of power holders drawing their power from a plurality of sources.

Table 6-6 The Unitary and Pluralist Views of Interests, Conflict and Power
Burrell and Morgan 1979, p.204

Section 6.5 discussed the calculus between individual and organisational needs. Table 6-6 examines the unitary and pluralist views of organisation. Writing back in 1979, Burrell and

Morgan assert that is rare *not* to find journal articles or books with a unitary view, as opposed to:

> ... the lure of neo-human relations [which] would be conflict free if only employees would co-operate and pull in the same direction (Huczynski 1993, p.83)

Proposition 12 of the survey instrument refers to the establishment of a unitary culture. This is composed of two questions. Question 35 refers to whether people are recruited to fit in, whilst Question 36 asks the importance of whether everybody agrees with the strategy (or vision) of the company.

Proposition 15 (change, politics) of the questionnaire is concerned with organisational politics at the interdepartmental level. This tests the conventional wisdom that '... competition outside the boundary of the company is commendable, inside it is reprehensible' (Huczynski 1993, p.84). The results from this proposition is relatively low, indicating that politics is *not* a destructive factor.

6.10   *Summary and Conclusions*

This chapter examined the conjoint ontology of learning and organisation. Three heuristics were introduced to analyse organisations. These were metaphors, ideal types and systems. Common comparisons of organisations use machines, organisms and anthropomorphic metaphors. The second heuristic is an ideal type. Ideal types tend to romanticise organisations. The third and final heuristic uses a systems approach to analyse the same.

These heuristics led to three criticisms of the learning organisation concept. These were an overstated use of metaphors, an understated use of ideal types and an absence of systems thinking. The lack of recognition of ideal types meant writers romanticised the existence of a 'perfect' organisation. In terms of the history of business and management ideology this represents a return to 'German Idealism,' as exemplified by Weber's concept of bureaucracy. This analysis then led to two further criticisms.

The social constructivists' paradox was addressed using a systems approach. This suggested that Ryleian pedantry needs to consider organisational learning as an emergent property of individuals operating in an occupational system. The chapter also identified a lack of epistemology in its approach. Whilst this uses a holistic approach, it ignores inter-departmental rivalry and assumes a monoculture of unified intent. Both these aspects are tested in the survey instrument using the latent variable (change, politics).

Table 3-1 on page 54 introduced the idea of functionalist and interpretive perspectives of organisations. This taxonomy shows two extremes on a continuum: the sociology of regulation with the sociology of radical change. As Collins (2000) has suggested this form of critical analysis begs the question, to what extent is the learning organisation, as with other practitioner-oriented literature, a subtle form of control? This question will be addressed in the remaining chapters.

Thus having provided a critique of the learning organisation concept we now move on to a justification of the final stages of the research. This includes consideration of the characteristics of the organisations selected for the study, large commercial companies financed by share capital. The next chapter, therefore, is concerned with method and methodology. This will lead us to the results of the descriptive statistics in Chapter 8 and a reporting of the work done on the structural equation model in Chapter 9.

Chapter 7 Developing a Model of the Learning Organisation

7.1 *Introduction*

This chapter considers the rationale for targeting the companies in this study. Referring back to Figure 3-5 on page 70, these organisations can be characterised as large, utilitarian, permanent, voluntary and extrovert. Their formality, identity, and social significance, meanwhile, are all high. In point of fact, they are all publicly-listed companies on the London Stock Exchange. This target audience was chosen for two reasons. Firstly, sustained commercial success must be the ultimate validation of implementing appropriate learning. Secondly, the larger an organisation becomes the more complex it becomes.

Initially the corporate life cycle is considered. One of the major themes in the learning organisation literature reviewed in Chapter 5 is corporate longevity. de Geus is a particular champion of this idea in *The Living Company*. Corporate longevity of the main US and UK indices are examined and confirm one of the findings of Chapter 3; that the lifespan of commercial organisations is surprisingly ephemeral. Long-lived companies are the exception rather than the rule. The question raised in this chapter and tested in the questionnaire, therefore, is how important is corporate longevity to managers of large commercial organisations?

Second, the study of utilitarian organisations, namely commercial companies, is examined. It is argued that commercial organisations only continue to exist so long as they meet the requirements of their stakeholders. Four main stakeholder groups are identified as being important to companies; customers, shareholders, employees and the directors. What makes these companies interesting from a learning point of view is the complexity of communication involved in coordinating such large companies.

Next a literature review of similar studies is undertaken, after which the causality of organisational performance is considered. This section confirms that classical learning organisational literature, as reviewed in Chapter 5, is verificationalist in its approach. The approach used in this thesis is nomothetic and uses falsification. This section also identifies the limitations of using successful organisations as a basis for analysis.

Research methodology is considered in the context of measuring organisational performance. This leads on to a description of how the survey instrument was developed and how the database for the target audience was developed Finally, the stages of developing the model are presented.

7.2 *The Corporate Life Cycle*

The life-cycle of an organisation is important to consider for this study as it is thought to be a facilitator of organisational learning (DiBella 1995; Bapuuji and Crossan 2004). Referring back to section 2.3.3 it was suggested that the practitioner-oriented literature needed to inspire managers. This manifests itself in a need to achieve a prolonged existence for their organisations, credibility amongst peers and an aspiration to immortality through longevity. Taking an extremely utilitarian view, Argenti (1993), asserts that because financial prosperity is the only universal indicator of success, companies are the most efficient form of organisation that society has invented. In a similar vein Schumacher (1974) claims there is no greater condemnation than 'uneconomic'.

Byrne (1997) comments that both the work of Weber and Michels contain an element of organisational longevity in them. More recently corporate longevity was the theme of an extensive study by Collins and Porras (2000) in *Built to Last: Successful Habits of Visionary Companies*. It was also the central thesis of de Geus (1999) *The Living Company: Growth, Learning and Longevity in Business*. These were both reviewed in Chapter 5. Corporate longevity in both the United States and the United Kingdom, however, is not very high. These are the largest and fourth largest of the world's economies respectively (Economist 2004).

In the US 98% of companies do not reach their 50th birthday (Starbuck 1983). Between 1955 and 1975 47% of the Fortune 500 companies disappeared (*ibid.*). Indeed of the 12 companies that founded the Dow Jones Industrial Index of 1900 only one company, GE, still exists (Caulkin 1995). Of the top one hundred companies from the same period, only sixteen survived until 2000 (Cameron and Quinn 1999).

In the United Kingdom Caulkin states that by 1995 only nine of the original FT ordinary index still existed as an organisation in its own right. These were Associated Portland Cement (Blue Circle), Bass, Courtaulds, GEC, GKN, ICI, Tate & Lyle, Turner & Newall and Vickers. Harrods was bought but retained its original identity whilst others merged. Table 7-1 shows the change of fate of the FTSE 30 between 1935 and 1995. Indeed there have been some changes since 1995. ICI, formerly Britain's largest company, has de-merged on several occasions (Wilson and Tighe 2007). Meanwhile in 2007 the parent company was bought out by the Dutch company Akzo Nobel (*ibid.*). In the 1970s when chemical engineering was a dominant and emerging industry (Drucker 1982) this would have been seen as selling the crown jewels. However, the sale was reported with only the slightest flicker of nostalgia by the likes of Wilson and Tighe (2007). The acquired company ICI still retains its original identity to the time of writing. However, like Harrods, the ownership has changed.

In statistics that have been confirmed by Caulkin 1995; Luffman et al. 1996; Senge 1997; Greiner 1998; Garratt 2000, the average life expectancy of a multinational company is between 40 and 50 years. Ultimately their fate of large organisations is to be '… acquired, merged or broken to pieces' (Caulkin 1995, p.36). Thus:

> Success cannot, one might say, be continued forever. Businesses are, after all, human creations which have no true permanence. Even the oldest businesses are creations of recent centuries. But a business enterprise must continue beyond the lifetime of the individual or of the generation to be capable of producing its contributions to economy and to society. The perpetuation of a business is a central entrepreneurial task – and ability to do so may well be the most definitive test of a management. (Drucker 1982, p.45)

Associated Portland Cement	Survives intact but changed its name to Blue Circle in 1978
Austin Motor	Merged with Morris Motors in 1951 to form British Motor Co which merged with Leyland to form British Leyland Motor Co in 1968; rescued by the Government in 1975. Eventually became part of Rover Group, now owned by BMW
Bass	Survives intact
Bolsover Colliery	Nationalised in 1947
Callenders Cables	Merged with British Insulated Cables to form British Insulated Callenders Cables in 1945. Name changed to BICC in 1975
Coats (J&P)	Merged with Patons and Baldwins in 1960 to form Coats Patons and Baldwins. Merged with Vantona Viyella in 1986 to form Coats Viyella
Courtaulds	Survives, demerged (Courtaulds & Courtaulds Textiles)
Distillers	Bought by Guinness in 1986
Dorman Long	Nationalised into the British Steel Co in 1967
Dunlop Rubber	Sold tyre interests to Japan in 1983, remainder owned by BTR
Electrical & Musical Industries	Merged with Thorn in 1979 to form Thorn EMI
Fine Spinners & Doublers	Taken over by Courtaulds in 1964
General Electric Company	Survives intact
Guest Keen & Nettlefolds	Survives intact but changed its name to GKN in 1986
Harrods	Taken over by House of Fraser in 1959
Hawker Siddeley	Taken over by BTR in 1991
Imperial Chemical Industries	Survives intact but demerged into ICI and Zeneca in 1993
Imperial Tobacco	Bought by Hanson in 1986
International Tea	Traded until the 1970s as International Stores then went through a series of deals which all but erased its identity. Any remnant is now part of Gateway, owned by Isoceles
London Brick	Bought by Hanson in 1984
Murex	Became part of BOC; sold with BOC's welding interests to ESAB of Sweden in 1983 which resurrected the Murex name
Patons & Baldwins	Merged with Coats in 1960 to form Coats Patons & Baldwins then with Vantona Viyella in 1986 to form Coats Viyella Pinchin Johnson & Associates Taken over by Courtaulds in 1960
Rolls Royce	After being rescued by the Government the car division went to Vickers and the aero engine arm was refloated in 1971
Tate & Lyle	Survives intact
Turner & Newall	Survives intact but changed its name to T&N in 1986
United Steel	Nationalised in 1951, denationalised in 1960, renationalised in 1966 and became part of British Steel, privatised in 1988
Vickers	Survives intact
Watney Combe & Reid	Name changed to Watney Mann 1958. Taken over by Grand Metropolitan Hotels in 1972
Woolworth (F W)	Taken over by Paternoster Stores in 1982. Woolworths' Holdings established 1982. Renamed Kingfisher in 1989.

Table 7-1 FTSE Share Index 1995 compared to 1935
Caulkin 1995, p.37

In contrast Stora is the oldest company in the world, tracing its roots back to the 13th Century (Caulkin 1995; de Geus 1999). Ironically this company has now merged to become Stora

Enso. Additionally there are a small number of tricentarians; companies that are over 300 years old (Caulkin 1995; de Geus 1999).
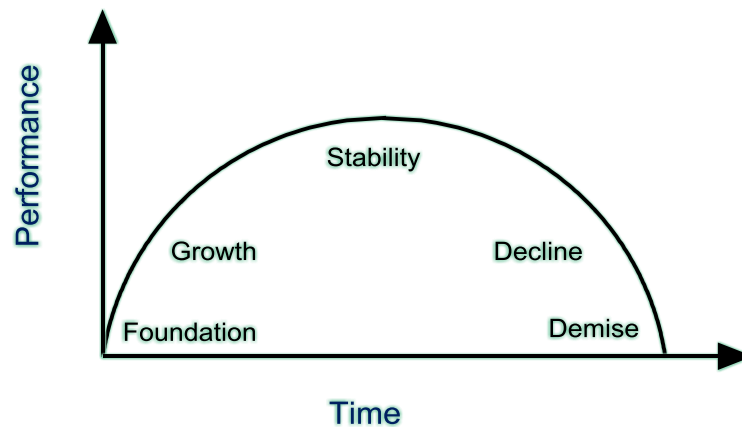
Figure 7-1 Organisational Life Cycle
Source: Author

The concept of the organisational life cycle was popularised by a Harvard Business Review article by Greiner (1998). Figure 7-1 shows five commonly used stages in an organisational life cycle (Phelps et al. 2007). The stages indicated are foundation, growth, stability, decline and demise. The concept of life-cycle and population ecology still remains a popular concept amongst practitioners (e.g. Argarwal et al. 2002).

Phelps et al. (2007) reviewed 33 papers for the *International Journal of Management Reviews.* They discovered the number of stages used by other authors varied from two to ten. From the learning organisation literature the concept of organisational biography appears in the work of Pedler 1994a; Pedler 1994b. In *The Learning Company* Pedler et al. (1991) identifies the stages of era spotting as being; infant, pioneer, rational, established, wilderness, transforming company and the dying company. Phelps et al. (2007) describe the life-cycle concept as having 'intuitive' appeal, however, it employs the organismic and/or anthropomorphic metaphor. As described in section 6.3.1 on page 141, a metaphor ceases to be of utility when the comparison becomes irrelevant.

A number of criticisms against the concept of organisational life cycle can be made. Firstly, the concept of size is rather vague. For example does size relate to the number of employees, the size of the site(s), the sales turnover or the profitability? Secondly, growth is assumed to be organic growth as opposed to growth through mergers and/or acquisition activity.

Organisational foundation is also a rather vague notion. Section 3.4 on page 62 cited Dalton (1959), who observes it is difficult to establish when an organisation is actually conceived. Examples include Hewlett-Packard (Collins and Porras 2000) and Google (Vise 2005), where neither a product nor a business model had been established from the inauguration of collective action.

Phelps et al. (2007) identify the life-cycle of an organisation to be an idealised model. However the ages of the organisations in Table 3-2 on page 56 range from a few years to over 2,000 years. Thus the longevity of an organisation is not something that can be predicted or even approximated using the life cycle model. In addition Kim and Mauborgne (2004) point out that the performance of every company rises and falls over time. The financial performance of Marks and Spencer, for example, can be best described as varied when the articles of Caulkin (1995) and Rose (2007) are compared.

Older organisations are seen as being less flexible than their youthful counterparts, whilst younger organisations require significantly different learning and knowledge strategies (Hughes et al. 2007). New companies do not suffer from what Tapscott and Williams (2006) refer to as the burden of legacy business models:

> When organizations and societies are young, they are flexible, fluid, not yet paralyzed by rigid specialization and willing to try anything once. As the organization or society ages, vitality diminishes, flexibility gives way to rigidity, creativity fades and there is a loss of capacity to meet challenges from future directions. (Gardner 1981, p.3)

Thus organisations, unlike organisms, are capable of rejuvenation or corporate turnaround against what Mintzberg et al. (1998) calls the pressures of 'being an organisation'. According to Drucker (1982) the challenge is to create an innovative organisation where change is viewed as normal and viewed as an opportunity rather than a threat.

Figure 7-2 shows the intentions and life spans of an organisation. It illustrates that the purpose of a recognisable collectivity can evolve into something that the founders may not have originally conceived. When discussing learning at an organisational level cognisance of these approximate categories will need to be taken into consideration, as strategic decisions may affect its intention and/or life-span.

ephemeral   enduring

Intention

ephemeral	Provisional	Transitory
enduring	Transformational	Institutional

(Life-span axis on left)
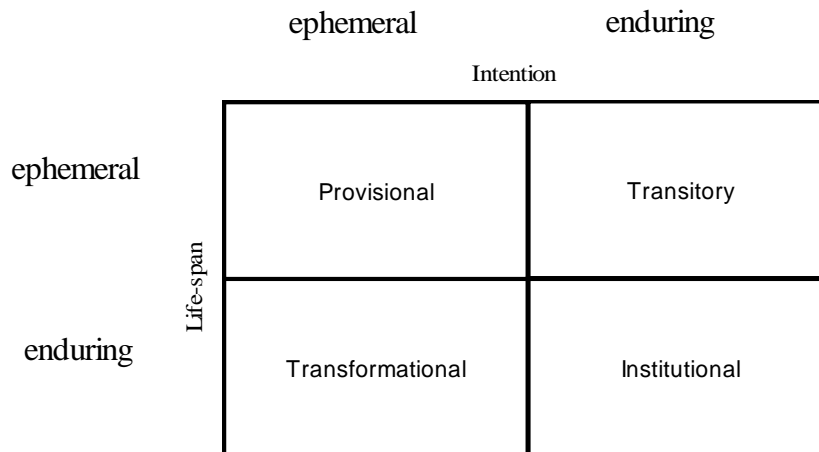
Figure 7-2 Intentions and life-spans of an organisation
Source: Author

Descriptions of the quadrants of Figure 7-2 is further expanded upon in Table 7-2. However, it must be emphasised that the categories of Table 7-2 are intended to be illustrative and relative, rather than prescriptive. However, the categories *Provisional*, *Transformational* and *Transitory* have a limited life. Thus, there is a disparity between the intentions of the founders of the organisation and the ephemeral or enduring qualities of an organisation.

Description	Unit of cooperation	Examples
Provisional	Unconscious, informal cooperation, membership tends to be dynamic. The cooperation ends when the event finishes.	Group of friends having a barbeque.
Transformational	Conscious cooperation where the results far outstretch the founder's original vision. Arguably, these organisations change their original purpose after consolidating unexpected success.	Fountain's Abbey in North Yorkshire. Set up by four monks who barely survived their first year. The SAS, Knights Templar.
Transitory	Organisations set up in a 'blaze of publicity' that crash and burn	Dot coms, e.g. boo.com (Malmsten et al. 2001)
Institutional	Organisations that have evolved to the extent they are seen as an integral part of the society's function.	Bank of England, NHS, Army

Table 7-2 Life Spans of Organisations

Table 7-2 is effectively a restatement of the findings of Chapter 3: organisations are ephemeral. However, intended life spans are different for different organisations (Zammuto and Cameron 1985). Whilst authors such as de Geus maintain this as important, the question posed in this research is how important is longevity to managers of utilitarian organisations?

7.3 *The Study of Utilitarian Organisations*

The analysis thus far has been leading up to the selection of the target sample. As described above the first is that they are commercial organisations; the second is that they are socially significant. Figure 3-5 on page 70 showed an organisation's motive, as ranging from

Utilitarian to *Normative*. As Morgan (1997) points out the origin of the word 'organisation' is derived from the Greek word *organon*, meaning tool. The ultimate utilitarian organisation is therefore commercial (Pfeffer and Salancik 1978; Shils 1981). They exist to achieve what cannot be accomplished through individual action (Morgan 1997). This is reflected in the following statements:

> The enterprise exists only as long as society and economy believe that it does a necessary, useful, and productive job (Drucker 1982, p.106)

> Organizations are rarely established as ends in themselves. They are instruments created to achieve other ends (Morgan 1997, p.15)

> All organizations... are formed by one group of people for the benefit of another group - or sometimes for their own benefit. (Argenti 1989, pp 58-9)

> Business enterprises… do not exist for their own sake, but to fulfil a specific social purpose and to satisfy a specific need of society, community, or individual. (Drucker 1982, p.36

Work such as Drucker 1982; Collins 2001; Pfeffer and Sutton 2006b claim that by small extensions, their work can be equally applicable in different types of organisations. The work of Goffee and Jones (1996), illustrated in Figure 3-2 on page 64, distinguished between four different types of cultures; networked, communal, fragmented and mercenary organisations. Whilst they acknowledge that communal organisations probably work better in a normative environment such as religious, political, and civic organisations, they fail to differentiate between the two extremes. The same is true of learning at the organisation level, where most of the work is public sector and/or NHS based (e.g. Donnenberg 1997). To fail to differentiate between the continuum of organisations can be categorised as a form of 'uncritical teleology' (Watson 1997, p.101), i.e. they treat organisations as homomorphic extensions (Walsh and Ungson 1991).

Further examples of this can be seen in applying AARs to a commercial environment (Watkins and Marsick 1993; Garvin 2000; Darling et al. 2005). Arguably the function of the military is to be in a constant state of training; waiting for conflict. A commercial organisation, however, has an entirely different agenda and will survive only as long as its profits and capital allow it to.

Argenti (1989) raises the question of the purpose of an organisation in the context of its corporate objectives. He uses the phrase Cui bono? 'For whose benefit?' Survival and purpose are two entirely different perspectives. The utilitarian view is based upon the environment's need to maintain the collectivity, whilst the functionalist view is based on those within the collectivity interested in sustaining it. An example may be because it provides employment

for those involved. Thus the maintenance of the collectivity has external and internal stakeholders. Argenti (1989, p.60) goes on to describe the three essential elements of organisational purpose:

a) The intended beneficiaries - i.e. the people for whom the organisation exists.

b) The intended benefit - i.e. what the organisation is to do for them.

c) The corporate performance - i.e. what level of benefit is satisfactory.

Section 3.5 on page 63 identified stakeholders in a commercial company as being customers, shareholders, employees and directors. In the context of stakeholders theory, writings on the learning organisation take what Friedman and Miles (2006) refer to as normative perspective:

> …. we take a wide view of who the 'members' are - employees, owners, customers, suppliers, neighbours, the environment and even competitors in some cases. (Pedler et al. 1991, p.1)

As section 3.5 also pointed out, stakeholder groups may well have overlapping and conflicting agendas. Furthermore, the best that can be achieved is to satisfice stakeholder groups (Friedman and Miles 2006).

Arnould et al. (2004) make the prosaic, but necessary, remark that corporations stay in business by continuing to attract and retain customers. Translated into the hyperbole of the marketing discipline:

> To keep customers you have to delight them, exceed their expectations, and anticipate, discover and fulfil their latent needs (McGovern et al. 2004, p.76).

Drucker (1982) maintains that it is only the customer who can create value. Thus, the collectivity of a commercial organisation will continue so long as it is successful in attracting and maintaining resources. Anything *inside* the boundary actually creates cost.

The second stakeholder group are the shareholders. Ghoshal (2005) points out that shareholders are not necessarily the owners of the corporation, but rather own a proportional right to the residual cash flows of the company. Indeed it is difficult to see how creating economic value is a viable and sustainable activity when the average share in the United States is held for less than a year (Porter et al. 2004). Or worse, for a fraction of a day (Pfeffer and Sutton 2006b). In contrast to this Porter et al. (2004) insist that market forces will enable companies to attract long-term shareholders who believe in the company's long-term strategy.

The third stakeholders group are the employees. Human Resource Management was dealt within section 6.5.2 on page 158. Here the resource-dependent view of an organisation makes two important contributions. Firstly, an organisation has most control within its boundary. In

this case this means control over its employees (Leavitt 2007). Secondly for an organisation to succeed it needs to attract resources from the environment (Pfeffer and Salancik 1978). Thus, according to Drucker (1994) an early sign of decline is a failure to attract and retain staff. Indeed, as Ghoshal (2005) eloquently points out, it is far easier to trade shares than change employers.

The fourth and final stakeholder group is the board of directors who provide leadership and governance to the enterprise (Garratt 2000). Ultimately, it is the Board of Directors who are held responsible for the performance of the organisation:

> It is because of board's failure to create tomorrow's company out of today's that so many famous names in industry continue to disappear. We should never forget that industry is the most ephemeral of all institutions. It is only by constantly trying to look ahead, and consciously ensuring that the company is being positioned for the future, rather than merely dealing with today's problem, that the company… can have any future. (Harvey-Jones 1998, p.162)

Friedman and Miles (2006) state that the convergence of stakeholder agendas was proposed in an article by Jones and Wicks (1999). However Friedman and Miles (2006) also note a lack of research concerning other stakeholder groups: for example middle managers. Friedman and Miles (2006) also comment that stakeholder analysis has been characterised as vague, slippery and shallow. Quite possibly this is because stakeholder theory is an attempt to recognise a confederation of individuals that is even more ephemeral than that of an organisation.

All the companies in the sample are large, commercial organisations with shares that are traded on the London Stock Exchange. The management of these companies are required to balance the need of their stakeholders who are their customers, shareholders and employees.

7.4 *The Study of Large Organisations*

The first characteristic of the organisations under study is that they are utilitarian. The second set of characteristics is what Putnam (2000) refers to as being 'socially significant.' For example:

> With annual sales around $60 billion, IBM has a greater gross national product than most countries. It has a relatively stable population of around 380,000 workers. Throw in the spouses and their 1.8 kids each, and we're looking at more than a million citizens of IBM. (Gerstner 2003, p.121)

Burrell and Morgan (1979) point out that structural functionalists use notions of size, configuration, centralisation, technology and environment to analyse organisations. It is generally accepted that communication becomes more difficult the larger the organisation becomes (Schumacher 1974; Leavitt 2007). According to official statistics, of the one million

or so enterprises in the United States, only 14,000 have more than 500 employees. This represents less than 14% of the companies.

The complexity of communication can be demonstrated as a hyperbolic function by employing network theory, such as Metcalfe's Law (Tassabehji 2003). If each point represents a person, then the number of nodes is the number of communications that are required to connect information within the organisation. If n is the number of people, Simon (1969) demonstrates the permutations can be described by the equation:

$$\frac{n\,(n-1)}{2}$$

People	Permutations
1	0
2	1
3	3
4	6
5	10
6	15

Table 7-3 People and Permutations

Thus, Table 7-3 shows the complexity of communications for a small organisation. Table 7-4 shows how the complexity increases in a hyperbolic fashion using different orders of magnitude. Table 7-5 meanwhile shows the complexity of communication among large corporates.

N	Permutations
1	0
10	45
100	4950
1000	499,500

Table 7-4 The Hyperbolic Nature of Permutations

Organisation	Employees	Permutations
Motorola	130,000	8.44×10^9
IBM	225,000	2.53×10^{10}
Johnson & Johnson	95,000	4.51×10^9
GSK	100,000	5×10^9
Honeywell	108,000	
Alstrom	120,000	7.2×10^9

Table 7-5 Complexity of Communication

In 2007 Leavitt published *Big Organizations Are Unhealthy Environments for Human Beings*. A furrow that was arguably first ploughed by Schumacher (1974) in *Small is Beautiful*. Leavitt's central point is that although hierarchical control is seen as a source of suppression, they are the most efficient form of organising. Table 7-6 illustrates this by building an organisation where each manager has eight different reports.

Levels of Management	Span of Control	Lowest layer of employees	Total Employees
1	8^0	1	1
2	8^1	8	9
3	8^2	64	73
4	8^3	512	585
5	8^4	4096	4681
6	8^5	32768	37449
7	8^6	262144	299593
8	8^7	2,097,152	2,396,745

Table 7-6 Hierarchical Levels in an Organisation

Although Table 7-6 makes a large number of assumptions about the optimal span of control (Cohen and March 1974; Mintzberg 2004b), it nevertheless demonstrates the efficiency of a hierarchy no matter how repugnant to writers such as Leavitt. This table shows how a hierarchy graded by eight levels of authority could potentially control (for want of a better word) 2.4m people. This demonstrates the potential for organisational depth amongst the respondent companies. It also raises a question that will be discussed in subsequent chapters:

> ... how do strategic intentions diffuse through an organization, not just down its hierarchy, but up it, and across different activities? And what about that wonderfully elusive concept of the "organization's mind"? What happens when many people in a system act with one mind, so to speak? Where does this "collective cognition" come from? (Mintzberg et al. 1998, p.199)

The study of large companies, therefore, is relevant as it will lead to very different and relatively complex patterns of organisational learning (Duncan and Weiss 1979; Dodgson 1993a). Arguably, the control of large corporates is the driving force behind the popularity of organisational learning (Dodgson 1993a).

This analysis is a restatement of the *sociology of regulation* and the *sociology of radical change*. It raises two important points: a) do managers manipulate the learning organisation for their own political ends, and b) is hierarchy the most efficient form of organising?

7.5 *Researching Organisational Performance*

Burrell and Morgan (1979) make the distinction between ideographic and nomothetic research. Ideographic research is characterised as subjective, exploratory accounts of the focus of investigation. Nomothetic research, on the other hand, involves systematic protocols and techniques such as questionnaires and surveys.

Burrell and Morgan (1979) also distinguish between verificationists and falsificationists. It would appear from Chapter 5 that the majority of the literature on learning at an organisational level is written using the assumptions of a verificationist. Section 2.2 on page

20 provided a taxonomic scheme for audiences of business and management concepts. Ghoshal (2005) raises the point that grand theories such as those by Darwin, Freud or Marx would not get published in a peer reviewed journal:

> Freud's inductive and iterative approach to sense making, often criticised for being ad hoc and unscientific, was the scholarship of common sense. So indeed was Darwin's, who too practiced a model of research as the work of a detective, not of an experimenter, who was driven by the passions of an adventurer, not those of a mathematician. Scholarship of common sense is the epistemology of disciplined imagination, as advocated by Karl Weick (1989), and not the epistemology of formalized falsification that was the doctrine of Karl Popper (1968). (Ghoshal 2005, p.81).

The question this raises, therefore, is to what extent the learning organisation is 'grand theory'? The contributions of academic-related literature has been personified by the quote from Davenport et al. (2003) on page 46. Whilst there is a small literature of disillusionment on learning and organising, it would appear that the concept of falsification has never been seriously considered:

> An empirical or observational statement that contradicts a theory may be described as a *possible falsification* or a *potential falsifier* of the theory in question. If a possible falsification is actually observed, then the theory is *empirically falsified.* (Popper 2003, p.20)

This approach is confirmed by Shareef (2007). Using the falsifying hypothesis of Popper, therefore, the question might be to find what Robson (2004, p.175) refers to as a 'negative case analysis': an example of a successful company that is by our measures *not* a learning organisation and might therefore disconfirm the hypothesis that 'successful organisations were learning organisations'. Unfortunately, this approach is more speculative than pragmatic; the reasons for which are covered in Chapter 10.

Robson (2004), meanwhile, points out that, whilst there is a philosophical divide between quantitative and qualitative approaches, the two are not mutually exclusive. Popper (2003) specifically excludes the doctrine of sociological relativism who study the ways of scientists:

> It is essential to recognise that empirical observations are not the be all and end all of scientific research, and that a commitment to natural science methods and procedures does not offer that a commitment to natural science methods and procedures does not offer the final, ultimate, reliable and objective way to obtain knowledge, without abandoning all belief in reality or all hope of advancing human knowledge (Robson 2004, p.26).

Thus, by using an empirical study this thesis goes against the conventions of an ideographic approach, and therefore risks being considered positivistic:

> ... for positivists, the most important feature of scientific theories is that they are open to, and are subjected to, test; they can be confirmed, or at least falsified, with certainty. (Hammersley and Atkinson 2005, p.5)

However, as has been previously pointed out, management is not a science. The practice of management is highly contextualised; transfer between different occupational milieux is not always possible (Mintzberg 2004b). Somewhat akin to the uncertainty principle in physics (Lindley 2007), causation between profitability and implementation is notoriously difficult to justify and measure (Raelin 2000). Indeed it could be argued that this thesis is intended to correlate learning and performance.

As Levitt and March (1988) point out, it is impossible to provide any meaningful experiments in organisational analysis. This implies the need for multivariate analysis. However, the emphasis in this thesis is to analyse the views of companies that are already successful. Thus the difference between correlation and causation is recognised. A second limitation is that identifying organisations that are successful is very limiting and creates misleading results (Vedder 1992). As Walker (2006) points out, a circle of inference is created by sampling the determinant variable of success. The limitation of this approach is to use past correlations to argue causality (Kirby 2005).

This approach was exemplified by *In Search of Excellence* (Peters and Waterman 1988). Within two years of being published Atari, Chesebrough-Pond, Data General, Fluor and National Semiconductor all began to decline towards their ultimate demise (Foster and Kaplan 2001; Kim and Mauborgne 2005). Bizarrely, as Kirby (2005) points out, nobody had considered the causality of performance until *In Search of Excellence*; possibly accounting for its subsequent popularity.

Kirby (2005) also points out there is little agreement about what constitutes high performance. This includes whether the unit of analysis should be the individual, the team, the profit centre or indeed the sector. *Good to Great*, meanwhile is criticised as it failed to take into account enhanced industry sector performance (Foster and Kaplan 2001). Kim and Mauborgne (2005) conclude that there are no consistently excellent companies or industries, but there have been some good strategic moves. Kirby (2005) concludes that most academics consider the study of high performing companies something of a quixotic pursuit.

Raynor (2007) describes what he refers to as the paradox of strategy: the strategy with the greatest chance of success will also have the highest probability of failure. However, he also points out that strategies succeed because of luck (*ibid.*). The literature on luck, however, is a small one. Since 2002 there has been no article that has 'luck' in the title from the following journals: *Harvard Business Review, Academy of Management Review, Academy of Management Learning and Education, Academy of Management Perspectives* or *Academy of*

Management Journal. One must conclude luck does not fit in with managers' views of the rationality of design, planning and positioning schools of strategy, as shown in Table 6-4 on page 168.

> Despite the public face of organizations suggesting that they are rational systems designed to attain goals, organizations are also loosely coupled systems in which action in underspecified, inadequately rationalized, and monitored only when deviations are extreme. Furthermore, chance, luck (Peters 1992, pp.612-614), accidents, confidence, and fate have a continuing effect in organizations. The net result is that there is considerable autonomous action that unfolds independent of formal system requirements and in response to a variety of signals (Weick 1995, p.134).

The literature on luck, such as it is, derives notably from the practitioner-oriented literature, notably from the neo-learning organisation literature. The following is a brief literature review of 'luck':

a. Gerstner (2003, p.129) states, 'As with all thing in life, luck plays a big part'. He goes on to explain how he had two lucky breaks, one of which was the identification of 'middleware' as a business solution.

b. Likewise Michael Bray, former CEO of Clifford Chance, acknowledges success to be a mixture of '… opportunism and even a touch of serendipity' (Bray 2003, p.10).

c. In *Good to Great* Collins (2001) compares the performance of General Electric and Circuit City between 1981 and when Jack Welch took over on 1st January, 2000. For $1 invested in either firm, the stock performance of Circuit City was six times higher. Alan Wurtzel was one of the 'good to great' leaders identified by Collins (2001). The explanation Wurtzel gave for this elevated and sustained performance is given below:

> You might expect that extraordinary results like these would lead Alan Wurtzel to discuss the brilliant decisions he made. But when we asked him to list the top five factors in his company's transformation, ranked by importance, Wurtzel gave a surprising answer: The number one factor was *luck*. "We were in a great industry, with the wind at our backs" (Collins 2001, p.33).

Collins continues that the attribution of success to luck was repeated by a number of the *Good to Great* companies.

d. Whilst acknowledging the resource-based view of the firm, Suarez and Lanzolla (2005) also endorses the belief that luck has a part to play in a company's success.

e. Arnould et al. (2004), meanwhile, point out that whilst such companies as GE, Shell, Microsoft, Nestle, Toyota, and Procter & Gamble have experienced many failures, dedicated practice and good luck was ultimately converted into performance.

f. Quoting Armen Alchian in 1950 the result of fortuitous circumstances, i.e. luck "They herd, they're overconfident, they underestimate the impact of randomness, and they explain good results as the product of skill and bad results as the product of bad luck." (Surowiecki 2007, p.230).

g. More recently Raynor et al. (2009) comparing simulated data find that one in four of 287 allegedly high-performing companies from 13 studies were indistinguishable from mediocre firms catching a 'lucky break'.

h. Cohen and March (1974, p.149) put it rather more bluntly 'Performance is largely an act of God'.

i. Huczynski (1993) comments on the conflict with the needs of predictability of a manager on the one hand and where the manager is seen as at the mercy of economic force where the outcome of decisions are often seen as a lottery.

j. Finally Mintzberg et al. (1998) illustrate how much of the entrance of Honda into the American market was down to luck. The 'grand strategy' consisted of two engineers sleeping rough in a garage. The slogan "You meet the nicest people on a Honda," a phrase that would not upset the leather-clad bikers, was actually conceived by a UCLA undergraduate.

It would appear the emergent strategy of Mintzberg et al. (1998), then, is pre-dated by the view of Cohen and March (1974). Far from the rationality of the design, planning and positioning schools, Cohen and March (*ibid.*, p.86) claim that organisations survive, "even when they don't know what they're doing".

Schumacher wrote, 'all predictions are unreliable, particularly those about the future' (1974, p.22), a position supported by Surowiecki (2007). Constructing arguments based on 'common sense' it should be self-evident that organisations that learn more effectively will perform better than their less 'learningful' competitors (Collins 2000). Writing in 1995, Caulkin wrote an article that attempted to forecast which companies would be present in the FTSE of 2005:

> Using the criteria outlined in this article - fierce self-belief that allows the company to put responsibility to itself first; a strong sense of membership; a resilient power structure; tolerance of change and experiment on the margin; plus, de Geus would add, financial conservatism to provide a margin for safety in emergencies - which UK companies most nearly resemble the self-reproducing model which can be expected to outlast the rest?
> There aren't many. In the top 50, most people would agree on Marks & Spencer, possibly Sainsbury (but not Tesco), Shell (but not BP), and Glaxo as the most likely paragons. Unilever, ICI, Boots and Cadbury Schweppes (if its Quaker inheritance runs strong enough) are less forceful candidates for immortality. These are companies whose death would cause surprise and some regret.
> At the other end of the scale are those whose absence from the top-company lists of the year 2005 would cause few hearts to miss a beat, except on account of their size. These include GrandMet, Trafalgar House, Kingfisher and Ladbroke; one or two of the banks too if the system allowed them to reap the full rewards of their cyclical folly. GEC and BAT, already the subject of break-up attempts, are longer shots. Some individual advertising agencies - JWT, O&M, Saatchi & Saatchi - may well prove to have more enduring legs than parents WPP and Cordiant. Outside the very biggest companies, the water and electricity distributors look to have few of the attributes of immortality - except, ironically, everlasting demand for their essential product.

Much less obvious is the rating of successful conglomerates such as BTR and Hanson. On the face of it conglomerates, pure vehicles of the profit motive, belong in the thumbs-down category. But few would deny Hanson's fierce ideological core, the ability of its disciplines to motivate operating managers, and its capacity to see opportunities in 'mature' markets. Under Sir Owen Green, the much less extravagant BTR was held together by a religious belief in management. BTR's self-belief has faltered since the departure of Green; can Hanson survive the retirement of its founders? On balance, there must be question marks over both. (Caulkin 1995, p.40)

Thus, as can be seen with the Rover case by Bower (1993), self-proclaimed announcements about being a learning organisation creates little more than a hostage to fortune. The quote from Caulkin (1995) above proves significant if only for its inaccuracy. For example Tesco is ahead of Sainsbury in market share. BP was largely ahead of Shell until the Gulf of Mexico oil leak. Both have suffered considerable setbacks of public confidence; WPP, a market leader, head a dismantled Saatchi and Saatchi.

Marks & Spencer, the 'grande dame' of British retailing, is a good case in point (Balmer 2001). In 1995 they were indeed on an upward trajectory. In 1998 they returned record profits. However this subsequently plummeted by 85% as they lost sight of what had made them a successful company (Balmer 2001; Rose 2007). Thus, it would appear that a company's ability to learn may *not* be a good predictor of subsequent performance: their members may learn the wrong behaviours; such as arrogance and hubris (Mintzberg et al. 1998; Bakan 2005; Young and Simon 2005).

> Performance then is defined as the *organizational system outputs that have value to the customer in the form of productivity attributable to the organization, work process, and/or individual contributor levels.* (Knowles et al. 1998, p.117)

Performance, in itself, has a complex ontology. Indeed as, Bapuuji and Crossan (2004) point out organisational learning can make an improvement in business process reengineering (Caron et al. 1994) information systems (Robey and Sahay 1996) innovation (McKee 1992; Mezias and Glynn 1993; Ahuja and Lampert 2001) acquisitions (Heyward 2002), foreign entries (Barkema and Shenkar 1997) diversifications (Pennings et al. 1994) and customer orientation (Hult et al. 2000). The topic of organisational performance is arguably a thesis in itself. So far as *this* thesis is concerned, therefore, organisational performance and learning are not to be correlated. Instead structural equation modelling is used. This tests internal consistency amongst already successful companies, to see how organisational theory matches organisational practice.

7.6 *Research Methodology*

Figure 7-3 shows 'the research onion', as proposed by Saunders et al. (2007). This is a useful framework to consider the range of methods that are at the disposal of a researcher. Phillips

and Pugh (2001) and Popper (2002) suggest that research oscillates between induction and deduction through questioning and hypothesis testing. The category *hypothetico-deductive, therefore,* has been added to the Research Direction layer of Figure 7-3.

In the second edition (Saunders et al. 2000) of *Research Methods for Managers* there were only two research philosophies: positivism and phenomology. In the third edition (Saunders et al. 2003) realism was added. Figure 7-3 shows the fourth edition where the number of research philosophies has been extended. By the fourth edition the category for phenomonology had disappeared from the research philosophy layer.
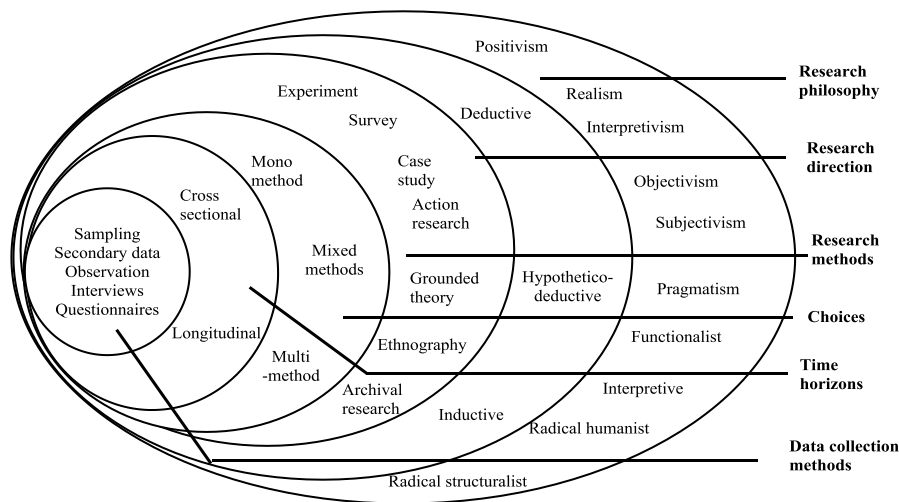
Figure 7-3 The Research Onion
Adapted from Saunders et al. (2007), p.102

This is something of a shame, as most of the previous work on the learning organisation can be considered phenomonological in character. Arguably, though, phenomonology manifests as a *characteristic* of the research, rather than a research philosophy. Chapter 5 described the small number of case studies employed by the learning organisation school as a whole. In Figure 7-3, case studies are part of the research method layer.

Thus, Senge has his favourite case study of Hanover Insurance. This is mentioned no less than nine times, with a section of ten pages being dedicated to it (Jackson 2001). Pedler *et al.* have their *101 Glimpses of a Learning Company*. Watkins and Marsick, meanwhile use the ubiquitous examples of AT&T, IBM, Esso Petroleum, General Electric, Xerox, Digital Equipment Corporation and Johnsonville Foods.

