

**RETHINKING ORGANIZATIONAL LEARNING USING THEORY U: AN  
ONTOLOGICAL APPROACH TO STRATEGIC LEADERSHIP**



GRADUATE SCHOOL OF BUSINESS & LEADERSHIP

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## **SERENITY PRAYER**

God, give me the grace to accept with serenity

The things that cannot be changed,

Courage to change the things

Which should be changed,

And the Wisdom to distinguish

The one from the other.

Living one day at a time,

Enjoying one moment at a time,

Accepting hardship as a pathway to peace,

Taking, as Jesus did,

This sinful world as it is,

Not as I would have it,

Trusting that you will make all things right,

If I surrender to your will,

So that I may be reasonably happy in this life, And

supremely happy with you forever in the next.

Amen.

- Author: Reinhold Niebuhr (1892-1971)

Man knows himself only to the extent that he knows the world;

He becomes aware of himself only within the world and aware of the  
world only within himself.

Every object, well contemplated, opens up a new organ of perception within us.

-Johann Wolfgang v. Goethe

## DECLARATION

I, Tonderai Fundira, student number 213573686, hereby declare that the dissertation titled: "Rethinking organizational learning using Theory U: An Ontological Approach to Strategic Leadership," is the result of my own investigation and research.

The research reported in this dissertation, unless otherwise indicated, is my original research;

This dissertation has not been submitted for any degree or examination at any other university or tertiary institution;

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Signature:



Date: 20 December 2018

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Miss R. Fundira

Miss S. Fundira

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## **DEDICATION**

I would like to dedicate this dissertation to the following persons:

My parents Mr. P.S.K. Fundira and Mrs. F. Fundira

Dr. C. Tarwa and Mrs. U.M. Tarwa.

Mr. K. Fundira and Mrs. B. Fundira.

Miss R. Fundira

Miss S. Fundira.

Muno Tarwa, Tapiwa Tarwa, Susan Tarwa, and Kelly.

## ABSTRACT

This research study embarked on an in-depth inquiry into the strategic thinking of organizations. The study endeavoured on understanding the different ways in which organizations change. This understanding brought to the fore two fundamental contributors that influenced organizational learning. The way organizations think affect the way they strategize.

The ever more challenging and rapidly evolving economic environment in South Africa has put pressure on organizations to look for ingenious ways to survive .The current discourses has reified organizations, regarding them as mechanistic organisms with agency of their own. It is against this backdrop that the research adopted the “Theory U” framework. This theory considered the future as it emerged to address the organizational tussles and challenges during strategic planning and organizational learning .Theory U provided an analytical framework for individuals within organizations. It can be applied as part of a strategic planning process and it forces organizations to learn by appraising both their internal and external situations from an emerged future perspective. This would result in overall competitive advantages.

Strategic leaders in organizations are struggling to formulate effective strategies that match the ever-changing business environment. This has affected their ability to execute their duties effectively, which subsequently affected organizational performance. Organizations are struggling to learn and analyse their current macro-environments.

The research explored the available strategic thinking methods as revealed in the foremost discourse on organizations. Organizational learning received attention, using an ontological perspective .The phenomenon is studied from a positivist pragmatic perspective, which holds that an investigator can acquire various forms of knowledge and from a theoretical perspective. The research population consisted of organizations in the South African context and the inquiry focused on their micro- and macro-contexts. The questions were asked from a strategic leadership.

The research instrument views organizations as systems, organisms, brains, cultures, psychic prisons, and transformers.

Most organizations already show the components and attributes of a learning organization. The research aimed to examine the feasibility of adopting and implementing the organization learning approach to achieve organizational change and transformation.

**Key Terms:** Strategic management, systems thinking, strategic leadership, leadership, organizational learning and Theory U.

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## CHAPTER 1: APPROACH TO STRATEGIC LEADERSHIP

### 1.1 Introduction

Today the world of business is facing tremendous change and transformation. Business and social institutions acknowledge that change is difficult to ignore if the business has to adjust to the current pace of globalization. The current problem requires systems thinking to comprehend human involvement, free will and transformation. Systems thinking in essence seeks to understand a phenomenon as a whole, formed by the interaction of various parts. Strategic change is difficult to manage since organizations have to restructure to adjust and adapt to change. This process involves organizational learning through the training of personnel, including organizational managers, social leaders, entrepreneurs and employees. If the organization wants to succeed it should direct its attention to organizational leadership, learning and strategic management.

Scharmer's Theory U has emerged as a response to the rapid changes in the world of organization and business. In order to create space for adjustment, growth and learning, change must include speed and rate of internal, external, political, economic and social changes. Change, especially disruptive change in response to current situations in organizations, is a difficult to implement as it can be difficult to predict, difficult to track, difficult to understand and difficult to interpret.

The ability to introduce change and learning and eliciting the minimum resistance is a key managerial skill in the view of Gaba and Dokko (2016), since change is a necessary part of life for all organizations. Even if a company does not want to change, it must eventually respond strategically to movements in the social and economic environment to survive. Resistance to Theory U is an endemic feature of organizational behaviour. This makes the effective implementation of change one of the most intractable problems that those in the position of leadership can encounter (Clarke & Higgs, 2016).

Current literature about organizational learning and transformation shows the impracticality of continuous change. Organizational learning is heavily dependent on a master blueprint designed and executed by a consultant or top managers (Erkelen *et al.*, 2015). Even if precise procedures for the implementation are adopted, unplanned events are bound to occur as subordinates raise issues that top management had not anticipated.

Unless steps are deliberately taken to solve issues, organizational learning, leadership, strategy management and transformation create situations where conflicts arise (Hotho *et al.*, 2015). Many employees apparently lack commitment to learning how to confront change and how to be led. They are therefore, extremely reluctant to take any initiative for the success of their organizations or institutions.

Furthermore, the fact that organizational learning, strategy management, and transformation takes time to plan and operationalize makes things even more complex. If the organizational learning, strategy and transformation are directed at the solution of a specific and defined problem, it is quite likely that the problem itself would have changed by the time the change is completed (Drupsteen & Guldenmund, 2014).

Nevertheless, successful management of strategy, organizational learning and transformation requires an approach with some degree of participation by all employees to help reduce levels of conflict, stress and tension in organizations.

Consequently, when participative approaches are used in combination with proper leadership, their effectiveness may still be jeopardized if they are not properly and strategically presented. The proposed learning, strategy and transformation may be lost (Chen *et al.*, 2014).

## **1.2 Managing change and transformation in South Africa**

South African organizations have been experiencing various change and transformation problems, causing organizational complexity. There can be no hiding or escaping the intensity and frequency of such events in South African organizations. Different types of change, however, demand different management strategies. How these organizational changes are strategically led will play a crucial role in the extent to which organizations remain competitive and successful in their survival. Yet the question remains, whether South African organizations in all sectors, their strategic leaders, and employees are able to cope with the turbulence with which they are faced. Can South African organizations compete globally, succeed and, much less, survive, in this new age? Organizational change and transformation in itself must be professionally managed.

A study conducted by Seidle *et al.* (2016), asked whether leadership training and development generate a change in the public sector that is inward-looking and closed. They found that

public-sector leaders have shut themselves off from their organizations and had adopted a siege mentality.

Basu (2016) supports this view and points out that the isolation of the past as a result of apartheid and the lack of competition has made South African organizations quite “lethargic and myopic” and he suggests that they must have restitution and change.

In recent years, South African organizations have been exposed to so many unprecedented major changes in their external and internal environments that strategic leaders no longer a choice about whether to transform or not, it is a case of transform or cease to exist.

Understanding organizations and successfully managing this challenge has become one of the most important issues for strategic leaders, especially for those managing the employees who have to accept, implement and live with the dramatic changes taking place in South African organizations.

