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Debate: The learning organization—a key construct linking strategic planning and strategic management

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Conceptualizations of strategic management focus on integrating strategic planning and performance measurement. However, for strategies to succeed in public organizations, it is vital that they are continuously learning—from successes and failures, and from changes in their internal and external environment. This article presents the example of the Welsh school system, which is moving from a strategic management approach dominated by narrow performance measurement, to one informed by organizational learning.

Strategic planning is ‘a deliberative, disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why’ (Bryson, 2010, p. s256). Although strategic planning in the public sector has been around since the 1970s, it was the New Public Management (NPM) paradigm that fast-tracked its adoption by public organizations since the 1990s onwards (George & Desmidt, 2014). Against a backdrop of increasing globalization, the rapid pace of technological innovation, shifting social and demographic trends, and the increasing knowledge intensity of public services, few would dispute that a primary task of today’s public managers is strategic planning in order to formulate well thought-out strategies able to achieve organizational and societal change (George, Walker, & Monster, 2019).

However, organizational and societal changes are complex, multifaceted phenomena and creating sustainable change is hard—especially in public organizations where goals are far more ambiguous and a multitude of actors are involved (Kuipers et al., 2014). While many public organizations have adopted strategic planning processes, they still do not achieve the intended organizational and societal change (Pollitt & Bouckaert, 2011; Potts, 2009), thereby fuelling criticism concerning the effectiveness of strategic planning in public organizations (for example Bovaird, 2008). In other words, while strategic planning helps identify strategies for change it does not necessarily induce the implementation of these strategies.

Strategic management ‘is concerned with ensuring that strategy is implemented effectively’ (Poister, 2010,

p. s249). In other words, both strategic planning and strategic management matter to achieve intended organizational and societal change by formulating and implementing savvy strategies. While the definition of strategic management by Poister (2010) does not postulate one favoured approach to strategy implementation, most research and practice has—so far—focused on performance measurement as an approach to strategy implementation. This emphasis has resulted in an abundance of information about public service performance, which is often publicly available. Such publicly-available information has several benefits. Apart from informing future strategic planning, it serves the purpose of public accountability and allows clients and other stakeholders to engage with and contribute to enhancing public services.

However, there are unintended consequences. Several studies have found that performance measurement, instead of inducing learning, has resulted in blame-avoidance behaviour, and the naming and shaming of public organizations (for example George, Desmidt, Nielsen, & Baekgaard, 2017; Hood, 2013). It is not surprising that where there is little tolerance for error due to performance measurement, openness to problems and incentives to taking initiative—all of which are important for learning—are reduced. In other words, performance measurement inevitably imposes limitations on public organizations’ ability to learn—and, as such, their capacity for delivering sustainable change by formulating and implementing savvy strategies.

The necessity of developing public organizations as learning organizations

For strategic planning to deliver on its promise of achieving organizational and societal change, it needs to be complemented with organizational learning. In a learning organization, the beliefs, values and norms of employees are brought to bear through the development of deliberate conditions, strategies and processes that support sustained learning of individuals, teams and the organization at large (for example Senge, 1990; Kools & Stoll, 2016).

A learning organization requires public managers to be 'strategists' who think *strategically* about how to use learning to create organizational and societal change, and thus transform strategic plans into practice. And this is where things often go wrong because:

- The design of strategies receives more attention than their actual implementation.
- There is a lack of resources and capacity to realize plans.
- Progress is not adequately monitored, leaving people guessing whether goals have been achieved.
- Narrow performance measures are employed and enforced through accountability demands rather than serving the purpose of organizational learning.

Public managers play a pivotal role in creating a learning organization, by allowing for open discussions about problems, successful and less successful practices, and the sharing of knowledge. They need to create the settings in which trust can develop over time so that colleagues and external stakeholders are more likely to engage in mutual and deep learning. Nonetheless, public managers are typically constrained by organizational boundaries. The support of policy-makers, administrators and other system leaders is thus crucial to ensure learning throughout a system and not only an organization. They have an important role to play in encouraging professional learning and development, promoting innovations and collaboration between organizations, and modelling and disseminating good practice.

The learning organization as an integrated part of strategic management: the case of Wales

Wales is currently in the middle of an education reform focused on the implementation of a new school curriculum by September 2022 (Welsh Government, 2017). To realize this change, reform strategies were initiated, including a large-scale review of performance measurement arrangements. These had become heavily influenced by accountability demands and were found to lack synergy and coherence (Donaldson, 2015). Since 2008, student performance data in the subjects English/Welsh, mathematics and science had become part of the annual system-level monitoring by the Welsh Government. These data were used in school evaluations as part of a 'national categorization system' and by the Welsh education inspectorate—'Estyn'.

While their use as part of the school categorization system has supported the allocation of additional support to schools in most need of it (OECD, 2017; Welsh Government, 2016), some unintended consequences emerged. The data were used to categorize schools into 'green', 'yellow', 'amber' and

'red' based on their relative score—and this categorization was made public. As a result, schools began to compete—undermining collaboration between schools, stigmatizing schools working in the most challenging communities, and contributing to a 'narrowing of the curriculum' (OECD, 2018). The latter stands at odds with the ambitions of Wales' new school curriculum that balances cognitive and socio-emotional skills, and offers greater attention to student wellbeing and skills such as 'learning to learn', 'citizenship' and 'digital competence' (Donaldson, 2015).

Recognizing these challenges, Wales is in the process of redefining its performance measurement arrangements as part of a new strategic management approach founded on organizational learning in schools and other parts of the system. The integration of Wales' schools as learning organizations model in school evaluations is meant to help empower schools in their capacity to change and adapt routinely to new environments and circumstances as its staff, individually and together, learn their way to realizing their vision. Collective working and learning and expanding the skills and learning of new ones by many teachers, teaching support staff, school leaders and others involved is believed essential for bringing Wales' new curriculum to life (OECD, 2018).

The Welsh experience demonstrates the danger of narrowing strategic management to performance measurement. Indeed, practitioners need to carefully enable organizational learning throughout strategy implementation. In Wales, the evidence suggests that schools adopting the learning organization concept have a higher responsiveness to their internal and external environment (OECD, 2018), which helps them to respond to challenges that might hamper strategy implementation and to adapt formulated strategies if necessary. Conclusively, we believe that strategic planning is a particularly potent approach to realizing organizational and societal change when it is executed within learning public organizations and larger learning systems.

Disclosure statement

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