Unfortunately, these case studies bear little resemblance to the work of Yin (2003). It is fair to say the use a unit of analysis was a single company. However, external validity with an example of one is challenging to say the least (March et al. 1991). Previous approaches, therefore, tend to have been ideographic, bordering on the descriptive. According to Huczynski (1993), from the anti-guru school, the use of anecdotes personifies practitioner-oriented, or functionalist, literature.

Referring back to Table 2-6 on page 36, therefore, this research compares Finke's model with the learning organisation; creative realism, creative idealism, conservative idealism or conservative realism. In contrast to the classical learning organisation literature, this research is nomothetic. So far as the research philosophy is involved it is positivist in its approach. The purpose is to develop a survey instrument in isolation to the potential audience. The questionnaire was delivered and returned using Royal Mail. Contact with the recipients was therefore minimal. Distributing an electronic version of the questionnaire was considered. However, it was felt that, considering the demographic, a printed version would yield a greater response rate.

As discussed in 2.5.1 on page 41 positivism has its detractors (e.g. Alvesson 2003) and is viewed by many as a pejorative term. A useful alternative was suggested by Pike (1971) in his distinction between an emic and etic perspective:

> It proves convenient – though partially arbitrary – to describe behavior from two different standpoints, which lead to results which shade into one another. The etic viewpoint studies behavior as from outside a particular system, and as an essential initial approach to an alien system. The emic viewpoint results from studying behavior from inside the system. (Pike 1971, p.37)

Thus, the research perspective is etic and nomethetic in character. In terms of research direction it is principally inductive. The research method used is *survey*. The *time horizon* is cross-sectional, whilst the data collection method used questionnaires.

7.7 *Instrument Development*

The questionnaire was developed using content analysis of the major works from the classical learning organisation, the neo-learning organisation and anti-guru schools. Major themes were identified as the process iterated between possible propositions and potential questions. Originally this produced a survey instrument with 101 questions. After some judicious editing this was reduced to 51 questions.

Appendix A shows the questionnaire organised by propositions. Appendix B shows the survey instrument that the respondents received. The questions on the survey were randomised so the respondents could not deduce the context in which the questions were being asked. In addition, each questionnaire was customised with the name of the company appearing on the instrument. When the questionnaire was returned, therefore, the organisation could be identified. This meant that they did not receive a subsequent reminder and the names of the participating companies could be captured. Appendix C shows an example of the letter that accompanied the questionnaire. Included in the package was a postage-paid envelope. Each return envelope was stamped with the phrase *Learning Organisation Questionnaire* to distinguish it from other mail shots that may have been returned during the same period.

Authors on research methodology such as Gray (2009) recommend avoiding unorthodox layouts, such as double-sided paper. Indeed Gray recommends a booklet format using multiple colours. However, the questionnaire was double-sided and uses plain, black ink. However, as Hair et al. (2007) point out, access to individuals such as Chief Executives is difficult. The value proposition offered was that for ten minutes of their time, they could share in the results of the research. The questionnaire design, therefore, needed to look easy to complete.

As described in Chapter 1, the research question of this thesis is:

> To what extent has the concept of the learning organisation impacted on large, commercial organisations?

The research sub-questions are:

> a. What is the perception of managers towards business and management theory?
> b. To what extent do the aspirations of the learning organisation manifest themselves in large, successful organisations?
> c. What is the perception of managers towards the learning organisation?

The first section of Appendix A is concerned with the disposition of the respondents towards business and management theory. The second section is the propositions that will be built into a syncretic model of the learning organisation concept. The third section is concerned with the disposition of the respondent to the learning organisation. These map directly on to the research sub-questions given above.

In order to provide an adequate level of discrimination an ordinary Likert scale of seven components was employed. Following recommendations from Hair et al. (2007) the responses were labelled 1) Strongly agree 2) Agree 3) Agree somewhat 4) Neither agree or disagree 5)

Disagree somewhat 6) Disagree and 7) Strongly disagree. Also, in order to gauge the accuracy of the responses the context of some the questions were reversed (Gray 2009).

As recommended by Gray (2009) the questionnaire was pretested. A group of DBA students at a Peer Review Workshop in Bologna were targeted. This exercise created useful feedback on the construct validity of questions (*ibid.*). The questionnaire was then piloted on a group of Executive MBA students in Dubai, where data from the participants was collected and briefly analysed. From the field tests the questionnaire seemed to fill all the criteria I had set for it. It was only two pages long. It only required 10 minutes to complete, even though there were 51 questions in the instrument.

7.8   *Similar Studies*

Section 4.9 discussed the research that had been conducted on organisational learning. The increase in organisational learning research was noted in section 4.7 by Bapuuji and Crossan (2004). However, section 4.8 identified the bifurcation of the literature between organisational learning and the learning organisation (Tsang 1997; Sun 2003; Sun and Scott 2003). It would therefore be inappropriate to treat the field as homogenous. However, as Figure 6-4 shows, categories are ideal types and the distinction between them can become somewhat blurred at times (Rogers 2003). The treatment of other studies, therefore will consider research in organisational learning and the learning organisation that are ideographic or nomothetic in their approach.

From the organisational learning literature Miner and Mezias (1996) claim that it is excrutiatingly difficult to do well. They explain it involves considerations such as longitudinal data, event sequence analysis and event history analysis. Miner and Mezias (*ibid.*) also mention techniques such as simulation, game theory, cultural evolution, neural networks, language acqusition and complexity theory and the need for more qualitative work. Generally speaking the more sophisticated studies use factor analysis. These use Cronbach alpha as a diagnostic measure which assesses the consistency of the entire scale of the questionnaire (Hair et al. 2010). Studies that use structural equation modelling (e.g. Weerawardena and Coote 2003; Lichtenthaler 2009) are few and far between.

Weick and Wesley (1996) make the observation that organisational learning research tends to be self-referential. Certainly the early literature was concerned with some fairly esoteric discussions of the nature and form of organisational learning (Simonin 1997). Indeed the rather esoteric discussions on the link between individual and organisational learning continue to be written about (e.g. Schilling and Kluge 2009)

Ideographic research using qualitative techniques are relatively rare. Popper and Lipshitz (1998) use a case approach to illustrate how Israel Defence Force use after-action reviews (AARs). Naot et al. (2004) interview officers of the same organisation to analyse how post-accident reviews are conducted.

The nomothetic papers offer several different approaches. One of the earliest studies, often quoted in the literature is by Tannenbaum (1997). This surveyed over 500 people in seven commercial organisations, using a 7-point Likert-scale. This used Cronbach alpha as the estimate of reliability. The questionnaire was based on literature. In contrast Klimeki and Lassleben (1998) used a mixed method approach. Their questionnaire was based on interviews in two public sector organisations and uses cognitive mapping.

Hurley and Hult (1998) report on a study of 9648 employees in 56 organisations. They use multiple regressions using the hierarchical method of entry. They report that higher levels of innovativeness are associated with cultures that emphasise learning, development, and participative decision making.

Kontoghiorghes et al. (2005) contrast four different organisations. Two are from the public sector and two from the private sector. This study uses principal component analysis with multiple regression and correlation analyses. A varimax rotation is used to determine if the instrument was measuring the dimensions faithfully. The analysis, therefore reports, on Cronbach's alpha and Eigen values. They report that private sector organisations tend to score better than public sector. Their findings are that experimentation is the key to support the building of 'the learning organisation'.

More recently Chiva and Alegre (2009) report on a study of 157 observations from eight different companies. Their analysis reports on means, standard deviations, composite reliabilities, Cronbach's alpha and correlations between variables. The analysis suggests organisational learning capability and job satisfaction are strongly linked.

Moving towards the work in structural equation modelling Weerawardena and Coote (2003) report on single-informant responses from 326 manufacturing firms. This study did not get published beyond a conference at the Academy of Management in Denver. Weerawardena and Coote isolate three factors that affect organisational capability. These are market-focused, internally-focused and relational learning capabilities, however the inspiration for these three variables is rather vague. Three congeneric models were estimated using LISREL for

goodness-to-fit and reliability, followed by a higher-order factor analysis. This study used Chief Executive Officers to form a capability-based view of competitive advantage.

From the literature on inter-organisational learning Simonin (1997) also uses LISREL to analyse 151 questionnaires returned by top executives in some of America's largest corporations. This study examines the role of experience and know-how in achieving collaborative benefits. Simonin's rather prosaic finding is that experience must be internalised first, and collaborative know-how must be developed for this experience to contribute to future collaborative benefits. However, the point is that this model of interorganisational learning is empirically validated.

Finally, Lichtenthaler (2009) uses a second-order structural equation model from 175 industrial firms using AMOS 16. This study shows how exploratory, transformative and exploitative learning have complementary effects on innovation and performance. Arguably this study is from the literature on absorptive capacity, however, from a nomethetic point of view it is the nearest to this research in terms of its methodology. Whilst a good range of sectors are represented, Lichtenthaler does not share how the target audience was selected.

In the learning organisational learning literature qualitative studies are also relatively rare. Their approaches tend to be somewhat different as well. For example Preskill and Torres (2001) use evaluative enquiry whilst Lennon and Wollin (2001) employ structure mapping of metaphors on four Australian organisations. In a study she would return to later (Moilanen 2001a), Moilanen (1999) uses interviews from 15 Finnish companies to hypothesise the meaning of *a* learning organisation.

Õrtenblad (2002), meanwhile, compares four themes from the literature with interviews of ten practitioners. The four themes he discerns are 'old organizational learning', learning at work, learning climate and learning structures. 'Old organisational learning,' is defined as individual learning stored in the organisation's memory. Learning at work is equivalent to the discussion of Chapter 4. The third label, learning climate, is concerned with a supportive learning environment at the workplace. This is equivalent to Proposition 8 (learning, dialogue). Finally, learning structure uses an organismic metaphor of flexibility. This is equivalent to (leadership, structure). The limitations of the Õrtenblad study is its limited sample size and possible lack of external validity. We are not told who the practitioners are.

The nomothetic studies of the learning organisation also employ a wide variety of techniques. Generally, these have used increasingly sophisticated statistical techniques. O'Keeffe and Harington (2001) use descriptive statistics to analyse returns from 119 Irish multi-national enterprises. Zairi (1999), meanwhile, conducts a benchmark study between Unilever and Allied Domecq using an instrument developed by Carr (1994).

The more sophisticated studies use Cronbach alpha as a measure of internal reliability. Gardiner and Whiting (1997) use interviews to construct a questionnaire. This is then administered on a defence-oriented engineering company in the south west of England, producing 318 responses. They conclude that the company 'could not claim to have become a learning organisation, though it had moved in this direction' (*ibid.*, p.41).

Moilanen (2001a) compares 8 different instruments and compares them under the categories archetype, holistic, profound and tested. Interestingly, the only two to be empirically validated are Tannenbaum 1997; Watkins and Marsick 1998. Moilanen (*ibid.*) then reports on a new instrument using 691 respondents in 25 organisations. The statements operationalise the framework into a diamond shape of driving forces; finding the purpose, questioning, empowering and evaluating. The questionnaire is empirically tested using Cronbach alpha.

In a similar fashion Lähteenmäki et al. (2001) uses factor analysis and report on Cronbach alpha scores on 150 responses. This uses a single case study approach, HK Foods Ltd. This paper tries to determine if organisational learning occurred during a period of operational and cultural change. It uses a three step approach 1) Building the ability to learn 2) Collaborative setting of missions and strategies 3) Building a future together. The ontology of this paper, however, is somewhat confused as it tends to mix up organisational learning with the learning organisation.

Goh (2001) uses a normative perspective to generate a learning organisation archetype using 612 subjects in four different organisations. Two organisations are selected from the private sector and two organisations from the public sector. Principal component factor analysis is employed and again scores for Cronbach alpha are reported on. The factors that affect the archetype are clarity of mission and purpose, shared leadership and involvement, experimentation, transfer of knowledge, and teamwork and co-operation. Whilst the basis for the analysis uses a similar stock as identified in Chapter 5 (e.g. Pedler et al. 1991; Garvin 1993), curiously Goh misses out *The Fifth Discipline* and opts for Senge (1990) instead. How Goh arrived at these factors is not articulated in the paper.

Kontoghiorghes et al. (2005) also analyses four different organisations. These include an information technology division of a large auto manufacturer of 300 employees, a case management division of a health insurance company of 256 employees, and two manufacturing facilities of two different organisations of 189 and 60 employees. They employ what they call a third generation Likert-item questionnaire, designed to assess the company in terms of learning organisation, learning transfer, total quality management, and socio-technical systems. The methodology employs principal component analysis, multiple regression, correlation analyses and a varimax rotation. The following were found to be characteristic of rapid change adaptation; open communications and information sharing, risk taking and new idea promotion, and information, facts, time and resource availability to perform the job in a professional manner.

This study is unique in the sense that no analysis using structural equation modeling has been reported in the learning organisation literature. Lähteenmäki et al. (2001) bemoan the fact that the analysis leading up to the variables employed are almost always missing. Whilst Õrtenblad (2002) analyses the literature he uses interviewing on a limited, and undisclosed, population. Weerawardena and Coote (2003) is the only study to target Chief Executive Officers. This oversight has been carefully addressed in this thesis. The evolution of the questions is further discussed in the next chapter.

Generally the engineering sector is well represented (e.g. Gardiner and Whiting 1997; Kontoghiorghes et al. 2005), however studies across the entire range of sectors do not seem to be in evidence (Burnes et al. 2004). Meanwhile, a number of the studies compare public and private sector organisations, where the latter have been excluded from this study.

Many of the learning organisation questionnaires resort to radar diagrams for their analysis (e.g. Watkins and Marsick 1998; Zairi 1999). The relationships between the variables identified are never really explored. Meanwhile Lähteenmäki et al. (2001) claim that enabling structures as advocated by Pedler et al. (1991) are impossible to measure. However they did not consider structural equation modelling as an option, where latent variables can be used to measure manifestations indirectly.

So far as other studies are concerned, there is nothing equivalent. To build a structural equation model requires a large sample size (Fornell and Larcker 1981; Kline 2005; Kaplan 2009; Schumacker and Lomax 2010). The questionnaires were also targeted at Chief Executives, who are most likely to influence learning within the company (Williams 2001). Excluding performance as a dependent variable on learning avoids the criticism made of

Good to Great, namely that it is great archaeology. However, even if the enabling structures are an indicator they are no guarantee for success.

7.9   *Data Collection*

Initially 728 companies were identified from the Financial Times. These were all companies that were quoted on the London Stock Exchange. This was essentially the FTSE 350 plus other companies whose shares are traded on the main market. Details were cross-referenced between the London Stock Exchange website (www.londonstockexchange.com) and Google Finance (www.google.com/finance) to produce a mailing list. Initially the senior executive officer, Chief Executive or Managing Director, was targeted. Where this data was not available the Human Resources Director was selected instead. The database used the contact manager ACT! (*sic.*). This could export the name, title and address field into a mail merge document in Microsoft Word. As previously described, Chief Executive and Human Resource Directors were targeted as they are members of the dominant coalition in companies, and therefore more likely to influence policies on organisational learning (Williams 2001).

The sample was reduced to 697 as 31 of the companies were untraceable. According to Jobber (1996) the number of respondents can be increased by sending out a notification letter. The first stage, therefore, was to post a notification letter.

Even using up-to-date information from the web there had been 15 address changes and two changes of chief executives. In addition Alizyme plc went into receivership on 27th July 2009. Five questionnaires were returned with the instruction "Take off the mailing list", with the envelope unopened.

These results demonstrated two characteristics of the research. Firstly, how ephemeral commercial organisations were, and secondly how difficult it was to gain access to these organisations from, what was essentially, a cold call. Rejections were received from such luminaries as JD Wetherspoons, Charlton Athletic, Haynes Publishing Group, Bayer, Aegon, Thorntons and Next. Thorton's Chocolates did, however, send a £5 voucher that could be redeemed at one of their retail outlets. This was the kindest rejection I received and was duly appropriated to the receptionist at the School who had been deluged with my ambitious mailing project.

From the notification letter there were a total of 16 rejections, whilst 10 agreed to participate. This left 671 unaccounted for. Unfortunately the School of Management ran out of stationery between the notification letter being sent out and the questionnaire being distributed. The

intended two-week gap became a four-week gap and I lost the participation of some major companies as a result of this delay. As previously mentioned, the participating companies were promised a report on the research as part of their participation, along with the guarantee of anonymity.

7.10   *Response Rate*

In total there were five phases of data collection. The questionnaires distributed on each iteration had subtle but unique differences in them that allowed identification to a particular batch. The first distribution of the questionnaire that followed the pre-notification created a 9.7% response rate. This was followed by a letter that promised participating companies could participate in a benchmarking exercise. This produced 12 responses, a 2% response rate. Sending a reminder out to the Chief Executives produced 18 responses, a 3% response rate. At this point there were only 95 responses, which fell short of the target of 120. However, trying to increase the number of responses was producing diminishing returns.

Iteration	Phase	Total Response	Sub-total
1	Chief Executives	65	
2	Benchmarking	12	
3	Chase up Chief Executives	18	95
4	HR Directors	24	
5	Chase up of HR Directors	51	75
			170

Table 7-7 Responses to Questionnaire Iterations

Rather than proceed with the customised list I therefore decided to purchase a list from a commercial organisation. The information from XLdata.co.uk cost £281.75 and contained 797 Human Resource Directors. The fields from the new database was normalised. Companies with two or more contacts were reduced to one by selecting the most senior. Companies that had already responded to the previous database were also removed. This left 677companies of whom 430 were new additions to the survey and 247 were Human Resource Directors of companies whose Chief Executives had not responded. Of the newly acquired 677 companies, 291 of these were AIM-listed companies.

At the first attempt 24 of the 677 companies provided a response of 3.5%. With a reminder the number of responses more than doubled to 51. That is a response rate of 8% for the second iteration. The number of responses had now climbed to 170, which was considered adequate. The overall response rate is calculated by return from the organisation. This is therefore the number of records on the initial database (697) plus the new additions from the

purchased database (430), which works out to be 15.1% of 1127. In absolute terms the number in the population is approximately equivalent to the studies of Simonin 1997; Lichtenthaler 2009, discussed in section 7.8. If late respondents are used as a proxy for non-respondents (Armstrong and Overton 1977) there were no significant difference between these two populations.

7.11   *Initialising the Structural Equation Model*

Once the questionnaires had been returned they were entered into a Microsoft Excel spreadsheet. The original return was archived and given a unique identifier. The name of the company and the iteration response was recorded along with the returned data. Missing data was represented by a value of -1. The file was converted into a CSV file (Comma separated variables) so it could be read by SmartPLS (Ringle et al. 2005).

The model built is a second order structural equation model. The propositions are represented by the latent variables in the first-order. These are aggregated into a second-order model that represents the four quadrates of leadership, learning, strategy and change. The model is reflective in character and takes a minimum of four observations to make a calculation.

Each variable creates a score for the β, the path coefficients, and the R^2 which is a measure of variance. Thus there are scores for β and R^2 for both the first- and second-order model. Table 7-8 shows the process of model development.

Model 01	First iteration of model building.
Model 02	Where negative numbers appeared the answers were reversed. This had no other effect than to change the sign.
Model 03	By trial and error the AVEs were increased to 0.5 successively removing low scoring Betas. Anything less than 0.6 was considered low, though in some cases exceptions were made to maximise the Beta and AVE values (Hair et al. 2010).
Model 04	Having eliminated certain questions an attempt was made to see if they mapped on to any other variables. On two occasions this worked well. However, in terms of the propositions these did not make any sense at all.

Table 7-8 Iterations of Model Development

In the first stage the data was placed in the hypothesised model. In the second stage the questions that produced a negative β were reversed. In the third stage the questions with the lowest βs were excluded until the AVEs (Average Variance Extracted) in the first-order model were greater or equal than 0.5. This follows a recommendation from Fornell and Larcker (1981). Generally these were identified as questions that had a loading of less than approximately 0.6 (Hair et al. 2010).

7.12   *Summary and Conclusions*

This chapter provides the justification of the target audience: publicly-listed companies, financed through shareholder capital. This is because these utilitarian organisations are mostly likely to demonstrate the reification of learning into actionable knowledge.

The corporate life cycle is an example of anthropomorphism. The examples given in Table 3-2 on page 56 demonstrates how organisations can range from ephemeral (as in the case of the disaster relief team) to millennial (for example the Catholic Church). Part of this study reveals whether the aspirations for founding a normative organisation are shared amongst managers of utilitarian organisations. The characteristics of such organisations were identified in Figure 3-5 on page 70. The four main stakeholder groups for such organisations were identified as customers, shareholders, employees and directors. The target audience for the questionnaire were therefore FTSE- and AIM-listed companies.

The research methodology reviewed in the classical learning organisation literature can be considered verificationalist. It is phenomological and uses a limited number of case studies. However, there is only a small amount of a 'literature of disillusionment,' when compared to other social movements such as TQM and BPR. This research is nomothetic and uses falsification as its central theme. It is etic in nature and compares creative idealism of the classical learning organisation literature with the conservative realism of managers in the target organisation.

A literature review of similar studies revealed there had been no equivalent study of the learning organisation in the context of normative writing. Research that uses structural equation modelling is also under represented.

The questionnaire was developed iteratively and inductively until 12 themes emerged from the four quadrates of leadership, learning, strategy and change. The data, meanwhile, was collected in two different stages. The first stage identified Chief Executives in the main market of the London Stock Exchange. The second identified Human Resource Directors in the FTSE- and AIM-quoted companies. Overall the response rate was 15.1% of the 1127 companies identified. The model was developed in four stages. An initial model for fall-back and comparison. The second stages removed scores of a negative β. The third stage removed questions with the lowest β until an AVE of > 0.5 was achieved. The refinement of the model will be deferred until Chapter 9 as the next chapter deals with the descriptive statistics produced from the data collected.

Thus having considered the topics of method and methodology we now turn our attention to the results. This is in two parts. Chapter 8 reports on the descriptive statistics for all responses to the questionnaire. Chapter 9, on the other hand, is dedicated to the results of the structural equation model of the learning organisation concept. The final chapter offers some conclusions of the research.

Chapter 8 Descriptive Statistics

8.1 *Introduction*

This chapter presents the descriptive statistics for the data collected from the survey instrument. The questionnaire consisted of 51 questions divided into three different sections. As described in the previous chapter, these sections match the research sub-questions.

The first section relates to the disposition of the respondents towards new business and management ideas. The second develops the model of the learning organisation around four interconnected and overlapping principles. These are the quadrates of learning leadership, strategy and change. The final section relate to the respondents' view of the learning organisation.

For each question a graph is produced. All graphs are scaled to a maximum of 90. This was just above the maximum number of respondents in any category, and allows a scaled comparison to be conducted. The graphs are immediately followed by a table that gives the distribution of answers.

Each table gives the number of responses to each ordinal point on the Likert scale with the percentage directly below it. This percentage figure is given as a percentage of respondents to the particular question, i.e. it does not include missing data. The Likert scale is then summed into the three categories 1) Agree 2) Neither agree or disagree and 3) Disagree. A percentage of these figures is also given. This aggregation allows fundamental underlying themes to be identified. The mean and standard deviation for the responses is also reported in the tables. Furthermore the relative rankings of the means and standard deviations are given relative to the other questions in the 'Position #' row. This analysis allows the identification of outliers. It also helps identify strong consensus around particular issues.

For each question further direct information is provided as to the source and inspiration of each question. These are given as direct quotes from the literature. This allows the proposition and the response from managers to be directly compared. These quotes are derived from the classical learning organisation literature, the neo-learning organisation literature and the anti-guru school.

8.2 *Disposition towards Business Ideas*

The first section of the questionnaire relates to Chapter 2. This chapter was concerned with the efficacy of business and management ideas and their subsequent adoption by managers. This section consists of three hypotheses that measure practitioner attitudes towards business ideas.

Hypothesis 1: Successful companies will have a positive disposition towards new business ideas.

Question 1. [Q.5]:

My company is enthusiastic towards new business and management ideas.
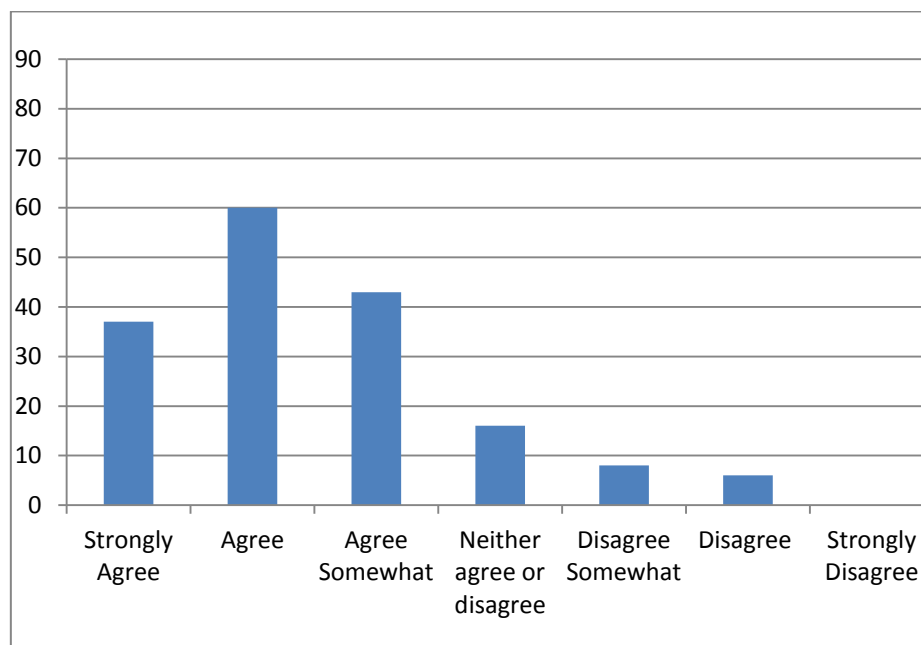
Figure 8-1 Enthusiasm Towards New Business Ideas

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	37	60	43	16	8	6	0	0
%	22	35	25	9	5	4	0	0
Σ		140		16		14		-
%Σ		82		9		8		
Mean		2.5		Position #			10	
Standard Deviation		1.3		Position #			12	

Table 8-1 Enthusiasm Towards New Business Ideas

As shown in Table 8-1 the responses from the respondent companies were overwhelmingly in favour of new business and management ideas. A total of 82% responded positively towards question with 9% undecided and only 8% in disagreement. The mode for Question 1 was

under the category *Agree*, whilst *Strongly Disagree* had no respondents. The corresponding bar chart for the responses Question 1 is shown in Figure 8-1. The response to this question was excellent: the number of non-respondents was zero. The mean answer is somewhere half-way between *Agree* and *Agree Somewhat*. The mean score is relatively high compared to other answers, whilst the standard deviation shows a high-level of consensus around the answers. The hypothesis, therefore, turns out to be true: consumers *are still* enthusiastic towards new business and management ideas. This runs contrary to the anti-guru school who question its very efficacy.

Question 2. [Q.7]:

My company considers most new business and management ideas as passing fads.
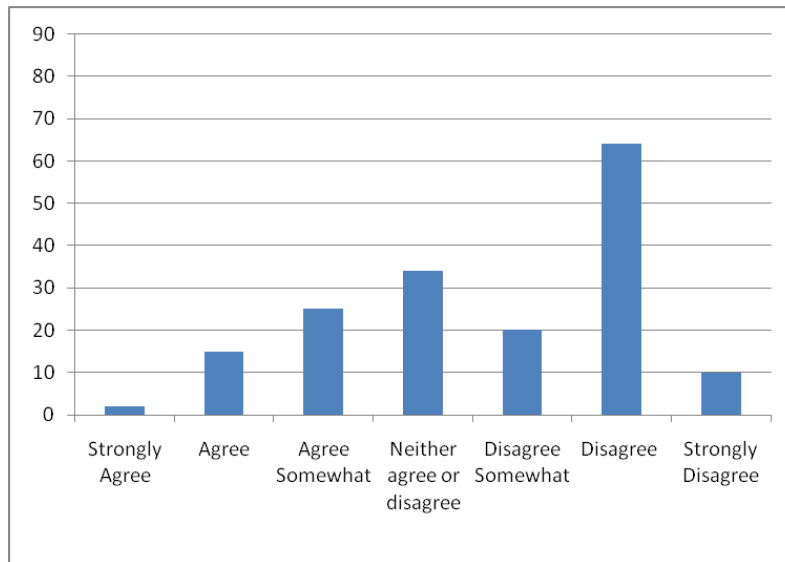
Figure 8-2 Business Ideas as Passing Fads

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	2	15	25	34	20	64	10	0
%	1%	9%	15%	20%	12%	38%	6%	
Σ		42		34		94		-
% Σ		25%		20%		55%		
Mean		4.7		Position #				46
Standard Deviation		1.5		Position #				37

Table 8-2 Business Ideas as Passing Fads

One of the opening gambits of Brindle and Stearns (2001) is that fads have not received the attention they deserve. Indeed Chapter 2 identified the pejorative terms fads, fashions and bandwagons as belonging to the 'anti-guru' school. However, one of the shortcomings of the

anti-guru school is the absence of empirical data of how managers view business and management ideology.

Question 2 thus asks whether respondents consider most business and management ideas as passing fads. Figure 8-2 shows that most respondents do not agree with this statement: again contradicting the 'anti-guru' school. Whilst the responses are not as definitive as Question 1, 55% of all respondents disagreed to some extent with the negative connotations of 'management fads'. As shown in Figure 8-2 the mode response was *Disagree*. However 47% of the population responded within the median of the scale from *Agree Somewhat* to *Disagree Somewhat*. The mean is amongst the highest of the responses; however there is a relatively high degree of variance in the answers.

These results tend to falsify the claims of the anti-guru movement of fads, fashions and bandwagons as hyperbole. However, there is a certain amount of sympathy amongst respondents towards this view.

Hypothesis 2: Successful companies will perceive management consultants as producing the most practical source of theory.

Question 3. [Q.1]:
Please select one of the following. I think most new business theories are developed by:
    □ *managers working in commercial organisations.*
    □ *academics at universities.*
    □ *management consultants.*
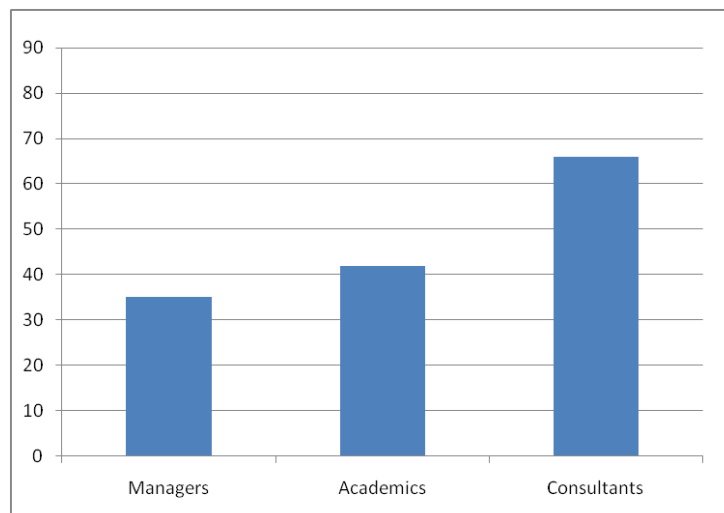
Figure 8-3 Instigators of Business Theories

The stakeholder groups involved in creating new business and management ideas were identified in section 2.2 on page 20. A single response was required that corresponds to

managers, academics and management consultants as being the principal source of theory development.

Table 8-3 summarises the responses. A large number of non-respondents are recorded for this question, 16%. The percentages recorded for each category is therefore based on the 84% who did respond. Thus Table 8-3 shows that 46%, the clear majority, consider consultants to be the main source of new business and management ideas. Academics come second with 29% with managers themselves coming a close third with 24%. This is shown graphically in Figure 8-3.

Category	#	% Responded	% Total
Managers	35	24%	21%
Academics	42	29%	25%
Consultants	66	46%	39%
Sub-Total	*143*	*100%*	-
Non-respondents	27		16%
Total			*100%*
Mean	2.0	Position #	2
Standard Deviation	0.7	Position #	1

Table 8-3 Source of New Business Theories

There is little evidence of the source of new business and management ideas in the literature. Writers such Huczynski (1993) and Davenport et al. (2003), cited on page 46, question the amount of theory produced by academics. Section 2.2 on page 20 warned of the dangers of categorising, however it seems consumers have a mixed view of the principal source of business ideology. Management consultants was the category with the mode of responses, but not by much. The lack of participation in this question also has to be taken into account as demonstrating an element of uncertainty, or no strong opinion.

Hypothesis 3: Business and management ideas are recycled.

Question 4. [Q.2]:
Please select one or both of the following options. I think new business and management theory…
    □ *progresses as ideas build upon one another*
    □ *are recycled from previous concepts*
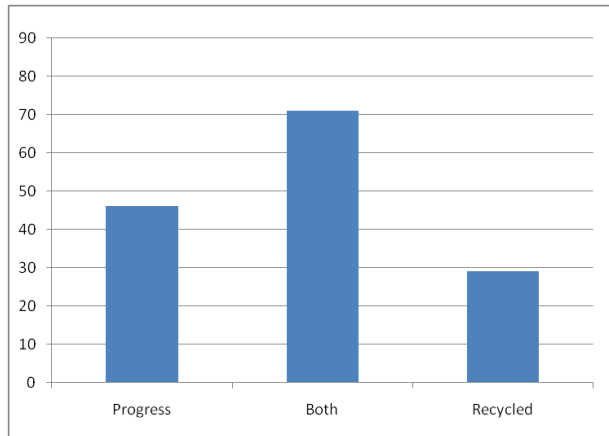
Figure 8-4 Innovators of Business Theories

The final hypothesis in this section was originally raised in section 2.4. This discussed whether business and management ideas were recycled, or whether business and management ideas built upon one another. Respondents were requested to select either, or both, options. The low response rate of Question 3 was duplicated in Question 4 with 24 respondents (14%) declining to register a view. In point of fact 23 of the respondents declined to answer *both* Questions 3 and 4. Fortunately this pattern was not repeated for the remainder of the questionnaire.

Ideas	#	% Respondents	Boolean xOR	% Respondents
Progress	46	32%	117	80%
Both	71	49%		
Recycle	29	20%	100	68%
	#	%		
Non-respondents	24	14%		
Mean	1.8	Position #	1	
Standard Deviation	0.9	Position #	3	

Table 8-4 Recycling of Business Ideas

As shown in the above table, only 20% of respondents thought business and management ideas were exclusively recycled. Meanwhile, 32% of respondents thought that ideas progressed as they built on one another. The largest proportion of 49%, or almost half, thought business and management ideas were both progressive *and* recycled. This is shown in Figure 8-4.

Further analysis separated those who believe business and management ideas progress and those who believe business and management ideas are recycled. This was achieved by eradicating the category for *both*. In such circumstances the *progress* category was slightly ahead of *recycled* category. The difference, however, was fairly negligible. Thus no significant view emerged as to whether ideas progressed as they built upon one another, or

210

were recycled. This finding challenges the rather polarised views on the relationship between theory development and practice implementation.

Huczynski (1993) proposes 'guru theory' as a term to describe the critical literature that has developed around writers that have come to prominence in the field of business and management. This was discussed on page 33. The principal of ideological hegemony, meanwhile, was raised in section 2.6 on page 46.

However, whilst it is thoroughly appropriate for any new business and management theory to be evaluated, those writing 'guru theory' can be more accurately described as being from the 'anti-guru' school. As shown in Figure 8-1 and Figure 8-2, *senior managers in large commercial organisations are overwhelmingly in favour of new business and management ideas and do not view them as 'fads.'*

Figure 2-2 showed the theological and scientific circuits of knowledge. With a minor exception from Huczynski (1993), the anti-guru school present little empirical evidence to support the impact and benefit business and management ideas. Thus, it would appear that the anti-guru school indulge in their own ideological hegemony and 'bandwagon' theory of their own.

8.3 *The Learning Organisation Questionnaire*

Section 2 of the questionnaire moves on to the measurement instrument of the learning organisation concept. This includes the four quadrates of leadership, learning, strategy and change. Each quadrate is divided into propositions in a second order latent model for structural equation modelling. Each proposition represents a construct whilst each question represents these as manifestations of latent variables. *Leadership* has two constructs, *learning* has three, *and strategy* has four whilst *change* has three constructs.

8.3.1 Leadership

There are two latent variables associated with leadership; one for enabling structures and the other for recruiting and retaining the appropriate staff. The five manifestations that relate to the enabling structures proposition include one on empowerment (Question 5). Questions 6, 7 and 8 are concerned with monitoring performance. Question 9, meanwhile, is concerned with providing a supportive environment for employees by minimising unnecessary rules and regulations.

Question 5 [Q.15]:

In my company people feel they have the independence to make their own decisions in areas that directly affect their work.
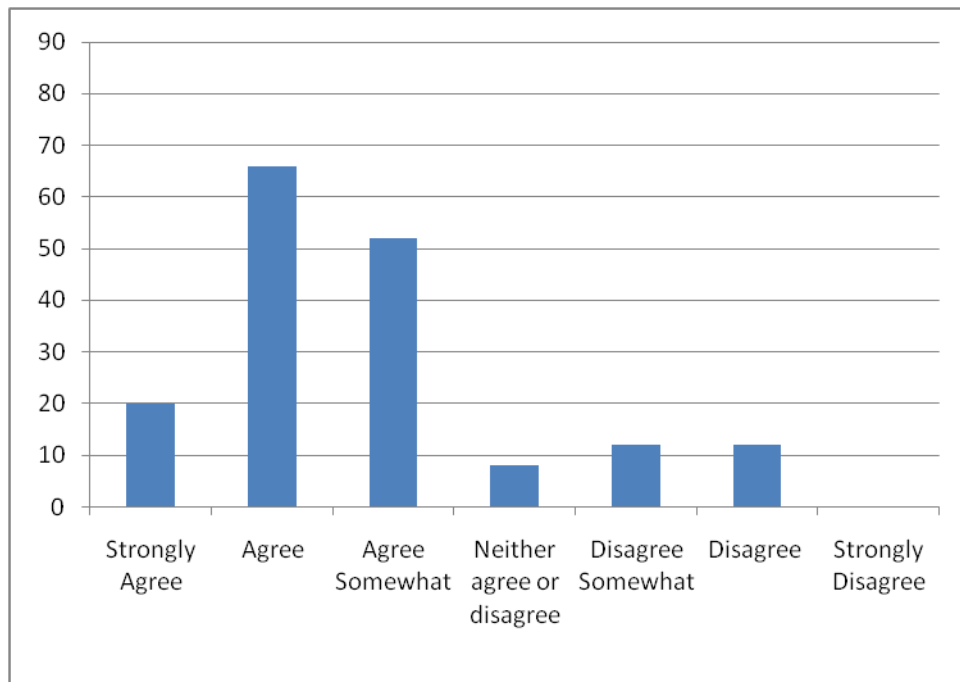
Figure 8-5 Level of Empowerment

Question 5 is the measurement of empowerment. It was inspired by the work of Watkins and Marsick (1993). This work was reviewed in section 5.11 on page 122. As can be seen from the responses in Table 8-5, 81% of respondents basically agreed with this statement. This can also be seen in the bar chart of Figure 8-5. This shows the bias in responses to the left of the median. Thus, most respondents felt their employees felt sufficiently empowered to do their jobs.

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	20	66	52	8	12	12	0	0
%	12	39	31	5	7	7	0	
Σ	138			8	24			-
%Σ	81			5	14			
Mean		2.8		Position #			14	
Standard Deviation		1.3		Position #			18	

Table 8-5 Level of Empowerment

The means and standard deviation for these questions tend to suggest there is a fair amount of agreement and consensus for the empowerment theme. This tends to confirm Mintzberg's theme that leadership is about creating the *right* amount of leadership.

Question.6 [Q.10]:

My company regularly monitors the performance of individuals.
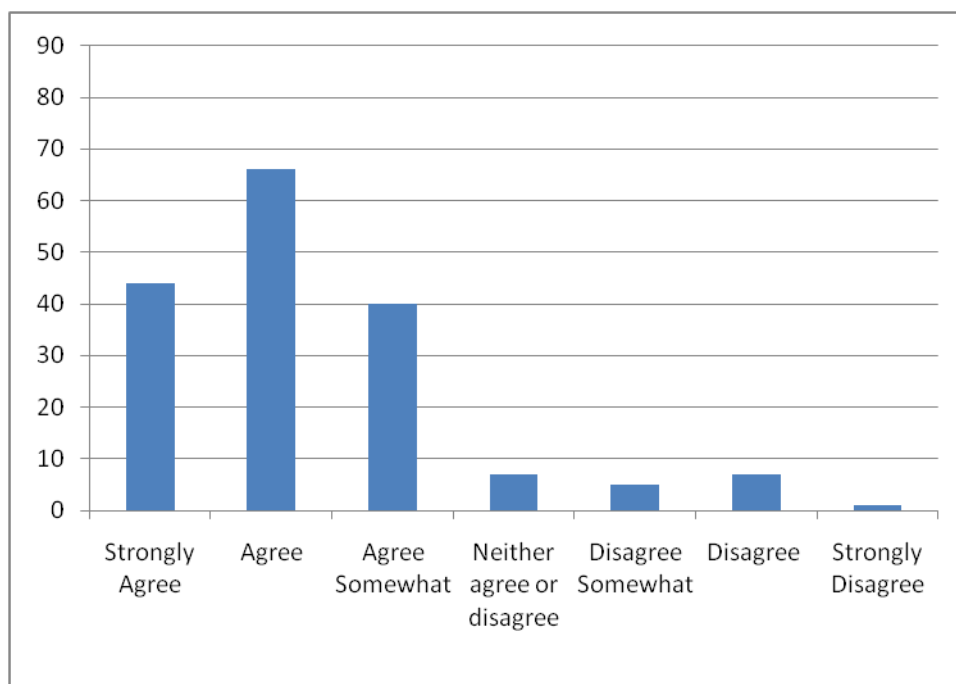
Figure 8-6 Monitoring the Performance of Individuals

The level of incentives and the punishment of poor performance was inspired by Collins (2001), section 5.15. Question 6 is, in some respects, the reverse of Question 5 because it is concerned with the opposite of supervision. However, performance measures do not need to be obtrusive and can be achieved in such a way that employees know what is expected of them. This leads to greater transparency and governance. The frequency of responses in

Figure 8-5 is similar to those in Table 8-6. From Table 8-5, 88% of respondents basically agreed that employee performance was monitored.