### **1.3 Rationale of study**

The business world of the last decade or two has been one of accelerating change brought about by the democratization of South Africa, more intense local, global competition and the impact of technological change. The dominant discourse on business these days centres on the fact that business has become more strategically complex in a world that seems increasingly chaotic, characterized by turbulence, unpredictability, uncertainty and confusion. Recently, researchers and academics have been observing that this has become a permanent feature of the business landscape today. It is part of a larger social shift. The explanation for this shift is that we are in transition from one major historical era to another, and that part of this shift is the development of a new human consciousness. There is a constant need not only to cope with change, but to adapt. This requires continuous strategic leadership. Theory U, which attempts to help leaders lead from the future as it emerges, presently constitutes a new critical body of knowledge in the field of disruptive change, leadership and strategic management.

Indications are that disruptive change will only intensify. Long-term competitiveness in the world of business demands the development of a different strategic mind-set or consciousness: the emergence of more insightful ways of observing and acting on what is occurring in the world economy and society at large. The greatest question facing business leaders today may well be whether their organizations will be able to transform, to reshape their structures and

processes in ways that are congruent with the changes demanded from the larger economic and social environment in which they operate.

Rodríguez and Nieto (2016) agree that the greatest challenge facing companies today is adjusting to and embracing endless cycles of change. They must be able to learn rapidly, innovate ceaselessly and tackle new strategic imperatives ever faster and more comfortably. This means that successful organizations have to develop a culture that embraces the challenge and is uncomfortable with maintaining the status quo.

Such organizations should be acutely aware of developments in the marketplace and of emerging trends. They should be quick, agile and aggressive in responding to real and perceived threats. Successful organizations do not rest on the laurels of past successes, but are forever attempting to raise the stakes through never-ending cycles of continuous improvement and reinvention. Companies have to be in a ceaseless state of transformation to thrive today, perpetually creating fundamental sustainability and enduring change (Za *et al.*, 2014). Today, the challenge of organizational change is to learn how to involve employees in strategic thinking so as to change faster than the changing business conditions. Companies tend to hold on to long-established norms that cause complacency and to doing more of the same, even though the current competitive landscape has altered dramatically. This leads to inertia and an avoidance of new potentially rewarding challenges (Behrends & Antonacopoulou, 2014). This is particularly true for mature organizations where established norms of stability and security must be replaced with newer paradigms of speed, simplicity and a focus on exceeding customer expectations by means of a confident and empowered workforce.

The nature of change can be categorized into strategic and incremental change (Clarke & Higgs, 2016). The motivation for change is either reactive or anticipatory. Reactive change is forced on an organization in response to an external event or change, while anticipatory change occurs based on the belief that initiating change in anticipation of future events will provide a competitive advantage.

Research indicates that reactive strategic change fails in 90 per cent of cases. Strategic change should therefore be anticipatory if at all possible. The reactive changes that do succeed almost always involve a change of chief executive officers and top management, often with the new leadership coming from outside the organization.

## **1.4 Literature review**

Literature offers many different theories that seek to explore and explain how organizational strategic changes fail or succeed. However, none of them are universally accepted. Current theories that dominate the academic and strategic management thinking provide insufficient explanations of how organizations change strategically, learn and survive in this modern world of unpredictability and uncertainty.

The purpose of this research study is to explore the methods of strategic thinking proposed in the discourses on organizations and the management of organizational learning.

Contemporary theories of strategic management seem too shallow and broad to address the challenges that face today`s organizations and institutions (Johnsen, 2015). Future changes and transformation will be personal and very systematic. Detailed paradigms of strategic change and transformation represent a hugely unexplored and unexplained territory, both in current management research and in our general understanding of leadership in organizations.

### **1.4.1 Theory U**

Theory U is a new holonomic approach to developmental theory of change, leadership and learning. Theory U is used in this study to explore various theoretical ideas, examine developmental psychology within the context of future emerging paradigms and expand on the theory of individual evolution of strategic consciousness. Organizational learning pioneers Peter Senge, C. Otto Scharmer, Betty Sue Flowers and Joseph Jaworski have explored the nature of learning in great detail. Theory U looks at how change creates new leadership possibilities in a world that is out of sync. The pioneers mentioned above introduced the concept of “presence,” a term derived from the natural world to describe the whole being acknowledged together with any of its parts (Senge *et al.*, 2005). These authors propose deeper levels of learning, which create an awareness of the larger universe, which in turn can lead to actions that help shape organizational evolution.

This original work goes on to define capabilities that underpin our ability to see, sense and realize new possibilities in ourselves, in our institutions, organizations and finally in the society in which we live. Scharmer (2009) developed the theory and published it in *Theory U. Leading from the future as it emerges*. According to Scharmer (2009), organizations now find themselves in an era of large business failure, collapse and decline, which calls for a current



consciousness and a current collective leadership capacity. Theory U looks at the world in ways never before seen and it offers a revolutionary approach to leadership. What we pay attention to and how we pay attention is critical to what we want to create. What stops us from holding current situations more efficiently and effectively, is that we do not fully become aware of them. Leaders and managers are not in touch with the inner spot from which attention and intention originate. This is what Scharmer calls our blind spot. By moving through Scharmer's U process, we can consciously access the blind spot and learn to connect to our authentic self

– the deepest source of knowledge and inspiration. “Presencing” is a term coined by Scharmer, that combines the concepts “presence” and “sensing.” Based on 10 years of research, action learning and interviews with over 150 practitioners and thought leaders, Theory U offers a rich diversity of insights, practices and applications that allow leaders and entire organizations to shift their awareness. This then connects with the best possible future, creating the ability to realize it. Scharmer's Theory U is about how to open our minds and emotions, which can lead to moments of re-discovery. Mutual understanding leads to current leadership wisdom. Theory U allows me to explore the most forceful leadership tool to date. It offers an integral perspective on the practice of strategic leadership and helps address the current leadership issues facing our world.

#### **1.4.2 The learning organization**

The terms “organizational learning” and the “learning organization” are used largely by management researchers and academics. For the purpose of this study, these terms are used interchangeably. Currently, many strategic leaders are trying to create a learning organization.

The argument that efficient and effective strategic leadership involves organizational learning appears in numerous places in this text. What does this mean? Can we say that organizations learn? Does it matter what they learn? Is it important that strategic leaders learn as part of the process of change and transformation by taking a look at themselves, the business and the environment in which they operate?

It is of great importance for strategic leaders at whatever level of the organization to learn how organizational learning occurs. When strategic leaders leave an organization, what they have learnt goes with them. Organizational learning is reflected in changes in procedures, processes in the workplace, the pattern of behaviour of employees, evolving culture, beliefs, visions, and strategies. When these change, we can say that learning has occurred.

At the moment, there is no generally accepted model of organizational learning and management. Two problems arise:

The current debate is hugely contradictory as to which learning approach should be used by those concerned in developing a theory or implementing organizational learning principles in practice.

Today learning concepts and learning tools quickly become outdated and they are unable to handle the environmental turbulences.

In a comparative study of companies in South Korea, Yoo and Huang (2016) argue that scholars of organizational learning have developed theories that work neither for them, nor for others. The focus of this research is to explore how an organization's strategies can be developed through an environment that encourages continuous learning. Organizations are reviewing and rethinking the strategies they use to interact with technological changes, market changes, labour changes, economic changes, political changes and social changes.

### **1.4.3 Leadership**

Over the past 50 years, the focus of leadership studies has shifted many times, starting with studying the traits of the most successful leaders to observing their leadership styles. Currently, literature offers various leadership theories that serve as critical references to leading in the emerging future. In this regard, the discussion later turns to the transformational and situational leadership styles.

Leadership is important to organizations, especially in periods of managing change and transformation. Clarke and Higgs (2016) say that leadership occurs when a leader attempts to influence the behaviour of a group or individuals. Three important competencies are needed for leading the emerging future and these are:

Diagnosing: This requires the leaders to understand the current situation and predict the future. The gap between the two is called the performance gap, which is the problem to be solved. This is what leaders are trying to change and transform. As such, diagnosing is a cognitive skill.

Adapting: This includes employees adapting their behaviour and other company resources to close the performance gap.

Communication: Here leaders know what has to be done and are able to adapt to meet the new situation. However, they will fail unless they can communicate it with everyone throughout the process to help them accept and understand the situation.

## **1.5 Problem statement**

Organizations and institutions currently face many restrictions and barriers to learning. Learning is a multi-dimensional activity that involves employees' emotions, intellect and spiritual wellness (Scharmer, 2013). This research focuses on rethinking organizational learning through strategic leadership. Rethinking in this context means to think again about an idea and a course of action, especially to change or transform it. This is what brings about radical rethinking in businesses. Essentially, organizational and institutional learning encompasses all learning undertaken as part of systems thinking. According to Ansoff and McDonnell (1990), systems typify holism by recognizing that the whole (holonomic) is larger than the sum of the individual parts and the interdependent interactions of these agents within the system. It therefore supports lateral thinking and many other techniques to be adopted within organizations. Learning in organizations is difficult to comprehend and therefore a dynamic process of strategic systematic learning enhances the flow of information and knowledge.

The current turbulent environment of the business world impacts on the way in which learning approaches are crafted and implemented. A vigorous learning ambition in organizations allows them to face the unpredictability of change. Leadership agility responds to the totality of the business environment and is a tool that leaders have to acquire to conquer the rising challenges and complexities they are facing today (Liao, 2016). For leaders to have agility, they need four competencies when dealing with rapid change and transformation (Marque, 2013). These are self-leadership ability, stakeholder ability, creative ability and situation-setting ability. The assumption is that leaders associated with a learnt leadership skills are at the forefront of strategic leadership.

The above contextualization indicates the important gap that this thesis aims to address, which is to contrive a multifaceted organizational learning model that highlights a holistic learning approach and that can respond to change strategically. This research project showcases current learning tools and techniques that can further assist strategic leaders in adapting to change and transformation.

## 1.6 Research objectives

Addressing the research objectives of the study can yield empirical findings that may suggest new theoretical themes, new interpretations and new insights on combining three different literature sets, i.e. strategy, leadership and organizational learning, together with 'Theory U', so that new factual discoveries can be yielded. The qualitative study contribute to an emerging body of literature by using empirical findings and integrating this with current literature from strategic management journals, articles, business websites, textbooks, newspapers and published papers. The subsequent research objectives are:

to articulate the major theoretical discourses that frame the emerging dynamic nature of strategy and leadership;

to articulate the current emerging theoretical paradigms and themes that can contextualize strategic leadership;

to theoretically analyse and evaluate the influence of strategic leadership on change and transformation to develop emerging theoretical themes;

to theoretically interpret and evaluate the influence of 'Theory U' on organizational learning as a modern learning approach; and

to articulate whether strategic leadership can determine organizational learning using various empirical findings.

## 1.7 Research questions

This research project is based on *'Theory U': Leading from the future as it emerges* (Scharmer, 2009). But what is a theory? A theory highlights and explains something that one cannot see. By using deduction in particular, it is often an answer to a solution. Drawing from this enquiry, the following research questions are addressed in this study and shape the course of this investigation.

These research questions aim to articulate emerging theoretical paradigms in strategic leadership and organizational learning, discourses and themes that can help contextualize the current gap in the dynamic business environment.

What are the current dominant theoretical discourses and paradigms that impact strategic thinking in strategic leadership?

What are the foremost theoretical ideologies and phenomena that influence systemic thinking in strategic leadership and organizational change?

What are the predicaments of making sense of phenomena in systemic thinking in strategic leadership and organizational change?

What are the successes and failures of contemporary strategic thinking approaches that encourage or create barriers to organizational learning?

Can strategic leadership determine organizational learning?

Can 'Theory U' contribute to organizational learning?

## **1.8 Research design**

In this research project, the researcher embarked on a systematic theoretical investigation of a central ontological problem. The research questions above concern the overall justification of using empirical knowledge. This research study examines strategic thinking theories from the position of the objective observer, which is the direct opposite of the inquiring participant.

The research questions are of a theoretical and philosophical nature and, therefore, the approach is theoretical exploration. Theories are more prevalent in social qualitative studies as theories are more suited to the study matter of social scholars. This research study is not an empirical study as it aims at evaluating current theory, which runs ahead of existing empirical studies, to advance knowledge. This research project is a conceptual study that aims at both depth and breadth. It is broad in that it explores many literature sets that includes specific sets of knowledge in organizational learning theories, strategic management, leadership, systems thinking and 'Theory U' into one body of knowledge. This approach enables a deep interpretative and interrogative discussion of core conceptual constructs that are pertinent to the organizational learning, leadership and strategic processes. This provides a comprehensive coverage of the major research topic that circumscribes this area of study. This is a theoretical study, covering concepts and constructs, using current journal articles, textbooks and newspapers.

### **1.8.1 The nature of the research design**

By adopting a qualitative approach based on an ontological interpretive framework of pragmatism, this research seeks to study people by penetrating their thinking and frames of

significance to look at the social development in terms of an on-going process rather than a static process. These philosophical propositions allow the researcher to choose the theories that will guide the research project. This renders a holistic exploration of the investigated context and emerging themes, which allows the researcher to be neutral and to use personal insights while taking a non-judgemental position. It allows a researcher to conduct a naturalistic inquiry, rather than an experimental one in the real emerging world.

### **1.8.2 Nature of the research method**

This research is focused on the social world of organizations as the object of inquiry into the ontological dimension. This makes it a sociological research project that probes the qualitative methodological dimension, using systematic inquiry based on emerging themes, narratives, journals, articles, analysis of documents and texts in view of developing an integrated model of social science.

### **1.8.3 Nature of analysis and interpretation**

This study is based on methods of ontological analysis and systematic explanation building that are reflected in deductive and inductive reasoning in social research. It records the emerging themes, trends, organizational complexity, thereby providing detail and context of organizational learning. This study investigates emerging categories and theories from various management literature. This allowed the researcher to offer ontological interpretations of the social setting in which strategic leadership is occurring, thereby mapping systems, processes and contexts. This allows me to answer the research questions 'what is', 'how', and 'why'. Ontological interpretation involves a researcher's understanding of the events as related by the participants and the context.

As Denzin (1998) states: "Interpretation is a productive process that sets forth the multiple meanings of an event, object, experience or text. Interpretation is transformation, it illuminates, throws light on experience. It brings out, refines and clarifies, the meanings that can be shifted from a text, an object or slice of experience."

This means that interpretation and representation are deeply intertwined (Charmaz, 2006). However, interpretations are not exact replications of data, but rather the analyst's impressions of that data.

An additional point about interpretation is that analysis is never quite complete, no matter how long the researcher seems to work on a study. Since researchers are always thinking about their data, they are always extending, amending and re-interpreting interpretations as new insights arise and situations change.

### **1.9 Expected contribution to knowledge**

This study has many positive contributions in the field of learning and using ontological knowledge. It re-thinks organizational learning, re-conceptualizes leadership and re-generates strategy management. It can therefore be useful for most organizations and institutions. Currently, most of the organizational learning, leadership and strategy literature, due to rapid change and transformation occurring, is out of date and no longer applies to businesses or organizations. This study is based on the theory proposed in the text '*Theory U: Leading from the future as it emerges*' (Scharmer, 2009). It is an exploration of profound change in employees, institutions and community, an aspect that is so relevant today.

This research study is important as it interfaces ontologies that extend organizational learning theories to any form of business, large corporations, governments, international organizations, political parties and social institutions. This research project seeks to combine the theories of organizational learning, leadership and strategy management to form one conceptual system, which to date has not been done by any management researchers or academics. This study envisions developing a critical ontology, an emerging conceptual framework, new terms, new concepts and finally new management science knowledge.

In particular, this thesis will display much variety as isolated contributions in each of its chapters. It embarks on a massive contribution to current knowledge. At the present time, some key aspects and essential concepts related to the research topic have not been investigated and explored. This includes strategic leadership, learning, and 'Theory U'. The available studies were largely carried out in isolation from one another. The knowledge on the topic has not been integrated, interrogated, interpreted and combined before. This research also contributes to the strategic understanding of organizations, which can lead to creativity and innovation in the practical world as organizations navigate the turbulence and unpredictability of the business environment.