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	44	66	40	7	5	7	1	0
%	26	39	24	4	3	4	1	
Σ		150		7		13		-
%Σ		88		4		8		
Mean		2.3		Position #				5
Standard Deviation		1.3		Position #				14

Table 8-6 Monitoring the Performance of Individuals

The mean and standard deviation for this answer are relatively high up the rankings. This tends to suggest the answers are tightly centred on *Agree*. When combined with the previous question is appears that good leadership facilitates 'monitored' empowerment.

Question 7 [Q.19]:
My company pays a great deal of attention on incentives to motivate people.
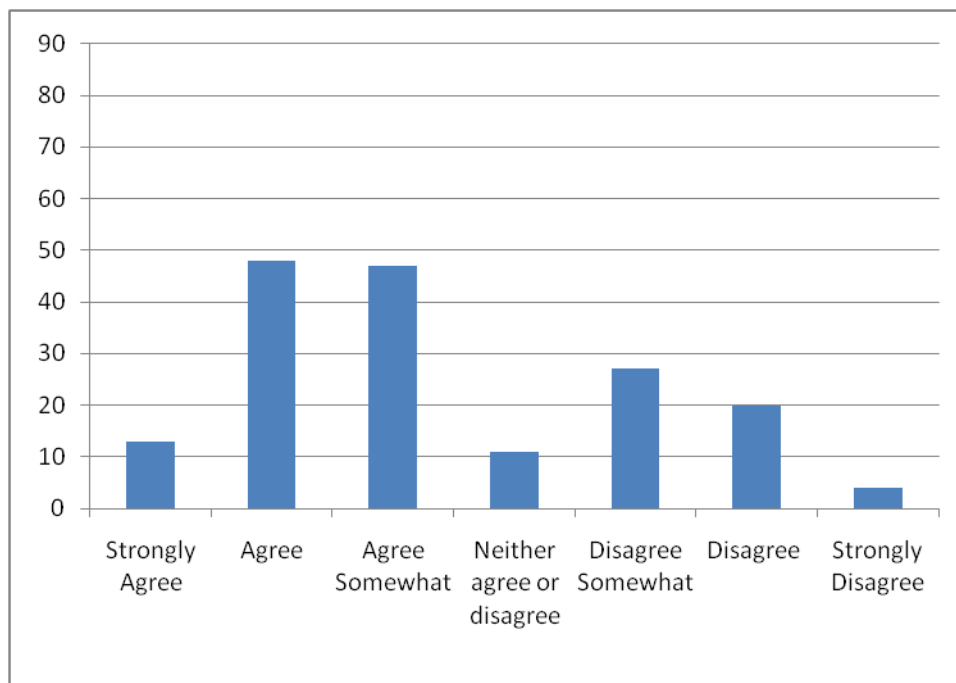
Figure 8-7 Incentives to Motivate People

214

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	13	48	47	11	27	20	4	0
%	8	28	28	6	16	12	2	
Σ		108		11		51		-
%Σ		64		6		30		
Mean		3.4		Position #			32	
Standard Deviation		1.6		Position #			46	

Table 8-7 Incentives to Motivate People

Question 7 was inspired by the notion of Collins (2001) who suggested that if companies were spending an inordinate amount of time on finding ways to motivate their staff, then the enabling structures were inappropriate. This question is slightly ambiguous as considered in isolation *not* paying attention to rewards would appear to be negligent on behalf of the employer. However, as can be seen in Table 8-7, 64% of the respondents basically agreed with a close attention to incentives. There is, however, a relatively high and a fairly even distribution across the range of responses. The latter point is reflected in the standard deviation for this question.

Question 8 [Q.30]:

In my company poor performance is punished.
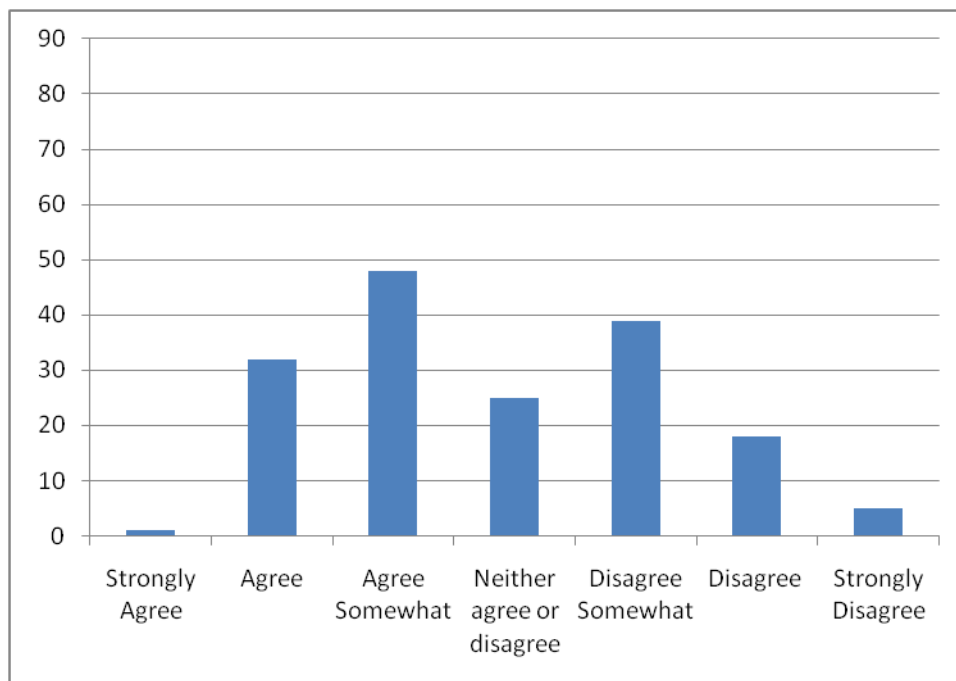
Figure 8-8 Poor Performance Punished

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	1	32	48	25	39	18	5	2
%	1	19	29	15	23	11	3	
Σ		81		25		62		-
%Σ		48		15		37		
Mean		3.9		Position #			36	
Standard Deviation		1.4		Position #			30	

Table 8-8 Poor Performance Punished

The response to this question, as shown in Figure 8-8, is rather mixed. Whilst 48% basically agree with this statement, the bi-modal distribution is such that there is no strong consensus amongst the respondents. This is shown in a mean that hovers around *Neither agree or disagree* and a relatively high standard deviation.

Question 28 states: *Generally speaking, errors can be considered an opportunity for learning in my company.* This is similar in essence to Question 28; however, the distribution is totally different. In hindsight the word 'punish' may be too much of an emotive term, however, if Senge was correct, a learning organisation would mostly disagree with this statement. The mixed response also demonstrates the varied interpretations of 'poor performance' that is more complex than an initial analysis would suggest.

These results tend to imply that whilst most agree that mistakes can be an opportunity for learning However, the application of sanction on the hapless individual is one where there is little agreement. As will be shown later, Question 8 was removed from the structural equation model as it fell far short of the threshold criteria.

Question 9 [Q.16]:
My company makes a sustained effort to minimise the number of rules and regulations.
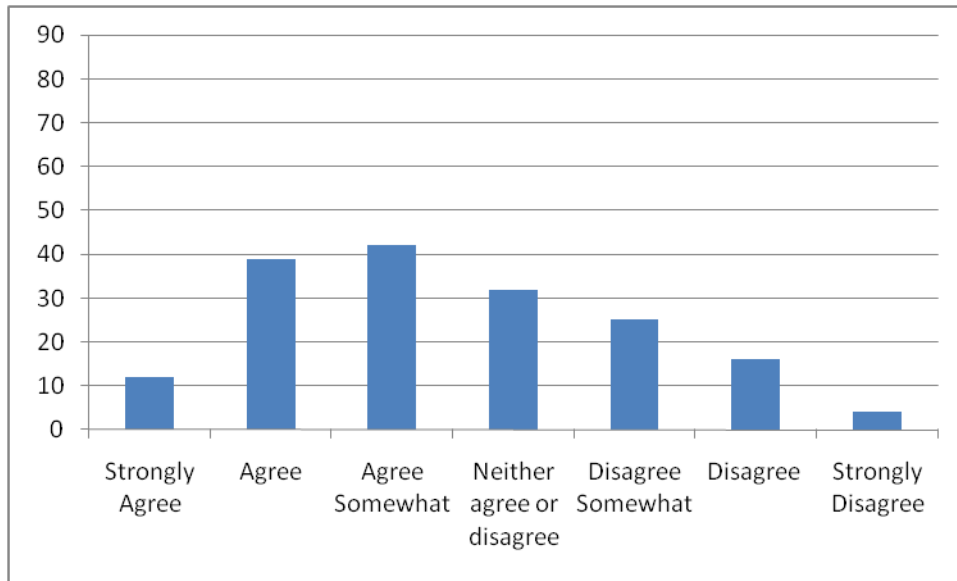
Figure 8-9 Minimise Number of Rules

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	12	39	42	32	25	16	4	0
%	7	23	25	19	15	9	2	
Σ		93		32		45		-
%Σ		55		19		26		
Mean		3.5		Position #			34	
Standard Deviation		1.5		Position #			36	

Table 8-9 Minimise Number of Rules

Question 9 is the bureaucracy question. If, as has been suggested, organisations learn through the reification of rules, regulations and procedures (Cohen and March 1974; March et al. 2000) then companies need to guard against over-learning. Garvin was the main inspiration behind this question. Thus on page 188 of *Learning in Action* Garvin quotes the following:

> When organizations and societies are young, they are flexible, fluid, and not yet paralysed by rigid specialization and willing to try anything once. As the organization or society ages, vitality diminishes, flexibility gives way to rigidity, creativity fades and there is a loss of capacity to meet challenges from future directions. (Gardner 1981, p.3).

According to Garvin's proposition, therefore, the minimisation of bureaucracy is essential if a company is to avoid the decline stage of Figure 7-1 on page 179. Thus:

> It is essential to eliminate unnecessary or outdated tasks at the same time that new ones are added. Otherwise, overload is inevitable. Most companies, unfortunately, only understand the concept of addition; they are much weaker when it comes to subtracting work. (Garvin 2000, p.27)

> Bureaucratic cultures arise to compensate for incompetence and lack of discipline, which arise from having the wrong people on the bus in the first place. If you get the right

217

people on the bus, and the wrong people off, you don't need stultifying bureaucracy. (Collins 2001, p.142)

As will be shown later, Question 9 was removed from the structural equation model. It fell slightly short of the threshold and its exclusion increased the model's acceptability. Interestingly this may falsify a negative hypothesis. As will be shown in the next section the respondents tend to attract and retain management talent. Therefore, excessive bureaucracy is *not* required and the need to review excessive rules will not be required.

Proposition 5: A learning organisation will have the appropriate staff.
10. My company is successful in attracting good quality individuals.
11. My company is successful in retaining talented individuals.
12. Compared to the competition my company has a relatively low turnover amongst key staff.
13. Compared to the competition my company has an effective succession programme for our senior and middle managers.
14. My company prefers to develop future leaders from within the organisation.

Again five manifestations relate to the latent variables of recruiting and attracting the appropriate staff. These manifestations relate to attracting staff (Question 10), retaining staff (Question 11) and sustaining a relatively low turnover in key staff (Question 12). Meanwhile internal succession from internal candidates (Questions 13 & 14) is seen as essential for the future of the enterprise.

Question 10 [Q.3]:

My company is successful in attracting good quality individuals.
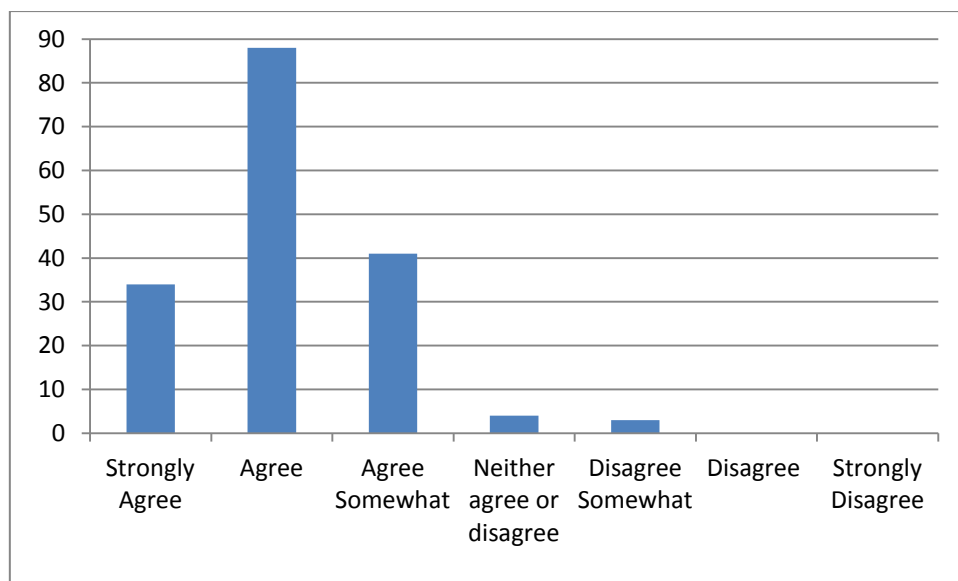
Figure 8-10 Attracting Good Quality Individuals

218

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	34	88	41	4	3	0	0	0
%	20	52	24	2	2	0	0	
Σ		163		4		3		-
%Σ		96		2		2		
Mean			2.1		Position #			3
Standard Deviation			0.8		Position #			2

Table 8-10 Attracting Good Quality Individuals

In *Good to Great* Collins (2001) challenges the inherited wisdom that before launching a new company an innovative product or service is required. Instead Collins uses the phrase *First Who Then What* for his Chapter 3. The message is that the people are more important than the product(s) or service(s) companies produce. He cites examples such as Hewlett Packard who launched a multi-billion dollar enterprise from a garage on a set of values rather than with a brilliantly conceived, coherent business plan.

The first stage of *Who Then What*, therefore, would be to attract the appropriate individuals in the first place. This is the issue reflected in Question 10. As can be seen from Table 8-10, 96% of the respondents agreed with this statement. This is also reflected in a mean of *Strongly Agree* and a very low standard deviation, demonstrating a high degree of consensus.

Question 11 [Q.38]:
My company is successful in retaining talented individuals.
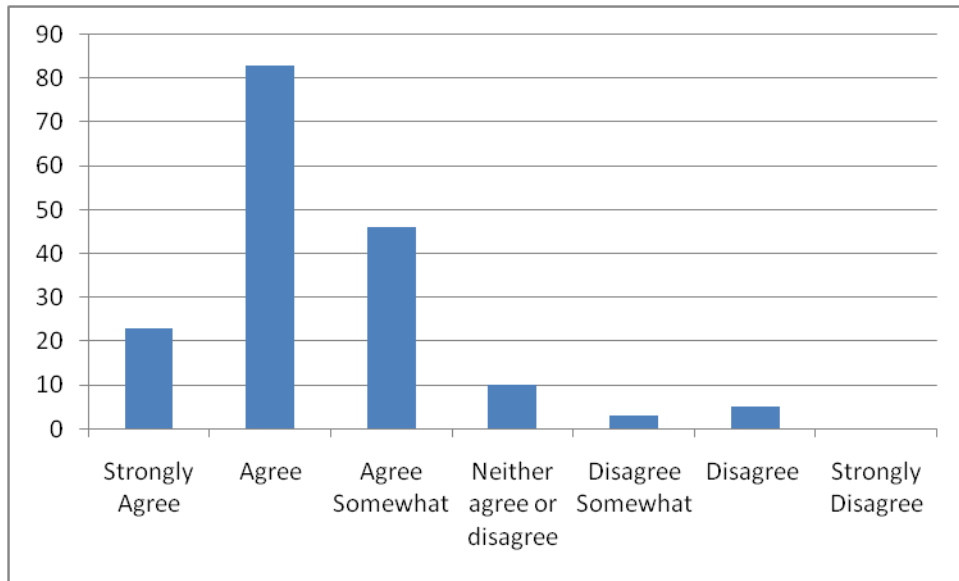
Figure 8-11 Retaining Talented Individuals

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	23	83	46	10	3	5	0	0
%	14	49	2	6	2	3	0	
Σ		152		10		8		-
%Σ		89		6		5		
Mean		2.4		Position #			7	
Standard Deviation		1.0		Position #			4	

Table 8-11 Retaining Talented Individuals

The second stage of *Who Then What*, therefore, would be to successfully retain these high-potential individuals within the company. This is the issue reflected in Question 11. As can be seen in Table 8-11the vast majority of respondents, 89%, agree with this statement. The high degree of agreement is also reflected in a low mean and the fourth-lowest standard deviation. Thus the respondent companies are good at both attracting *and* retaining their talent.

Question 12 [Q.23]:

Compared to the competition my company has a relatively low turnover amongst key staff.

Figure 8-12 Turnover in Staff

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	46	65	22	26	4	4	2	1
%	27	38	13	15	2	2	1	
Σ	133			26	10			-
%Σ	79			15	6			
Mean		2.4		Position #			6	
Standard Deviation		1.3		Position #			17	

Table 8-12 Turnover in Staff

The next stage of *Who Then What*, therefore, is to question the turnover amongst key staff. The difference between Question 11 and 12 is semantics; whether there is a difference between *key* staff and *talented* staff. Question 12 was one of Garvin's 'litmus tests' of a learning organisation This is shown in item 4 of Table 5-5 on page 114, namely *Does the organization lose critical knowledge when key people leave?* Thus, a low turnover would tend to imply a learning organisation. As can be seen in Table 8-12, the majority of respondents, 79%, reported a low turnover in key staff. The mean is relatively high; however the variance of answers is not as high as Question 11.

Question 13 [Q.42]:
Compared to the competition my company has an effective succession programme for our senior and middle managers.
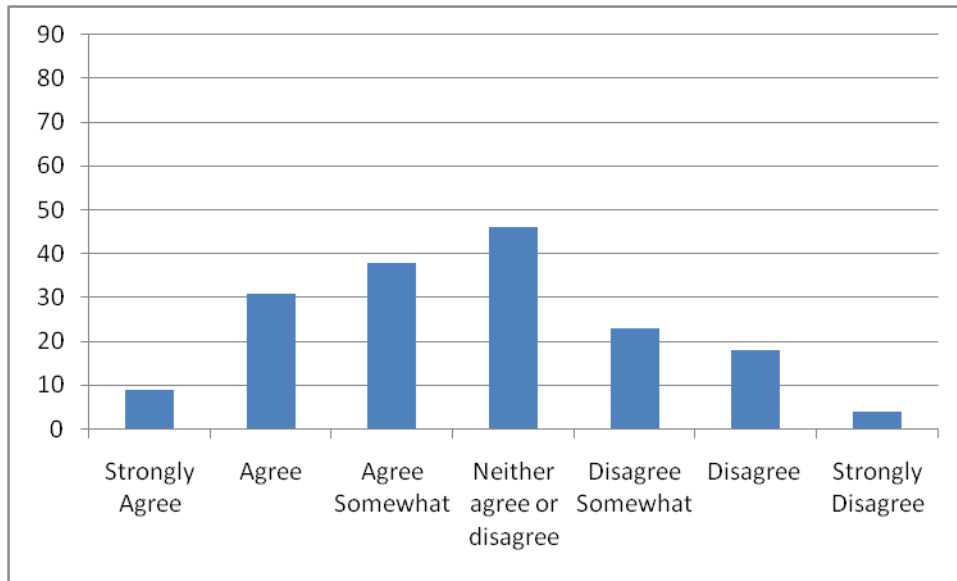
Figure 8-13 Effective Succession Programme

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	9	31	38	46	23	18	4	1
%	5	18	22	27	14	11	2	
Σ		78		46		45		-
%Σ		46		27		26		
Mean		3.7		Position #			35	
Standard Deviation		1.5		Position #			33	

Table 8-13 Effective Succession Programme

Question 13 is the first of two concerned with progression policies within the company. Ultimately a hierarchy within an organisation contains a constraint as the opportunities become more limited the higher up the ladder individuals climb. Thus promotion aspiration has to be tempered with a reasonable expectation for continued engagement (Pfeffer and Salancik 1978).

Question 13 thus relates to the management of succession within companies. In contrast to answers to previous questions that were similar to a 'beta' curve with a mode around the category 'Agree', this response has a normal distribution. Figure 8-14 shows most people agree with having an effective succession programme. However the mean is quite high and the responses had quite a large variance, as demonstrated in a standard deviation of 1.5.

Question 14 [Q.20]:

My company prefers to develop future leaders from within the organisation.
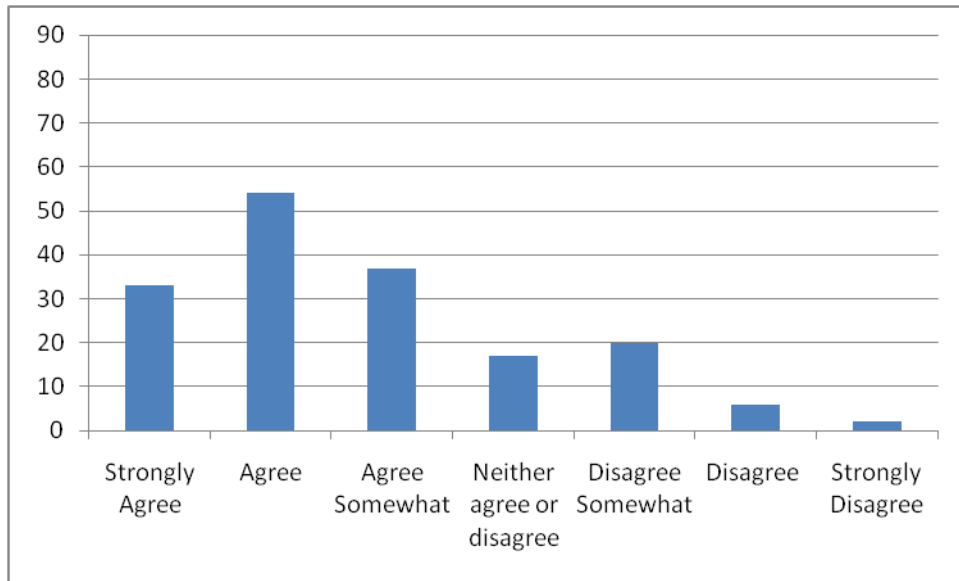
Figure 8-14 Develop Leaders from within the Organisation

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	33	54	37	17	20	6	2	1
%	20	32	22	10	12	4	1	
Σ		124		17		28		-
%Σ		73		10		16		
Mean		2.8		Position #			15	
Standard Deviation		1.5		Position #			34	

Table 8-14 Develop Leaders from within the Organisation

The final question within the leadership quadrate is whether the company prefers to promote from within or to bring in outsiders for the top jobs. These attract different prescriptions from the learning organisation literature.

1. ... companies that are performing reasonably well are better off promoting an insider to the job (Pfeffer and Sutton 2006b, p.212).
2. Visionary companies develop, promote and select managerial talent grown from inside the company to a greater degree than the comparison companies. (Collins and Porras 2000, p.173).
3. This cohesion around the idea of 'community' meant that managers were typically chosen for advancement from within; they succeeded through the generational flow of members and considered themselves stewards of the long-standing enterprise. Each management generation was only a link in a long chain. Except during conditions of a crisis, the management's top priority and concern was the health of the institution as a whole. (de Geus 1999, p.13).
4. Implementation is the problem because while the chief embraces change, most others resist it. That is why outsider must be favored over insiders.... Implementation is the problem because it cannot be separated from formulation. That is why committed insiders are necessary to resist ill-considered changes imposed from above and without. (Mintzberg 2004b, p.275).
5. Ten out of eleven good-to-great CEOs came from *inside* the company, three of them from family inheritance. The comparison companies turned to outsiders with *six times* greater frequency – yet they failed to produce sustained great results. (Collins 2001, p.32)

The only in-depth treatment on this issue is Collins and Porras (2000) in *Built to Last*. Their Chapter 8 is entitled *Home-Grown Management*. As can be seen Figure 8-14 the distribution of answers is back to the β-curve with the mode distributed around the category for 'Agree.'

When the categories are aggregated most of the respondents, 73%, basically agreed that leaders were developed from within the organisation. However, these responses could be considered ambiguous as, due to the constraints of structural equation modelling, it was not possible to factor in the present performance the company without changing the substance of the proposition. The mean is quite low for this question and there is a fair degree of variance in the answers.

8.3.2   Learning

There are three latent variables associated with the second element of the second-order construct on learning. These relate to the three aspects of the temporal nature of learning, introduced in section 4.4 on page 79. These are that learning has a past, present and a future. The order of the latent variable, however, is to measure the future, then the past. The latent variable for current is captured in the construct for dialogue as discussed Section 5.5 on page 108.

Proposition 6: (learning, future)
Learning organisations will make time to contemplate the future.
15. There is always sufficient time to consider what the future might hold for us.
16. In my company we feel we are in control of our collective destiny.
17. Discussing the distant future is actively encouraged in my company.

Three manifestations were chosen to represent the latent variable for the future. This encapsulates the L ≥ C idea of the learning organisation. As concluded in section 5.16 on page 131 this is the most consistent theme in the learning organisation literature.

Question 15 [Q.17]:
There is always sufficient time to consider what the future might hold for us.
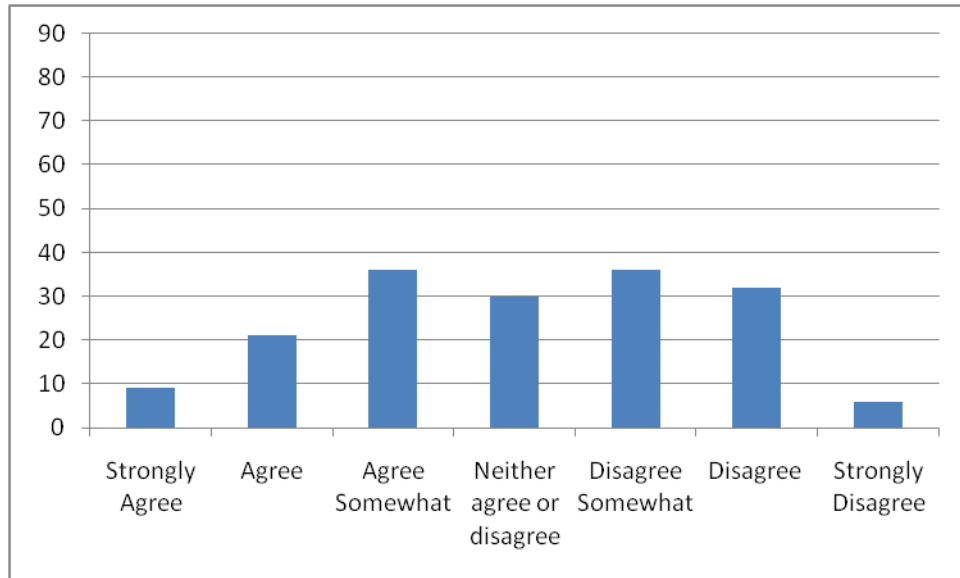
Figure 8-15 Time to Consider the Future

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	9	21	38	30	36	32	6	0
%	5	12	21	18	21	19	4	
Σ		66		30		74		-
%Σ		39		18		44		
Mean		4.1		Position #			37	
Standard Deviation		1.6		Position #			39	

Table 8-15 Time to Consider the Future

Question 15 asks whether there is sufficient time set aside to consider the future of the enterprise. As can be seen from Figure 8-15 the distribution of answers to this questions approximate to a normal distribution, with 39% basically agreeing with this statement, 18% undecided and 44% disagreeing. Those who disagree with this statement seem to be suggesting there are insufficient resources set aside for planning for the future. The mean for this question is quite high, whilst there is also quite a lot of variance in the answers.

Question 16 [Q.21]:

In my company we feel we are in control of our collective destiny.
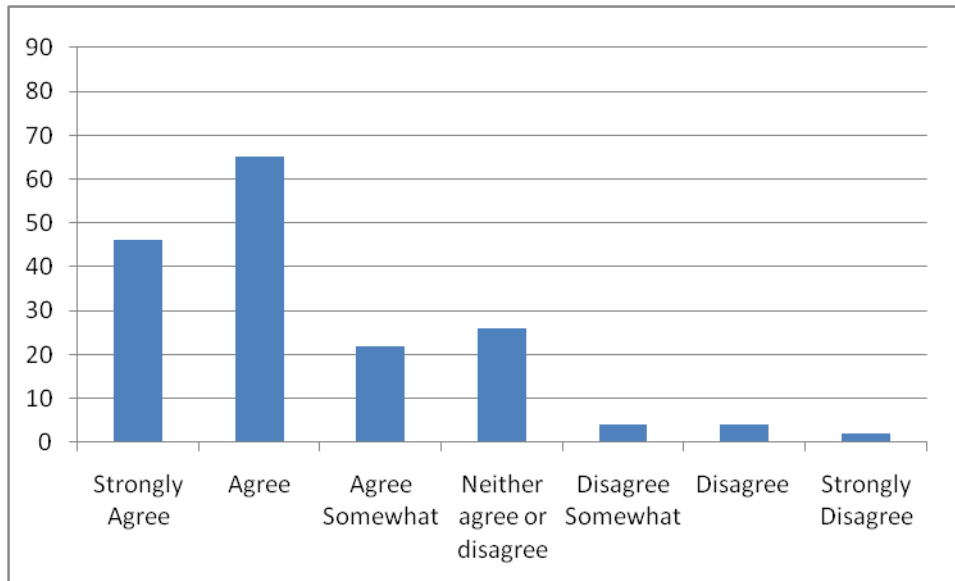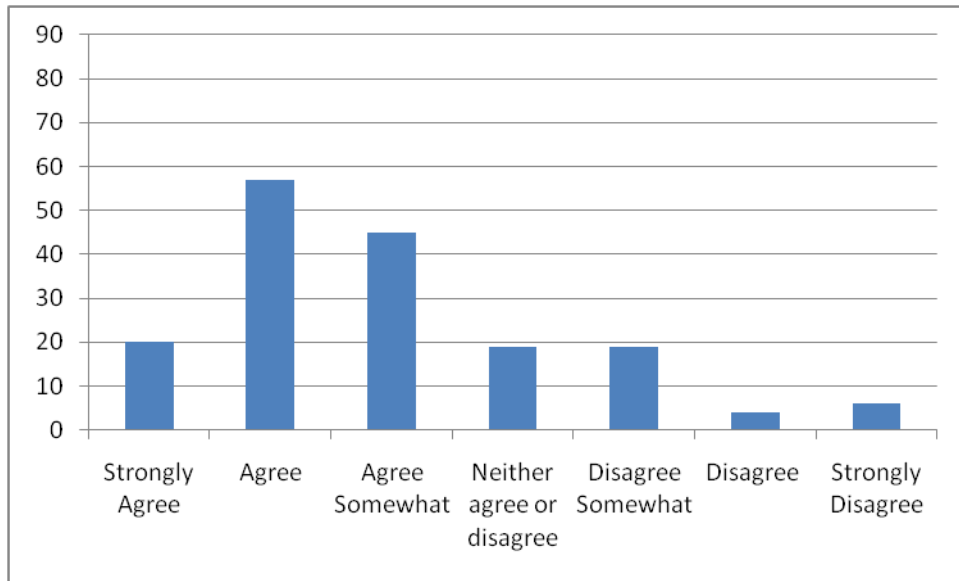

Figure 8-16 Control of Collective Destiny

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	20	57	45	19	19	4	6	0
%	12	34	26	11	11	2	4	
Σ		122		19		29		-
%Σ		72		11		17		
Mean		3.0		Position #			21	
Standard Deviation		1.5		Position #			35	

Table 8-16 Control of Collective Destiny

Question 16 asks whether the company feels in control of its own destiny. The familiar β-curve of distribution of answers is shown in Figure 8-16. Effectively this is a restatement of the $L \geq C$ argument; if the company feels in control of its own destiny then it will be learning faster the environment. As shown in Table 8-15, 72% of respondents feel they are in control of their destiny to some extent. The mean for the answer is quite low; however there is also a fair degree of variance in the answers.

Question 17 [Q.44]:

Discussing the distant future is actively encouraged in my company.
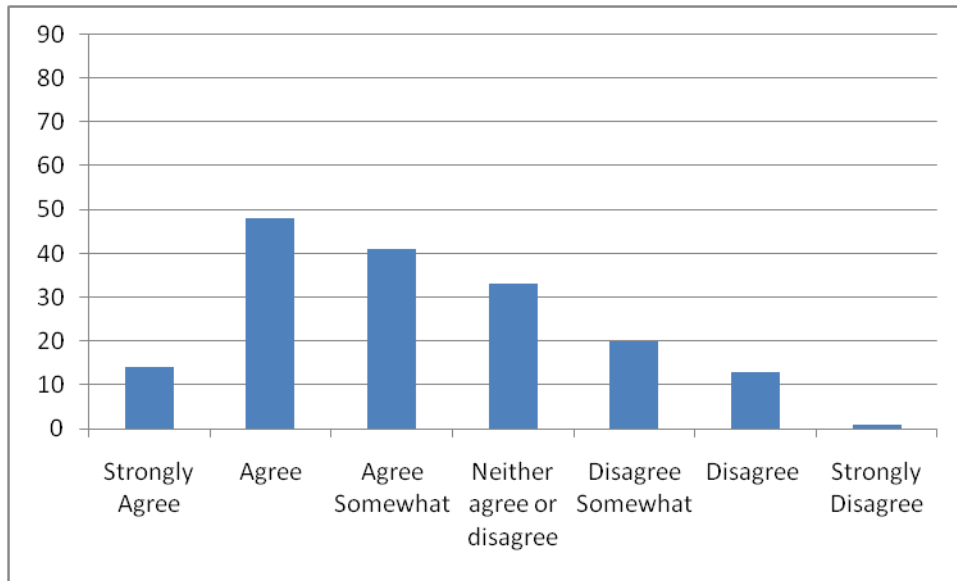
Figure 8-17 Discussing the Distant Future

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	14	48	41	33	20	13	1	0
%	8	28	24	19	12	8	1	
Σ		103		33		34		-
%Σ		61		19		20		
Mean		3.2		Position #			30	
Standard Deviation		1.4		Position #			29	

Table 8-17 Discussing the Distant Future

Question 17 is a restatement of Question 15, except the emphasis is in the *distant future*. The definition of distant future was left deliberately for the interpretation of the respondent as distant future will have a different interpretation for different companies. As can be seen from Figure 8-18 this is the familiar β-curve displayed in many of the other questions. Both the mean and standard deviation for this question are a fair way down the ranking.

Proposition 7: A learning organisation will make time to reflect on the past.
18. Before a project is started we always reflect on what we did last time we were in a similar position.
19. In my company we have a tendency to make the same mistakes repeatedly.
20. In my company we regularly review areas we need to improve upon.

The second latent variable in the learning quadrant relates to what a company learns from the past. This construct has three manifestations. The first relates to drawing upon the collective experience of the company (Question 18). The second relates to the avoidance of previous

errors (Question 19). Finally, the extent to which the company proactively identifies and acts upon weaknesses (Question 20).

Question 18 [Q.35]:

Before a project is started we always reflect on what we did last time we were in a similar position.
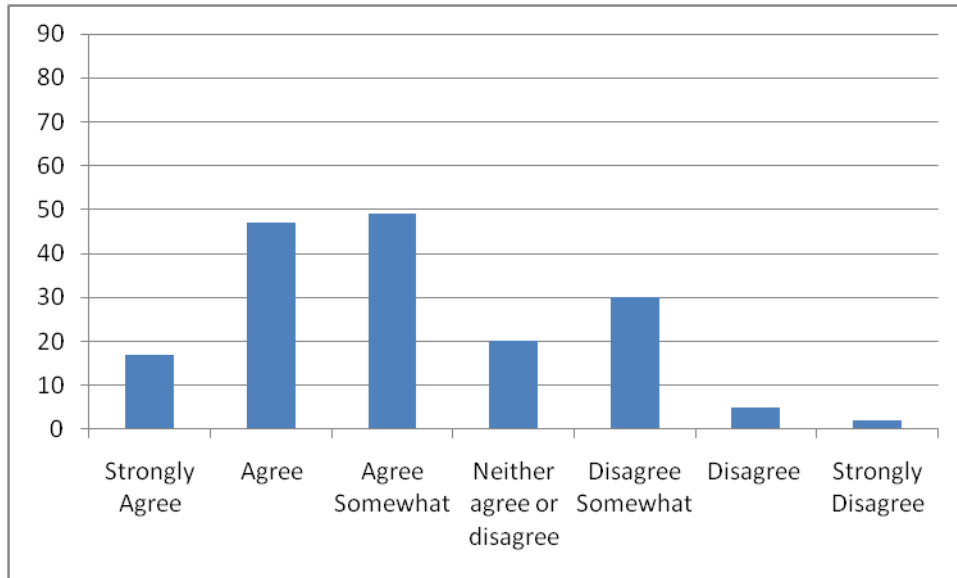
Figure 8-18 Reflect on Previous Projects

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	17	47	49	20	30	5	2	0
%	10	28	29	12	18	3	1	
Σ		113		20		37		-
%Σ		66		12		22		
Mean		3.1		Position #				26
Standard Deviation		1.4		Position #				25

Table 8-18 Reflect on Previous Projects

Garvin refers to the context of Proposition 7, and specifically Question 18, as the Santayana Review:

> Surprisingly, few companies take the time to reflect on their experiences and develop lessons for the future. With the repeated activities that are captured by learning curves, the task can sometimes be avoided, since efficiencies and practical guidelines often emerge as a by-product of getting things done. But when activities are episodic or rare – new product launches, geographical expansions, the introduction of unfamiliar technologies or processes – conscious reflection is usually necessary if lessons are to be learned. Managers must carefully review past efforts to distinguish effective from ineffective practice; they must then record their findings in an accessible form and disseminate the results to employees. One expert has called this process the *"Santayana*

228

Review," citing the famous philosopher who coined the phrase "Those who cannot remember the past are condemned to repeat it." (Garvin 2000, pp. 99-100. Emphasis added)

Figure 8-18 shows the usual β distribution of responses, although somewhat flatter as the mode is approximately equalised between 'Agree' and 'Agree Somewhat.' Table 8-18 shows the majority of respondents, 66%, do reflect on previous projects. Whilst 12% are undecided and 22% of respondents do not reflect on previous projects, this is still rather more than Garvin claims.

Question 19 [Q.26]:

In my company we have a tendency to make the same mistakes repeatedly.
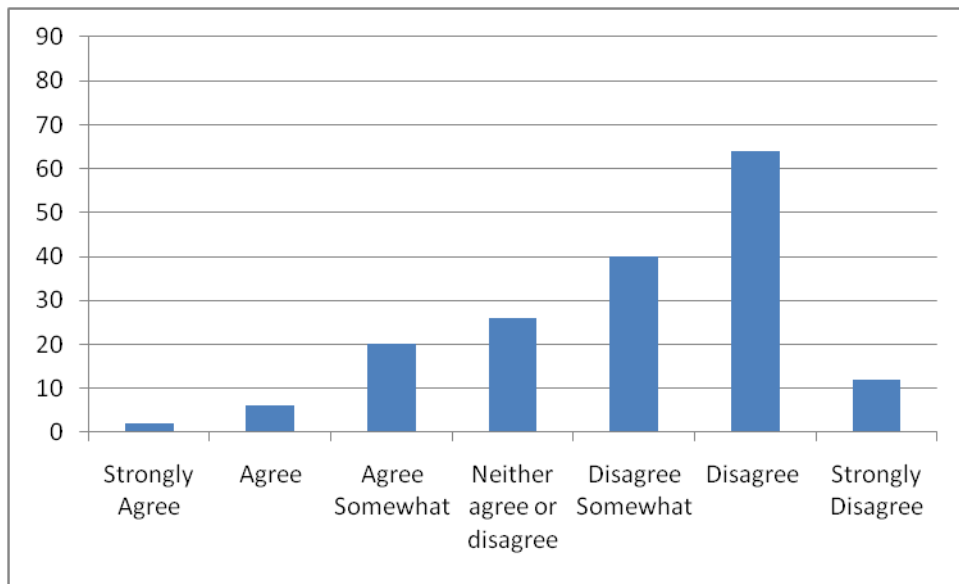
Figure 8-19 Tendency to Make the Same Mistakes

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	2	6	20	26	40	64	12	0
%	1	4	12	15	24	38	7	
Σ		28		26		116		-
%Σ		16		15		68		
Mean		5.0		Position #			48	
Standard Deviation		1.3		Position #			19	

Table 8-19 Tendency to Make the Same Mistakes

Again the inspiration to ask this question is derived from Garvin's work. Referring back to Table 5-5 on page 114 'Does the organisation avoid repeated mistakes?' is one of the litmus

tests of the learning organisation. (Garvin 2000, p.13). As can be seen from Figure 8-19 the shape of the responses is the usual β curve, however, the profile is reversed. Table 8-19 also shows that 68% of the respondents disagree with this statement. Clearly the majority do not make the same mistakes and Question 19 is actually acting as a double-negative. In the structural equation model the responses to this question were reversed so as to be compatible with other responses. This is reflected in a very high mean, whilst the variance between answers is fairly low.

Question 20 [Q.34]:

In my company we regularly review areas we need to improve upon.
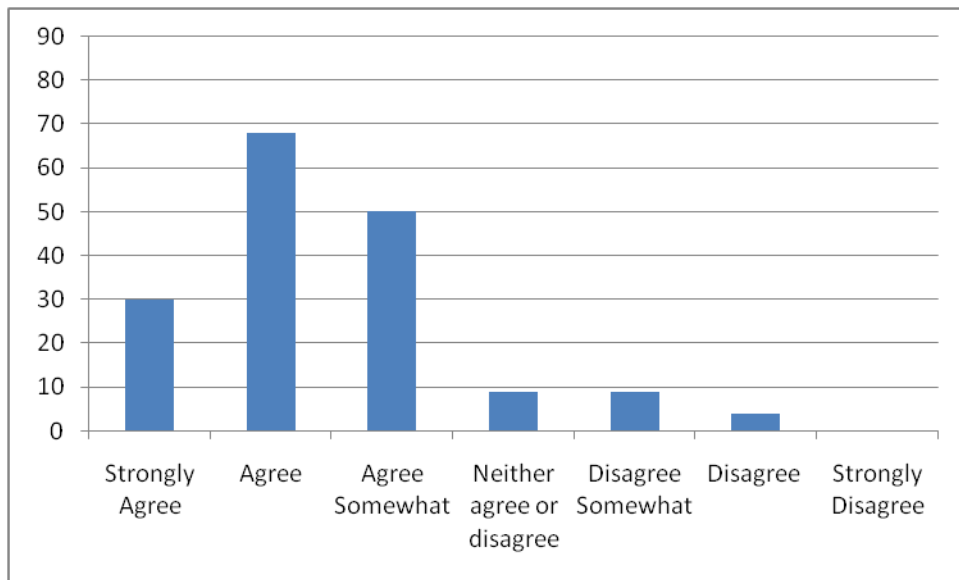
Figure 8-20 Regular Reviews for Improvement

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	30	68	50	9	9	4	0	0
%	18	40	29	5	5	2	0	
Σ	148			9	13			-
%Σ	87			5	8			
Mean		2.5		Position #			8	
Standard Deviation		1.1		Position #			7	

Table 8-20 Regular Reviews for Improvement

Collins and Porras (2000, p.188) refer to this issue as guarding 'the disease of complacency.' In fact Chapter 9 is entitled 'Good Enough Never Is.' One might reasonably expect a learning organisation to be vigilant to this malaise by constant review. Figure 8-20 shows the familiar β distribution displayed in other questions. Table 8-20, meanwhile, shows that 87% of respondents state that they hold regular reviews to identify areas for improvement. The mean of this question is between *Agree* and *Strongly Agree* whilst there was a relatively high degree of consensus amongst the answers.