A further important contribution of this research project is that it addresses many current shortcomings in the literature by developing an unwavering theoretical base for organizational

learning, leadership and strategy management,, giving scope to 'Theory U' (Scharmer & Kaeufer, 2013).

An additional contribution of this thesis is to investigate the complex theories of organizational learning, leadership, and strategy management and to combine them into a holistic body of knowledge. This has generally been neglected by researchers and academic and management scholars.

The final contribution of this research is a tentative theory of emerging strategic leadership. It highlights key learning constructs, change concepts, terms and approaches that have thus far been under-emphasized in the management literature. As such, the theory offers many alternatives, explanations, findings and interpretations to strategic leadership.

## **1.10 DISSERTATION STRUCTURE**

### **1.10.1 Chapter 1: Introduction**

This chapter introduces the study.

It sets out the South African context of the study and clarifies the rationale of the study. It provides the background to the problem statement and motivates the significance of the research. It outlines the research objectives and six research questions. Finally, it describes the research design and the methodology applied and discusses the expected contribution of the study.

### **1.10.2 Chapter 2: Systematic approaches to thinking**

This chapter discusses the systematic approaches to thinking about strategy and organizational dynamics.

It starts off by providing a strategic management perspective applicable to the South African environment. It looks at the concepts of strategic management thinking and looks at why strategic thinking is imperative. Thereafter the chapter discusses the second theoretical gap in strategic thinking in terms of choice and the strategic choice theory. It also highlights the present ways in which organizations use strategic thinking.



### **1.10.3 Chapter 3: Thinking about strategy and organizational change**

This chapter describes and discusses the current thinking about strategy and organizational change. It therefore links current strategic thinking to organizational change contexts.

The chapter examines the current thinking of strategy and organizational change from a South African perspective. It pays specific attention to organizational change in small economies and the population in organizations. The discussion continues by considering the paradoxes that influence strategic thinking in organizations, making sense of the strategic phenomenon and linking strategic thinking and operational change.

### **1.10.4 Chapter 4: Thinking in terms of organizational learning**

This chapter focuses on thinking in terms of organizational learning.

The chapter links strategic thinking to organizational learning.

The discussion starts by describing the learning climate. As such the chapter considers the learning organization versus organizational learning. It focuses on the single-loop and double-loop learning as strategic learning measures and looks at current crucial debates affecting organizational learning. The chapter discusses the management of knowledge and its creation and making sense of organizational learning. The chapter concludes by looking at team learning and sharing organizational learning experiences, as well as Senge's systems thinking model.

### **1.10.5 Chapter 5: Strategic leadership**

This chapter discusses Theory U: leading from the emerging future as it Emerges.

This chapter aims to develop a new strategic leadership framework that incorporates Theory U as a strategic management environmental scanning tool.

The discussion considers the potential of Theory U as a management tool and an environmental scanning tool. Thereafter the chapter links organizational learning theory to Theory U. It develops a new conceptual framework for strategic leadership that enhances organizational learning. The discussion combines all themes into one

model that focuses on strategy formulation, strategy enactment, five Theory U movements, main principles of Theory U and the three Theory U learning dimensions.

#### **1.10.6 Chapter 6: Theory U**

This chapter discusses strategic leadership and links strategic thinking to strategic leadership.

It provides the current debates in the field of strategic leadership and links strategic thinking theory to leadership theory. Thereafter the chapter outlines different leadership styles and focuses particularly on transformational and situational leadership thinking and organizational change.

#### **1.10.7 Chapter 7: Conclusion and recommendations**

This chapter presents the conclusions and recommendations of the study.

The chapter draws conclusions and recommendations from the research findings and combines all the research evidence from the previous six chapters. The hope is that the subsequent recommendations will assist strategic leaders in dealing with the challenges they face with regard to strategic thinking and organizational learning in the quest for more efficient and effective organizational performances, continued sustainable competitive advantage and long-term survival.

## CHAPTER 2: SYSTEMATIC APPROACHES TO THINKING

### 2.1 Introduction

South Africa stands at a special moment in its history. In 2014 the nation came to the stage of development celebrating 20 years of independence. This affects how organizations think and evolve. For over the past 50 years, an immense amount of literature on strategy and organization, has been focused on explaining, organizing and strategizing in a specific manner and offering numerous prescriptions for success based on these theoretical explanations. This chapter focuses on systemic approaches to thinking.

Today organizations are viewed as unique human organizations with a complex adaptive system (Gell-Mann; Holland; Kauffman; Langton), 'consisting of large number, a population of entities called agents, each of which behaves according to a set of rules' (Stacey, 2011:244).

Corporations have to understand how to approach organizational dynamics and the challenges in environments that facilitates organizational learning. Currently, businesses in the new South Africa are struggling to formulate effective strategies to transform in the ever-changing business environment, a situation that is affecting their performance. Organizations are finding it difficult to analyse the current macro-environment and yet the macro-environmental analysis is a critical part of strategy management (Chen *et al.*, 2015).

Strategic planning sessions with a high degree of wide organizational consultation should be put in place to improve the quality of the strategies crafted to enhance the organization's learning. Strategic planning is influenced by general systems theory with many divergent 'systems thinking' and 'understandings of organizations' (Groves & Vance, 2015). Some emphasize the clarity of roles and task definition and equates management with a controlling role on the periphery through linear and non-linear thinking. There is a need for more investment in information gathering in respect of the macro-environment. In the information age, 'Theory U' becomes a modern aiding tool to use as it disputes the challenges of a competitive global environment.

The establishment of appropriate systems of thinking such as 'system dynamics', which have become critical, have attracted much interest as a central concept in learning organization. Decades of research have focused on multi-dimensional strategic thinking 'in terms of

organizational learning and knowledge creation' through systems dynamics, cognitivism, constructivism, humanism and psychology. It has long been considered a necessary aspect for organizational learning success. Unfortunately, many organizations invest countless hours of their key managers' time and spend thousands of Rands (R) publishing a strategic business plan, only to file the pretty and expensively bound document away and never use it. At best, half-hearted implementation of the strategy is started, but not carried through. Organizational reform and major transformation are needed to become competitive and more viable (Suarez *et al.*, 2015). The present organizations operate in a highly turbulent era marked by rapid political, socio-cultural, economic and technological and other external environmental changes (Herman & Nadkarni, 2014). It is therefore important for South African organizations to attain sustainable viability and to remain a competitive force managed on sound business principles and organizational learning. Strategic management as an approach to general organizational learning is a matter of great importance. Many business concepts and approaches have been talked about, but have not gone beyond lip service.

In this respect, it is necessary to explore theoretically the impact of the existing strategic planning process in South African organizations to understand their relevance in the present business learning world. Currently, strategic leaders are assisting their organizations to achieve successful strategic planning, which can be attributed to understanding and directing the complex, often chaotic everyday interactions that occur within their firms. The field of strategic management now shows an appreciation of team dialogue, which can assist strategic leaders to rediscover and rebuild the innate energy in their corporations, also by encouraging managers to look for new thinking during periods of instability and chaos (Menz & Scheef, 2014).

Strategic management can be distinguished by its unconventional views on thinking and learning. These underlying thoughts underlie this research study to seek knowledge and ways of thinking towards strategic planning, processes, implementation tools, techniques that result in better performance levels following the adoption of an organizational learning approach.

This chapter searches for criticism and compares diverse methods of explanations to answer, 'what is strategy thinking' and how does it arise? It explains and explores the critical ways of thinking about strategic management. The main focus is to think about what strategic leaders are doing and the reasons they do it instead of mindlessly reciting outdated theories.

Furthermore, Chapter 2 of the research project explores the challenges in the complex business world, the current thinking about strategy and organizational change that affects organizational learning dynamics and the arguments about systems theory and responsive processes. Stacey (2011) claims that his research predominantly helps to illuminate the relevance of applying systemic complexity science to organizational approaches and complex responsive processes theory to organizations in strategic responsive processes thinking, through the interplay of intentions in a rapidly growing environment.