Proposition 8: A learning organisation will create room for dialogue.
21. Achieving consensus in decision making is important in my company.
22. In my company considering 'what is right' is more important than 'who is right'.
23. In my company challenging assumptions is encouraged.
24. In my company the word 'learning' is used a lot.

As discussed in section 5.5 one of the central themes of Senge is the difference between dialogue and discussion:

> The discipline of team learning starts with "dialogue"," the capacity of members of a team to suspend assumption and enter into a genuine "thinking together." To the Greeks dia-logos meant a free-flowing of meaning through a group, allowing the group to discover insights not attainable individually. Interestingly, the practice of dialogue has been preserved in many "primitive" cultures, such as that of the American Indian, but it has been almost completely lost to modern society. Today the principles and practices of dialogue are being rediscovered and put into a contemporary context. (Senge 1997, p.10)

The latent variable for dialogue is represented by four propositions. These are the level of consensus (Question 21), the effectiveness of decision-making processes (Question 22), the proclivity of the company towards double-loop learning (Question 23) and whether there is a learning environment within the company (Question 24). This proposition is very similar to Proposition 23 which is concerned with the balance between hierarchy and egalitarianism to achieve learning in organisations.

Question 21 [Q.8]:

Achieving consensus in decision making is important in my company.
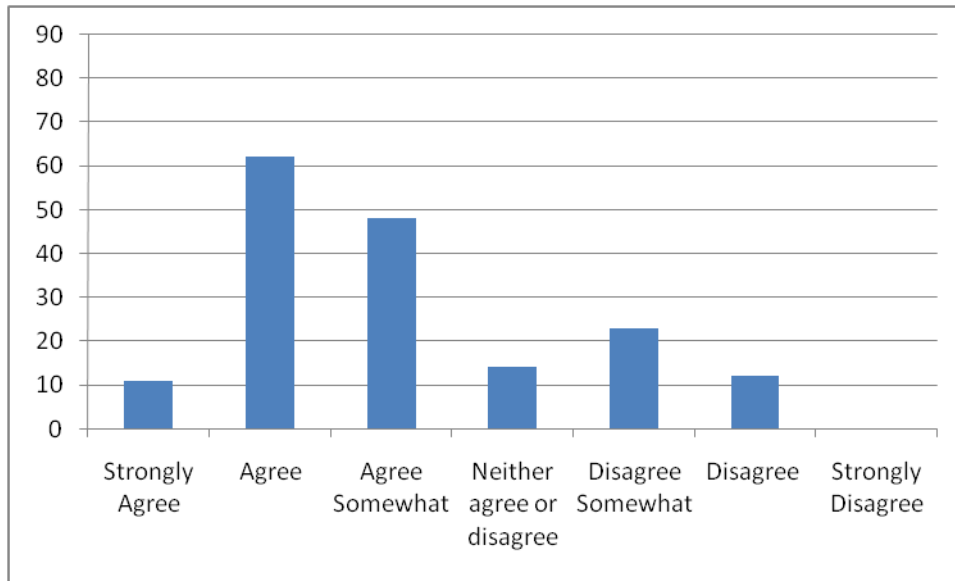
Figure 8-21 Consensus in Decision Making

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	11	62	48	14	23	12	0	0
%	6	36	28	8	14	7	0	
Σ		121		14		35		-
%Σ		71		8		21		
Mean		3.1		Position #			24	
Standard Deviation		1.4		Position #			22	

Table 8-21 Consensus in Decision Making

The main inspiration behind this question was Garvin. *Learning In Action* describes the use of After Action Reviews (AARs) used by the American Army. These were first discussed in section 4.11 on page 97. One of the definitions of an organisation cited on page 52 is from Wright Mills (1959). This defines an institution as a stable set of role graded in authority. There is, perhaps, no organisation with greater obvious grade differentials than the military. However for AARs to be successful that:

> ... "disagreement is not disrespect." Because this attitude seldom comes naturally to hierarchical organizations, it must be carefully and consciously cultivated. (Garvin 2000, p.112)

The effect this will have is that:

> If both these lower and the higher levels in the hierarchy give in to this temptation, the end result is that fewer people with less factual knowledge participate in the decision making. Once again, corporate learning suffers. (de Geus 1999, p.229)

Thus consensus is used as a synonym for dialogue. Figure 8-21 shows the usual β-curve distribution of responses, whilst Table 8-21 shows the vast majority of respondents agree that consensus in decision-making is important. However, Question 21 was removed from the structural equation model as it fell below the threshold criteria.

Question 22 [Q.4]:

In my company considering 'what is right' is more important than 'who is right'.
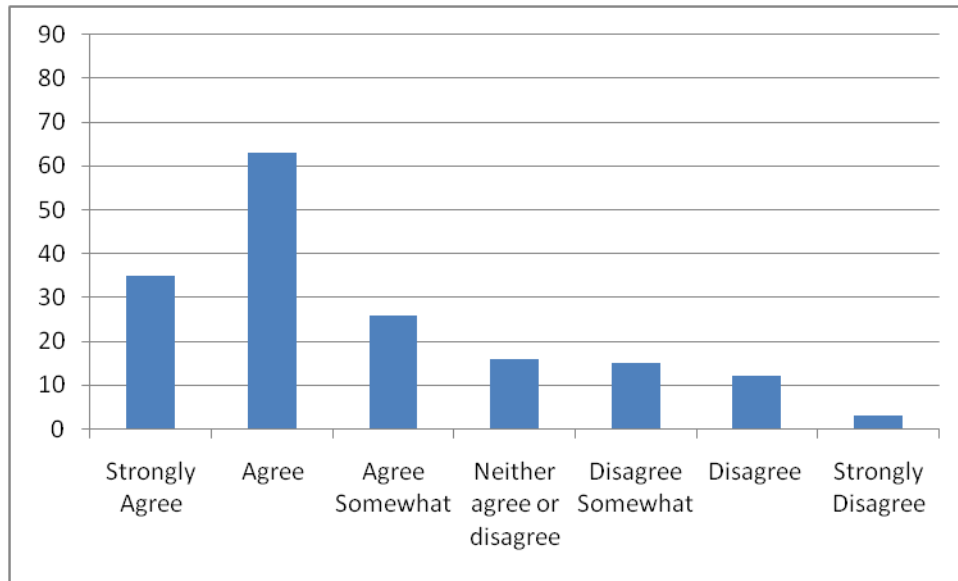
Figure 8-22 What is right' and 'Who is right'

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	35	63	26	16	15	12	3	0
%	21	37	15	9	9	7	2	
Σ		124		16		30		-
%Σ		73		9		18		
Mean		2.8		Position #				13
Standard Deviation		1.6		Position #				43

Table 8-22 What is right' and 'Who is right'

Question 22 is concerned with the effectiveness of decision-making processes, and, similar to Question 21, the extent to which hierarchical position influences decisions. The phrasing of this particular question was influenced by the following:

> A "political environment" is one in which "who" is more important than "what." (Senge 1997, p.273).

Organisational politics is a latent variable discussed under Proposition 15. However, so far as Question 22 is concerned the theme, rather than the person discussing the theme, is an indirect way of asking whether dialogue could be occurring in an organisation. Figure 8-22 shows the β-shaped curve common to many of the responses for the questionnaire. Table 8-22, meanwhile, shows that an over-whelming majority of 73% agreed that 'what is right' is more important than 'who is right'. The distributions between Table 8-21and Table 8-22 for the different category of answer, meanwhile, are remarkably similar when they are aggregated between agree, neutral and disagree. The mean of the responses is fairly low, indicating a fair degree of agreement; however, the variance shown in the standard deviation is high.

Question 23 [Q.12]:

In my company challenging assumptions is encouraged.
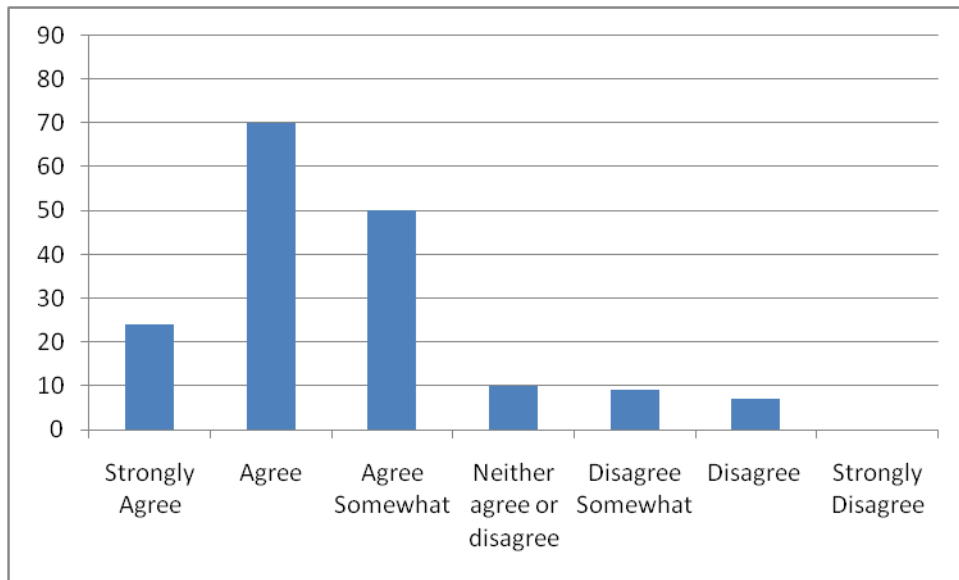
Figure 8-23 Challenging Assumptions

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	24	70	50	10	9	7	0	0
%	14	41	29	6	5	4	0	
Σ		144		10		16		-
%Σ		85		6		9		
Mean		2.6		Position #				12
Standard Deviation		1.2		Position #				11

Table 8-23 Challenging Assumptions

Question 23 is the final measure of dialogue and asks to what extent the company is open to new perspectives. This is the equivalent of double-loop learning, discussed in section 4.3.2 on page 77. Figure 8-23 shows the usual β-curve of distribution, whilst Table 8-23 shows overwhelming support for this proposition at 85%. The mean is relatively low, indicating strong agreement whilst the variance is also very low indicating a strong level of consensus.

Question 24 [Q.11]:

In my company the word 'learning' is used a lot.

Figure 8-24 Use of the Word 'Learning'

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	25	35	40	25	21	18	6	0
%	15	21	24	15	12	11	4	
Σ	100			25	45			-
%Σ	59			15	26			
Mean		3.4		Position #			31	
Standard Deviation		1.7		Position #			50	

Table 8-24 Use of the Word 'Learning'

Question 24 is the last of the dialogue questions. I inserted it as a measure to which the company creates a learning environment. The response, as shown in Figure 8-24, is a flattened β-curve. The distribution across the seven categories is fairly even. Table 8-24, shows a small majority, 59%, agree that the word 'learning' is used a lot in their companies.

Thus the mean is quite high and the variance is very high. The latter point is shown by a very high standard deviation.

8.3.3 Strategy

The strategy quadrate is comprised of four latent variables. There are the extent to which the company 1) has a culture of playful experimentation 2) challenges the traditional rules of the sector 3) is committed to the longevity of the enterprise, and 4) has a unitary culture.

Proposition 9: A learning organisation will have a culture of playful experimentation.
25. Independent experimentation in new product development is encouraged here.
26. Middle managers are empowered to implement innovative management processes here.
27. Employees in my company are encouraged to undertake minor projects on their own initiative.
28. Generally speaking, errors can be considered an opportunity for learning in my company.

Proposition 9 is concerned with the culture of playful experimentation. Experimentation has four latent variables 1) experimentation in product development 2) experimentation in management processes 3) the encouragement of self-initiated projects, and 4) the way in which errors are managed. The following quotes from de Geus (1999) were inspirations for this proposition:

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1. Underneath all the fun there is a very serious purpose: playing with one's reality allows one to understand more of the world in which we live. *To play it is to learn*. (de Geus 1999, p.81)
2. The dilemma between tolerance and control can only be solved, of course, by finding a way to meet *both* goals. Space must be created for people to experiment and take risks. At the same time, people cannot simply do what they like at the expense of the organisation's, common purpose. Clearly, *one needs both: empowered people and effective control*. (de Geus 1999, p.183. Emphasis Added, c.f. Questions 5 and 6)
3. All these examples should make one thing clear. We know extremely well in business that play is the best method of learning. That's why it never ceases to amaze me that, in most business *decision making*: play is not even considered as a vehicle for learning. Instead of simulating reality, we 'learn from experience' - we experiment with reality itself. (de Geus 1999, p.83)

For Garvin (2000), the theme of experimentation forms the whole basis of Chapter 5 in *Learning in Action*. Further evidence from the learning organisation literature is given below, directly attributed to a statement, page and author.

Question 25 [Q.32]:

Independent experimentation in new product development is encouraged here.
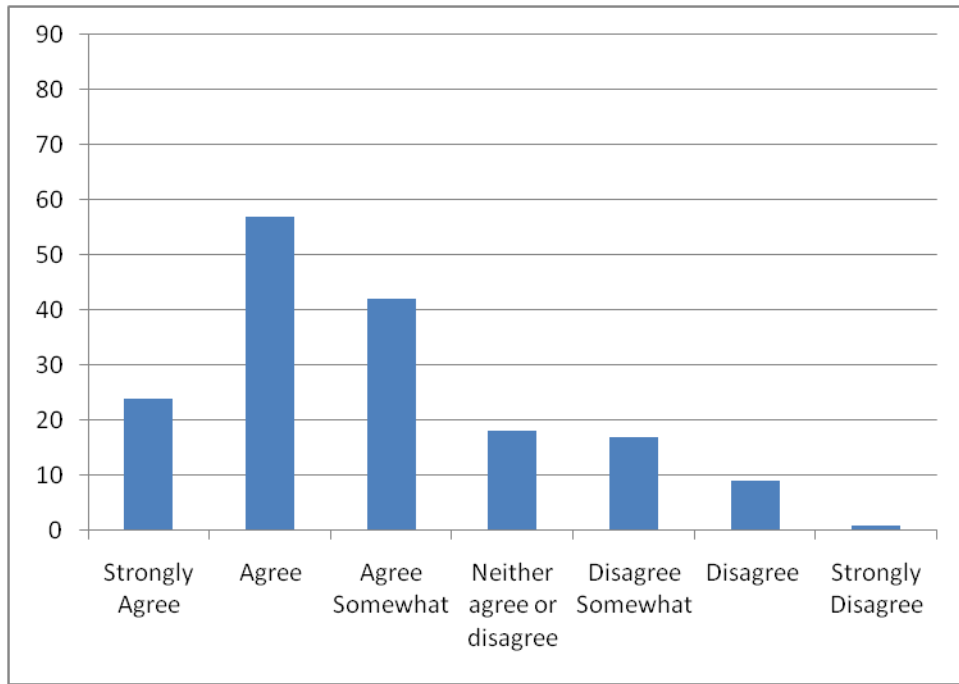
Figure 8-25 Independent Experimentation in Product Development

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	24	57	42	18	17	9	1	2
%	14	34	25	11	10	5	1	
Σ		123		18		27		-
%Σ		73		11		16		
Mean		2.9		Position #			16	
Standard Deviation		1.4		Position #			28	

Table 8-25 Experimentation in Product Development

Question 25 and Question 26 are very similar. Referring back to the 4Ps of innovation in Table 2-8 on page 43 a distinction is thus made between product innovation on the one hand, and management innovation on the other. These questions were inspired by Collins and Porras (2000) who use the expression 'Try a lot of stuff and keep what works' to describe the strategy of long-lived companies. Additional support comes from *Learning In Action*:

> Intelligence gathering is aimed at the present; it ensures that organizations attend to currently available information. Experiential learning is aimed at the past; it ensures that organizations draw lessons from activities that have already taken place. Experimentation is aimed at the future; it ensures that organizations look ahead, trying out new designs or theories to test their validity. Present, past and future - the coverage is comprehensive and complete. (Garvin 2000, p.xii).

Figure 8-25 shows the usual β-curve of responses. Table 8-25 shows the vast majority of respondents concur with independent experimentation in product development. The mean of the distribution is approximately *Agree somewhat* whilst the variance is fairly narrow.

Question 26 [Q.37]:

Middle managers are empowered to implement innovative management processes here.
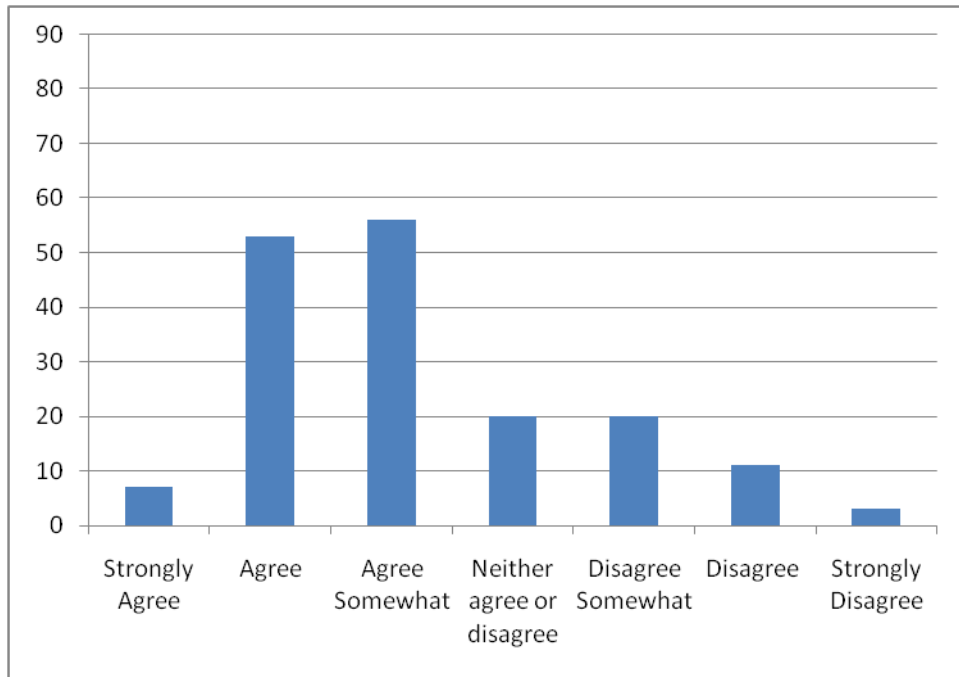
Figure 8-26 Innovative Management Processes

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	7	53	56	20	20	11	3	0
%	4	31	33	12	12	6	2	
Σ		116		20		34		-
%Σ		68		12		20		
Mean		3.2		Position #			29	
Standard Deviation		1.4		Position #			23	

Table 8-26 Innovative Management Processes

The second series of innovations applies to management processes. Figure 8-26 displays the familiar β-curve distribution, whilst Table 8-26 demonstrates that 68% of respondents allow innovation within management processes. The mean approximates to *Agree somewhat* and the variance, shown in the standard deviation, is fairly narrow.

Question 27 [Q.14]:

Employees in my company are encouraged to undertake minor projects on their own initiative.
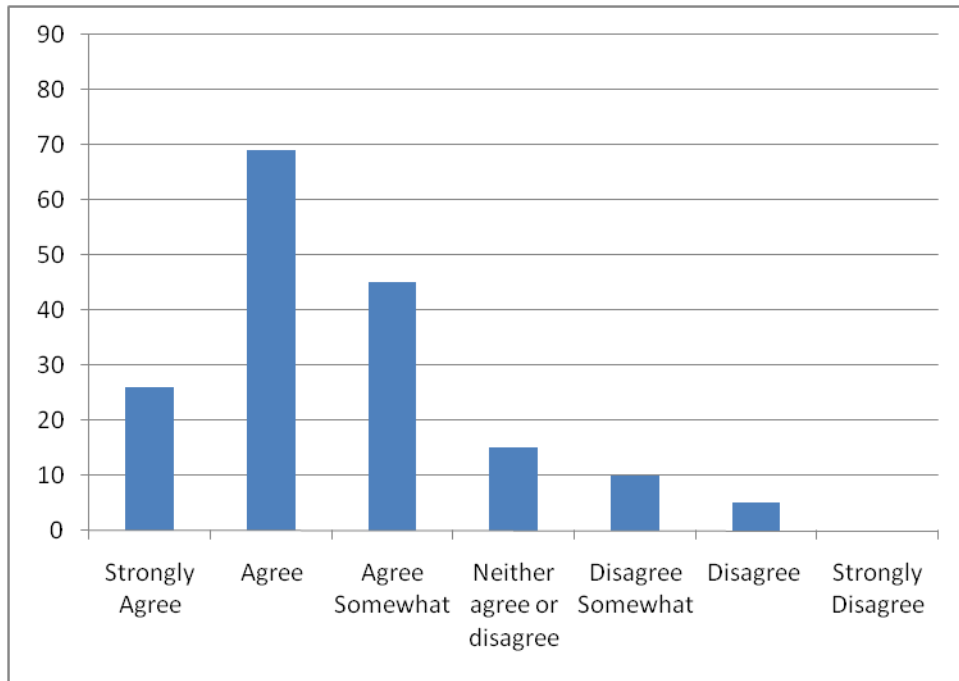
Figure 8-27 Minor Projects of their Own Initiative

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	26	69	45	15	10	5	0	0
%	15	41	26	9	6	3	0	
Σ		140		15		15		-
%Σ		82		9		9		
Mean		2.6		Position #			11	
Standard Deviation		1.2		Position #			9	

Table 8-27 Minor Projects of their Own Initiative

This question was inspired by 3M's policy of having 15% of employee time allowed for experimenting (Collins and Porras). However as one respondent pithily pointed out, it is difficult to implement product innovation in a water company. Figure 8-27 shows the usual β-curve distribution, whilst Table 8-27 shows that 82% of respondents sponsor minor projects within their companies. However, Question 27 was ultimately removed from the structural equation model. Whilst it was not too far below the threshold its exclusion increased the AVEs to an acceptable level for Proposition 9. The mean for this question is fairly low, with a score of 2.6. The standard deviation, meanwhile, is within the top ten lowest, indicating a fairly strong consensus amongst respondents.
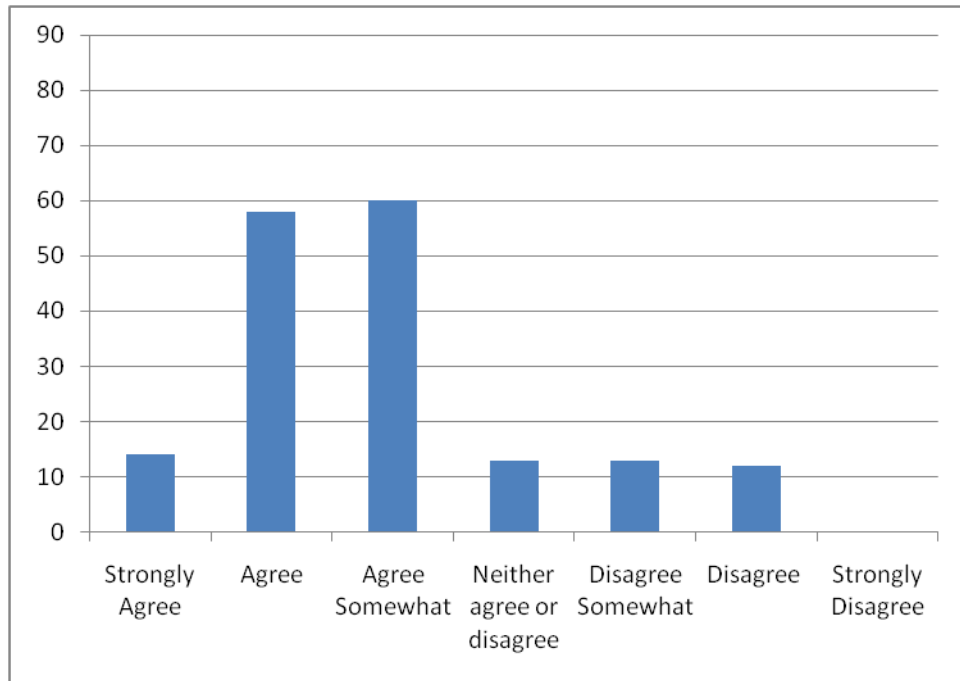
Figure 8-28 Errors as an Opportunity for Learning
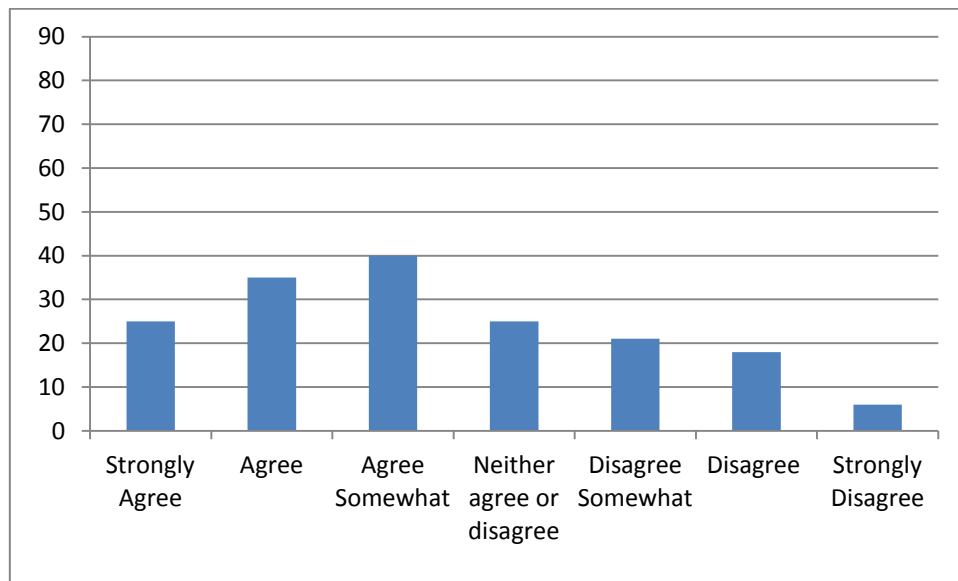
	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	14	58	60	13	13	12	0	
%	8	34	35	8	8	7	0	
Σ		132		13		25		-
%Σ		78		8		15		
Mean		2.9		Position #			20	
Standard Deviation		1.3		Position #			15	

Table 8-28 Errors as an Opportunity for Learning

Section 5.11 on page 122 reviewed TQM's exhortation for 'right first time.' Clearly making mistakes is contrary to this ideal. The literature on the learning organisation is replete with this theme. The following ten quotes that support this question are from Senge, Garvin, de Geus, Knowles and Grint. Senge is very strong in this particular area, in fact the first five quotes are from *The Fifth Discipline*. His philosophy on making mistakes is quite clear, for example:

1. Learning organisations practice forgiveness because, as Cray Research's CEO John Rollwagen says, "making the mistake is punishment enough." (Senge 1997, p.301)

2. Ed Land, Polaroid for decades and inventor of instant photography. "A mistake is an event the full benefit of which has not yet been turned to your advantage. (Senge 1997, p.154)

Senge also differentiates between mistakes by illustrating the "water line" principle from W.L. Gore:

3. ... " if you make a mistake above the water line, it will not sink the ship. But if you are trying something which, if it failed, might be "below the water line," it could affect all of us." (Senge 1997, p.298).

Thus mistakes, as far as the learning organisation is concerned, would be "above the water line" and not of the magnitude that caused the downfall of Barings Bank due to the "mistakes" made by Nick Leeson. In addition to the Johnson and Johnson anecdote on page 172, Senge offers a more apocryphal one from the airline industry:

4. "Captain Asoh, in your own words, can you tell us how you managed to land that DC-8 stretch jet two and a half miles in San Francisco Bay in perfect compass line with the runway?" Asoh's response, though never recorded in the official NTSB minutes, has gone down in airline folklore: "As you Americans say, Asoh [messed] up." (Senge 1997, p.301).

Garvin offers the following in a list of four prescriptions of the qualities of a learning organisation:

5. *Tolerate Errors and Mistakes.* Pressure alone, of course, will not produce bold thinking. The environment must also encourage risk taking. Employees must feel that the benefits of pursuing new approaches exceed the costs; otherwise they will not contribute. Such settings are termed "psychologically safe." They have five distinguishing features "(1) opportunities for training and practice, (2) support and encouragement to overcome fear and shame associated with making errors, (3) coaching and rewards for efforts in the right direction, (4) norms that legitimize the making of errors, and (5) *norms that reward innovative thinking and experimentation*." (Garvin 2000, p.39. Emphasis added.)

In a theme that becomes somewhat reminiscent of the Johnson and Johnson anecdote on page 172, Garvin adds:

6. Organizations thus face a difficult dilemma. Candour is needed on precisely those topics that people prefer to avoid. Moreover, the problem must be met head on, for there is no way around it: "You cannot solve your problems until you know what they are. And you will not know what they are unless you create an environment where people feel free to tell you." These conditions are essential: a culture that does not demand infallibility and perfection; freedom to fail without punishment or penalty; and systems or incentives that encourage the identification, analysis and review of errors. IBM's legendary founder, Thomas Watson Sr., apparently understood the first condition well. Company lore has it that a young manager, after losing $10 million in a risky venture, was called into Watson's office. The young man, thoroughly intimidated, began by saying: "I guess you want my resignation." Watson replied: "You can't be serious. We just spent $10 million educating you." (Garvin 2000, p.41)

In a section that overlaps with Proposition 8, on dialogue, Garvin states:

7. Perhaps most important, the climate must be right. A supportive culture is essential if reviews are to flourish. Most employees will cooperate only if they believe that self-assessment and critical thinking are truly valued by management. There must be room for mistakes as well as improvement. *For this reason, perfectionist cultures seldom produce active, honest reflection. Their evaluation and control systems are intolerant of error, leading employees to associate mistakes with career risk rather than learning.* (Garvin 2000, p.102. Emphasis added).

Thus tolerance towards errors, according the Garvin, demonstrates a learning culture. This passage also reinforces the relevance of including Proposition 8. This is confirmed by de Geus, the third in the list of core books selected from the learning organisation literature:

8. ... demonstrating willingness to "let go" in a new, open, more informal and less hierarchical style of management; allocating time to get wide recognition and acceptance of the need for change; encouraging risk by ensuring that mistakes are not penalised if there is learning; dispensing with authority and suspending hierarchy so that learning can take place; providing necessary feedback; [and] creating an environment for teamwork. (de Geus 1999, p.189)

This philosophy is confirmed from a book that has been drawn upon several times in this thesis. Whilst it is not directly from the learning organisational literature *The Adult Learner* has many themes in common:

9. Creative leaders stimulate and reward creativity. They understand that in a world of accelerating change, creativity is a basic requirement for the survival of individuals, organizations, and societies. They exemplify creativity in their own behavior and provide an environment that encourages and rewards innovation in others. *They make it legitimate for people to experiment, and treat failures as opportunities to learn rather than as acts to be punished.* (Knowles et al. 1998, p.207).

Finally, from the anti-guru literature the following is advanced on contradictory evidence:

10. Even when chief executives publicly exhort their managers to take risks ('if you are not making mistakes you are not learning'), the shift from 'fail-safe' management to 'safe-to-fail' management appears not to have happened in any major way (Pascale 1994; Stacey, 1992). It is possible that organizations are actually autistic; in other words organizations, or rather their leaders are simply unable or unwilling to listen to what other are saying to them, so that their strategic intentions are rolled out irrespective of the advice that is being offered to them (Grint 1997a, p.86).

Figure 8-28 shows a β-curve distribution that distinctly looks like a square wave off-set to the left. Table 8-28, meanwhile, shows that 78% of the population, the vast majority, agree that mistakes are an opportunity for learning. Unfortunately time did not permit a 'right first time' question as the number of questions was limited to 51. However, we can measure Grint's complaint of contradictory advice by comparing Question 28 with Question 37 which is concerned with the level of authoritarianism in the company. This will be completed under the analysis for Question 37.

Proposition 10: A learning organisation will constantly challenge the rules of the industry.
29. We constantly challenge the traditionally-held beliefs of our business sector.
30. We are viewed as unconventional in our industry.
31. We constantly introduce products and/or services to the markets before our competitors.

Proposition 10 is the second strategy proposition. This is concerned with double-loop learning in strategy, as discussed in section 4.3.2 on page 77. Question 29 is concerned with challenging traditionally-held beliefs. Question 30 asks if the respondents consider themselves as industry mavericks. Question 31 is a derivation of the $L \geq C$ concept.

Question 29 [Q.25]:
We constantly challenge the traditionally-held beliefs of our business sector.
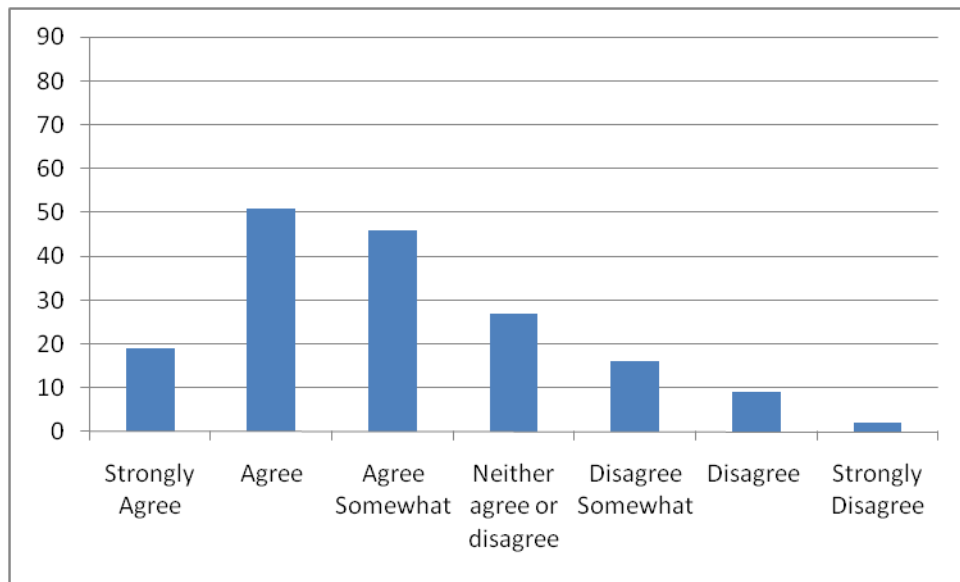
Figure 8-29 Challenge Industry Beliefs

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	19	51	46	27	16	9	2	0
%	11	30	27	16	9	5	1	
Σ		116		27		27		-
%Σ		68		16		16		
Mean		3.0		Position #			22	
Standard Deviation		1.4		Position #			26	

Table 8-29 Challenge Industry Beliefs

According to Garvin (2000) being open to discordant information is one of the litmus tests of the learning organisation. This is item 2 of Table 5-5 on page 114. This is also discussed at some length:

> To evaluate the impact of a new product, for example, managers must first make assumptions about industry rivalry and customer needs; the same is true when assessing the consequence of a complex, cross-border alliance. In both situations, they rely heavily on what cognitive scientists call "schemas," deeply rooted mental structures that organize knowledge and give it form and meaning. At an abstract level, schemas consist of categories, models, classification schemes, and assumed cause-and-effect relationships that together shape and texture to interdependent, unconnected observations. They play a variety of roles: organizing and classifying new information, filling in missing data, assigning probabilities to events, and providing rationales and explanations for behavior. To the extent that underlying frameworks are shared, members of an organization will think along similar lines. Peter Drucker, for example, has observed all companies have an implicit "theory of the business," a set of shared assumptions about markets, customers, competitors, technology, and the organization's mission and competencies. These theories provide consistent, cohesive frameworks for interpreting events and guiding behavior. Unfortunately, they also have a critical weakness; they eventually become obsolete. The theory on which a business was built does not always accord with current realities when the two diverge, problems are inevitable. IBM's fall from grace in the 1980s is representative. At the time, managers were unable to harmonize the company's long-standing theory of the business, which was based on a dominant presence in mainframe computers, with the growing demand for PCs, which required very different competitive logic. (Garvin 2000, pp.24-25)

Thus, challenging industry beliefs is the key to becoming a responsive and flexible organisation. Figure 8-29 shows the usual β-curve distribution. Table 8-29 shows that 68% of respondents claimed that their companies were open, and acted upon discordant information.

Question 30 [Q.18]:

We are viewed as unconventional in our industry.
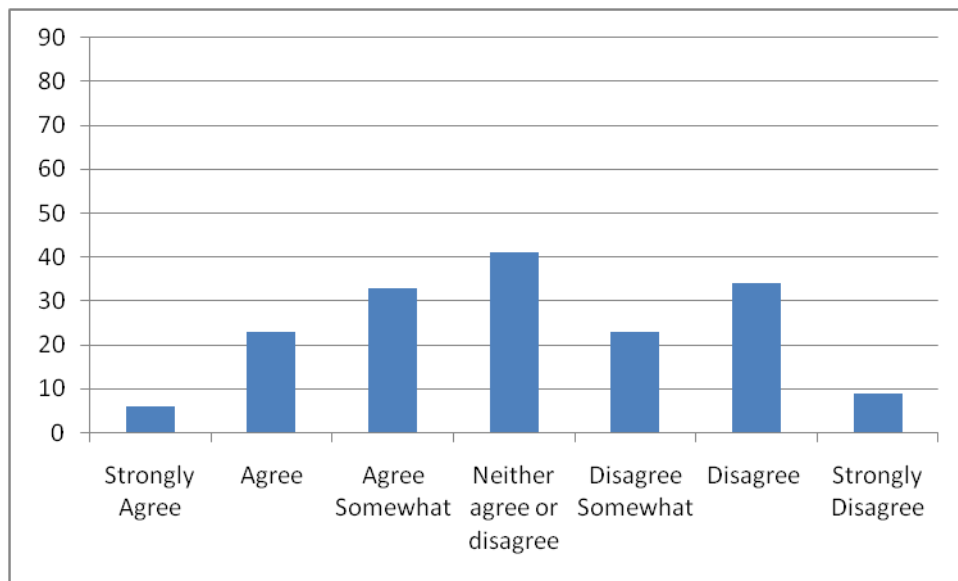
Figure 8-30 An Unconventional Company

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	6	23	33	41	23	34	9	1
%	4	14	20	24	14	20	5	
Σ	62			41	66			-
%Σ	37			24	39			
Mean		4.1		Position #			39	
Standard Deviation		1.6		Position #			41	

Table 8-30 An Unconventional Company

Question 30 could be considered somewhat controversial. It is based on mimetic isomorphism, as discussed in section 4.11 on page 97. It asks whether the respondents consider themselves to be different from their competitors. Senge asks the following questions:

> 1. As the Detroit automakers demonstrated, entire industries can develop chronic misfits between mental models and reality. In some ways, close-knit industries are especially vulnerable because all the member companies look to each other for standards of best practice.(Senge 1997, p.176)
> 2. ... the reason was the mental models deeply embedded in the firm's management traditions. (Senge 1997, p.177)
> 3. But if mental models can impede learning-freezing companies and industries in outmoded practices-why can't they also help accelerate learning? (Senge 1997, p.178)

Meanwhile, from the anti-guru literature, Grint complains of how:

> ... leaders increasingly resemble each other. For example (virtually) all chief executives in London, New York, Tokyo, and so on, wear suits of limited variety, usually ark and often pin-striped. They also work similar hours, and work in similar buildings within similar organisations that are modelled on each other. These leaders have 'visions' that are all remarkably similar – "We want to be the best" – and their operating styles ensure that it does not really matter whether they all change round tomorrow: their organisation would probably carry on regardless. *Very often, leaders will mimic each other because they are uncertain what else to do in the face of uncertainty*. (Grint 1997a, p.137. Emphasis Added).

This is echoed in the homogenous nature of management training (Cyert and March 1992; Mintzberg et al. 1998) where the decontextualised takes precedent over situated learning (Brown and Duguid 1991). Thus, if the company were viewed as a maverick it would not conform to industry norms. Figure 8-30 shows that the response to this question approximates to a normal distribution, whilst Table 8-30 indicates a slightly bi-modal distribution when the responses are aggregated. The mean is quite high, though there is a fair degree of variance.

Clearly, there is no clear answer to this, although some companies might not wish to seem unconventional in the pejorative sense of the word.

Question 31 [Q.41]:

We constantly introduce products and/or services to the markets before our competitors.
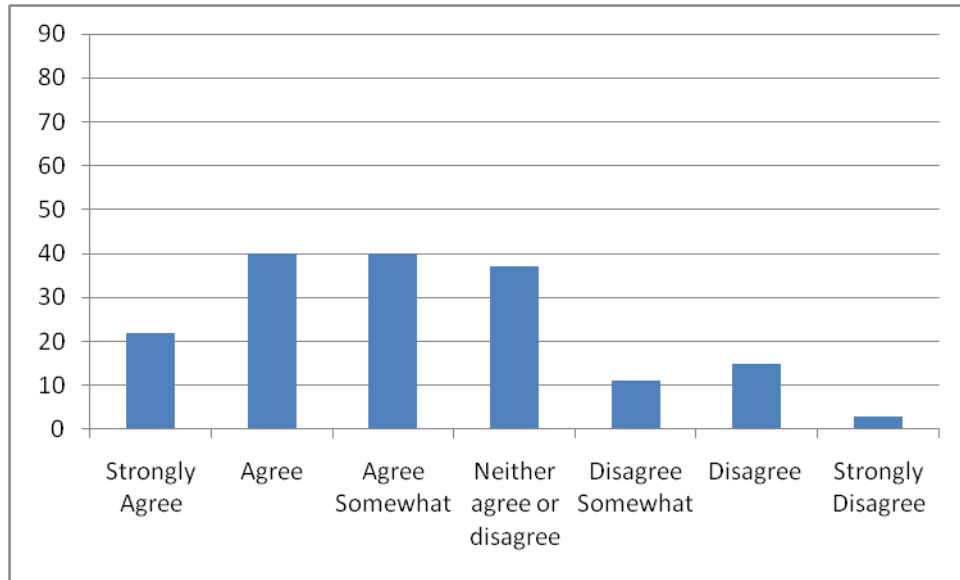
Figure 8-31 New Products and/or Services Ahead of Competitors

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	22	40	40	37	11	15	3	2
%	13	24	24	22	7	9	2	
Σ		102		37		29		-
%Σ		61		22		17		
Mean		3.2		Position #			27	
Standard Deviation		1.5		Position #			38	

Table 8-31 New Products and/or Services Ahead of Competitors

Question 31 is a derivation of L ≥ C. Clearly, if the respondents are bringing new products and/or services to markets quicker than their rivals they are learning faster than the competition.

> This cycle of seeing, concluding, deciding and acting is, of course, the cycle of continuous learning described in Chapter 4. In this sense, strategy is simply the development of the organisation's ability to learn. The organisation's ability to learn faster (and possibly better) than the competition becomes its most sustainable competitive advantage. (de Geus 1999, p.188)

Figure 8-31 shows a slightly flattened β-curve distribution. Table 8-31 shows the mode is shared between *Agree* and *Agree Somewhat*. However *Neither Agree or Disagree* is not far behind. Table 8-31 also shows that the majority of respondents were able to bring new products and/or services to markets quicker than their rivals. Whilst the mean was around the *Agree somewhat* category, there was a significant amount of variance.

Proposition 11: A learning organisation is committed to the longevity of the enterprise.
32. We would be willing to diversify to different sectors of the economy.
33. In my company the needs of the organisation take priority over individual needs.
34. Company loyalty is rewarded in this organisation.

Proposition 11 is concerned with the main theme of *The Living Company* (de Geus 1999). Thus:

> The average life expectancy of a multinational company - Fortune 500 or its equivalent - is between 40 and 50 years. This figure is based on a most surveys of corporate births and deaths. A full one-third of companies listed in the 1970 of Fortune 500, for instance, had vanished by 1983 - acquired, merged or broken to pieces. Human beings have learnt to survive, on average, for 75 years or more, but very few companies are that old and flourishing... There *are* a few. The Stora company, for example, is a major paper, pulp and chemical manufacturer; it has had the character of a publicly owned company from its very early beginnings, more than 700 years ago, as a copper mine in central Sweden. Suminomo Group has its origins in a copper casting shop founded by Riemon Soga in the year 1590. *Examples like these are enough to suggest that the natural average life span of a corporation should be as long as two or three centuries*. (de Geus 1999, p.8. Emphasis Added).

The contention with Question 32 is that a living company would be willing to move to a different sector in order to maintain its survival. Question 33, meanwhile, asks what is most important to the enterprise, individuals or the company as a whole. Question 34 asks whether company loyalty, hence long service, is valued by the respondent organisation.

Question 32 [Q.29]:

We would be willing to diversify to different sectors of the economy.
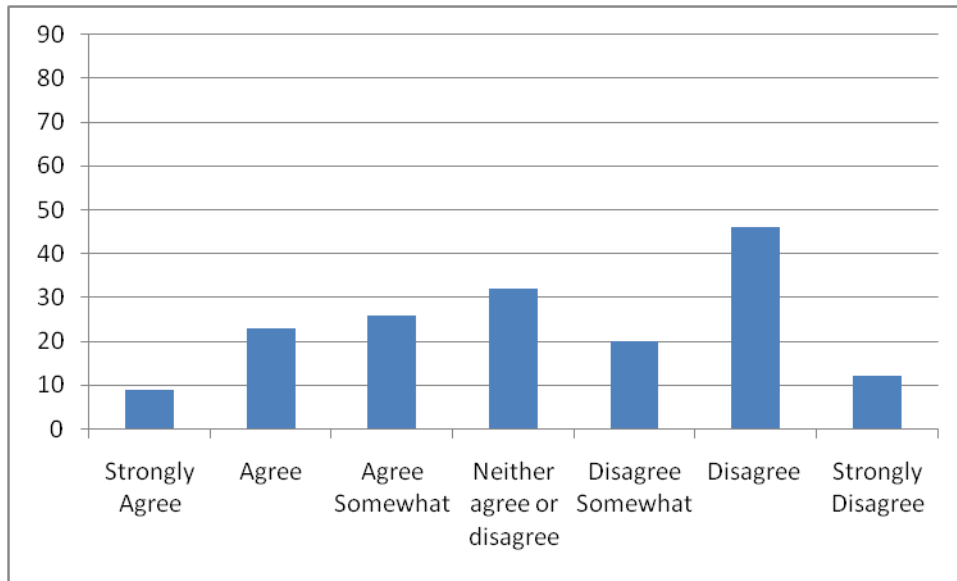
Figure 8-32 Willing to Diversify to Different Sectors

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	9	23	26	32	20	46	12	2
%	5	14	15	19	12	27	7	
Σ		58		32		78		-
%Σ		35		19		46		
Mean		4.3		Position #			40	
Standard Deviation		1.7		Position #			51	

Table 8-32 Willing to Diversify to Different Sectors

According to de Geus a company is a living entity. Section 3.4 highlighted this assertion on page 60 using the examples of the National Foundation for Infantile Paralysis and anti-apartheid organisation. However, referring back to Figure 3-5 on page 70 which discussed various dimensions of an organisation both these examples are taken from normative as opposed to utilitarian organisations. de Geus offers the following evidence from utilitarian organisations:

> Every company we found that had been here in existence for 100 years or more had gone through a period of adaptation so profound that it had had to alter its core business thoroughly. Some had made this change several times. (de Geus 1999, p.172)

However, by definition, the sample size of long-lived utilitarian organisations is going to be small, so the list of exemplars is going to be small:

> DuPont is a classic, well-known example. Its business portfolio had moved, over time, from gunpowder to chemicals via its major shareholding in General Motors. (de Geus 1999, p.31)

248

Figure 8-32, however, shows the response to this question is inconclusive. Table 8-32 indicates that the mode of responses to this question is *Disagree*, and indeed the respondents mostly disagree with this statement to some extent. The mean is slight beyond the central category. However, the distribution across the different categories of answers indicates there is no clear view on this particular matter. In fact this was the question with the highest standard deviation. Perhaps not surprisingly, Question 32 was removed from the structural equation model as it fell below the threshold criteria.

Question 33 [Q.43]:

In my company the needs of the organisation take priority over individual needs.
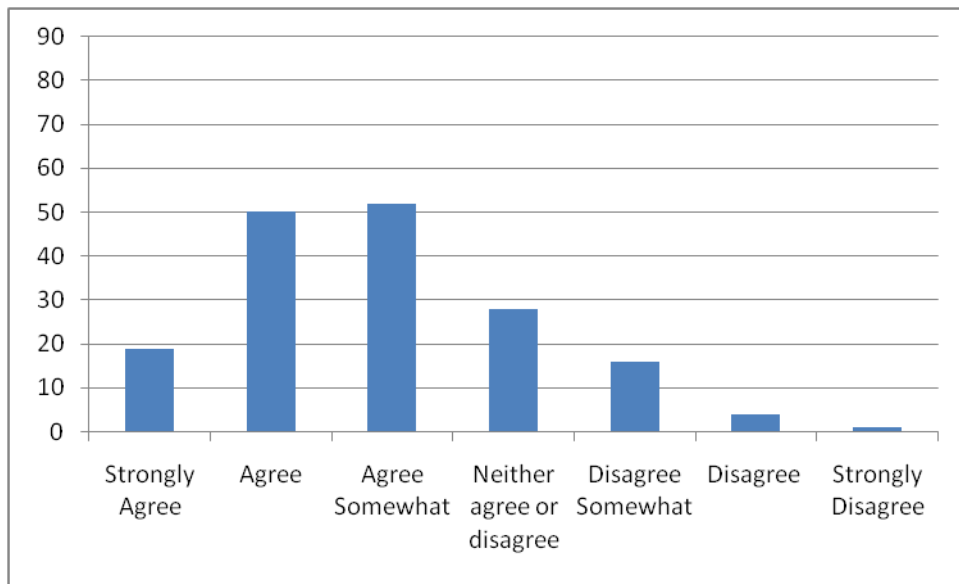
Figure 8-33 Organisation Above Individuals Needs

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	19	50	52	28	16	4	1	0
%	11	29	31	16	9	2	1	
Σ		121		28		21		-
%Σ		71		16		12		
Mean		2.9		Position #				19
Standard Deviation		1.3		Position #				13

Table 8-33 Organisation Above Individuals Needs

Figure 6-6 on page 154 illustrated the coterminous agenda between the individual and the organisation. Collins and Porras (2000, p.195) and Collins (2001) highlight the 'Fat cat' quadrant by recounting how R.J Reynolds executives used the company for their own self-

aggrandisement, whilst Philip Morris executives invested in its goal of becoming the industry leader. This is a topic that de Geus pays particular attention to in *The Living Company*:

1. Leadership becomes stewardship. Just as you took over from somebody, you will hand your leadership over to somebody else. Your legacy will depend on whether you kept the shop as healthy as you found it or made it just a bit healthier. (de Geus 1999, p.152)
2. **Governance is a matter of assuring the goals of the subsidiary companies and of each employee are harmonious with the goals of the larger organisation - and vice-versa... In short, the goals of each member must be harmonised with the goals of the whole community. The whole and parts must understand that the interests of each are best served by staying together. (de Geus 1999, p.132)**

Figure 8-33 shows the usual β-curve distribution with the mode centred on *Agree Somewhat* whilst *Agree* is not too far behind. The mean is approximately *Agree somewhat.* Table 8-33 shows that the vast majority of the respondents agreed to some extent that organisational needs were more important than individual needs. The standard deviation shows there was a fair strong consensus in the answers. The scope of this question, however, did not allow for the relative positions within the hierarchy to be identified. Indeed, Question 33 was removed from the structural equation model as it fell below the threshold criteria.

Question 34 [Q.22]:

Company loyalty is rewarded in this organisation.
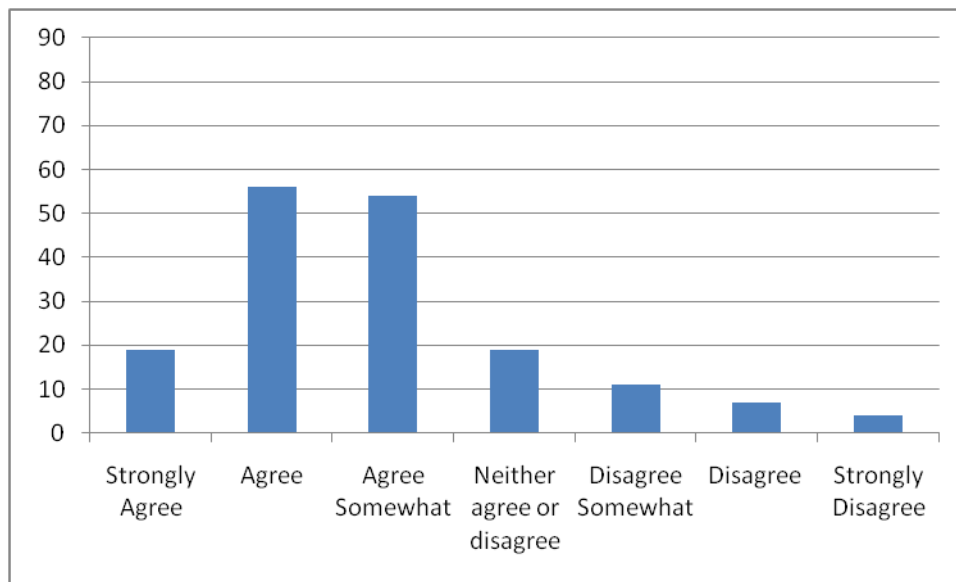
Figure 8-34 Company Loyalty Rewarded

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	19	56	54	19	11	7	4	0
%	11	33	32	11	6	4	2	
Σ	129			9	22			-
%Σ	76			11	13			
Mean		2.9		Position #			18	
Standard Deviation		1.4		Position #			24	

Table 8-34 Company Loyalty Rewarded

Question 34 is the second in the series on the coterminous agenda between the organisation and the individual. This question, however, is concerned with an aspect that is thought to be increasingly ephemeral, company loyalty. Figure 8-34 shows a β-curve distribution that is very close to Figure 8-33. Table 8-34, meanwhile, shows that the distribution is similar to Table 8-33. The mean and standard deviations are similar for both sets of results. The similarity between these two responses tends to suggest that whilst the company takes priority, loyalty towards the enterprise is valued.

Proposition 12: A learning organisation will have a unitary culture.
35. My company seeks to employ people that will fit into the organisation's culture.
36. In my company it is considered important that everybody agrees with the company strategy.

Proposition 12 is concerned with creating alignment: ensuring that everyone in the organisation is going in the right direction. As discussed in section 5.5 on page 108 this is a particular favourite of Senge's *team learning* contribution to *The Fifth Discipline*. It is also a point that is taken up by de Geus when describing the resolution of a pique with a colleague at Shell:

> Mr Z and I, after all, were members of a common entity, and it was my duty *to that entity* to find his strong points and help bring the maximum out of them. Mr Z and I needed more than mere tolerance of each other. We would have to become aligned, with a sense of common values and purpose. But that mutual sensibility could not exist unless we knew, down to our bones, that we were members of the same common whole and therefore could trust each other even if we did not like each other. (de Geus 1999, p.131)

Thus:

> *Longlived companies were cohesive, with a strong sense of identity*. No matter how diversified they were, their employees (and even their suppliers, at times) felt they were all part of one entity (de Geus 1999, p.13).

The question of alignment is confirmed in early neo-learning organisation literature. Thus in *Built to Last* :

> Creating alignment, which is a key part of our ongoing work to help companies transform themselves into visionary companies, requires two key processes: 1) developing new alignments to preserve the core and stimulate progress, and 2) eliminating misalignments

– those that drive the company away from the core ideology and those that impede progress towards the envisioned future (Collins and Porras 2000, p.238)

However, this is retracted in *Good to Great*:

> The good-to-great companies paid scant attention to managing change, motivating people, or creating alignment. Under the right conditions, the problems of commitment, alignment, motivation, and change largely melt away. (Collins 2001, p.11).

> Clearly, the good-to-great companies did get incredible commitment and alignment – they artfully managed change – but they never really spent much time thinking about it. It was utterly transparent to them. (Collins 2001, p. 176).

Clearly, there are contradictions in the literature concerning the creation of a unitary culture.

This is resolved by using the structural equation model in the next chapter.

Question 35 [Q.24]:

My company seeks to employ people that will fit into the organisation's culture.
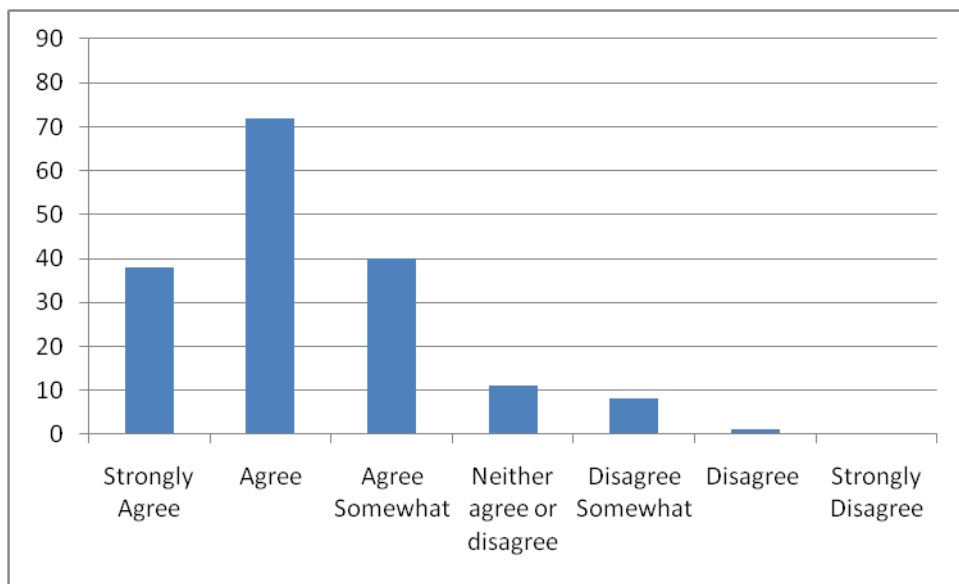
Figure 8-35 Fit into the Organisation's Culture

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	38	72	40	11	8	1	0	0
%	22	42	24	6	5	1	0	
Σ		150		11		9		-
%Σ		88		6		5		
Mean		2.3		Position #			4	
Standard Deviation		1.1		Position #			6	

Table 8-35 Fit into the Organisation's Culture

From the classical learning organisational literature de Geus is slightly ambiguous on this point:

> 1. These companies were particularly tolerant of activities in the margin: outliers, experiments and eccentricities within the boundaries of the cohesive firm, which kept stretching their understanding of possibilities. (de Geus 1999, p.14).
> 2. Cohesion and identity, it is now clear, are aspects of a company's innate ability to build a community and a *persona* for itself. (de Geus 1999, p.16).

Cohesion and activities at the margin are contradictory. Indeed, as the previous section indicated, the creation of a unitary culture is something of a contentious subject. For example, from the anti-guru literature Grint states:

> The chaotic nature of systems has implications for the way managers manage: those organizations that insist upon united cultures and the elimination of dissent are likely to make catastrophic errors in the long run, since they will be unable to react quickly enough to the inevitably chaotic changes in the system. Those organizations that have a shared goal, but not a unitary culture, are perhaps less likely to achieve short-term advances towards their goal, but are also less likely to make catastrophic errors by failing to respond to changed conditions. The practical ramifications of this are that programmes to instil strong corporate cultures are themselves problematic, and managers should, instead, be encouraging dissenting voices and counter-cultures (Pascale, 1990, 1994). 'Let a hundred flowers bloom' rather than 'bring on the clones' ought to be the password, because the emphasis shifts from top-down *control* to *self-organization*. (Grint 1997a, pp.64-65)

Figure 8-35 shows a β-curve distribution with the mode of *Agree*. Table 8-35 indicates the vast majority, 88%, agreed that people were recruited to fit in with the organisation's culture. This tends to suggest that successful companies are recruiting like-minded people rather than mavericks. The mean for this question is very low and approximates to the category *Agree*. In fact it this mean is the fourth lowest in the questionnaire. The standard deviation, meanwhile, is also very low. At 1.1 it is the sixth lowest. This tends to suggest there is strong consensus around the category *Agree*.

Question 36 [Q.13]:

In my company it is considered important that everybody agrees with the company strategy.
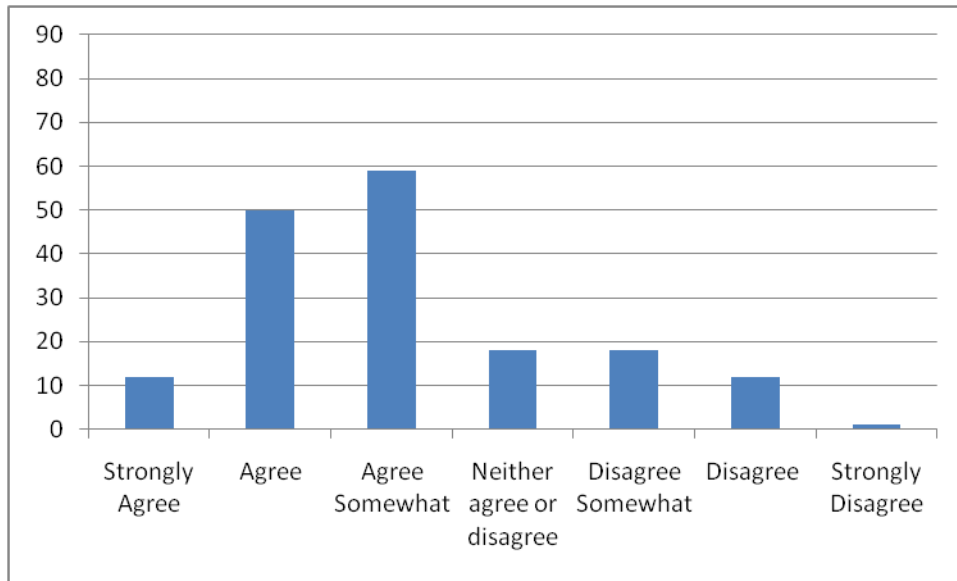
Figure 8-36 Agreement on Company Strategy

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	12	50	59	18	18	12	1	0
%	7	29	35	11	11	7	1	
Σ		121		18		31		-
%Σ		71		11		18		
Mean		3.1		Position #			25	
Standard Deviation		1.4		Position #			20	

Table 8-36 Agreement on Company Strategy

Following on from the previous section the creation of a self-rejuvenating, cycle-defying, adaptive organisation requires the avoidance of what Janis (1982) termed groupthink. This is defined as concurrence thinking behaviour in the 'genuine sharing of illusory beliefs' (*ibid.*, p.169).

> Indeed, one of the crucial elements in taking a company from good to great is somewhat paradoxical. You need executives, on the one hand, who argue and debate – sometimes violently – in pursuit of the best answers, yet, on the other hand, who unify fully behind a decision, regardless of parochial interests. (Collins 2001, p.60)

Figure 8-36 shows a β-curve distribution with a mode of *Agree Somewhat*. The category *Agree* is not too-far behind the mode. Table 8-36 shows the vast majority, 71%, concurred that agreement with the company strategy was important. The mean for this question was *Agree somewhat* with a reasonable amount of variance in the answers.

8.3.4   Change

The fourth quadrate is concerned with change, or strategy implementation. There are three latent variables associated with the change quadrate. Firstly, that the balance between

legitimised authority and the egalitarianism required for learning is appropriate. Secondly, that planning is more important than the plan. Thirdly, that the negative aspects of organisational politics will be minimised.

Proposition 13: The tension between hierarchy and learning is managed in a learning organisation.
37. Once objectives have been set by senior management they are non-negotiable.
38. The rate of change within my company feels too slow to respond to the number of external pressures.
39. My company is mostly successful at implementing change.

The purpose of Proposition 13 is to investigate the balance between authority and egalitarianism. Question 37 is concerned with how many senior managers rely on their authority to implement change. Question 38 asks if the company is overwhelmed by the external environment. Finally, Question 39 asks how successful the respondent organisations are in implementing change.

This proposition was inspired by Senge who predicts the demise of the traditional, authoritarian organisation.

1. What fundamentally will distinguish learning organisations from traditional authoritarian "controlling organisations" will be the mastery of certain basic disciplines. (Senge 1997, p.5)
2. "In the traditional authoritarian organisation, the dogma was managing, organising, and controlling," "in the learning organisation, the new 'dogma' will be vision, values, and mental models. The healthy corporations will be ones which can systematize ways to bring people together to develop the best possible mental models for facing any situation at hand." (Senge 1997, p.181)
3. Balancing inquiry and advocacy. Most managers are trained to be advocates. (Senge 1997, p.198)
4. But as managers rise to senior positions, they confront issues more complex and diverse than their personal experience. Suddenly, they need to tap insights from other people. They need to learn. Now the manager's advocacy skills become counter-productive; they can close us off from actually learning from one another. What is needed is blending advocacy and inquiry to promote collaborative learning. (Senge 1997, p.198)
5. This is why learning organisations will, increasingly, be "localised" organisations, extending the maximum degree of authority and power as far from the "top" or corporate centre as possible. (Senge 1997, p.287)
6. "In the traditional hierarchical organisation, the top thinks and the local acts. In a learning organisation, you have to merge thinking and acting in every individual." (Senge 1997, p.288)
7. It is abundantly clear that rigid authoritarian hierarchies thwart learning, failing both to harness the spirit, enthusiasm, and knowledge of people throughout the organisation and to be responsive to shifting business conditions. Yet, the alternatives to authoritarian hierarchies are less than clear. (Senge 1997, p.289)
8. In moving from the traditional authoritarian, hierarchical organisation to a locally controlled organisation, the single greatest issue is control. Beyond money, beyond fame, what drives most executives of traditional organisations is power, the desire to be in control. Most would rather give up anything than control. (Senge 1997, p.290)

Question 37 [Q.36]:

Once objectives have been set by senior management they are non-negotiable.
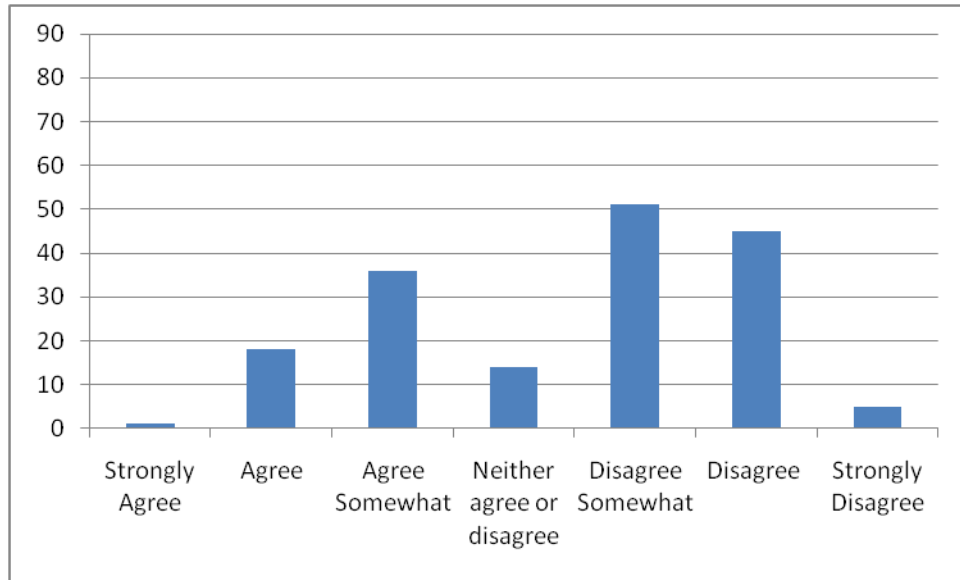
Figure 8-37 Objectives Non-negotiable

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	1	18	36	14	51	45	5	0
%	1	11	21	8	30	26	3	
Σ		55		14		101		-
%Σ		32		8		59		
Mean		4.5		Position #			42	
Standard Deviation		1.4		Position #			32	

Table 8-37 Objectives Non-negotiable

Question 37 thus asks the extent to which senior managers are open to changing direction. This is a measurement of authoritarianism. This is a point taken up by de Geus:

> This tendency plays into the hands over the employees who, at any given moment, do not feel capable of dealing with a business situation. They send their problems and conflicts to the next higher level of authority. This phenomenon is the obscure shadow side of the more famous problem of delegation of authority. Game playing, incompetence or laziness at the lower levels the bosses desire to control, pride at being asked, or the illusion that only senior managers know the answer. (de Geus 1999, p.229)

The mean for this question is high, suggesting the majority disagreed. There is a fair degree of variance in the answers, though. Figure 8-37 shows a bimodal response to this question. In

Table 8-37 the majority disagree to some extent. For these respondents, therefore, senior management objectives are negotiable.

The path coefficient for this question in the structural equation model was very low. Initially the responses were reversed, however removing the question completely made a significant increase in the score for the latent variable for hierarchy.

Question 38 [Q.33]:

The rate of change within my company feels too slow to respond to the number of external pressures.
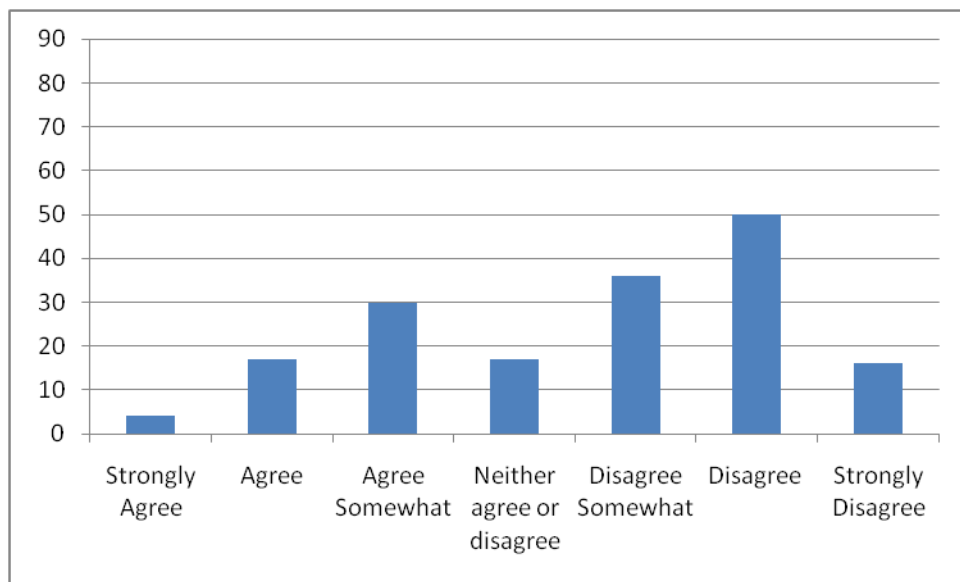
Figure 8-38 Rate of Change too Slow to Respond

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	4	17	30	17	36	50	16	0
%	2	10	18	10	21	29	9	
Σ		51		17		102		-
%Σ		30		10		60		
Mean		4.6		Position #			44	
Standard Deviation		1.6		Position #			48	

Table 8-38 Rate of Change too Slow to Respond

Question 38 is another derivation of the L ≥ C concept. The evidence from the classic learning organisation literature is from Senge and de Geus:

1. I see on organisational learning as learning how to accept, embrace, and seek change. Traditional organisations change by reacting to events. (Senge 1997, p.348)
2. Identifying the opportunities or the threat was one matter; stimulating the change necessary to take advantage of the opportunity was another. There is considerable difference between companies that stare blindly at threat and opportunity and those that reacted and changed. (de Geus 1999, p.32)
3. *In short, to act with foresight, the company must act on signals, rather than on pain.* (de Geus 1999, p.40).

If the rate of change is too slow it may be because of too much bureaucracy (Question 9). Figure 8-38 shows a bimodal response with a mode of *Disagree*. Table 8-38 indicates that the majority of the respondents, 60%, disagree that the rate of change within the company is too slow to respond to external pressures. The responses for this question had to be reversed for the structural equation model as the path coefficient in Model 01 was negative. This tends to indicate that the respondents see themselves as being ahead of change, rather than being a victim of external change. Whilst there was a great deal of variance in the response to this question, the mean was also relatively high, signifying strong disagreement.

Question 39 [Q.40]:

My company is mostly successful at implementing change.
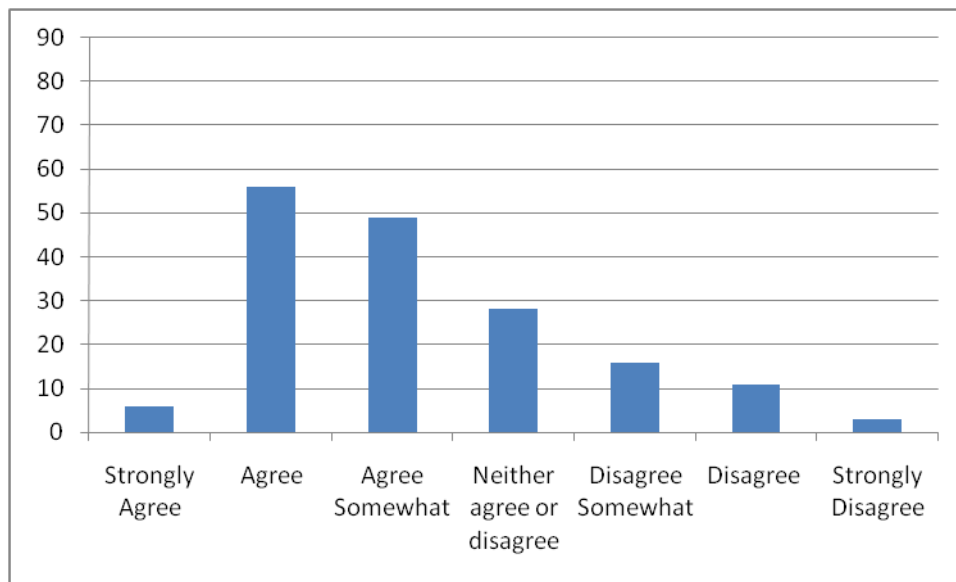
Figure 8-39 Mostly Successful at Implementing Change

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	6	56	49	28	16	11	3	1
%	4	33	29	17	9	7	2	
Σ		111		28		30		-
%Σ		66%		17%		18%		
Mean		3.2		Position #			28	
Standard Deviation		1.4		Position #			21	

Table 8-39 Mostly Successful at Implementing Change

This proposition was mainly inspired by Garvin's litmus test of a learning organisation. Item 5 of Table 5-5 on page 114 asks *Does the organisation act on what it knows?* Of course *learning* about something is one thing, *doing something about it successfully* is quite another. Figure 8-39 shows the ubiquitous β-shaped curve, with the mode being *Agree* followed shortly by *Agree Somewhat*. Table 8-39 shows that the vast majority, 66%, agree that they are mostly successful at implementing change.

This statistic contrasts significantly with the inherited wisdom from the management literature. For example Sirkin et al. (2005) claim that 70% of change initiatives fail , whilst according to Grint (1997a, p.3) the figure is 75%. More specifically so far as business ideology is concerned Collins (2000, p.34) claims that 70% of all business process re-engineering projects fail:

> It is well known, for example, that as many as three quarters of reengineering, total quality management, strategic planning and downsizing efforts failed entirely or created problems serious enough that the survival of the organisation was threatened. (Cameron and Quinn 1999, p.1)

Referring back to section 2.3.3 on page 27 these kind of statistics are alarmist and may be intended to exploit the insecurities of their readership.

Proposition 14: In a learning organisation planning is more important than the plan.
40. Organisation in my company feels disordered.
41. Everything in my company mostly goes according to plan.
42. My company acknowledges that chance sometimes contributes to success.
43. In my company we are flexible enough to respond to unexpected opportunities and/or threats.

Proposition 14 was partly inspired by Cohen and March 1974, p.115) '...the results of the process of planning are usually more important than the plan.' They warn of how plans become symbols and attached to particular managers who have little or no stake in the

continuity of the inherited past of predecessors. From the neo-learning organisation literature, meanwhile, Collins (2001, p.123) states that '…. planning is priceless but plans are useless'.

Question 40 [Q.6]:

Organisation in my company feels disordered.
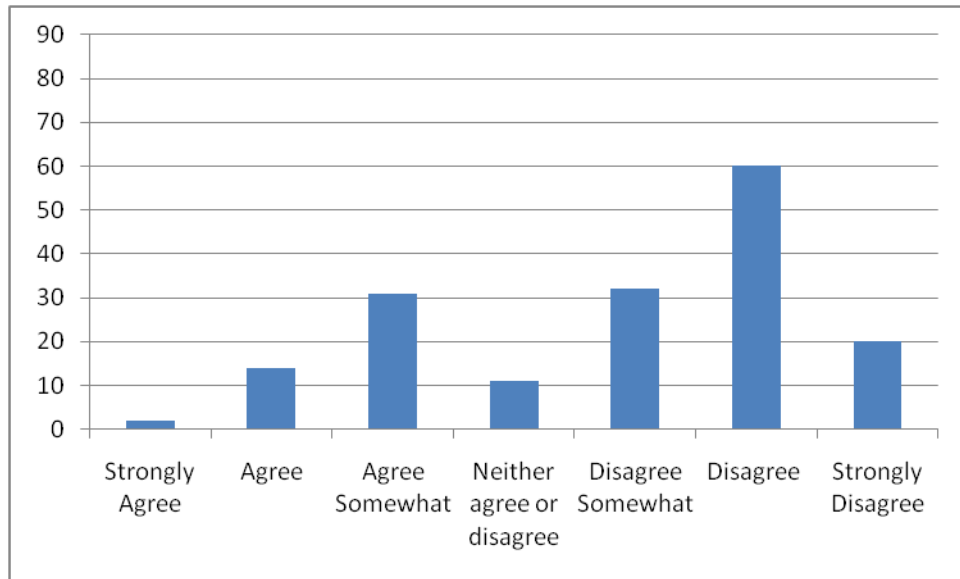
Figure 8-40 Organisation Feels Disordered

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	2	14	31	11	32	60	20	0
%	1	8	18	6	19	35	12	
Σ		47		11		112		-
%Σ		28		6		66		
Mean		4.9		Position #			47	
Standard Deviation		1.6		Position #			44	

Table 8-40 Organisation Feels Disordered

Question 40 is concerned with the tension between order and chaos. Section 4.9.1 on page 91 was concerned with the formal organisation. This section stated that managers seek to stabilise their organisations (Perrow 1970; Pfeffer and Salancik 1978; Burrell and Morgan 1979; Morgan 1997) through the use of rules, regulations and standard operating procedures (March et al. 2000; Tyler and Blader 2005). From the learning organisation literature Garvin (2000) states that:

> An additional source of unease comes from managers' quest for stability and predictability. At most companies, efficiency is a hallowed goal, best served by well-established routines. (Garvin 2000, p.60)

However, this is somewhat contradicted with the idea that 'Creative organisations are rarely tidy' (Gardner 1981, p.70). The responses in Figure 8-40 are interesting because they tend towards a bi-modal distribution. Whilst Table 8-40 shows that 66% of respondents basically disagree with this statement, a significant number compared to the other six categories, 18%, *Agree* with this statement. The mean for this question is very high indicating strong disagreement. However, there is also widespread variance with a relatively large standard deviation. When it came to the structural equation model the responses for this question needed to be reversed as the score came out negative.

Question 41 [Q.27]:

Everything in my company mostly goes according to plan.
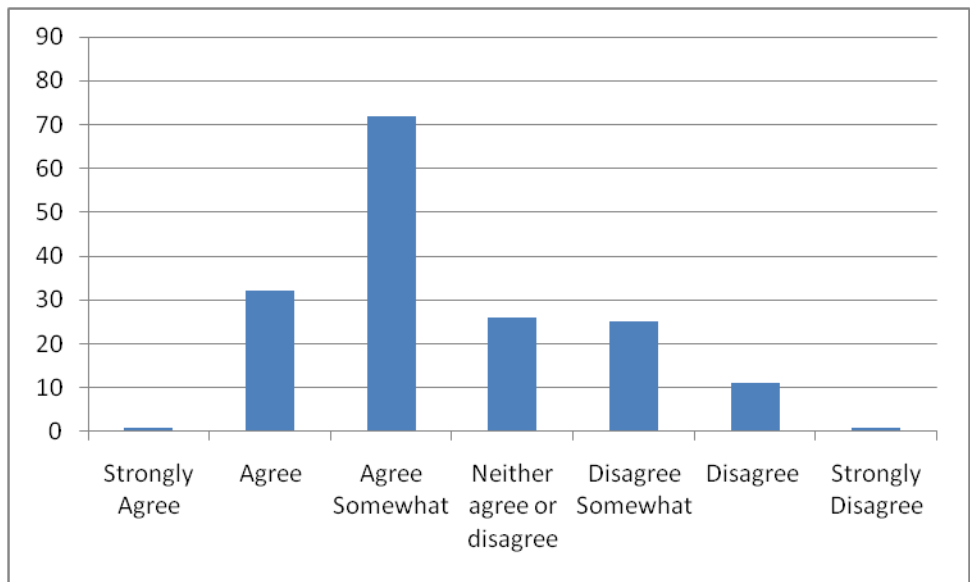
Figure 8-41 Everything Goes Mostly According to Plan

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	1	32	72	26	25	11	1	2
%	1	19	43	15	15	7	1	
Σ		105		26		37		-
%Σ		63		15		22		
Mean		3.5		Position #			33	
Standard Deviation		1.2		Position #			8	

Table 8-41 Everything Goes Mostly According to Plan

Question 41 is the corollary of Question 40. If everything is not chaotic, that means everything goes according to plan. However, there is a contrast between Figure 8-41 and

Figure 8-40. Figure 8-41 shows a β-curve distribution. However, Table 8-41 shows that a similar number, 63%, basically agree with this statement. The mode is *Agree Somewhat*, with 43% of the population. Indeed, whilst there is a reasonably large amount of disagreement with this question, the variance between answers is relatively low.

Question 42 [Q.45]:
My company acknowledges that chance sometimes contributes to success.
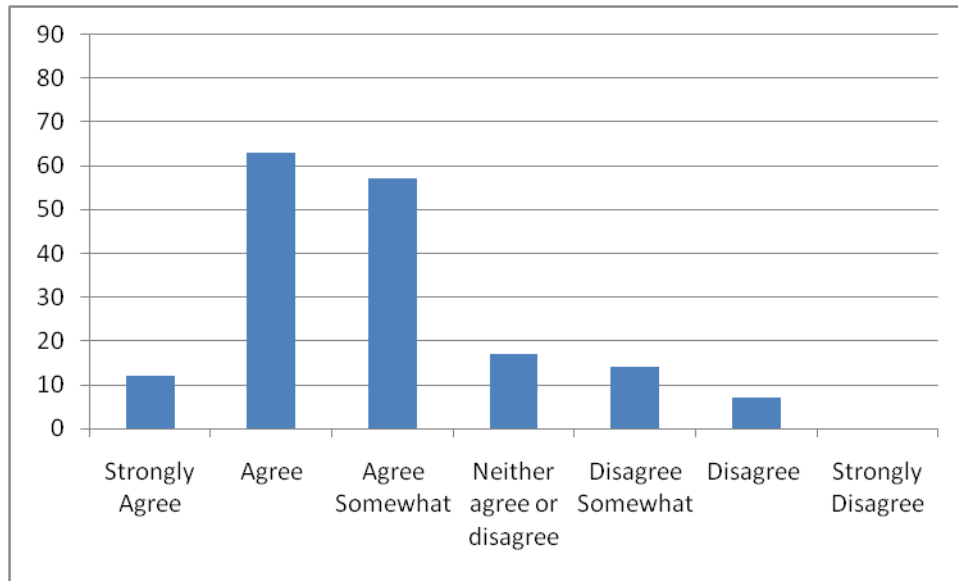
Figure 8-42 Chance Sometimes Contributes to Success

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	12	63	57	17	14	7	0	0
%	7	37	34	10	8	4	0	
Σ		132		17		21		-
%Σ		78		10		12		
Mean		2.9		Position #			17	
Standard Deviation		1.2		Position #			10	

Table 8-42 Chance Sometimes Contributes to Success

Section 7.5 on page 186 discussed the limitations of investigating the causality of organisational performance. This section also identified the rather fragmented 'literature on 'luck'. Question 42 therefore reinforces the Weick quote of 189 that challenges the rational view of organisations. Figure 8-42 shows the usual β-curve distribution. Table 8-42 shows the mode is based around *Agree* at 37% and *Agree Somewhat* close behind at 34% percent. Over all 78% of the respondents agree that chance sometimes contributes to the success of the

enterprise. Table 6-4 on page 168 showed Mintzberg's various schools of strategy. Section 6.8 on page 165, meanwhile, discussed how the majority of the literature on strategy is derived from the design, planning and positioning schools. This finding may have challenged the conventional wisdom of strategic planning. Unfortunately for my new theory on luck, the score for Question 42 was too low to be included in the structural equation model.