Great strides have been made in strategy and organizational change that can assist organizations to learn. Strategic leaders have to rediscover the important role chance can play in successful strategic planning. Some innovations are not as good and relevant as they should have been.

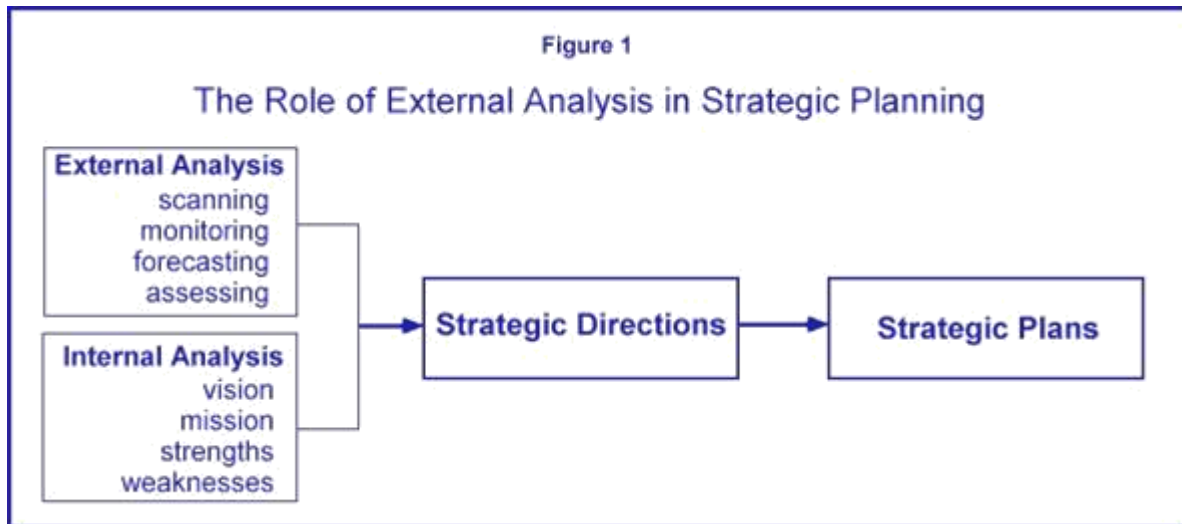
The study also seeks to help strategic leaders, consultants and academics to make sense of and interpret their ontological experience and what they do to reveal their thinking in organizational learning. The interpretation of the strategic management process aids the exploration of the relationships between the strategies strategic leaders adopt. The chapter offers an evaluation of different planning concepts, models, tools and techniques with a view to establishing the extent to which the organization derives benefits, in terms of performance, from the strategic management process.

This chapter seeks to answer the first research question, as set out below:

What are the current dominant theoretical discourses and paradigms that impact strategic thinking in strategic leadership?

Sub-question:

To what extent has strategic management helped to provide strategic leaders with a well thought-out course to follow and a unified action strategy of organizational learning to produce the intended results?



*Figure 1:* The role of external analysis in strategic planning Source: Researcher.

The diagram above shows the role of external analysis in strategic planning. External analysis comprises the following: scanning, monitoring, forecasting and assessing. Internal analysis focuses on the organization’s vision, mission, strengths and weaknesses. This then leads to strategic directions. The final outcome then gives a strategic plan that can assist in organizational learning.

## **2.2 Strategic management perspectives in South Africa**

Great strides have been made in strategic management since 2000. However, private and public-sector organizations in the new South Africa have to a large extent been viewed as not being competitively oriented or managed on the basis of sound strategies. For decades now, various organizations have been grappling with the question of whether they should take the multi-international approach or maintain the attitude of business as usual. The competitive environment has, however, changed and transformed, resulting in the society presently demanding more leadership accountability.

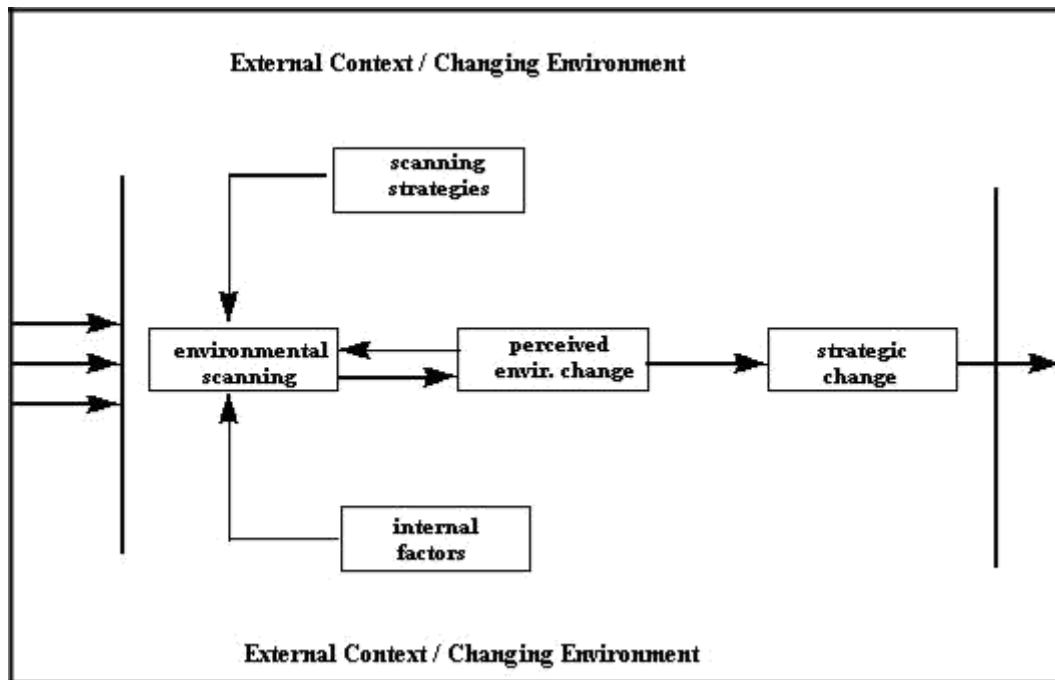


Figure 2: Strategic context of external changing environment Source: Researcher.

The above diagram illustrates the external context of the changing environment. This includes scanning strategies and internal factors that are linked into the organization's strategic environmental scanning activities. This creates a learning link between environment scanning and the perceived environmental strategic change. The outcome then gives rise to strategic change, which then creates a platform for strategic learning.

This emerging future will be challenging and will require organizations to learn continuously. The prevailing macro-economic conditions and technological conditions call for business organizations to move swiftly to address these dispensations as it is a case of sink or swim. In preparation for inevitable strategic change or transformation, strategy planning consumes resources that are in most cases not adequate to start with. Developing a strategic plan can be an expensive learning exercise, especially in terms of personnel time and energy.

This cost must be considered in relation to the expected benefits. No empirical research has yet been done to explore the impact of strategic planning using 'Theory U' to evaluate an organization's learning. Very few management teams in the new South Africa are utilizing 'Theory U' to increase performance and competitive advantage.

Organizations nowadays have to understand and learn how to approach strategic leadership in complex environments. It is against this background that this research study seeks to rethink the impact and explanation of the role of strategic management as a unified action strategy

carried out by strategic leaders to achieve the optimum performance through strategic learning. The discussion now turns to literature on strategic management with a focus on the planning process with the hope of answering the first research question. This will develop a firm basis for future learning.

### 2.3 The current strategic goal-seeking adaptation in business environments

According to cybernetic theory, two foremost forces drive organizations over time. The first force is the drive to accomplish some exact goal: organizations exist as goal-seeking systems and their goals drive them to action. The second force ascends because organizations are linked to their environments through feedback links: "they are subsystems of an even larger environmental supra-system" (Stacey, 2011:68). These include control systems, organizational structures, and cultures.

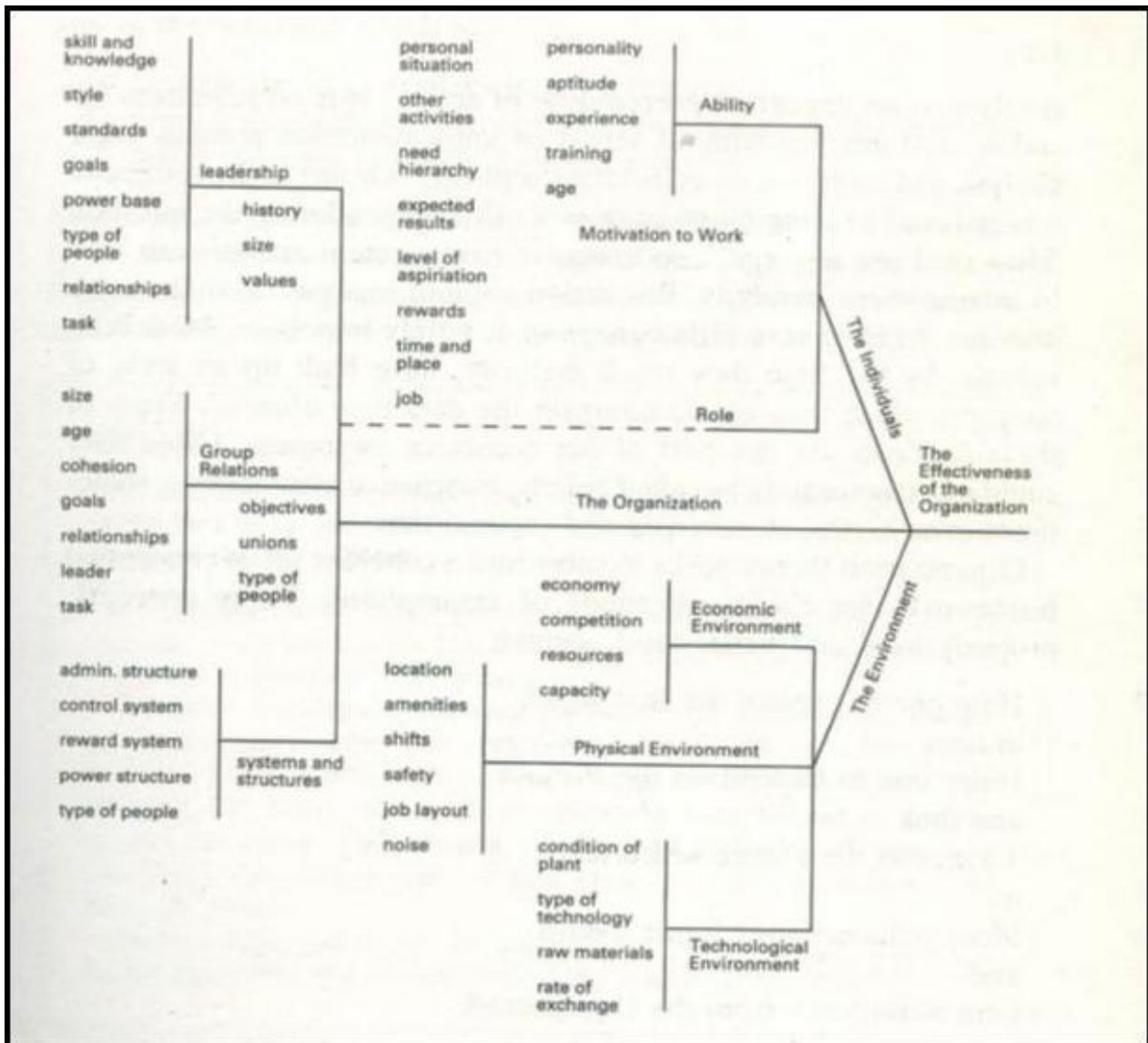


Figure 3: Some factors affecting organizational effectiveness.



The above figure shows exactly the current dynamics that disturb the organizational effectiveness, which, to date, affects systems thinking.

In the last decade, the cybernetic theory of strategy has come to contradict the resource-based view that focuses on organizations' development strategies as they match the internal resources and capabilities. South African organizations that follow the resource-based view are likely to lose out on learning opportunities that may arise from the external environment. Choo (1998) explains that environment scanning is influenced by external factors such as environmental turbulence and resource dependency, organizational factors such as the availability and quality of information, and personal factors such as the scanner's knowledge or cognitive style.

Choo (1998) suggests that environmental scanning is the acquisition and use of information about the events, trends and relationships in an organization's external environment, knowledge of which would assist management in planning the organization's future course of action. Organizations scan the environment to understand and learn the external forces of strategic leadership so that they may develop effective responses that would improve their position in the future. Stacey (2011) argues that the theory of complex responsive processes emphasizes the local, differentiated, evolving relationship between entities rather than some view of the whole and its properties (Stacey, 2011:263), which then relates to chaos, unpredictability, and the interplay of human interaction to organizational functioning and learning.

Companies have to understand how to approach strategic leadership in complex environments. In the new South Africa, organizations have undergone many strategic management phases since the colonial era and after the attainment of national independence in 1994. The colonial era was characterized by policies of racial discrimination in organizations and societies, making strategy management a White ideology and mentality. In 2013, strategic leadership results revealed the 19.8 per cent of the workforce at this level were Black, down from 20.3 percent in 2009.

Whites controlled top strategic leadership positions at 62.7 per cent, whereas Indians constituted 8.3 per cent, Coloureds 5.1 per cent and foreign nationals accounted for 4.1 per cent. This was against the backdrop of Blacks representing 75 per cent of the economically active population of the country, whereas, according to the 14<sup>th</sup> Commission for Employment

Equity report, Whites represented 10.8 per cent. White managers learn better and faster than African, Coloured, Indian or other managers.

South Africa has to develop its ability to learn, its technology, its economy and its social systems and structures to build a nation that can be competitive in the global village of the new millennium.

Mintzberg *et al.* (2005) discuss the business environment as the pattern of all external conditions and influences that affect its life and development. Over the years when deciding on the strategy and learning focus, the environment was the factor that directed the organization. The environmental school highlights the need for the organization’s strategy to match the demands of the business environment (Mintzberg *et al.*, 2005).

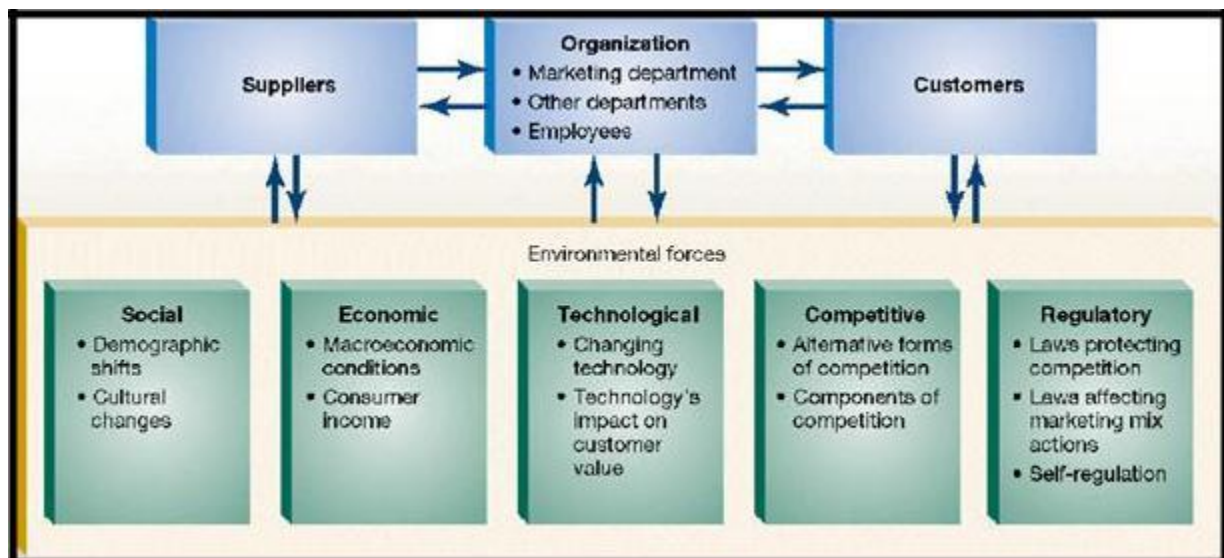


Figure 4: Organizational environment Source: Researcher

The diagram above helps to illustrate the many facets of the organizational environment. It creates many strategic learning opportunities for an organization. Strategic learning can come from all of the above, such as suppliers, the organization’s departments and employees, or social, economic, technological, competitive and regulatory influences.