Question 43 [Q.31]:

In my company we are flexible enough to respond to unexpected opportunities and/or threats.
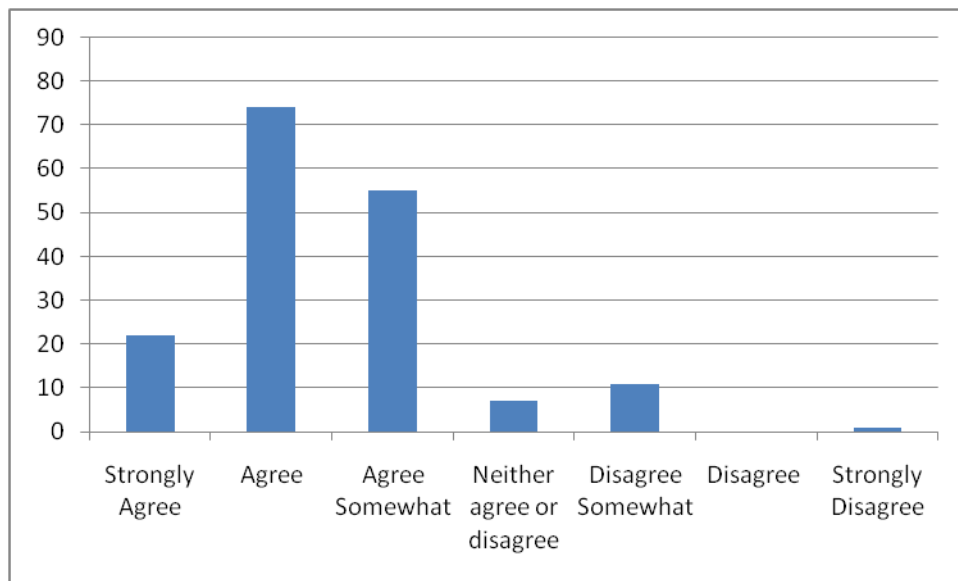
Figure 8-43 Flexible Enough to Respond to Threats/Opportunities

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	22	74	55	7	11	0	1	0
%	13	44	32	4	6	0	1	
Σ		151		7		12		-
%Σ		89		4		7		
Mean		2.5		Position #			9	
Standard Deviation		1.1		Position #			5	

Table 8-43 Flexible Enough to Respond to Threats/Opportunities

Question 43 is the final manifestation of 'planning is priceless, but plans are useless'. This Question is intended as a measure of the company's strategic response to external opportunities and threats. Where Question 41 was concerned with endogenous change, therefore, Question 43 is concerned with the response to exogenous opportunity and threat.

Figure 8-43 shows a β-curve distribution with the mode around *Agree*. Meanwhile Table 8-43 shows that the vast majority, 89%, believe that they are flexible in responding to unexpected opportunities and threat. The mean for this question is between *Agree* and *Agree somewhat* for which there is a very high level of consensus.

Proposition 15: Organisational politics will be minimised in a learning organisation.
44. Rivalry between departments/divisions in my company has a positive impact on organisational effectiveness.
45. Individual success in my company is largely dependent on our original professional training (e.g. engineer, accountant, lawyer etc.).
46. Loyalty is felt more towards the departments/divisions of the organisation than it is to the company as a whole.

The final latent variable under the change quadrant considers the impact of organisational politics. This has three manifestations. The first manifestation considers inter-departmental rivalry. The second considers the influence that functions may have on the impact on the organisation as a whole. The final manifestation of politics considers the impact that departmental loyalty has on the company.

Question 44 [Q.39]:

Rivalry between departments/divisions in my company has a positive impact on organisational effectiveness.
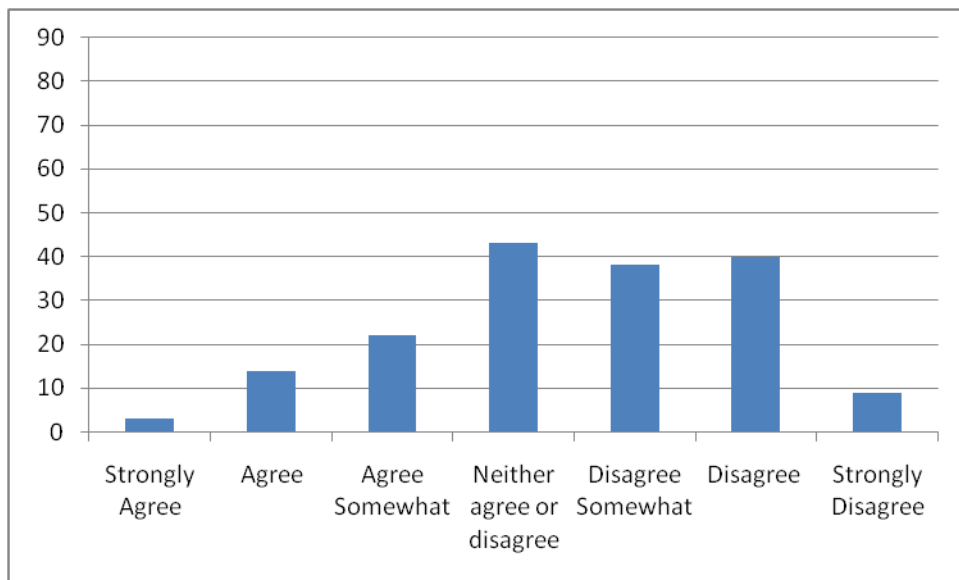
Figure 8-44 Departmental Rivalry has a Positive Impact

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	3	14	22	43	38	40	9	1
%	2	8	13	25	22	24	5	
Σ		39		43		87		-
%Σ		23		25		51		
Mean		4.5		Position #			43	
Standard Deviation		1.4		Position #			31	

Table 8-44 Departmental Rivalry has a Positive Impact

Proposition 12 is concerned with the manifestation of a unitary culture. Question 44 asks about the effects of inter-departmental rivalry. Part of the inspiration for this question came from the anti-guru literature. Thus, from Chapter 6, Huczynski (1993) claims that:

> ... competition outside the boundary of the company is [seen as] commendable, [whilst] inside [competition]... is [seen as] reprehensible. ... (*ibid*, p.84)

Figure 8-44 shows a slight majority of respondents, 51%, disagree with the statement that inter-departmental rivalry has a positive impact on the company. However, Table 8-44 indicates that a quarter were undecided, whilst 23% agreed with this to some extent. Thus, interdepartmental rivalry is not as reprehensible as Huczynski perhaps suggests. Whilst there was a strong amount of disagreement in this question there was also a fair amount of variance in the answers. A similar variation is reported by Buchanan (2008).

Question 45 [Q.28]:

Individual success in my company is largely dependent on our original professional training (e.g. engineer, accountant, lawyer etc.).
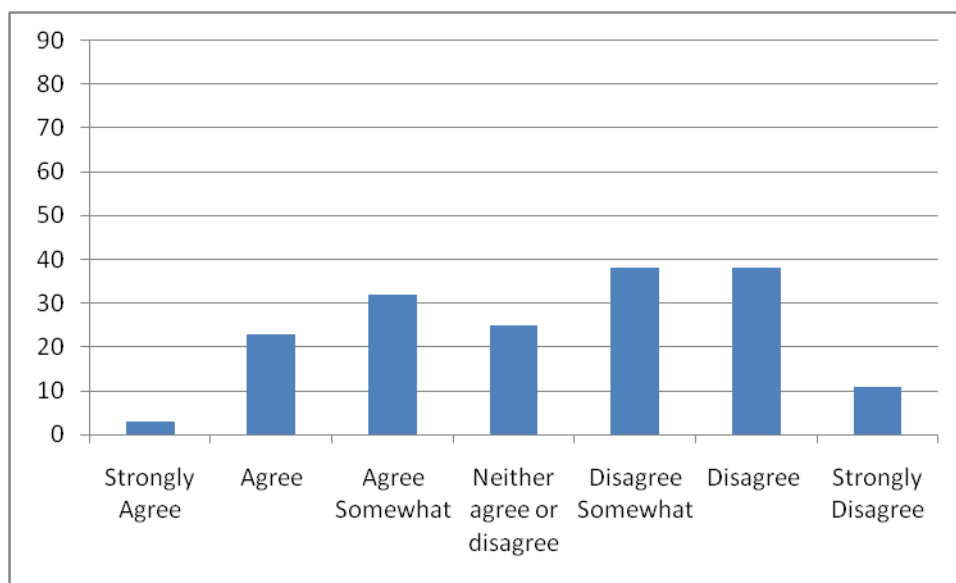
Figure 8-45 Success Dependent on Original Profession

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	3	23	32	25	38	38	11	0
%	2	14	19	15	22	22	6	
Σ		58		25		87		-
%Σ		34		15		51		
Mean		4.4		Position #			41	
Standard Deviation		1.6		Position #			40	

Table 8-45 Success Dependent on Original Profession

The topic of professional sub-cultures was dealt with on page 66 of section 3.5. This described the assertion of Albert and Whetten (1985) that organisations do not have a single, monolithic, identity. Instead organisations are made up of multiple identities that are shaped according to separate and distinct stakeholders groups. A study of the BBC by Balmer (1994) was shown to identify a number of different sub-cultures. One of these was professional ideology and political ideology.

Question 45, therefore, considers the development of power cliques within an organisation based on profession. Figure 8-45 shows a fairly inconclusive view on this theme. Table 8-45, meanwhile, shows that a slight majority agree that progression within their organisation is contingent upon their entry profession. However, the entries in the other categories are not insignificant. The mean indicates fairly strong disagreement with this question. However the variance is also quite high, as shown in the standard deviation. In the structural equation model the responses to this question were reversed as the score was initially negative. Ultimately, however, this question was removed as it did not make a significant contribution to the latent variable for politics.

Recently it has been proposed that professional identity would create a barrier to knowledge sharing across different groups (Gao and Riley 2010). This finding goes some way to answer this theoretical framework and suggests any empirical work needs to be based on a contingency model. No matter how compelling it may appear, the reality is not as straightforward as theory might suggest.

Question 46 [Q.46]:

Loyalty is felt more towards the departments/divisions of the organisation than it is to the company as a whole.
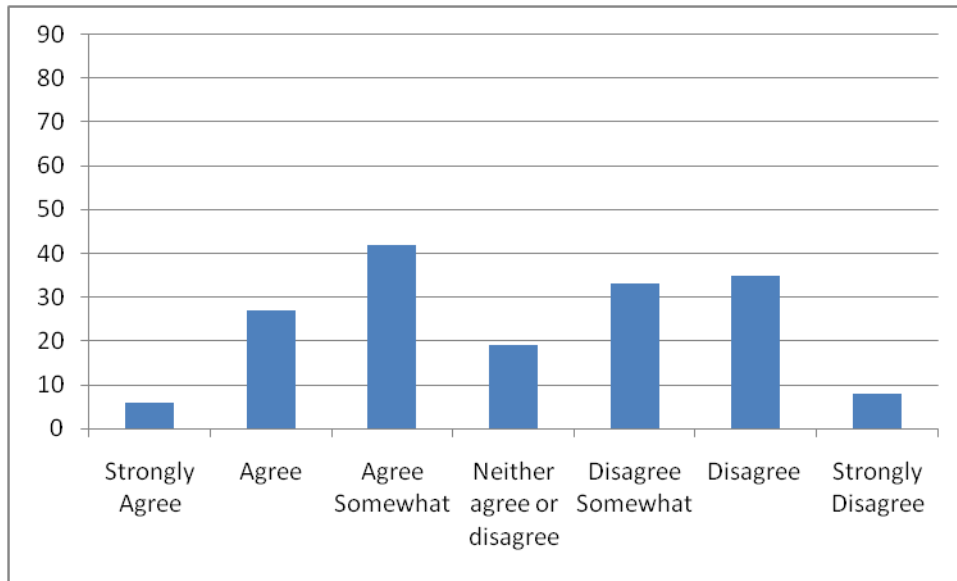
Figure 8-46 Loyalty Felt More Towards Departments/Divisions

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	6	27	42	19	33	35	8	6
%	4	16	25	11	19	21	5	
Σ	75			19	76			-
%Σ	44			11	45			
Mean	4.1		Position #				38	
Standard Deviation	1.6		Position #				49	

Table 8-46 Loyalty Felt More Towards Departments/Divisions

Question 46 is the corollary of Question 44. From the classical learning organisation literature de Geus (1999) refers extensively to the advantages of a federalised organisational structure over a centralised one. Thus:

1. ... the centralisation of power is inappropriate for the operation of a living company. It reduces the learning capacity of an organisation. The alternative is to develop an ethic of distributed power. (de Geus 1999, p.224)
2. The chairman of the managing directors is the only *primus inter pares*, first among peers. (de Geus 1999, p.225)
3. The Baron de Montesquieu, in writing about the principle of the *Trias Politica*, pointed out that separated and distributed power meant "freedom". The inverse - concentrated power in one hand - meant he wrote that, "All was lost." (de Geus 1999, p.234)
4. Concentrated power means no freedom. No freedom means that all knowledge creation and, worse, little knowledge propagation. No propagation means little institutional learning and, thus, no effective action if the world changes. One of the main driving forces of a company is the development of its potential. Can we create a form of governance which maximises the potential of our membership and thereby reduce the corporate mortality rate? Or is all of that potential lost? (de Geus 1999, p.234)

> 5. *Longlived companies were tolerant.* At first, when we wrote our Shell report, we called this point 'decentralisation'. Longlived companies, as we pointed generally avoided exercising and centralised control over attempts to diversify the company. (de Geus 1999, p.13)

Whilst centralised versus federalised structures are not covered in the learning organisation literature Figure 8-46 illustrates a fairly bi-modal distribution. Table 8-46 indicates that it is split 45-10-45 between agree, undecided and disagree. Thus the results of Question 46 are inconclusive, or at least to say the practice is not as clear-cut as de Geus would suggest. The high mean indicates a strong level of disagreement with this question. However there was also a high level of variance, as shown in the ranking of the standard deviation.

Additionally it should be noted there were 6 non-respondents. This was the highest non-response to a question within the structural equation model. Though being the last question in this section, this may simply indicate questionnaire fatigue. Question 46 was reversed as it manifested a negative score.

8.4   *Disposition towards the Learning Organisation*

> **Proposition 16. More successful organisations will have adopted the learning organisation concept.**
> 47. I believe we are working towards the successful implementation of the learning organisation at my company.
> 48. I believe we have implemented the learning organisation at my company.
> 49. Implementation of the learning organisation concept was unsuccessful in my company.
> 50. I believe the implementation of the learning organisation to be an unattainable goal in my company.
> 51. The learning organisation is, I believe, unattainable in *any* company.

Section 3 of the questionnaire is not part of the structural equation modelling exercise. Whilst section 1 recorded a measure of the respondent's attitude towards business theory in general, section 3 seeks the respondent's view of the learning organisation in particular.

The questions are thus concerned with a self-evaluation of whether they feel they are working towards a learning organisation (Question 47), or indeed have implemented it (Question 48). Question 49 implies that the company has tried and failed to implement the learning organisation concept.

Question 50 asks whether they think the learning organisation is an unattainable goal at their company, whilst Question 51 asks if they believe the learning organisation is unattainable in any organisation. These questions were all of my creation, with no reference to the literature required.

Question 47 [Q.47]:

I believe we are working towards the successful implementation of the learning organisation at my company.
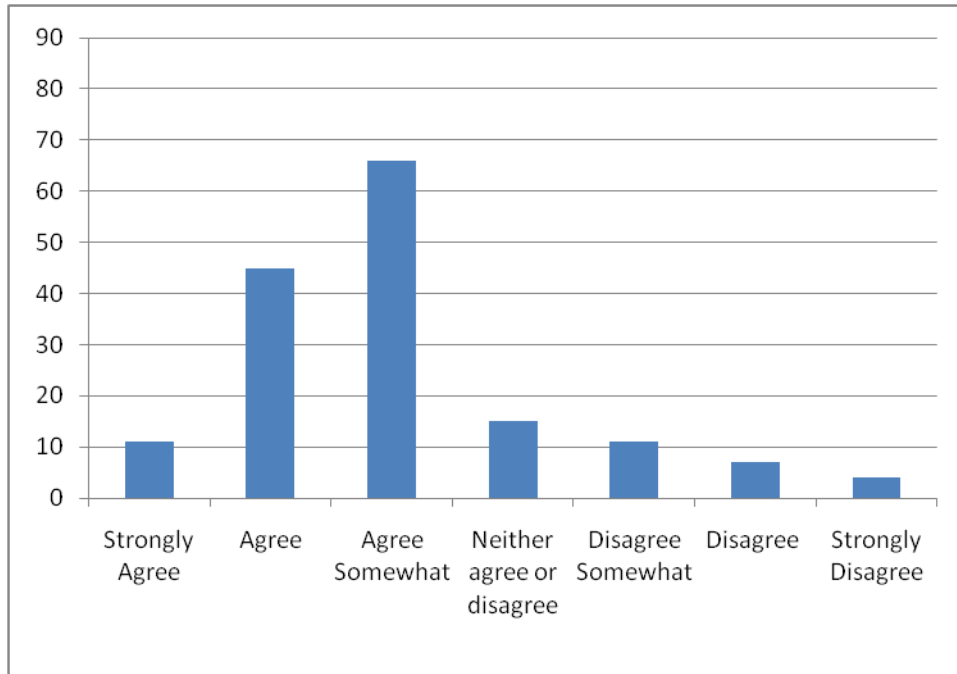
Figure 8-47 Working Towards Successful Implementation

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	11	45	66	15	11	7	4	11
%	7	28	42	9	7	4	3	
Σ		122		15		22		-
%Σ		77		9		14		
Mean		3.0		Position #			23	
Standard Deviation		1.3		Position #			16	

Table 8-47 Working Towards Successful Implementation

Figure 8-47 shows the usual β-curve with the mode being *Agree Somewhat*. The category *Agree* is shortly behind. The mean for the question, meanwhile, is *Agree somewhat* with a relatively small amount of variance when compared to other questions in the survey instrument. Table 8-47 shows that vast majority, 77% of the respondents, agreed to some extent with this statement. Table 8-47 also shows there were 11 non respondents.
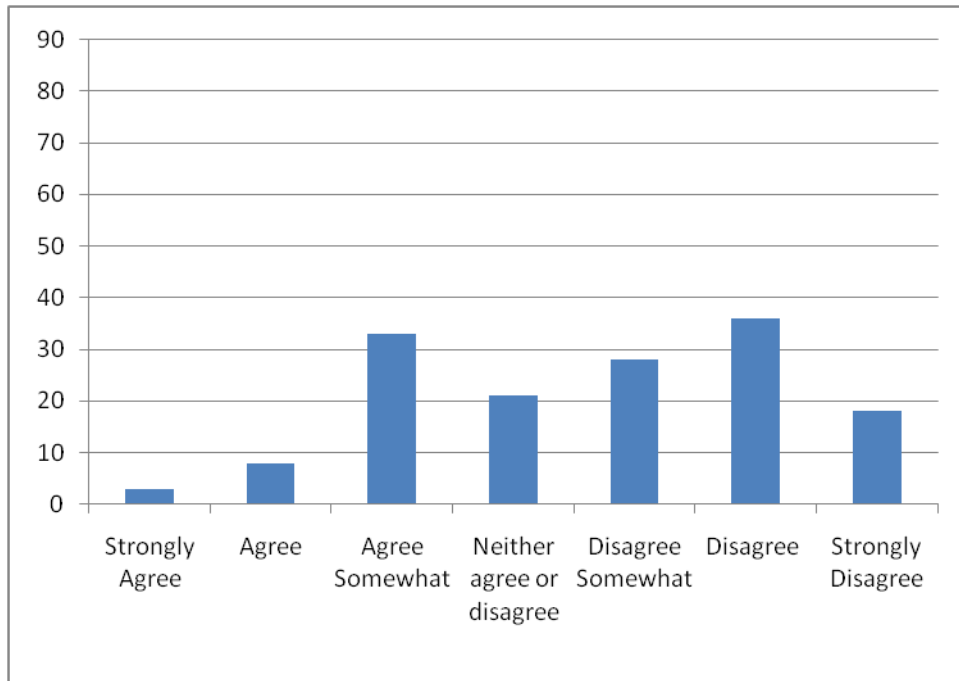
Figure 8-48 Implemented the Learning Organisation

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	3	8	33	21	28	36	18	23
%	2	5	22	14	19	24	12	
Σ		44		21		82		-
%Σ		30		14		56		
Mean		4.7		Position #			45	
Standard Deviation		1.6		Position #			42	

Table 8-48 Implemented the Learning Organisation

When it comes to whether they feel they have actually implemented the learning organisation Figure 8-48 shows the response to be somewhat mixed. Table 8-48 shows a tiny minority, 2% of respondents, under the category *Strongly Agree*. Whilst 30% agree to some extent, 14% of respondents chose the neutral response. The majority, 56%, disagreed to some extent. The mean for this question is towards *Agree somewhat* and shows one of the highest levels of disagreement. The variance, meanwhile, is also shown, as reflected in the ranking of the standard deviation. Table 8-48 also shows 23 non respondents.

Question 49 [Q.49]:

Implementation of the learning organisation concept was unsuccessful in my company.
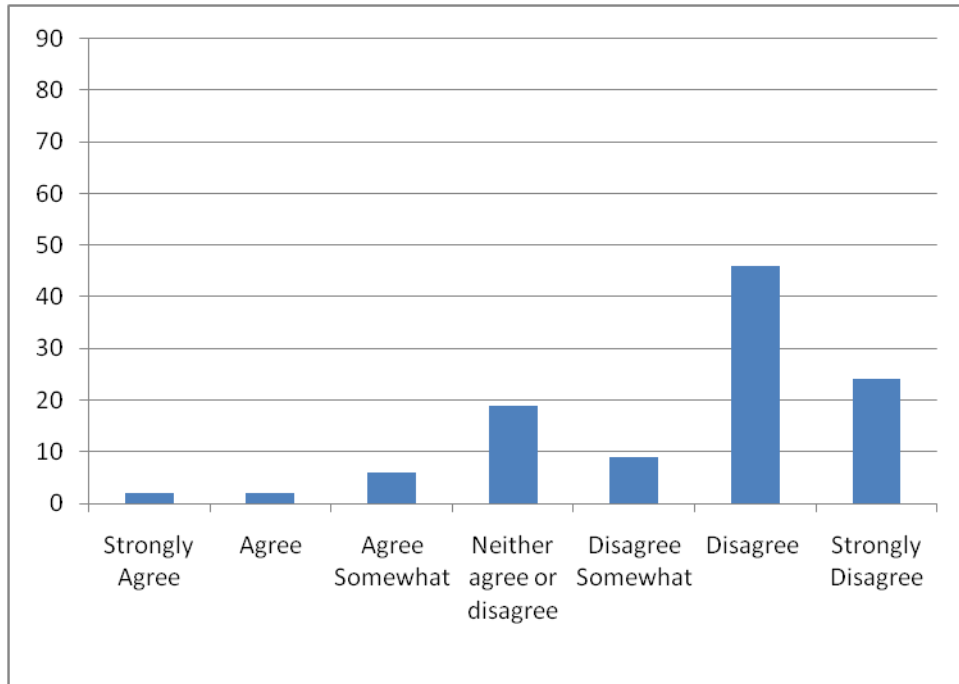
Figure 8-49 Implementation Unsuccessful

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	2	2	6	19	9	46	24	62
%	2	2	6	18	8	43	22	
Σ		10		19		79		-
%Σ		9		18		73		
Mean		5.5		Position #			49	
Standard Deviation		1.4		Position #			27	

Table 8-49 Implementation Unsuccessful

Question 49 is the corollary of Question 48 and requires greater commitment in the answer. When asked if they felt the implementation of the learning organisation was unsuccessful in their organisation, 73% of the respondents disagreed. Table 8-49 shows the mode is within the category *Disagree*, however there were 62 non-respondents. Figure 8-49 shows there was no clear pattern within the answers.

Question 50 [Q.50]:

I believe the implementation of the learning organisation to be an unattainable goal in my company.

271
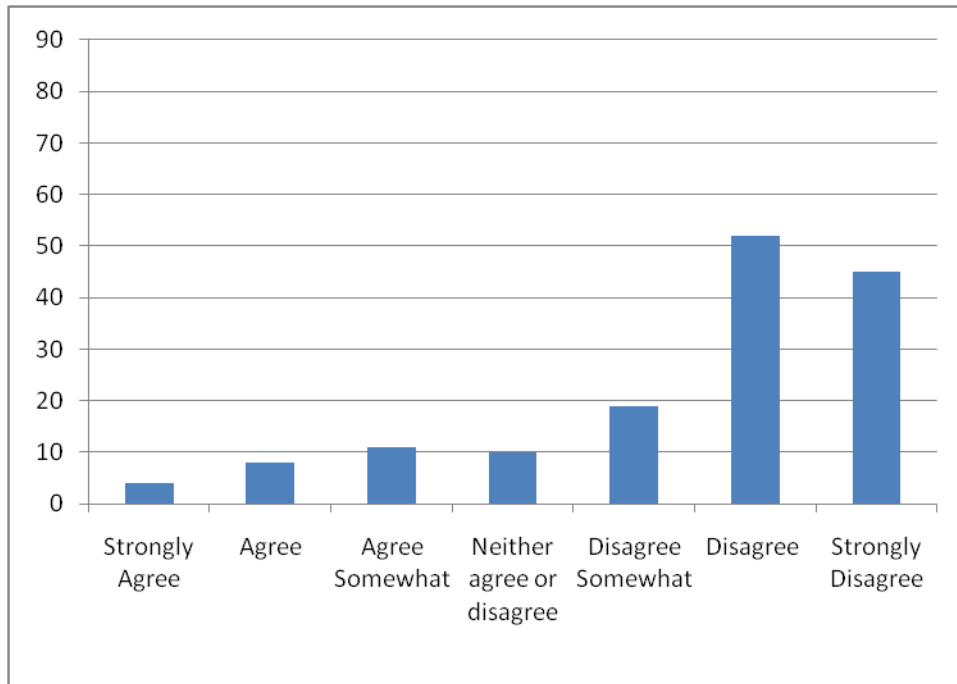
Figure 8-50 Unattainable Goal in my Company

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	4	8	11	10	19	52	45	21
%	3	5	7	7	13	35	30	
Σ		23		10		116		-
%Σ		15		7		78		
Mean		5.5		Position #			50	
Standard Deviation		1.6		Position #			47	

Table 8-50 Unattainable Goal in my Company

Following on from Question 49 which asked whether the implementation of the learning organisation was unsuccessful, Question 50 asks if they feel the learning organisation is an unattainable goal in their organisation. Figure 8-50 shows the usual β-curve distribution, albeit a reflection as a negative was posed to the respondents. Table 8-50, meanwhile, shows that the vast majority, 78%, disagree that the learning organisation is an unattainable goal in their organisation. The mean for this question is very high, in fact it is the second highest recorded. Unfortunately the standard deviation is also very high, indicating a relatively large amount of variance in the answers. Table 8-50 also shows there were 21 non-respondents.

Question 51 [Q.51]:

The learning organisation is, I believe, unattainable in any company.
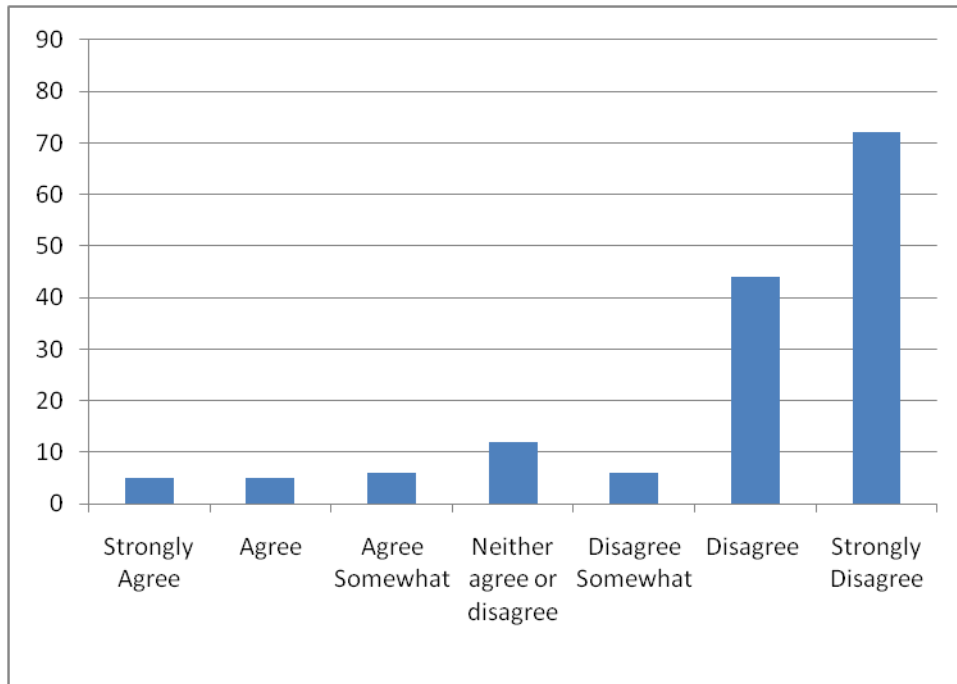
Figure 8-51 Unattainable Goal in any Company

	Strongly Agree	Agree	Agree Somewhat	Neither agree or disagree	Disagree Somewhat	Disagree	Strongly Disagree	Non-respondents
Data	5	5	6	12	6	44	72	20
%	3	3	4	8	4	29	48	
Σ		16		12		122		-
%Σ		11		8		81		
Mean		5.9		Position #			51	
Standard Deviation		1.6		Position #			45	

Table 8-51 Unattainable Goal in any Company

Question 51, the final question, asks whether the respondents think the learning organisation is an unattainable goal in any company. A resounding 81% disagree with this statement with the usual β-distribution curve, as shown in Figure 8-51. Table 8-51 shows there were 20 non-respondents. Even taking into consideration the number of non-respondents, when the answers are weighted Question 50 was the one over which there was the highest disagreement, as shown in the mean of Disagree. However, there was also a relatively large amount of variance in the answers, as shown in a relatively high standard deviation.

This shows quite a considerable belief in the learning organisation from the respondents. Indeed, whilst the majority feel they are working towards the learning organisation they do not think this is an unattainable goal; they just have not arrived yet. In the questionnaire that was circulated the learning organisation was described as a *self-rejuvenating, cycle-defying and adaptive organisation*. Given the extensive literature review in Chapter 5 this definition is

perhaps somewhat pithy. However, the symbolic cue the *learning organisation* seems to create an evocative reaction (Jackson 2001).

8.5 *Summary and Conclusions*

This chapter discussed the descriptive statistics collected from participating companies. The three sections of the questionnaire mapped on to the three research questions:

a. What is the perception of managers towards business and management theory?
b. To what extent do the aspirations of the learning organisation manifest themselves in large, successful organisations?
c. What is the perception of managers towards the learning organisation?

The second research question is the subject of the next chapter, which deals with the building of the structural equation model. So far as the respondent's disposition towards business and management ideas Table 8-1 showed that there was strong support for new business and management ideas. However, Table 8-2 demonstrated that new business and management ideas are not considered fads. This falsifies the rather cynical anti-guru school that seem to view managers as if they were gullible consumers.

Table 8-3 indicated that managers believed consultants were the most prolific developers of theory, followed by academics and managers. This contradicts the quote from Davenport et al. (2003) on page 46 who seem to think that most academics do not produce useful ideas. However, it must be emphasised that this question is concerned with perception. Indeed as previously pointed out, categories are never pristine demarcations, and the distinction between these three is sometimes difficult to apply. Thus, on the whole managers can be said to be positive about the efficacy of business and management theory.

So far as the third research question is concerned Question 47 showed that most of the sample believed they were working towards a learning organisation, with relatively little variance shown in the responses. However, in Question 48 implementation of the learning organisation gave a mixed response. Whilst most of the respondents disagreed with the question posed, again there was still a significant variance.

Question 49 showed that most people thought that the implementation of the learning organisation had been successful in their company. Most respondents were strongly against the idea that their implementation had been *unsuccessful*. However, the numbers of non-respondents were quite high for this question. An equal strength of feeling showed that respondents thought that the learning organisation was an unattainable goal in their company.

The strongest response evinced from the whole of the survey instrument, meanwhile, related to the question about whether the learning organisation was an unattainable goal in their company. The responses for questions 47 through to 51 tend to indicate that whilst most organisations recognise its limitations, they believe that the learning organisation is an attainable goal. In a sense this shows a great deal of pragmatism towards the learning organisation and a recognition, within the constraints of a structured questionnaire, that it is an ideal type.

The final chapter before the conclusions offer the main findings of this research. Descriptive statistics offer limited analysis. The next chapter, therefore, is concerned with reporting the results of the structural equation modelling using SmartPLS.

Chapter 9 Structural Equation Model

9.1 *Introduction*

Having analysed the descriptive statistics this chapter is concerned with developing the structural equation model. Initially the hypothesised model from literature is summarised and described. The results from this first iteration model are presented. Where path coefficients are negative the responses are reversed to provide a positive β.

Using the criteria that all latent variables in the second-order model must have an average variance extracted (AVE) of greater or equal to 0.5 (Hair et al. 2010), questions with the lowest path coefficient are successively removed from the model until this criteria is met. The data produced at each iteration is provided, and the effects removing questions have on the subsequent AVE values. This was not as clear-cut as it sounds as there were some judgements to be made on whether to exclude questions that were close to the criteria of an $AVE \geq 0.5$.

Ultimately this leads to the final iteration which shows how most of the AVEs have a value of ≥ 0.5, along with an acceptable measure for variance. A discussion of the results in section 9.4 shows the impact the exclusion of the questions has on the construction of the latent variables. Before the results are discussed the possible impact of missing data where respondents declined to answer particular questions are considered. Using a top-down analysis the next section discusses the results from the second-order model. The results of the final iteration of the model is then shown in graphical and table format. The graphics are exports from the SmartPLS software package.

The results indicate that leadership was the most successful quadrate to characterise, closely followed by the quadrate for learning. The quadrate for strategy was probably the least successful construct. Three questions were removed from this quadrate, leaving (strategy, longevity) with only one question and a low score for the variance. The variance for (strategy, unitary) was also low. Whilst the change quadrate was mostly successful, a relatively low variance for (change, politics) was manifested in the final iteration.

9.2 *Model Development*

The questionnaire was largely derived from the literature using the logico-deductive technique described by Glaser and Strauss (1999). It is, in a sense, a qualitative analysis of the learning organisation literature. This claim, though, may not be convincing to all.

Wenger (1998, p.77) makes the rather astute observation that performance cannot be reduced to a single principle. Figure 9-1 shows the second-order model aggregated to four variables; leadership, learning, strategy and change. According to this model leadership drives learning, strategy and change. Strategy drives learning and change. Finally, learning drives change. These variables were derived using a form of grounded theory (Glaser and Strauss 1999), in an inductive manner (Saunders et al. 2007). From an information systems perspective this was a bottom-up, rather than top-down approach (Bocij et al. 2008).
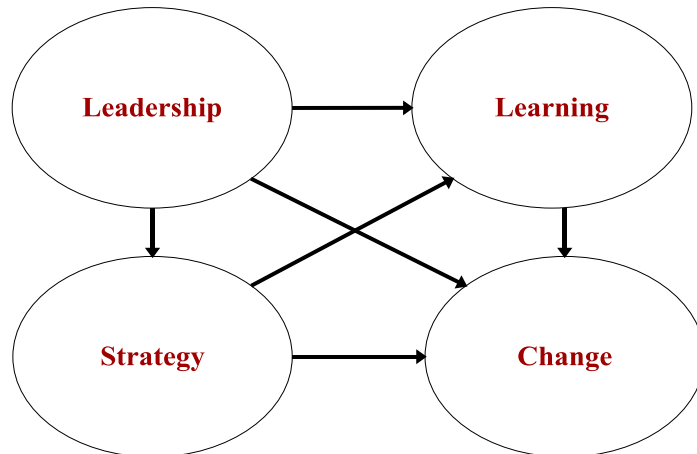
Figure 9-1 Second-order Model of the Learning Organisation

Behind the first-order model is 11 second-order variables. These are leadership (structures, staff), learning (future, past, dialogue), strategy (experiment, rules, longevity, unitary) and hierarchy (planning, politics). These are organised into a reflective model (Hair et al. 2010), as shown in

Figure 9-2. Table 9-1, meanwhile, shows a summary of how the model was derived.

First-order variable	Proposition	#	Second-order latent variable	Questions
Leadership	A learning organisation will concentrate on enabling structures rather than negative behaviours.	4	Structures	5 – 9
	Learning organisation will have appropriate staff.	5	Staff	10-14
Learning	Learning organisations will make time to contemplate the future.	6	Future	15-17
	The Learning organisation will make time to reflect on the past.	7	Past	18-20
	The Learning organisation will create room for dialogue.	8	Dialogue	21-24
Strategy	A learning organisation will have a culture of playful experimentation.	9	Experiment	25-28
	A learning organisation will constantly challenge the rules of the industry.	10	Rules	29-31
	A learning organisation is committed to the longevity of the enterprise.	11	Longevity	32-34
	A learning organisation will have a unitary culture.	12	Unitary	35-36
Change	The tension between hierarchy and learning is managed in a learning organisation.	13	Hierarchy	37-39
	In a learning organisation planning is more important than the plan.	14	Planning	41-43
	Organisational politics will be minimised in a learning organisation.	15	Politics	44-46

Table 9-1 Model Derivation
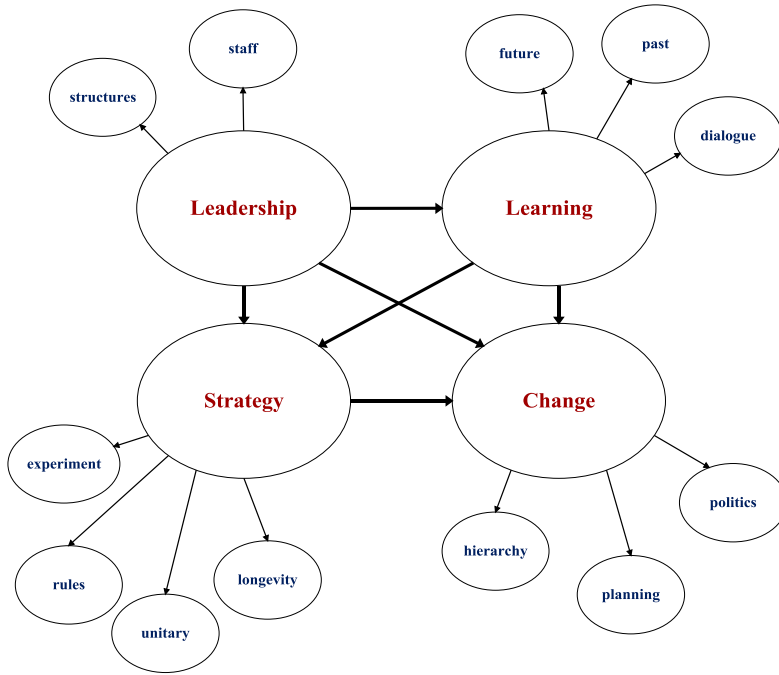
Figure 9-2 First- and Second-Order Model of the Learning Organisation

	AVE	R^2
Leadership		
Structures	0.3795	0.7181
Staff	0.5066	0.8561
Learning		
Future	0.5205	0.6562
Past	0.5672	0.6691
Dialogue	0.3934	0.717
Strategy		
Experiment	0.4554	0.7105
Rules	0.5495	0.5991
Longevity	0.3346	0.3622
Unitary	0.5647	0.2242
Change		
Hierarchy	0.4943	0.7676
Planning	0.4484	0.8418
Politics	0.3251	0.292

Table 9-2 Initial Iteration of the Model

The data from the questionnaire, headed by the question number, was converted into a comma separated file. Smart PLS (Ringle et al. 2005) was used to build the structural equation model. The first-order model was built by aggregating the questions from the second-order model so they mapped onto both the first and second levels of analysis.

In all a total of 9 out of the 42 questions were removed as they not making a significant contribution These were; (leadership, structures), question 8 and question 9, (learning, dialogue), Question 21, (strategy, experiment) Question 27, (strategy, longevity), Question 32 and Question 33, (change, hierarchy) Question 37, (change, planning) Question 42, (change politics) Question 45. This means the finalised model relies on 33 questions driving 12 constructs.

For a manifestation to be included in the model it needs to have a β score that exceeds 0.5. Each latent variable needs to have an AVE that exceeds 0.5. The following describes the logic for their exclusion of the questions from the survey instrument.

9.2.1　　　Leadership Quadrate

Two questions were eliminated from the leadership quadrate, Questions 8 and 9. These were both from the latent variable for (leadership, structures).

9.2.1.1 Leadership, Structures

Structures	Beta	R^2	AVE
Q.5	0.705	0.718	0.3759
Q.6	0.713		
Q.7	0.789		
Q.8	0.176		
Q.9	0.489		

Table 9-3 Removal of Question 8

As Question 8 has a β < 0.5 this should be removed. Therefore:

Structures		R^2	AVE
Q.5	0.712	0.719	0.4681
Q.6	0.717		
Q.7	0.783		
Q.8	-		
Q.9	0.489		

Table 9-4 Removal of Question 9

The AVE is still < 0.5, however Question 9's β is less than 0.5, therefore remove this question from the model.

Structures		R²	AVE
Q.5	0.672	0.701	0.5734
Q.6	0.782		
Q.7	0.811		
Q.8	-		
Q.9	-		

Table 9-5 Scores for (leadership, structures)

Thus (leadership, structures) now meets the criteria.

9.2.1.2 Leadership, Staff

Staff	Beta	R²	AVE
Q.10	0.669	0.878	0.5066
Q.11	0.786		
Q.12	0.709		
Q.13	0.718		
Q.14	0.672		

Table 9-6 Scores for (leadership, staff)

The β for each manifestation is >0.5, whilst the AVE > 0.5 for the latent variable. Therefore, no amendments are required.

9.2.2 Learning Quadrate

One question was eliminated from the learning quadrate, Questions 21 from the latent variable for (learning dialogue).

9.2.2.1 Learning, Future

Future	Beta	R²	AVE
Q.15	0.655	0.656	0.5205
Q.16	0.708		
Q.17	0.794		

Table 9-7 Scores for (learning, future)

The β for each manifestation is >0.5, whilst the AVE > 0.5 for the latent variable. Therefore, no amendments required.