Over the decades, empirical researchers have noted that changes and transformations should dictate the strategy formulation process for winning organizational learning successes (Gregory *et al.*, 2011). This resulted in Peters *et al.* (1980) debating strategy as actions that organizations design in response to changes or transformations in the external environment. Learning the

process of environmental scanning therefore becomes very important in the whole strategic formulation. A radically different approach to strategic management is proposed.

David (2012) in his study of companies found that companies with good and improved environmental scanning methods perform better than those with poorer methods. Urgent changes to the systems and the underlying thinking are now needed.

Hitt *et al.* (2014) also found that scanning organizations significantly outperform non-scanning organizations. Environmental scanning and assessment have a positive influence on corporate performance. Pearce and Robinson (2012) conclude from their findings that high performing firms in both differentiation and low-cost strategies engage in significantly greater amounts of scanning than low-performing firms in those two strategic groups. They argue that scanning is an important component of the organization's strategic planning process. In the new South Africa, scanning increases the contribution of increased communication among the bottom and top management of the organization, thus creating greater employee involvement in the decision-making and learning process. Scanning has a positive effect on learning, communication, shared vision, strategic planning and management, and any future orientation. It provides a structured process that encourages people to participate in face-to-face discussions on planning and learning issues regularly. As a result, an organization is able to develop a number of strategic options that could proactively be used to cope with external change and transformation (Hill *et al.*, 2014).

Choo and Bonitis (2002) emphasizes the importance of effective scanning to increase and enhance communication rather than just a discussion of future-oriented issues by employees in the organization.

Gregory *et al.* (2013) argue the need for an organization to employ more and more accurate and powerful tools to deal with uncertainty. He asserts that uncertainty is the lack of information about the present or future environment. In South Africa, the business environment causes uncertainty in organizations. The market place has become more complex and the uncertainty related to the current and future environment is putting pressure on organizations to come up with models to predict them. Organizations should learn to develop strategies that match all the demands or forces brought about by the business environment.

Today companies in South Africa find themselves adapting two main strategic postures, namely shaping and reserving the right to play.

A risk-adverse company chooses to adapt or reserve the right to play. In other words, different strategic moves are appropriate in different learnt situations. Wheelen *et al.* (2014) argue that an organization has to be able to react quickly to changes and transformation in the environment to cope with uncertainty and this requires the right structure, management and culture that welcomes change and transformation.

Current research is proposing that South African organizations have to be more flexible and should understand the importance of learning and changing or transforming their strategy to ensure superior performance when the environment changes. Over the last decade, this has formed a critical challenge to managing complexity in companies. In constantly changing or transforming business environments, organizations are called upon to adapt to dynamic environmental changes regularly (Gamble *et al.*, 2014). Today's businesses have to be able to make flexible and interactive strategic choices to avoid organizational decline.

Stacey (2011:22) presents the concept of "unpredictability and strategy without design," which is characterized by an unpredictable future. Conventional strategic planning becomes irrelevant in such situations. An organization to deal with problems of prediction and unpredictability in turbulent situations using various strategies. Wiltbank *et al.* (2006) debate the above matter and has been joined by De Rond and Thietart (2007), who reconnoitre the magnitude to which strategic decisions replicate strategic choice theory rather than situations response theory.

Daft and Weick (1984) developed a model for environmental scanning that is based on the two dimensions of environmental analysability and organizational intrusiveness. Analysability is about how easy it is to gather information on what is happening in the environment. Organization intrusiveness, on the other hand, is about the extent to which an organization goes into the environment to collect more information.

South African organizations differ with regard to their modes of scanning, depending on management's learnt beliefs about the analysability of the external environment and the extent to which the organization intrudes into the environment to understand it. South African organizations that believe the environment is easily analysable discover the correct interpretation, even though systematic information gathering and analysis are needed. Those who dispute this and who perceive their environment to be unanalysable, might create or enact what they believe to be a reasonable interpretation, which can explain past learnt behaviour and suggested future actions. The four modes of environmental scanning are presented below.

<b>Assumptions about Environment</b>		<b>UNDIRECTED VIEWING</b>		<b>ENACTING</b>	
		Information Needs	General areas of interest	Information Needs	Specific areas of exploration
		Information Seeking	"Informal"	Information Seeking	"Testing"
		Information Use	"Noticing"	Information Use	"Experimenting"
		<b>CONDITIONED VIEWING</b>		<b>SEARCHING</b>	
		Information Needs	Sensitized areas of concerns	Information Needs	Detailed search goals
Information Seeking	"Routinized"	Information Seeking	"Formal"		
Information Use	"Watching"	Information Use	"Discovering"		
		<b>Passive</b>	<b>Organizational Intrusiveness</b>		<b>Active</b>

Figure 5: Strategic organizational intrusiveness

The figure above shows that strategic learning can come through organizational intrusiveness. This allows many forms of strategic thinking, such as undirected viewing, enacting, conditioned viewing and searching. Learning assumptions about the environment can be analysable or unanalysable. Organizational intrusiveness allows many information gathering activities and information seeking learning opportunities that can contribute better future strategies. Information gathering activities include:

#### Viewing

Undirected viewing

Enacting

#### Searching

Conditioned viewing in the new South Africa is appropriate where the environment is perceived to be analysable and the organizational intrusiveness passive. Information seeking makes use of standard procedures such as employing internal, non-people sources with a significant amount of data coming from external reports, databases and sources that are highly respected and widely used in the industry.

Undirected viewing is when the environment is analysable and there is passive organizational learning intrusiveness. Information is obtained through non-routine and informal channels.

Enacting entails that organizations settle and enact on limited information based on casual and opportunistic. Organizations operating in this mode claim to influence the events and outcomes of their environment. Information seeking involves external sources in which the organization is invested.