9.2.2.2 Learning, Past

Past	Beta	R²	AVE
Q.18	0.821	0.678	0.5205
Q.19	0.705		
Q.20	0.729		

Table 9-8 Scores for (learning, past)

The β for each manifestation is >0.5, whilst the AVE > 0.5 for the latent variable. Therefore, no amendments required.

9.2.2.3 Learning, Dialogue

Dialogue	Beta	R^2	AVE
Q.21	0.398	0.717	0.3934
Q.22	0.539		
Q.23	0.768		
Q.24	0.731		

Table 9-9 Scores for (learning, dialogue)

The β for Question 21 is < 0.5, whilst the AVE is also < 0.5. Therefore, Question 21 was removed.

Dialogue		R^2	AVE
Q.21	-	0.693	0.501
Q.22	0.559		
Q.23	0.786		
Q.24	0.757		

Table 9-10 Scores for (learning, dialogue)

With Question 21 removed all βs > 0.5 whilst the AVE > 0.5, by the narrowest of margins.

9.2.3　　Strategy Quadrate

Three questions were eliminated from the strategy quadrate. These were Questions 27 (strategy, experiment) and Questions 32 and 33 from (strategy, longevity).

9.2.3.1 Strategy, Experiment

Experiment	Beta	R^2	AVE
Q.25	0.660	0.71	0.4554
Q.26	0.738		
Q.27	0.567		
Q.28	0.721		

Table 9-11 Removal of Question 27

Whilst all the β scores are > 0.5 the AVE is < 0.5. Question 27 made the least contribution. Therefore it was removed.

Experiment	Beta	R^2	AVE
Q.25	0.673	0.677	0.5212
Q.26	0.768		
Q.27	-		
Q.28	0.762		

Table 9-12 Scores for (strategy, experiment)

With Question 27 removed all the β scores increase slightly, with the AVE now > 0.5.

9.2.3.2 Strategy, Rules

Rules	Beta	R^2	AVE
Q.29	0.832	0.609	0.5493
Q.30	0.674		
Q.31	0.708		

Table 9-13 Scores for (strategy, rules)

The β for each manifestation is >0.5, whilst the AVE > 0.5 for the latent variable. Therefore, no amendments were required.

9.2.3.3 Strategy, Longevity

Two questions were removed from (strategy, longevity), namely Question 32 and Question 33.

Longevity	Beta	R^2	AVE
Q.32	0.200	0.392	0.3346
Q.33	0.103		
Q.34	0.996		

Table 9-14 Removal of Question 33

Table 9-14 shows a contrast between the three different β scores. Whilst Question 32 and 33 are very low, Question 34 is extremely high. The first step, therefore, was to remove Question 33 as it has the lowest β score.

Longevity	Beta	R^2	AVE
Q.32	0.046	0.391	0.4993
Q.33	-		
Q.34	0.998		

Table 9-15 Removal of Question 32

Removing Question 33, however, decreases the β score for Question 32 significantly. There was no choice, therefore, but to remove Question 32. The proposition for longevity, therefore, becomes composed of one variable; company loyalty.

Longevity	Beta	R^2	AVE
Q.32	-	0.390	1.000
Q.33	-		
Q.34	1		

Table 9-16 Scores for (strategy, longevity)

9.2.3.4 Strategy, Unitary

Unitary	Beta	R^2	AVE
Q.35	0.779	0.215	0.5648
Q.36	0.724		

Table 9-17 Scores for (strategy, unitary)

The β for each manifestation is >0.5, whilst the AVE > 0.5 for the latent variable. Therefore, no amendments were required.

9.2.4　　　Change Quadrate

The change quadrate required three questions to be removed. These were Questions 37, Question 42 and Question 45. One was removed from each of the three latent variables. Note that the letter 'R' after the question number designates the answers to this question were reversed as the β score was negative. In practice this had no effect on any of the scores, other than changing the polarity of the sign

9.2.4.1 Change, Hierarchy

Hierarchy	Beta	R^2	AVE
Q.37R	0.074	0.767	0.4943
Q.38R	0.835		
Q.39	0.884		

Table 9-18 Removal of Question 37

Thus, whilst the AVE is very close to 0.5 the β for Question 37 is made very little contribution and was therefore removed.

Hierarchy	Beta	R^2	AVE
Q.37R	-	0.768	0.7387
Q.38R	0.835		
Q.39	0.884		

Table 9-19 Scores for (change, hierarchy)

Thus, after Question 37 has been removed the AVE goes up significantly, and the other β scores far exceed the threshold of 0.5.

9.2.4.2 Change, Planning

Planning	Beta	R^2	AVE
Q.40R	0.779	0.842	0.4484
Q.41	0.682		
Q.42	0.308		
Q.43	0.793		

Table 9-20 Removal of Question 42

Question 42's β is less than the threshold of 0.5, and therefore will be removed.

Planning	Beta	R^2	AVE
Q.40R	0.780	0.836	0.5811
Q.41	0.704		
Q.42			
Q.43	0.799		

Table 9-21 Scores for (change, planning)

After Question 42 is removed all the β scores exceed 0.7, whilst the AVE is > 0.5.

9.2.4.3 Change, Politics

Politics	Beta	R^2	AVE
Q.44	0.639	0.307	0.3272
Q.45R	0.413		
Q.46R	0.634		

Table 9-22 Removal of Question 45

Finally Question 45's β is also < 0.5 whilst the AVE is much less than 0.5.

Politics	Beta	R^2	AVE
Q.44	0.731	0.283	0.4696
Q.45R	-		
Q.46R	0.636		

Table 9-23 Scores for (change, politics)

Removing Question 45 increased the β for Question 44. Unfortunately the AVE is slightly less than 0.5, however, it is the only *just* outside the range. Removing Question 46 made little sense as it was making a good contribution. The compromise, therefore, is to accept an AVE that is slightly below the threshold.

9.3 *Final Iteration*

Table 9-24 shows the final iteration of the model. It will be noted that the AVEs are all > 0.5 with the exception of (change, politics) which falls slightly short and (strategy, longevity) which has only one manifestation. The values for R^2 are mostly above 0.6 with the exception of (strategy, longevity), (strategy, unitary) and (change, politics). The R^2 for (leadership, structures) and (change, hierarchy) are both above 0.7, whilst (leadership, staff) and (change planning) are both above 0.8.

	AVE	R^2
Leadership		
Structures	0.5735	0.7002
Staff	0.5067	0.8791
Learning		
Future	0.5205	0.6556
Past	0.5671	0.6719
Dialogue	0.501	0.6934
Strategy		
Experiment	0.5407	0.6805
Rules	0.5493	0.6099
Longevity	0	0.3912
Unitary	0.5648	0.2158
Change		
Hierarchy	0.7385	0.7659
Planning	0.5813	0.8362
Politics	0.4695	0.2814

Table 9-24 Final Iteration of the Model

9.4 *Discussion of Results*

The removal of the questions from latent variables offers an insight into the mix of variables that are considered important in the learning organisation concept. This is discussed in the following sections. It could be argued that this falsification is an equally important finding as the factors that were more successful. The questions that have been removed are shown using strikethrough. Italics implies the question was reversed. All reversals were justified in the context of their respective questions.

9.4.1   Leadership Propositions

Proposition 4: A learning organisation will concentrate on enabling structures rather than negative behaviours.
5. In my company people feel they have the independence to make their own decisions in areas that directly affect their work. 6. My company regularly monitors the performance of individuals. 7. My company pays a great deal of attention on incentives to motivate people. 8. ~~In my company poor performance is punished.~~ 9. ~~My company makes a sustained effort to minimise the number of rules and regulations.~~

Table 9-25 Results for (leadership, structures)

Independence, performance monitoring and incentives are thus important components of the enabling structures that leadership needs to create. The punishment of poor performers does not have consensus. Surprisingly, perhaps, the bureaucracy question (Question 9) is not an issue either.

Proposition 5: Learning organisations will have the appropriate staff.
10. My company is successful in attracting good quality individuals. 11. My company is successful in retaining talented individuals. 12. Compared to the competition my company has a relatively low turnover amongst key staff. 13. Compared to the competition my company has an effective succession programme for our senior and middle managers. 14. My company prefers to develop future leaders from within the organisation.

Table 9-26 Results for (leadership, staff)

The concept of (leadership, staff) was inspired by *Good to Great* (Collins 2001) who used the phrase "get the right people on the bus". Whilst it may seem somewhat trite, but it does seem that the attraction, retention and development of people are seen as important.

9.4.2 Learning Propositions

Of all the propositions learning was the least contentious, with only one question being removed.

Proposition 6: A learning organisation will make time to contemplate the future.
15. There is always sufficient time to consider what the future might hold for us. 16. In my company we feel we are in control of our collective destiny. 17. Discussing the distant future is actively encouraged in my company.

Table 9-27 Results for (learning, future)

There was no removal of questions required for (learning, future).

Proposition 7: The Learning organisation will make time to reflect on the past.
18. Before a project is started we always reflect on what we did last time we were in a similar position. *19. In my company we have a tendency to make the same mistakes repeatedly.* 20. In my company we regularly review areas we need to improve upon.

Table 9-28 Results for (learning, past)

There was no removal of questions required for (learning, past).

Proposition 8: The Learning organisation will create room for dialogue.
21. Achieving consensus in decision making is important in my company. 22. In my company considering 'what is right' is more important than 'who is right'. 23. In my company challenging assumptions is encouraged. 24. In my company the word 'learning' is used a lot.

Table 9-29 Results for (learning, dialogue)

The only removal under learning was under (learning, dialogue) with the perhaps surprising revelation that achieving consensus did not fit in with the other responses for dialogue.

9.4.3   Strategy Propositions

Proposition 9: A learning organisation will have a culture of playful experimentation.
25. Independent experimentation in new product development is encouraged here.
26. Middle managers are empowered to implement innovative management processes here.
~~27. Employees in my company are encouraged to undertake minor projects on their own initiative.~~
28. Generally speaking, errors can be considered an opportunity for learning in my company.

Table 9-30 Results for (strategy, experiment)

Under (strategy, experiment) Question 27 did not provide convergent validity. This may be sector dependent, for example experimenting with chemicals (Burnes et al. 2004) or nuclear reactors (DiBella 1995; Burnes et al. 2004) is rather dangerous.

Proposition 10: A learning organisation will constantly challenge the rules of the industry.
29. We constantly challenge the traditionally-held beliefs of our business sector.
30. We are viewed as unconventional in our industry.
31. We constantly introduce products and/or services to the markets before our competitors.

Table 9-31 Results for (strategy, rules)

There was no removal of questions from (strategy, rules).

Proposition 11: A learning organisation is committed to the longevity of the enterprise.
~~32. We would be willing to diversify to different sectors of the economy.~~
~~33. In my company the needs of the organisation take priority over individual needs.~~
34. Company loyalty is rewarded in this organisation.

Table 9-32 Results for (strategy, longevity)

Organisational longevity was, perhaps, the least successful proposition. This may be because the question failed to capture the manifestations correctly, or more likely organisational longevity is not as important to utilitarian organisations.

Proposition 12: A learning organisation will have a unitary culture.
35. My company seeks to employ people that will fit into the organisation's culture.
36. In my company it is considered important that everybody agrees with the company strategy.

Table 9-33 Results for (strategy, unitary)

There was no removal of questions from (strategy, unitary).

9.4.4   Change Propositions

Within the change propositions three questions were removed; one from each. This quadrate, however, provided quite an interesting insight into the comparison between the learning organisation concept and successful companies.

Proposition 13: The tension between hierarchy and learning is managed in a learning organisation.
37. Once objectives have been set by senior management they are non-negotiable.
38. The rate of change within my company feels too slow to respond to the number of external pressures.
39. My company is mostly successful at implementing change.

Table 9-34 Results for (change, hierarchy)

The question on negotiation of objectives (Question 37) did not fit within Proposition 13. This is consistent with the removal of Question 21 which was concerned with creating consensus. Thus, all things being equal, it would appear that the egalitarian principles of the learning organisation do not apply to successful organisations. Question 38 was reversed, indicating that successful organisations feel in control of their collective destiny. This confirms the L ≥ C concept, even if the organismic metaphor has limited application.

Proposition 14: In a learning organisation planning is more important than the plan.
40. Organisation in my company feels disordered.
41. Everything in my company mostly goes according to plan.
42. My company acknowledges that chance sometimes contributes to success.
43. In my company we are flexible enough to respond to unexpected opportunities and/or threats.

Table 9-35 Results for (change, planning)

Question 40 was reversed, implying that Gardner (1981) was incorrect about creative companies. Contrary to the notion that performance is largely an act of God (Cohen and March 1974) the reliance on luck did not fit in with the proposition about planning.

When considered alongside Proposition 13 this implies that constant dialogue and a revision of strategy are what is important. This tends to suggests that whilst successful companies are not democracies, neither are they autocracies. Ultimately, though, leadership plays its part in deciding the future direction of the enterprise.

Proposition 15: Organisational politics will be minimised in a learning organisation.
44. Rivalry between departments/divisions in my company has a positive impact on organisational effectiveness.
45. Individual success in my company is largely dependent on our original professional training (e.g. engineer, accountant, lawyer etc.).
46. Loyalty is felt more towards the departments/divisions of the organisation than it is to the company as a whole.

Table 9-36 Results for (change, planning)

Finally, the reversal of Question 46 implied that departments or divisions identified strongly with the overall identity of the company, whilst initial professional training did not appear to be a barrier for promotion within these companies. Referring back to Table 6-3 on page 167 these characteristics are largely displayed in the results. This suggests that organisational

politics and change are inevitable, but do not interfere with the success of the enterprise as a whole.

9.5 *Missing Data*

With 170 responses to 51 questions the survey instrument created 8,670 datum. In total there were 204 missing responses. These are summarised by question in Table 9-37. The number of missing responses represents 2.4% of the total data. The largest volume of missing data is from Section 3 of the questionnaire, which accounted for 67% of the missing data. In particular, Question 49 was responsible for 30% of the missing data on its own. This question asked *Implementation of the learning organisation concept was unsuccessful in my company*.

Question	Missing Data	Total in Section	Percentage of Total
Q.1	27	51	25
Q.2	24		
Q.18	1	16	8
Q.20	1		
Q.23	1		
Q.27	2		
Q.29	2		
Q.30	2		
Q.32	2		
Q.39	1		
Q.40	1		
Q.41	2		
Q.42	1		
Q.47	11	137	67
Q.48	23		
Q.49	62		
Q.50	21		
Q.51	20		
Total	204	204	100

Table 9-37 Summary of Missing Data

Section 1 was responsible for 25% of the missing data. This was fairly evenly balanced between Question 1 and Question 2. Fortunately the least amount of missing data was from that intended for the structural equation model. Whilst this represented 8% of the missing data, only 0.2% of model data was missing. Thus, whilst missing data will have had an impact on Section 1 and 3 of the questionnaire, the effect on the model is negligible. In the data imported into SmartPLS missing data was represented by a -1. The 'missing data algorithm' was also invoked as part of the analysis.

9.6 *Second-order Model Results*

Figure 9-3 shows the graphic results for the second-order model proposed in Figure 1-2 on page 11. This proposes shows how

a. Leadership influences learning, strategy and change.

b. Learning influences strategy and change

c. Strategy influence change, or more accurately how strategy formulation influences strategy implementation.
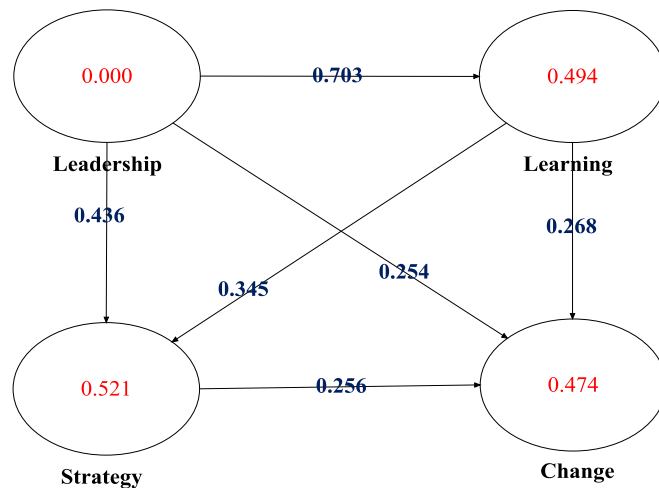
Figure 9-3 Second-order Model Results

Table 9-38 shows a summary of the path coefficients and variance. For a second-order model these results are very respectable. In particular it will be noted that the link between leadership and learning. A β of 0.703 and with an R^2 of 0.494 implies that 49% of the data is captured in the causality between the latent variable *Leadership* and *Learning*. The high scores demonstrate how the questions captured the propositions hierarchically between the second- and first-order models. The lowest R^2 in the model is, in fact, 0.474. The lowest path coefficient is between *Leadership* and *Change*; a value of 0.254.

Driver	Influences	Beta	R^2
Leadership	Learning	0.703	0.494
	Strategy	0.436	0.521
	Change	0.254	0.474
Learning	Strategy	0.345	0.521
	Change	0.268	0.474
Strategy	Change	0.256	0.474

Table 9-38 Second-order Model Results

Table 9-39 shows the contribution of each question for the independent path coefficients to leadership. The lowest value for a path coefficient is 0.587, whilst the highest is 0.727.

Question	Leadership β
5	0.587
6	0.646
7	0.666
10	0.621
11	0.736
12	0.592
13	0.727
14	0.641

Table 9-39 Second-order Model Results for Leadership

Table 9-40 shows the contribution of each question for the independent path coefficients to learning. The lowest value for a path coefficient is 0.444, whilst the highest is 0.657 for both Questions 18 and 20.

Question	Learning β
15	0.477
16	0.592
17	0.665
18	0.657
19R	0.533
20	0.657
22	0.444
23	0.639
24	0.659

Table 9-40 Second-order Model Results for Learning

Table 9-41 shows the contribution of each question for the independent path coefficients to strategy. The lowest value for a path coefficient is 0.332, whilst the highest is 0.713.

Question	Strategy β
25	0.589
26	0.607
28	0.622
29	0.713
30	0.469
31	0.519
34	0.625
35	0.365
36	0.332

Table 9-41 Second-order Model Results for Strategy

Table 9-42 shows the contribution of each question for the independent path coefficients to change. The lowest value for a path coefficient is 0.342, whilst the highest is 0.816.

Question	Change β
38R	0.684
39	0.816
40R	0.731
41	0.586
43	0.758
44	0.383
46R	0.342

Table 9-42 Second-order Model Results for Change

9.7 *First-order Model Results*

Figure 9-4 shows the latent variables for the first- and second order models. This is a screen capture that has been taken directly from SmartPLS. Refinement on the model was conducted on the first-order model, which explains why some of the path coefficients are relatively low in the second-order. The results of the first-order are higher and conform to the criteria of having an AVE greater or equal to 0.5.
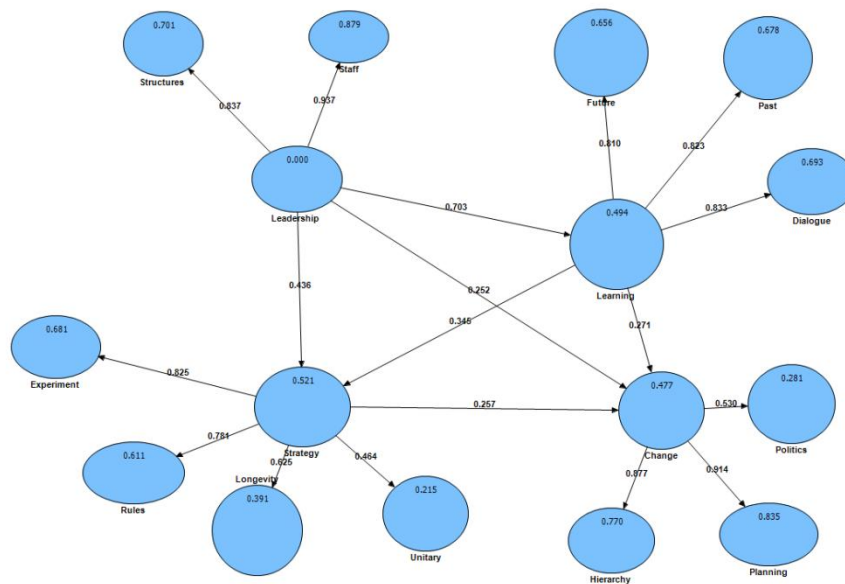
Figure 9-4 Latent Variables in the First- and Second-Order Model

The result for each latent variable in the first-order is given graphically from SmartPLS and in table format. Thus Figure 9-5 shows the results for the leadership quadrate which is composed of the two latent variables *Structures* and *Staff*. As previously described, two questions were deleted from (strategy, structures), which were questions 8 and questions 9.
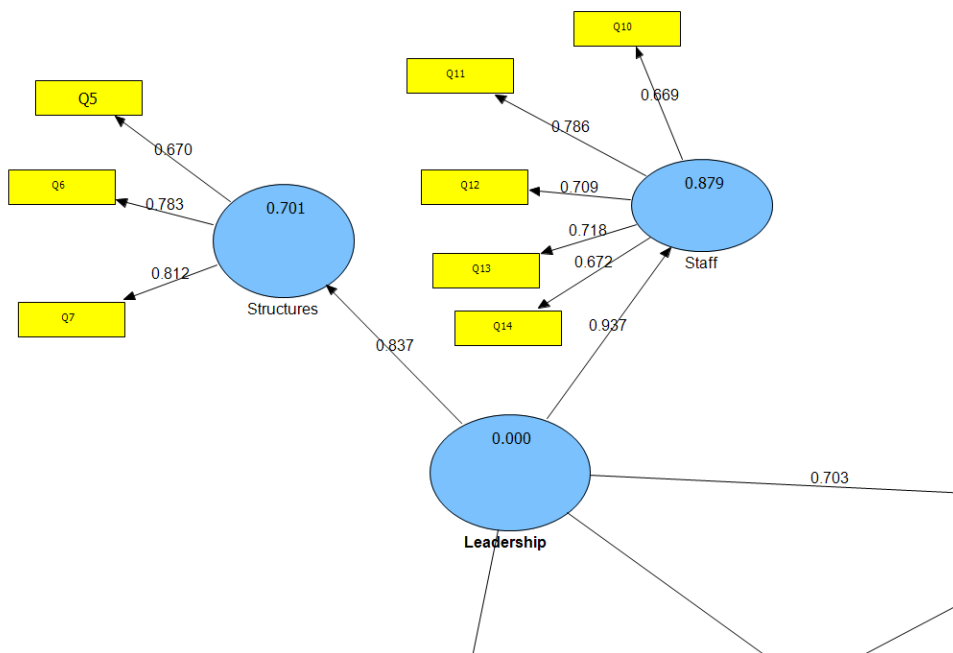
Figure 9-5 Results for the Leadership Quadrate

Table 9-43 shows the results for the strategy quadrate, consisting of (strategy, structures) and (strategy, staff). It will be noted that the lowest β in the first-order is 0.670. The highest first-order β is 0.812. These results are exceptionally high as they account for 70% and 88% of the variance in the second-order model. The second-order β scores, meanwhile, are 0.837 and 0.937. As leadership is a driver the R^2 is zero; this is not a score as such. Overall the leadership quadrate produced the most successful results.

Latent Variable	Question	First-order β	First order R^2	Second-order β	Second-order R^2
Structures	5	0.670	0.701	0.837	0.000
	6	0.783			
	7	0.812			
Staff	10	0.669	0.879	0.937	
	11	0.786			
	12	0.709			
	13	0.672			
	14	0.672			

Table 9-43 Results for Leadership Quadrate

Figure 9-6 shows results for the learning quadrate. The lowest path coefficient is from Question 22, which is part of the latent variable for (learning, dialogue). The highest path coefficient is Question 18, which is part of (learning, past). All the R^2 values in the first-order model are > 0.6, whilst the R^2 in the first-order model for the latent variable is 0.494, as previously discussed.
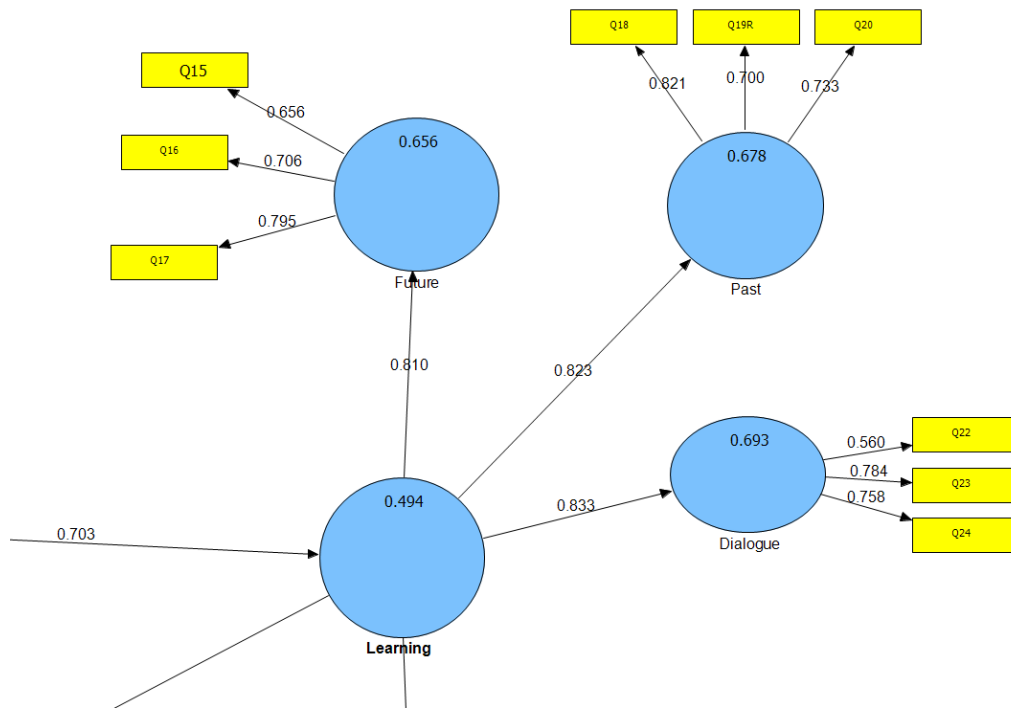
Figure 9-6 Results for Learning Quadrate

Table 9-44 summarises the results, and shows the hierarchical relationship between the second- and first-order models. The *R* at the end of Question 19 shows that this question was reversed in the model. The results for the learning quadrate are relatively straight forward. Only one question was removed from the learning quadrate. Question 21 was concerned with achieving consensus in decision making.

Latent Variable	Question	First-order β	First order R^2	Second-order β	Second-order R^2
Future	15	0.656	0.656	0.810	0.494
	16	0.706			
	17	0.795			
Past	18	0.821	0.678	0.823	
	19R	0.700			
	20	0.733			
Dialogue	22	0.560	0.693	0.833	
	23	0.784			
	24	0.758			

Table 9-44 Results for Learning Quadrate

Figure 9-7 shows the results for the strategy quadrate. The first-order path coefficients have a range from 0.674 (Question 30) to 0.832 (Question 29). Generally speaking the β scores are high for the strategy quadrate. The leadership quadrate had two latent variables captured in five questions each. The strategy quadrate has four propositions that attempted to capture the latent variable with 12 questions. Thus (strategy, experiment) had four question, (strategy,

rules) had three questions, (strategy, and longevity) had three questions and (strategy, unitary) had two questions.
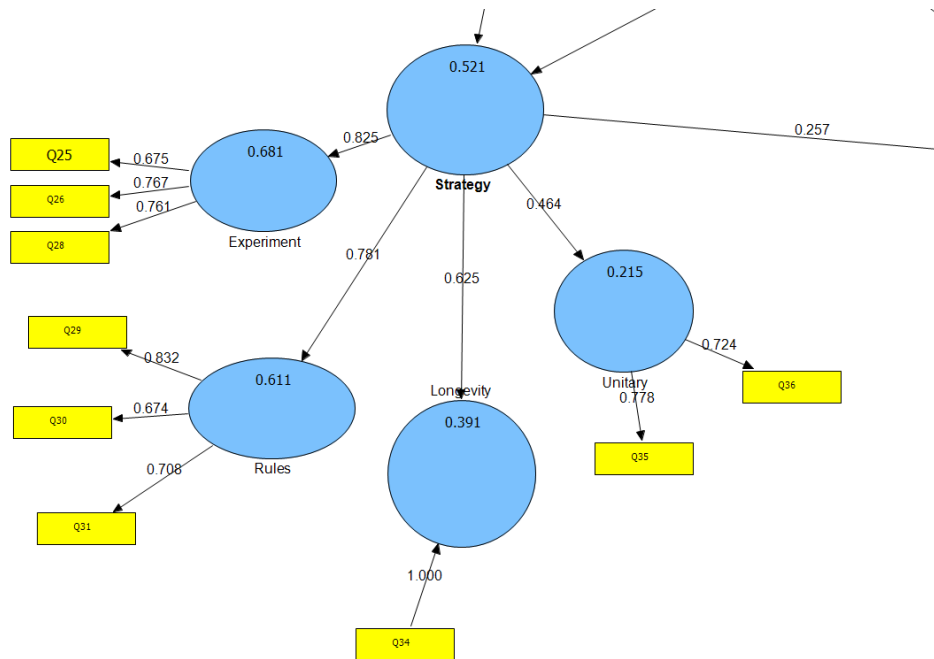
Figure 9-7 Results for the Strategy Quadrate

Trying to capture (strategy, unitary) with two questions was, on reflection, perhaps a little ambitious. However, the survey instrument was restricted to 51 questions and this was one of the compromises that had to be made.

In many respects the strategy quadrate was the least successful latent variable to capture. In all three questions were removed from this quadrate. Question 27 from (strategy, experiment) and two questions from (strategy, longevity). These were Question 32 and Question 33. Whilst the removal of Question 27 did not provide too many problems, the removal of Questions 32 and Question 33 changed the context of this latent variable as there is only one question. The remaining question, Question 34, is concerned with company loyalty. This implies that part of a company's strategy is company loyalty. The implication of this is that, whilst, managers' views of a company is utilitarian their strategy is that they are 'in the business of employing people.' This view is reinforced by the results from the leadership quadrate.

Latent Variable	Question	First-order β	First order R^2	Second-order β	Second-order R^2
Experiment	25	0.675	0.681	0.825	0.521
	26	0.767			
	28	0.761			
Rules	29	0.832	0.611	0.781	
	30	0.674			
	31	0.708			
Longevity	34	1.000	0.391	0.625	
Unitary	35	0.778	0.215	0.464	
	36	0.724			

Table 9-45 Results for the Strategy Quadrate

Table 9-45 shows the results for the strategy quadrate in table form. It will be noted that the R^2 values for (strategy, longevity) and (strategy, unitary) are relatively low. This implies that there is not much consensus on these matters, or that the issue was not appropriately captured in the questions. This implies that longevity as a construct is not as important as some authors would claim. The creation of a unitary culture, meanwhile, are somewhat mixed.
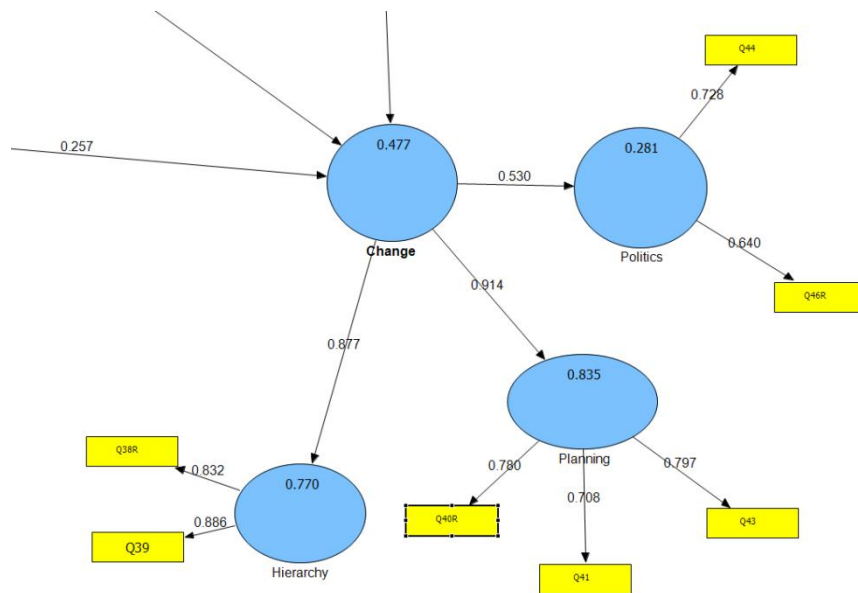
Figure 9-8 Results for the Change Quadrate

Figure 9-8 shows the results for the change quadrate. The highest β score from a question score is 0.886, whilst the lowest is 0.640. Most of these scores are very respectable. Three questions were reversed in this quadrate, Questions 38, Question 40 and Question 46. These are justified in the context of the question, and demonstrate that the respondents were paying close attention to the issue being addressed.

Three questions were removed from the model as they did not sufficiently meet the criteria required. In fact, one was removed from each of the latent variables. These were Question 37

from (change, hierarchy), Question 42 from (change planning) and Question 45 from (change politics).

Latent Variable	Question	First-order β	First order R^2	Second-order β	Second-order R^2
Hierarchy	38R	0.832	0.770	0.877	0.477
	39	0.886			
Planning	40R	0.780	0.835	0.914	
	41	0.708			
	43	0.797			
Politics	44	0.728	0.281	0.530	
	46R	0.640			

Table 9-46 Results for Change Quadrate

Table 9-46 shows the results for the change quadrate in table format. It will be noticed that the R^2 for (change, hierarchy) and (change, planning) are quite respectable. The R^2 for (change, politics) however, is relatively low. Whilst it is above an acceptable level for the social sciences, this score demonstrates that there was little consensus over this issue, or that the issue was not sufficiently captured in the questions.

Organisational politics is of course, a highly complex area. This may suggest that politics is a highly-context dependent phenomenon that cannot be sufficiently captured in two questions. It is, arguably, a thesis in its own right. However, it does suggest that organisational politics is almost a 'necessary evil', an emergent property of an occupational system. To a large extent this confirms the findings of Buchanan (2008) who found a wide range of responses, with little consensus. Ultimately politics is a pejorative term that is just a reflection of a normal, functioning organisation.

9.8 *Summary and Conclusions*

Table 9-24 on page 285 summarises what 170 Chief Executives and Human Resource Directors of FTSE- and AIM-listed and companies feel are the ingredients of a successful company. This can now be compared to the characteristics of the learning organisation, as discussed in Chapter 5.

The R^2 for (strategy, longevity), (strategy, unitary) and (change, politics) are relatively low. This implies that there was little consensus around these issues and/or the latent variables did not adequately capture these constructs. Thus a learning organisation is not necessarily concerned with longevity, as de Geus proposed. It is also not about developing a unified culture, as Senge proposed. This is confirmed by the falsification of Question 21 and Question 37 from the model. Finally, politics is not seen as a substantial barrier to a successful

organisation. Indeed it appears to be viewed as an emergent property of an occupational system.

Analysis for the descriptive statistics from Questions 36 and 37 tend to suggest that decision making seems to be about building consensus rather than authoritarianism. Question 37 stated 'Once objectives have been set by senior management they are non-negotiable.' This question was falsified in the syncretic model. It should be pointed out, though, that these two questions are from different propositions.

Contrary to the learning organisation as conceived by Senge, leadership is the most important element. Or, at least, the one with the greatest level of convergent validity. Given the responses for leadership and change, it appears that establishing appropriate systems is important, but ultimately control is derived through legitimate authority and not through egalitarian control and democracy.

The $L \geq C$ proves to be a correct, albeit, weak metaphor for change: the scores for learning were roughly equal for learning from the past, present and the future. Finally, within the strategy quadrate experimentation was found to be important, along with learning by challenging the inherited wisdom within the industry.

Thus in the comparison between the literature and reality leadership is the most important element. This is facilitated through the attraction and retention of the appropriate staff and creating sufficient space for them to operate. Learning is embedded by anticipating the future, learning from the past and enabling good communication. However, the latter is balanced by change which is derived through legitimate authority and a high reliance on planning. Finally, a strategy of experimentation is balanced by challenging industry rules.

Having considered the implications of the descriptive statistics and the results of the structural equation model, the final chapter is concerned with conclusions of this research.

Chapter 10 Conclusions

10.1 Introduction

As described in Chapter 1, the research question of this thesis is:

> To what extent has the concept of the learning organisation impacted on large, commercial organisations?

The three research sub-questions are arranged hierarchically. That is to say, it is impossible to address an issue until the preceding question has been addressed. This recursive element dictated the structure of this thesis and the questionnaire. The three research sub-questions were:

> a. What is the perception of managers towards business and management theory?
> b. To what extent do the aspirations of the learning organisation manifest themselves in large, successful organisations?
> c. What is the perception of managers towards the learning organisation?

In terms of mapping the research sub-questions on to the different chapters, Chapter 2 is principally concerned with the first sub-question, whilst Chapter 3 to Chapter 7 are concerned with the second research sub-question. Chapter 80 offers some descriptive statistics that directly answers the third research sub-question.

10.2 Disposition towards Business Ideas

Chapter 2 was principally concerned with the efficacy of management ideologies. The exponential growth of business and management publications in the 1980s and 1990s led to 'the guru' phenomenon, as popular writers came to be known. This ultimately lead to 'guru theory,' or more properly speaking, the anti-guru literature.

This chapter identified the production and consumption of management ideology with a more practical taxonomy. Ultimately this analysis lead to the justification for the sample of practitioner-oriented literature reviewed in Chapter 5.The survey of Appendix A was sent to 1127 publicly listed companies on the London Stock Exchange. Of these 1127 companies, 170 companies responded. This was a return rate of 15.1%. Question 1 asked 'My company is enthusiastic towards new business and management ideas.' The results, shown in Table 8-1 on page 206, shows that Chief Executives and Human Resources Directors in large, publicly-listed, commercial organisations are overwhelmingly in favour of new business and management ideas. With a mean between *Agree* and *Agree somewhat* the mode of answers was *Agree*. In total 82% of respondents basically agreed with this statement. Only 8% of respondents disagreed to some extent, with nobody in the sample returning the view 'strongly disagree'.

In fact the whole accusation of fads, fashions and bandwagons is not as clear-cut as the anti-guru school suggest. Question 2 asks, 'My company considers most new business and management ideas as passing fads.' The results are shown in Table 8-2 on page 207. As consumers of this material 55% of all respondents disagreed to some extent with the negative connotations of 'management fads.' The mode of the responses was *Disagree*. The mean is amongst the highest of the responses, however there is a relatively high degree of variance in the answers. This variance is discernible in the graph shown in Figure 8-2 on page 207.

Question 3 asked about the source of new business and management ideas. The three categories were 1) managers working in commercial organisations 2) academics at universities, or 3) management consultants. The responses are shown in Table 8-3 on page 209. Thus 46% of respondents consider consultants to be the main source of new business and management ideas. Academics came second with 29% and managers themselves coming a close third at 24%. A high number of non-respondents were recorded for this question.

Chapter 2 reviewed four heuristics for progress in business and management ideology. These were the scientific metaphor, the technological metaphor, the garbage can metaphor and ideology as a social movement. Although the scientific metaphor appears to be the most common, regarding management ideologies as social movements seems the most appropriate. This thesis is therefore concerned with the social movement of the learning organisation.

Question 4 of the survey was concerned with the issue of recycling ideas. This was originally demonstrated on Table 2-1 of page 24. The recycling of ideas is a common accusation of the anti-guru school, who claim that much of the theory is merely repackaged. This is personified by the *Harvard Business Review* article *Theory-Go-Round* by Moyer (2008), discussed on page 32. This view contrasts with the 'scientific paradigm' of business and management progress, where ideas build upon one another. In the survey only 20% of respondents thought that business and management ideas were exclusively recycled. Meanwhile, 32% of respondents thought that ideas progressed as they built on one another. The largest proportion, 49%, or almost half, thought that business and management ideas were both progressive *and* recycled. When the category for *both* was shared equally between the two views, however, the difference, was fairly negligible. Thus no significant view emerged as to whether ideas progressed as they built upon one another, or were recycled. The opinion seemed to be equally shared between these extreme views.

10.3 *A Syncretic Model of the Learning Organisation*

Chapter 3 to Chapter 9 were concerned with the second research sub-question. These chapters iteratively identify and develop the latent variables that ultimately become the model of the learning organisation. The second-order latent variables identified were leadership, learning, strategy and change. The first-order latent variables for the leadership quadrate were *structures* and *staff*. The first-order latent variables for the learning quadrate were *future*, *past* and *dialogue*. The first-order latent variables for the strategy quadrate were *experiment*, *rules*, *longevity* and *unitary*. The first-order latent variables for the change quadrate were hierarchy, *planning* and *politics*.

However, before the model could be tested it was necessary to deconstruct the learning organisation. Thus Chapter 3 was concerned with the characteristics of organisations. This chapter hypothesised that every individual has an unarticulated and tacit understanding of organisations, and these assumptions are likely to lead to a model of analysis that is similarly unquestioned.

The sociology of radical change and regulation, proposed by Burrell and Morgan (1979), was introduced in Figure 3-1. This identified two different views of organisations: functionalist and interpretive. The functionalist view can be characterised by the practitioner-oriented literature where organisations are viewed as 'hard and concrete'. The interpretive view manifests itself in the principally academic-oriented literature. This is phenomenological in nature and is best characterised by the phrase of a 'network of promises'. This continuum of functionalist to interpretive views was reflected in the definitions of organisations, shown on page 51. Definitions were, however, superseded as they did not unify the range of incorporeal, ephemeral and nebulous permutations of human endeavour illustrated in Table 2-2. Ultimately this lead to the framework of Figure 3-5 on page 70. This showed a range of eight characteristics of an organisation that would be used to identify the target organisations in Chapter 7.

Having considered the various forms of organisation in Chapter 3, Chapter 4 investigated various theories of learning. This chapter identified themes that became part of the learning quadrate. The chapter started by considering learning at the individual level and concluded by considering the meaning of learning at the collective level. The latter has a particular resonance in this literature and was labelled the *social constructivist's paradox*.

Three levels of learning were presented in Chapter 4. First-order level learning is concerned with efficiency. Second-order learning is concerned with effectiveness. Third-order learning,

meanwhile, is a recursive process. It is concerned with learning about learning. Chapter 4 also proposed the temporal depth of learning; namely that it has a past, present and a future. These themes eventually emerge as the first-order latent variables past, dialogue and future.

Chapter 4 also identified themes that were to become part of the strategy quadrate. Learning about the future is arguably the purview of strategy formulation. Thus the first-order variable (strategy, experiment) originated in this chapter. The first-order latent variable (strategy, rules) originated in section 4.9.1, which was concerned with the formal organisation. This chapter also makes the important distinction between organisational learning and the learning organisation. This was identified as a bifurcation in the literature of learning at the organisational level. The former is characterised by descriptive research (interpretive), whereas the latter is identified as prescriptive in nature (functional, or normative).

Chapter 5 was a literature review of the learning organisation concept. This chapter identified two schools within the social movement of the learning organisation: classical learning organisation and neo-learning organisation. Both of these schools can be identified as being practitioner-oriented and functionalist in their character. These are complemented by the anti-guru school, identified in Chapter 2.

This chapter demonstrated that the learning organisation school concept lacked the comprehensive, coherent, and internally consistent system of ideas that characterise a theory. In fact, at its worst, the learning organisation is a symbolic cue with a whole array of interpretations. Chapter 5 concluded with a matrix that compared the latent variables with the schools of classical and neo-classical learning organisation. A similarity index of 49% was demonstrated between the learning organisation literature and the syncretic model.

Chapter 6 offered a critique of the learning organisation based on the themes identified in Chapters 3 and 4. Metaphors, ideal types and systems were identified as the heuristics used to analyse the incorporeal, ephemeral and nebulous phenomenon known as organisations. The identification of these heuristics leads to three criticisms of the learning organisation concept. These were an overstated use of metaphors, an understated use of ideal types and an absence of systems thinking.

Metaphors of organisation are abundant, whilst their limitations are not recognised. This approach characterises the learning organisation literature. Thus, de Geus bases a whole book on the organismic metaphor, whilst Collins and Porras claim similarities between their work and that of Charles Darwin.

The lack of recognition of the learning organisation as an ideal type means that writers tend to romanticise the existence of a 'perfect' organisation. This represents a return to 'German Idealism,' first exemplified by Weber's concept of bureaucracy. Meanwhile the lack of systems thinking has created the *social constructivists paradox*. Organisational learning is thus an emergent property of an occupational system, where the individual components of the system are people. Whilst interpretive literatures do not see a connection between the individual and an incorporeal, nebulous and ephemeral collectivity, the functionalist literature takes the connection for granted.

Chapter 7 considered the characteristics of large, publicly-quoted commercial organisations. This included a brief examination of organisational performance and corporate longevity. Referring back to Figure 3-5 it would be assumed their motive would be utilitarian as opposed to normative. The lifetime of the organisation would be permanent as opposed to ephemeral. The membership would be voluntary as opposed to compulsory. The disposition would be extrovert as opposed to introvert. The formality would be high as opposed to low. The identity would be high as opposed to low. The size would be large as opposed to small. Finally, their social significance would be high as opposed to low. The four main stakeholder groups for such organisations were identified as customers, shareholders, employees and directors

The use of corporate life cycles is an example of anthropomorphism. However, whilst it is may be useful to relate formality and age, it is not a predictive model. Indeed such models personify the classical learning organisational school: a small number of case studies may make compelling reading, but have limited external validity. This approach is phenomenological and verificationist in character. In contrast this thesis is nomothetic and uses falsification as its central theme. It is etic in nature and compares the potentiality for *creative idealism* of the classical learning organisation literature with the potentiality for *conservative realism* from managers in the target organisation.

The questionnaire was developed iteratively and inductively until 12 themes emerged from the four quadrates of leadership, learning, strategy and change. The data, meanwhile, was collected in two different stages. Chapter 80 provided the descriptive statistics of the 170 respondents in graphical and table format.

Chapter 9, meanwhile, was concerned with the development of the structural equation model. The model was developed in four stages. A prototype was created for back-up and

comparison. The second stage removed scores of any path coefficients with a negative β. The third stage removed questions with the lowest β until an AVE of > 0.5 was achieved. Table 9-24 summarises what 170 Chief Executives and Human Resource Directors of FTSE- and AIM-listed and companies feel to be the ingredients of a successful company. This can now be compared to the characteristics of the learning organisation, as discussed in Chapter 5.

The R^2 for (strategy, longevity), (strategy, unitary) and (change, politics) are relatively low. This implies that there was little consensus around these issues and/or the latent variables did not adequately capture the construct. However, it seems that a 'learning organisation' is not necessarily concerned with longevity, as de Geus proposed in Chapter 5. Neither is it about developing a unified culture as Senge proposed. This is confirmed by the falsification of Question 21 and Question 37 from the survey instrument. Finally, politics is not seen as a substantial barrier to a successful company. Indeed it appears to be viewed as an emergent property.

Thus in the comparison between the literature and reality, leadership is seen as the most important element. This is facilitated through the attraction and retention of the appropriate staff and creating sufficient space for them to operate. Learning is embedded by anticipating the future, learning from the past and enabling good communication. However, the latter is balanced by carefully managed change which is derived through legitimate authority and a high reliance on planning. This latter finding is contrary to the democratic governance espoused in the classical learning organisation literature. Finally, a strategy of experimentation is balanced by challenging industry rules.

Thus leadership drives learning, strategy and change. Learning drives strategy and change. Finally strategy drives change. More properly speaking, strategy formulation drives strategy implementation. Thus the hypothesised model deduced from the literature is a realistic approximation of the realities of a successful organisation.

10.4   *Disposition Towards the Learning Organisation*

The third research sub-question was answered in Chapter 8. The responses to Question 49 showed that most people thought that the implementation of the learning organisation had been successful in their company. Most respondents were strongly against the idea that their implementation had been unsuccessful. However, the number of non-respondents was quite high for this question. Equally respondents thought that the learning organisation was an unattainable goal in their company.

The strongest response evinced from the whole of the survey instrument, meanwhile, related to the one about whether the learning organisation was an unattainable goal in their company. The responses to questions 47 to 51 tended to indicate that whilst most organisations recognise their limitations, they believe the learning organisation to be an attainable goal. In a sense this shows a great deal of pragmatism towards the learning organisation and recognition, within the constraints of a structured questionnaire, that it is an ideal type.

10.5 *Limitations and Further Research*

The limitations of this thesis have already been discussed in section 7.5. The principal limitation is in the sample used. The target group were identified following the advice of Williams (2001). However, the data could be criticised as being stratified by what senior managers expect a learning organisation to be. Indeed Crossan et al. (1999a) warn of the limitations of equating the dominant coalition with the organisation. Different grades of people working within the target companies will probably have different views. This will, of course, create a bias in the data. As shown in the descriptive statistics the respondents were effectively part of the social movement for the advocacy of the learning organisation. In this sense the sample represents the social movement in its entirety. However, 85% of the population did not respond.

In terms of questionnaire development it was not possible to determine how the respondents view the learning organisation when compared to different ideologies. Neither was it possible to gauge which books the respondents had read, and therefore how it had influenced them and their organisations.

In terms of overlooked themes the lack of space on the questionnaire meant it was not possible to consider the issue of democracy. This is a popular idea in the learning organisation literature that could only be inferred from the proposition for (change, hierarchy). Also, whilst the organisations considered were *large*, their structures were not considered (c.f. Duncan and Weiss 1979) except within the context of interdepartmental rivalry.

The final limitation is a restriction of structural equation modelling. Whilst we can view the loading factors and values for the R^2 it is difficult, if not impossible to see what is important in the construct that would provide useful prescriptive feedback for practitioners. This makes it difficult to benchmark them as 'a learning organisation'.

Further work is recommended to further test the syncretic model of the learning organisation. This would include a model derived from a single organisation. As the model has been

developed for large, commercial organisations the sample size is not too much of a concern. Further work could also be carried by comparing organisations from different cultures to see if there is any significant difference.

10.6   *Final Conclusions*

In Search of Excellence was a landmark publication. Not only is it the most popular business book ever produced, it was the first to propose a set of causal variables that would generate sustained commercial success. This publishing milestone marked the start of an exponential growth in a service industry dedicated to improving organisational performance. The most successful exponents of this advice industry have become known as *management gurus.*

The expression 'anything is possible in theory' is one the most profound statements that one could make about working in an occupational milieu. It is also one that is largely overlooked in the evaluation of business and management ideas. Anything is possible in theory implies that even the most outlandish claims of business and management methods can be made. This thesis asserts that different business and management theories can be considered *ideologies*. These ideologies are thus dependent upon some sort of belief system. They provide a shared perspective amongst adherents: a preferred world view of life in an occupational milieu.

In a similar way to which *In Search of Excellence* became a landmark publication for the business books generally, *The Fifth Discipline* introduced the idea of the learning organisation to a wider audience. The learning organisation, however, has largely escaped a careful scrutiny. This thesis, therefore, offers a critical evaluation of the learning organisation concept, some twenty years after it was brought to the attention of a wider audience.

Standing on the Toes of Giants was chosen as an ironic pun for the impact that a doctoral thesis may have on the established popularity of the management gurus. Management gurus *are* the giants of business and management ideology. However the status of management gurus is also denigrated. They are both venerated and pilloried in varying amounts. Indeed the term *guru* is often considered a pejorative term.

Ultimately managers are more likely to pick up a management book than read an academic journal. Books provide a physical artefact of the advice given to managers. The wider theme of this thesis has therefore been concerned with evaluating practitioner-oriented literature in general. However, the work of management gurus is generally considered as superficial and lacking in rigour. Meanwhile the relevance of academic research to the everyday manager is one that continues to torment academia.

Standing on the Toes of Giants, therefore, seeks the middle-ground between the relevance of daily life for managers and the rigour required of academic research. Taking a social constructivists' view this thesis recognises *both* normative *and* critical perspectives as legitimate. The integrative methodology uses qualitative data in the form of practitioner-oriented books to generate a quantitative model. Testing this quantitative model, and falsifying aspects that fail to meet established criteria then translate the results back into a qualitative, and updated, interpretation of the learning organisation. The contribution of this research, therefore, can be categorised into three headings. These are a contribution to practice, a contribution to theory and a contribution to research methodology. These categories form the final three sections of this thesis.

10.6.1 Contribution to Practice

The contribution to practice this thesis offers is:

a. A more robust ontology of organisational analysis.

b. A syncretic model of what is important in learning organisation theory.

c. What the learning organisation is *not* about.

The way we think about organisations influences the way we analyse these incorporeal, nebulous and ephemeral phenomena. Unique to this thesis three heuristics of organisation were presented. These were metaphors, ideal types and systems. Metaphors provide an insight by making comparisons with another phenomenon. Ideal types tend to romanticise organisations and provide a fantasy against which current characteristics can be compared. The third and final heuristic we use to analyse organisations uses a systems approach. This uses the input-process output archetype to characterise organisations.

Metaphors dominate the analysis of organisations. Such analyses are usually based on comparisons with machines or organisms. Others use the anthropomorphic metaphor to describe organisations. Systems analysis, meanwhile, is a neglected and overlooked heuristic. The processural model of organisations seems to have been overshadowed by the introduction of organisational behaviour as a subject area.

The same could be said of the ideal type. The last time this heuristic came to be a dominate force in sociology was Weber's original use of the word 'bureaucracy'. Unfortunately the term has since evolved into a term to describe burdensome administration. However, for any analysis to make any sense the learning organisation needs to be considered an ideal type. It is a useful fantasy around which to discuss the attributes of a company that can only exist in our

imagination. Indeed it is impossible and somewhat counterproductive to declare an organisation a learning organisation.

However a study of the ontology of organisations highlights the dangers treating them as homomorphic extensions. This is the idea that all organisations are the same. The target group isolated for this study was large, commercial companies financed by share capital. For an organisation to survive it needs to attract resources from the environment. Commercial organisations pay the ultimate price for a learning disability: bankruptcy. Indeed companies are self directed and more responsible for their own destiny than their public sector counterparts. For large companies there is a complex array of stakeholders of employees, managers, directors and shareholders. Thus, rather than identify these as learning companies what has been identified here is effectively a 'learning organisation philosophy'. This philosophy encapsulates the syncretic work of main authors in the field, and has been empirically verified by members of the top management team in some of the most successful organisations of 2010.

The major contribution to practice this thesis offers is the generation of a model. This model was derived from literature on the learning organisation and independently tested on 170 Chief Executives and Human Resource Directors of FTSE-100 and AIM-listed companies. This study is different to previous ones for the following three reasons:

a. It is a syncretic model that builds on other writer's views of the learning organisation.

b. The model has been empirically tested using structural equation modelling.

c. It is not a theoretical model, but rather one that has been developed using the views of the ultimate consumers of business literature: the managers themselves.
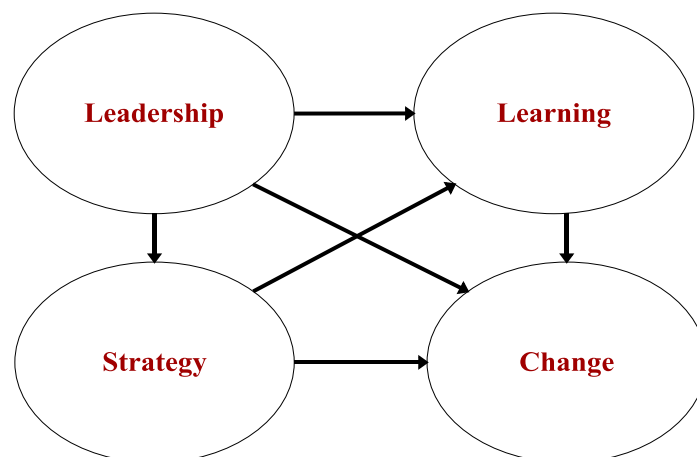
Figure 10-1 Syncretic Model of the Learning Organisation Concept

The model itself is composed of four second-order variables. These are leadership, learning strategy and change. The syncretic model developed is both prescriptive and indicative in its nature. On the one hand some of the variables require a particular attainment. On the other, failure to achieve these requirements indicates a degradation of performance.

However, it is important to recognise the contribution to practice here is *not* about a promoting a particular ideology. Rather management is seen as being about maximisation *and* balance between the various different variables. Whilst it is possible to maximise a particular manifestation of management, there is always a balance and inherent cost if one variable is favoured over another. In this sense what is proposed here is a form of *management calculus*, where prescriptions in one dimension need to be balanced against prescriptions in opposing (sometimes contradictory) directions.

Leadership in the learning organisation philosophy is made up of two components. The first is to create a superstructure of management controls that empowers staff. The second, perhaps unsurprisingly, is that the company needs to attract and retain high-quality staff.

Enabling structures are a balance between empowerment and control. This can be achieved through:

a. Providing an appropriate level of independence for employees to make their own decisions in areas that directly affecting their work.
b. Monitoring the performance of employees on a regular basis.
c. Paying good attention to what motivates staff.

Balancing these three variables will develop a coterminous agenda between the requirements of individuals working for an organisation and the requirements of the organisation to sustain a cooperative venture.

Similarly, an organisation can only survive so long as it continues to attract resources from the environment. The most important of these resources is to ensure the organisation is staffed by the most appropriate people, by:

a. Attracting good quality individuals in the first place.
b. Retaining talented individuals.
c. Ensuring a relatively low turnover amongst key staff.
d. Providing an effective succession programme for senior and middle managers.
e. Developing future leaders from within the organisation.

Thus, contrary to the heroic view of leadership that pervades popular culture, leadership in the learning organisation philosophy is characterised by the appropriate amount of empowerment and ensuring employees remain motivated. Likewise, this philosophy ensures that appropriate quality of employees are attracted to, and remain part of, the company.

Clearly it is important to create 'an environment of learning' within the learning organisation philosophy. In this context learning is made up of three components; taking time to contemplate the future, by being able to reflect upon the past and by creating room for *dialogue* within the company. This component recognises the temporal aspects of learning; that it has a past, a present and a future. Again, all components need to be held in balance, with neither being particularly favoured above the other.

Thus, learning from past experience is imperative in the learning organisation philosophy. Learning from the past is facilitated by:

a. Reflecting on previous projects before commencing a new one.

b. The avoidance of making the same mistakes.

c. Regularly reviewing area to improve upon.

Dialogue represents the constructive discussion around the present challenges and issues that face the company. Dialogue is facilitated by:

a. Creating an environment where 'what is right' is more important than 'who is right'.

b. Challenging other's assumptions.

c. Creating an environment where the learning is highest on the agenda.

One definition of an organisation is an institution graded by authority. However, in a large, commercial organisation no one person can be in full possession of all the facts, opinions and judgements. Dialogue is therefore about balancing the need for authority with the right of participants to a voice that can be heard.

Finally contemplating the future is facilitated by:

a. Ensuring there is sufficient time to plan for the future.

b. Creating a feeling that the company is in control of its own destiny

c. Encouraging discussion on the distant future.

Planning the future is arguably part of the third variable, strategy. However, this implies that the company needs to set aside an appropriate amount of time to consider the future, rather than concentrate on contemporary issues.

Strategy is the third component in the learning organisation philosophy. Strategy is clearly a huge subject area. However, in this context strategy can be facilitated through having a culture of playful experimentation, constantly challenging the rules of the industry and rewarding company loyalty.

A culture of playful experimentation is created through:

a. Independent experimentation in new product development

b. Independent experimentation in new management process

c. Considering errors a good opportunity for learning.

Experimentation is important for both product and management development. Within the management calculus experimentation needs to be balanced against viewing errors as a good opportunity for learning. Thus the element of risk needs to be distinguished between small, insignificant errors and those that threaten the future of the enterprise.

Constantly challenging the rules of the industry is facilitated through:

a. Challenging the assumptions of the business sector.

b. Being considered 'unconventional' in the industry

c. Introducing products and/or services to the markets the company's competitors.

Thus in order to sustain competitive advantage the boundaries of the industry need to be challenged constantly. Unconventional is not interpreted as derogatory, but rather as being seen to be different from competitors who could be considered 'fast followers'. In this sense, the delivery of innovative products is seen as indicative of being the market leader.

Finally, the company needs to reward company loyalty. In terms of strategy, therefore the company needs to be 'in the business of employing people'.

The fourth and final component in the learning organisation philosophy is the change component. Change is facilitated by managing the tension between hierarchy and learning, with a priority on planning.

The tension between hierarchy and learning is managed through:

a. Ensuring the rate of change is not too slow to respond to external pressures.

b. Ensuring that the company is mostly successful at implementing change.

It is important to note that these statements were incompatible with the concept that once objectives had been set by management they were non-negotiable. This leads on to the second

requirement that plans are useless but planning is imperative. This is achieved by ensuring that:

a. Organisation in the company feels ordered.
b. Ensuring that everything goes mostly according to plan.
c. Ensuring the company is flexible enough to respond to unexpected opportunities and/or threats.

The research also indicated what the learning organisation philosophy is *not* about. Three propositions were falsified by the research as they all had insufficient convergent validity. These related to the themes of longevity, having a unitary culture and organisational politics.

Longevity was a theme that de Geus developed in *The Living Company*. It is encapsulated in a recurrent theme within the literature. Using an organismic metaphor this idea is manifested in the almost ubiquitous statement of $L \geq C$. Thus *learning* needs to be greater than or equal to *changes* in the external environment. However, results from the research suggested the Chief Executives and Human Resource Directors of FTSE-100 and AIM-listed companies have a less romantic view of their companies.

This may be due to the idea of treating organisations as homomorphic extensions. The respondents probably have a more instrumental view of organisations. When that purpose becomes uneconomic the network of promises must come to an end. This may contrast in a different population of respondents, for example an audience of owner-managers.

The second theme that was falsified in the research was the view that the learning organisation philosophy needed a unitary culture. This particular hypothesis is promoted in the learning organisation literature and refuted in the neo-learning organisation literature. Analysis of the data tends to suggest that the neo-learning organisational literature is correct. In the calculus of management this suggests that whilst the recruitment of mavericks is not to be condoned, diversity in the learning organisation philosophy is valued.

Finally, there is the theme of politics within companies. Evidence from Chief Executives and Human Resource Directors of FTSE-100 and AIM-listed companies indicated this was less of an issue than some authors had feared. The instrument dealt with divisions between professions and interdepartmental rivalry. The data indicated this had less of an impact than might have been supposed, at least at the inter-group level of analysis. This tends to suggest an identity with the company as a whole, rather than an identity at the level of sub-groups. It is also suggests that politics is an emergent property of a healthy, functioning organisation.

Indeed, far from being a subtle form of control, as some anti-guru school commentators propose, the learning organisation seems to be an anodyne rallying call to a shared purpose.

10.6.2 Contribution to Research

At the research level this thesis has been concerned with the effectiveness of management theory in general, and the efficacy of the learning organisation concept in particular. Analysis is offered at two levels. The first level is concerned with how management theory is evaluated in its widest context. The second level is a critical evaluation of the concept of the learning organisation.

Management theory, one way or another, has been with us for some considerable time. Some authors trace its evolution back to Frederick Winslow Taylor and the birth of scientific management. Others trace it back further to the works of Max Weber and the creation of the term bureaucracy. Arguably management theory goes back to dawn of time, when our ancestors began to stratify society based on a community of hunter gatherers.

The way we organise work can be considered a 'body of knowledge'. However, the production, acquisition, consumption and disposal of this stock of knowledge is something that seems to have escaped a thorough, critical examination. Indeed, the measurement of 'progress' in management theory is something that is rarely considered. Inherited wisdom uses scientific and technological metaphors. However, such comparisons are fundamentally flawed. Progress in natural science is based on the gradual replacement of superior explanations. If anything the body of knowledge in business and management is expanded through innovation, but can also *build* on previous ideas. After all, concepts such as double-entry booking keeping, bureaucracy and budgets have been around for centuries. Thus it seems that preceding business and management ideas become *absorbed* and *expand* the possibilities *within* the body of knowledge. Thus knowledge in business and management is built up as a sedimentary process.

Previous attempts to measure progress have used the rather prosaic method of measuring the citation indices. This analysis indicates that interest in particular ideologies follow a life cycle of initiation, contagion peak, decay and ultimately demise. Many scholars trace the ephemeral interest of *fads*, *fashions* and *bandwagons* to a 1996 article by Eric Abrahamson in Academy of Management Review. However, the pattern of interest shown in databases such as Google Trends demonstrates a very gradual decline, punctuated by occasional peaks of interest. A database such as Google Trends is probably a more accurate portrayal of the interest in a particular ideology than the ephemeral interests of publishers, editors and writers producing

material for a predominantly academic audience. It is certainly more representative of the interest in the population as a whole.

The garbage can metaphor proposes that organisations are composed of solutions, problems, participants and choice opportunities. Extending this further to the wider field of economic activity, business and management ideologies can be considered as solutions looking for problems in a 'garbage can' of ideas. Managers, meanwhile can be considered as the consumers of business and management ideology: participants making choice opportunities amongst a rich and burgeoning array of possible solutions.

The 'garbage can' does not imply the contents are a receptacle for the detritus of ideas. Rather, I believe, it is intended to portray a jumbling of solutions, problems, participants and choice opportunities. The competition for the selection of these solutions, meanwhile, is more akin to political claim making. Thus the subtitle of the thesis *Social Movement Theory and the Case of the Learning Organisation* considers the wider context of *all* business and management ideology. Concepts such as BPM, TQM and project management can be considered as social movements. A lose federation of people who variously subscribe to a particular ideology through exposure to those ideas. Indeed the cycle of production, acquisition, consumption and disposal of business ideology describes how these business ideologies can be discarded in favour of different ideologies. Similarly it is possible for people to join, subscribe and leave multiple social movements without any apparent contradiction.

Gurus can be considered the 'institutions' of business and management ideology. In this sense they offer 'permanent' solutions to 'permanent' problems. Academia's view is that such approaches trivialise a highly complex milieu of inter-subjectively shared meaning into recipes, routines and formulae for success. As a backlash to 'the guru phenomenon' a school of thought developed that has been referred to here as 'the anti-guru school'. Previously this body of work has been under-examined. However, the competition for managers' attention at the production stage of management theory can be seen in the almost universal practice of *ideological hegemony*: the denigration of other ideologies in order to advance the advocate's own agenda.

This thesis recognises the learning organisation as a solution looking for a problem in the societal garbage can of ideas that is the current body of knowledge. Thus the first contribution to theory this thesis makes in general to management theory is the recognition of social

movements as a more appropriate explanation for the sustained interest in a particular management ideology.

The second contribution this thesis makes is by actually consulting with the ultimate consumers of management theory: the managers themselves. The anti-guru school is replete with qualitative assessments of management ideologies that have passed their prime interest. However, nobody seems to have actually bothered to ask the question of the consumer.

When asked whether they are enthusiastic towards new business and management ideas, 82% answered positively. Asked whether they considered management ideas as *fads*, *fashions* or *bandwagons* 55% disagreed to some extent, with 20% responding with a neutral opinion. Consultants, meanwhile, were considered the main source of new business and management ideas, with academics and managers themselves a close third.

Another popular view is that new management ideologies are recycled from the past. The survey of 170 Chief Executives and Human Resource Directors of FTSE-100 and AIM-listed companies indicated no strong view as to whether the body of knowledge progressed or was merely recycled. However the mode of responses of 49% indicated it *both* recycled and progressed. This tends to imply that progress in the business and management stock of knowledge is indeed sedimentary.

These results indicate that consumers of management theory are far more supportive than the cynical anti-guru school. This might indicate, as some from the anti-guru school claim, that managers are merely gullible. However the results that are specifically intended to evaluate the learning organisation as a management ideology contradicts this too. This will be dealt with in the next section where an analysis of the questionnaires suggests a more sophisticated level of analysis than the anti-guru school would give them credit for.

The contribution to research in the area of research for the learning organisation is as follows:

a. A resolution of the social constructivists' paradox

b. A more sophisticated classification system of organisational learning and the learning organisation.

c. A resolution for the assumed zeitgeist of the learning organisation

One of the distractions to understanding the process of the organisation learning is what has been referred to here as the social constructivist's paradox. Social constructivists would argue that people learn, not individuals. Whilst this is certainly true this viewpoint fails to take into consideration aggregate and social concepts of learning such as memes, traditions and

socialisation. As the analysis demonstrated there was a clear decline in the production costs of a Ford Model-T as the factory became more efficient. Clearly *something* was going on that could not be ascribed to a single individual.

As previously mentioned the 'systems theory' of organisations seems to have fallen from grace in the early 1970s. However this social constructivists' paradox is resolved by considering organisations as processural systems of occupation. Organisational learning is an emergent property of the system. An emergent property is a characteristic that makes sense when considering the whole system rather than the sum of its individual components. Thus, organisational learning is an emergent property of an incorporeal, ephemeral and nebulous phenomenon. However, its effects *are real* and *can be measured*.

A theory is defined as a comprehensive, coherent, and internally consistent system of ideas. However, the learning organisation has a set of unarticulated and tacit assumptions inherent in the nature of its theory. Thus one author makes the distinction between *the* learning organisation and *a* learning organisation. Others distinguish the difference between *organisational learning* and *the learning organisation*. However, such distinctions *do not go far enough*.

Content analysis of the literature determined a set of concepts that resemble a Matryoshka doll. These are the Russian dolls where one doll fits inside another. The 'outer doll' classifies concepts that are related to organisational learning. This is shown in Table 10-1. Thus, the 'cynical school' does not believe that organisations can learn. Members of the threshold school consider when and/or if organisational learning has taken place. The universal school believe that all organisations learn. The ideal type, meanwhile, recognises the bifurcation in the literature and considers the learning organisation a romanticised fiction.

1. Cynical	2. Threshold
Weick 1991; Argyris and Schön 1996; Baumard and Starbuck 2006	Levitt and March 1988; Cook and Yannow 1993; Dodgson 1993b; Kim 1993; Lähteenmäki et al. 2001 *Questioning* Popper and Lipshitz 1998
3. Universal	4. Ideal type
Levitt and March 1988; Klimeki and Lassleben 1998; Lähteenmäki et al. 2001; Williams 2001	

Table 10-1 Taxonomy of Organisational Learning Manifestations

The same categories mostly apply for the learning organisation school. This classification can be considered the 'inner doll'. The taxonomy of learning organisation manifestations is shown in Table 10-2. Thus the cynical school believes that there is no such thing as a learning organisation. The threshold school in this literature believes that there is a difference between 'ordinary organisations' and 'learning organisations'. The universal school is the default position as it implies all organisations learn. The ideal type school believes that the learning organisation is a useful fantasy. The collectivist model believes a learning organisation to be one that provides appropriate training for its staff.

1. Cynical	2. Threshold
Tosey 2005; Cavaleri 2008; Grieves 2008	Beck 1989; DiBella 1995; Gardiner and Whiting 1997; Argyris 2000; Garvin 2000; Mahoney 2000; West and Burnes 2000; Goh 2001; Jones 2001; Lennon and Wollin 2001
3. Universal	5. Collectivist
This is the default position (e.g. Senge 1997; Garvin 2000).	Keep 2000; Keep and Rainbird 2000

Table 10-2 Taxonomy of Learning Organisation Manifestations

Of course, it is possible for different authors to appear in different categories at different times. It is also clear that some authors are unaware of the various ontologies. For example the authors who identify the bifurcation in the literature (Tsang 1997; Sun 2003; Sun and Scott 2003) fail to mention the use of ideal types. Others still discuss the different schools and consciously sit on the fence (e.g. Popper and Lipshitz 1998).

This framework would be useful to those working in the field of organisational learning and the learning organisation as it would help establish their ontological view. Mostly authors in the field, especially from previous generations have unarticulated assumptions about their perspective. To complete the metaphor, those who subscribe to organisational learning (the outer doll) can be oblivious, or deliberately ignore the content of the learning organisation (the inner doll).

Finally under the heading of contribution to research this thesis established whether the learning organisation had reached its zeitgeist. With evidence based only on opinion some authors in the field have written the concept off as having reached the zenith of its popularity. This research demonstrated this hypothesis is based on a false assumption.

Thus, rather than have a life cycle the learning organisation remains as popular as ever. Indeed, rather than the concept being 'outdated' it has become embedded in the body of knowledge of contemporary managers. Furthermore, the evidence provided by Chief

Executives and Human Resource Directors of FTSE- and AIM-listed companies suggested they viewed the learning organisation as a journey rather than a destination. That is to say, they viewed the learning organisation as an ideal type.

10.6.3 Contribution to Research Methodology

The unique contribution this thesis makes to research methodology is that it bridges the gap between the *relevance* of practitioner-oriented literature and the *rigour* of academic research. The contribution is thus two-fold:

a. Thematic analysis has been used to distil common themes from practitioner-oriented books.

b. Structural equation modelling has been used to verify and falsify the philosophy of the learning organisation from Chief Executives and Human Resource Directors of FTSE- and AIM-listed.

The Learning Organisational Questionnaire was developed using grounded theory. Thematic analysis was used inductively to identify twelve latent variables from eleven different practitioner-oriented books. These latent variables were aggregated into the 4 second-order latent variables of leadership, learning strategy and change. Of the 132 permutations this created, 65 are represented from the literature. This represents 49% of coverage of the themes. This method thus ensured that ideas that were considered 'outliers' could be removed from the analysis. The unique contribution of this method is this is probably the first time a doctoral thesis has examined the efficacy of business advice dispensed in books where the intended audience are managers of 'real' organisations.

The second contribution to research methodology is in the use of structural equation modelling to verify or falsify claims made in the practitioner-oriented literature. This technique is effective in providing convergent validity to latent variables. As the questions were randomised it is nearly impossible for the respondent to guess the meta-themes that are being tested.

The unique contribution this thesis makes is in the use of structural equation modelling. This the first time a doctoral thesis has used this technique to develop a consensus model of the learning organisation concept. In fact, it is one of the first times structural equation modelling has been used in the context of organisational behaviour. Such a large, nomothetic study is in stark contrast to practitioner-oriented literature which is based on a limited number of case studies.

It is interesting to note that whilst the sample was restricted to large, commercial companies financed by share capital they were also from different business sectors. Whilst external validity cannot be claimed for all organisations, it does seem to apply to the majority of companies. Thus, whilst management needs to be situated, it can be decontextualised to a generic set of principles. This seems to suggest there is an element of 'best practice' to be followed that is advocated in the practitioner-oriented books. Thus it seems there is an internal consistent set of ideas that are espoused by officers of top companies.

Standing on the Toes of Giants: Social Movement Theory and the Case of the Learning Organisation has ultimately been concerned with the impact of theory on practice. The results suggest that management theory is considered a worthwhile pursuit by leading practitioners from the commercial sector. Ultimately the results also suggest the learning organisation has had a strong impact on large, commercial organisation and, contrary to the view of many commentators, remains a vibrant business ideology.

Appendix A – Original Survey Instrument

Section 1
Disposition Towards Business & Management Theory
Proposition 1: More successful organisations will have a positive disposition towards new business ideas.
1. My company is enthusiastic towards new business and management ideas.
2. My company considers most new business and management ideas as passing fads

Proposition 2: Source of new business and management ideas.
3. Please select *one* of the following. I think most new business theories are developed by…
- □ managers working in commercial organisations.
- □ academics at universities.
- □ management consultants.

Proposition 3: Business and management ideas are cyclical versus business and management ideas build upon one another.
4. Please select *one* or *both* of the following options. I think new business and management theory…
- □ progresses as ideas build upon one another
- □ are recycled from previous concepts

Section 2
Structural Equation Model
Leadership
Proposition 4: A learning organisation will concentrate on enabling structures rather than negative behaviours.
5. In my company people feel they have the independence to make their own decisions in areas that directly affect their work.
6. My company regularly monitors the performance of individuals.
7. My company pays a great deal of attention on incentives to motivate people.
8. In my company poor performance is punished.
9. My company makes a sustained effort to minimise the number of rules and regulations.

Proposition 5: Learning organisation will have appropriate staff.
10. My company is successful in attracting good quality individuals.
11. My company is successful in retaining talented individuals.
12. Compared to the competition my company has a relatively low turnover amongst key staff.
13. Compared to the competition my company has an effective succession programme for our senior and middle managers.
14. My company prefers to develop future leaders from within the organisation.

Learning
Proposition 6: Learning organisations will make time to contemplate the future.
15. There is always sufficient time to consider what the future might hold for us.
16. In my company we feel we are in control of our collective destiny.
17. Discussing the distant future is actively encouraged in my company.

Proposition 7: The Learning organisation will make time to reflect on the past.
18. Before a project is started we always reflect on what we did last time we were in a similar position.
19. In my company we have a tendency to make the same mistakes repeatedly.
20. In my company we regularly review areas we need to improve upon.

Proposition 8: The Learning organisation will create room for dialogue.
21. Achieving consensus in decision making is important in my company.
22. In my company considering 'what is right' is more important than 'who is right'.
23. In my company challenging assumptions is encouraged.
24. In my company the word 'learning' is used a lot.

Strategy
Proposition 9: A learning organisation will have a culture of playful experimentation.
25. Independent experimentation in new product development is encouraged here.
26. Middle managers are empowered to implement innovative management processes here.
27. Employees in my company are encouraged to undertake minor projects on their own initiative.
28. Generally speaking, errors can be considered an opportunity for learning in my company.

Proposition 10: A learning organisation will constantly challenge the rules of the industry.
29. We constantly challenge the traditionally-held beliefs of our business sector.
30. We are viewed as unconventional in our industry.
31. We constantly introduce products and/or services to the markets before our competitors.

Proposition 11: A learning organisation is committed to the longevity of the enterprise.
32. We would be willing to diversify to different sectors of the economy.
33. In my company the needs of the organisation take priority over individual needs.
34. Company loyalty is rewarded in this organisation.

Proposition 12: A learning organisation will have a unitary culture.
35. My company seeks to employ people that will fit into the organisation's culture.
36. In my company it is considered important that everybody agrees with the company strategy.

Change
Proposition 13: The tension between hierarchy and learning is managed in a learning organisation.
37. Once objectives have been set by senior management they are non-negotiable.
38. The rate of change within my company feels too slow to respond to the number of external pressures.
39. My company is mostly successful at implementing change.

Proposition 14: In a learning organisation planning is more important than the plan.
40. Organisation in my company feels disordered.
41. Everything in my company mostly goes according to plan.
42. My company acknowledges that chance sometimes contributes to success.
43. In my company we are flexible enough to respond to unexpected opportunities and/or threats.

Proposition 15: Organisational politics will be minimised in a learning organisation.
44. Rivalry between departments/divisions in my company has a positive impact on organisational effectiveness.
45. Individual success in my company is largely dependent on our original professional training (e.g. engineer, accountant, lawyer etc.).
46. Loyalty is felt more towards the departments/divisions of the organisation than it is to the company as a whole.

Section 3

Disposition Towards the Learning Organisation

Proposition 16. More successful organisations will have adopted the learning organisation concept.

47. I believe we are working towards the successful implementation of the learning organisation at my company.

48. I believe we have implemented the learning organisation at my company.

49. Implementation of the learning organisation concept was unsuccessful in my company.

50. I believe the implementation of the learning organisation to be an unattainable goal in my company.

51. The learning organisation is, I believe, unattainable in *any* company.

Appendix B – Distributed Survey Instrument

Appendix C – Accompanying Letter

«DEPARTMENT»
«TITLE»
«COMPANY»
«ADDR1»
«ADDR2»
«ADDR3»
«CITY»
«STATE»
«ZIP»
«COUNTRY»

Monday 29th June, 2009

Research Project into the Efficacy of the Learning Organisation

Dear «SALUTATION»

Here at Bradford University School of Management we are currently engaged on a research project that is concerned with measuring the efficacy of learning organisations. We now need to enlist the support of high-respected companies such as yourselves. I have designed a short questionnaire designed to evaluate the concept of the learning organisation against the realities of running a commercial organisation

Participation can be either from a single respondent or company-wide. The questionnaire itself is relatively straight-forward. It comprises 51 questions and takes approximately 10 minutes to complete. **In return for your company's participation I will provide you with a summary report of the research outcomes. This will include an indication of how your company compares with others within the sample.** Whilst the questionnaire requires your company to be identified for analysis purposes your participation will remain anonymous.

The questionnaire will be dispatched to you in paper format within a fortnight. If you would like me to direct the questionnaire at somebody within your organisation other than yourself I would be more than happy to make this arrangement. Alternatively, if you would like to participate in the company-wide survey please contact me to organise an on-line questionnaire.

I earnestly hope your company would wish to be part of this research programme and, indeed, look forward to your potential involvement. If you have any queries please do not hesitate to contact me.

Yours sincerely

Craig Johnson
Lecturer in Operations & Information Management
c.l.johnson@bradford.ac.uk
(01274) 234 347 - Direct line
0780 704 1642 - Mobile

Appendix D – Finalised Instrument

Disposition towards Business Ideas

Proposition 1. More successful organisations will have a positive disposition towards new business ideas.	
1. My company is enthusiastic towards new business and management ideas	5
2. My company considers most new business and management ideas as passing fads.	7
Proposition 2 Source of new business and management ideas.	
3. Please select *one* of the following. I think most new business theories are developed by □ managers working in commercial organisations. □ academics at universities. □ management consultants.	1
Proposition 3 Business and management ideas are cyclical versus business and management ideas build upon one another.	
4. Please select *one* or *both* of the following options. I think new business and management theory… □ progresses as ideas build upon one another □ are recycled from previous concepts	2

Leadership Propositions

Proposition 4 A learning organisation will concentrate on enabling structures.	
5. In my company people feel they have the independence to make their own decisions in areas that directly affect their work.	15
6. My company regularly monitors the performance of individuals.	10
7. My company pays a great deal of attention on incentives to motivate people	19
8. In my company poor performance is punished.	30
9. My company makes a sustained effort to minimise the number of rules and regulations.	16

Proposition 5 Learning organisations will have appropriate staff	
10. My company is successful in attracting good quality individuals.	3
11. My company is successful in retaining talented individuals.	38
12. Compared to the competition my company has a relatively low turnover amongst key staff.	23
13. Compared to the competition my company has an effective succession programme for our senior and middle managers.	42
14. My company prefers to develop future leaders from within the organisation.	20

Learning Propositions

Proposition 6. Learning organisations will make time to contemplate the future.	
15. There is always sufficient time here to plan for the future.	17
16. In my company we feel we are in control of our collective destiny	21
17. Discussing the distant future is actively encouraged in my company.	44
Proposition 7. A learning organisation will make time to reflect on the past.	
18. Before a project is started we always reflect on what we did last time we were in a similar position.	35
19. *In my company we have a tendency to make the same mistakes repeatedly.*	26
20. In my company we regularly review areas we need to improve upon.	34
Proposition 8. A learning organisation will create room for dialogue.	
21. Achieving consensus in decision making is important in my company.	8
22. In my company considering 'what is right' is more important than 'who is right'.	4
23. In my company it is encouraged to challenge assumptions.	12
24. In my company the word 'learning' is used a lot.	11

Strategy Propositions

Proposition 9. A learning organisation will have a culture of playful experimentation.	
25. Independent experimentation in new product development is encouraged here.	32
26. Independent experimentation in management processes are encouraged here.	37
27. Employees in my company are encouraged to undertake minor projects on their own initiative.	14
28. Generally speaking, errors can be considered an opportunity for learning in my company.	9
Proposition 10. A learning organisation will constantly challenge the rules of the industry.	
29. We constantly challenge the assumptions in our business sector.	25
30. We are viewed as unconventional in our industry.	18
31. We constantly introduce products and/or services to the markets before our competitors.	41
Proposition 11. A learning organisation is committed to the longevity of the enterprise.	
32. We would be willing to diversify to different sectors of the economy.	29
33. In my company the needs of the organisation take priority over individual needs.	43
34. Company loyalty is rewarded in this organisation.	22
Proposition 12. A learning organisation will have a unitary culture.	
35. My company seeks to employ people that will fit into the organisation's culture.	24
36. In my company it is considered important that everybody agrees with the company strategy.	13

Change Propositions

Proposition 13. The tension between hierarchy and learning will be managed in a learning organisation.	
~~37. Once objectives have been set management they are non-negotiable.~~	36
38. *The rate of change within my company feels too slow to respond to the number of external pressures.*	33
39. My company is mostly successful at implementing change.	40
Proposition 14. In a learning organisation planning (i.e. learning) is more important than the plan (a symbol of the manager).	
40. *Organisation in my company feels disordered.*	6
41. Everything in my company mostly goes according to plan.	27
~~42. My company acknowledges that chance sometimes contributes to success.~~	45
43. In my company we are flexible enough to respond to unexpected opportunities and/or threats.	31
Proposition 15. Organisational politics.	
44. Rivalry between departments/divisions in my company has a positive impact on organisational effectiveness.	39
~~45. Individual success in my company is largely dependent on our original professional training (e.g. engineer, accountant, lawyer).~~	28
46. *Loyalty is felt more towards the departments/divisions of the organisation than it is to the company as a whole.*	46

Disposition towards the Learning Organisation

Proposition 16. More successful organisations will have adopted the learning organisation concept.	
47. I believe we are working towards the successful implementation of the learning organisation at my company.	
48. I believe we have implemented the learning organisation at my company.	
49. Implementation of the learning organisation concept was unsuccessful in my company.	
50. I believe the implementation of the learning organisation to be an unattainable goal in my company.	
51. The learning organisation is, I believe, unattainable in *any* company.	

Appendix E – Literature and Latent Variable Master List

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