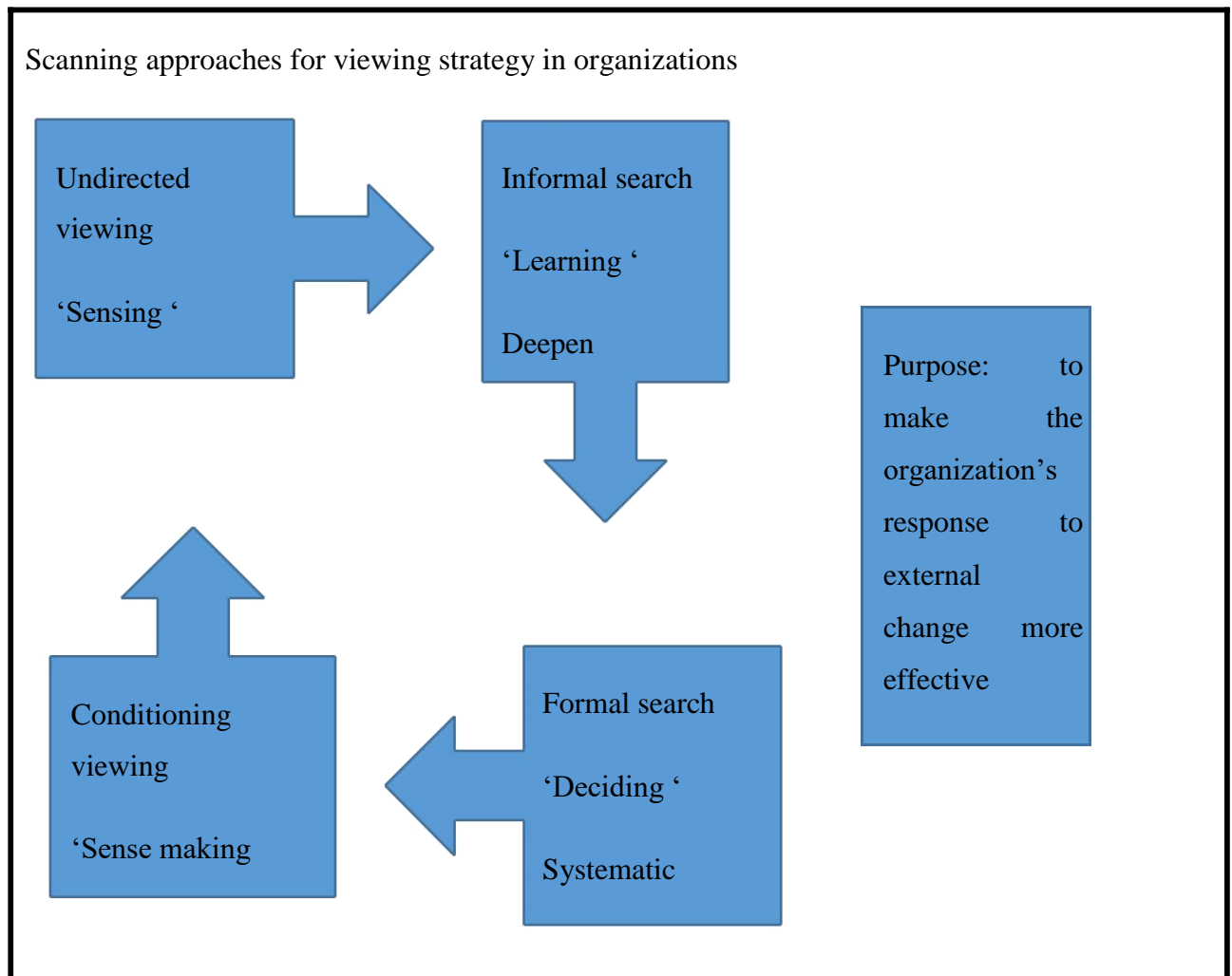


Figure 6: Scanning approaches for viewing strategy in organizations.  
Source: Designed by the Researcher.

The above figure shows the use of making organizations responsive to external strategic change and transformation. It allows various learning opportunities. These include undirected viewing: sensing; informal search: learning; conditioning viewing: sense making and finally; formal search: deciding. These allow for specific information that can aid in strategic learning.

The searching mode is activated if the environment is perceived to be analysable and there is active organizational learning intrusiveness. Information seeking is done through systematic scanning that is done by the strategic intelligence sources of organizations.

However, the way in which organizations try to adapt to their environments and achieve their goals still remains a critical problem.

Many academics have labelled environmental concepts as "complex adaptive structures and systems dynamics." Stacey (2011) effectively argues that the systems thinking metaphor is misleading and detracts from the underlying mechanisms at work in complex environments.

It is therefore critical that organizations have to learn to understand how to approach complex responsive processes in their ever-changing environments.

#### **2.4 The origin of contemporary concepts of strategic management thinking**

Throughout the 1980s, in both private and public sectors, strategy emerged as a specific form of management and a distinct field of study. This was known as the 'managerialist' form of corporate governance. This was followed by the professional status of strategic managers who founded the strategic management society at an initial meeting in London in 1980, later launching the Strategic Management Journal (SMJ) in 1981.

The words strategy comes from the Greek word *strategos*, which means *general*. In the Greek city-state, the general was responsible for formulating a plan to implement the legislature's policy decisions to bear fruit. Currently there are almost as many different definitions of the concept of strategy as there are books written about strategy (for instance the works by Mc Kinsey 1932; Barnard 1948; Hardwick and Landuyt 1961; Reilly 1955; Selznick 1957; Moore 1952; Chandler 1962; and Gilmore and Brandenburg 1962). This research adheres to a definition of strategy that includes the most important aspects of the term. Strategy is a company's theory about how to compete successfully and learn continuously. The strategy can be understood if it is viewed as an element of three parts, namely policy, strategy and resources. Strategy in business can be a design or plan for achieving a company's policy goals and objectives. In an organization, strategy is the responsibility of the board of directors. Where policy defines the company's goals and objectives and its operational domain, strategy decides how the company's goals and objectives could be achieved, what operational units would be used to achieve the company's goals and objectives, and how those operational units should be structured. The strategy also determines what resources would be needed to achieve the

company's goals and objectives and how these resources could be acquired and used. Without resources, strategy alone can achieve nothing and learning cannot take place.



Figure 7: Strategy integration

The above diagram helps to depict how strategic learning can be anticipated, integrated and designed. This allows for various strategic thinking opportunities, anticipating the future impacts of strategy, starting new conversations, exploring the strategic chaos, defining the future, strategic specializing and strategic networking, to unbundle what strategy is, to link foresight with strategy, and finally to lead quantum strategic change and transformation.

Whittington (2001) classifies the different views on strategy as follows:

The classical approach, which depends on the rational planning models;

The evolutionary approach, which compares to biological evolution where change is contingent upon chance and competition;

The processual lists, which emphasizes the processes of forming strategies which in practice emerge from pragmatic processes of learning and comprise; and

The systemic approach, which regards strategy as connected to cultures and power of the system in which it takes place.

Today, there are three important ways of thinking about strategy:



If you think about 'who, what, and how,' you are strategizing. Who are you marketing to? What are you marketing? And how are you vending?

The strategy is just as much about what you decide not to do as it is what you do. If you do everything, then you do not really have much of a strategy. Sometimes you have to say no.

Not all strategies are created equally. Strategies can be based on real internal competence that focus on customers' value and that competitors cannot easily replicate.

Strategic management has three major components, including strategy analysis, strategy formulation and strategy implementation. That is, strategic management is concerned with the analysis of the hierarchy of strategic goals (vision, mission, and strategic objectives), along with the analysis and learning of the internal and external environment of an organization. The strategic leader should take strategic decisions, which addresses two basic questions: In what industries should the firm compete? How should they compete in those areas? Management should then take action to bring the intended strategies to reality.

The essence of strategic management in this study is to learn why some organizations outperform others. This means strategic leaders have to determine how a firm should compete. In this way they learn over time to obtain sustainable competitive advantages for long periods of time. Competitive advantages ought to be uniquely learnt and difficult to copy or substitute. Based on the above, one can now identify four key attributes of strategic management.

Firstly, strategic management today struggles to direct overall organizational goals and environmental attributes. Efforts must centre on what is best for the whole organization and not just a single functional unit. What might look rational or appropriate for one functional area may not be in the best interest of the firm. For example, research and development might over-design a product to develop a far superior offering, but the product might be so expensive that it will affect the firm's bottom line.

Secondly, strategic management thinking debates the inclusion of several stakeholders in decision making and learning. Stakeholders are those individuals, groups or organizations who have an interest in the success of the organization. These include customers, suppliers, employees, and the community at large. Stakeholder satisfaction is important in the overall performance of an organization. Satisfied employees will make a greater effort to enhance customer satisfaction, leading to higher profits.

Thirdly, strategic management thinking requires the need to incorporate both short-term and long-term organizational learning perspectives. Currently, strategic leaders in the different levels of the organization discuss a vision for the future of their organization and deliberate a focus on its present operating needs.

Fourthly, present strategic management thinking recognizes trade-offs between efficiency and effectiveness. This means that the organization should strive to act effectively and efficiently. Effectiveness can be referred to as 'doing the thing right', while efficiency sees organizations working smoothly.

## **2.5 Why is strategic thinking imperative?**

The number of articles, journal publications and peer reviews in the field of strategic management has greatly increased over the past decade and this has fuelled strategic thinking discussions. Ways of thinking are evolving, creating a learning history and long-term understanding. According to Kant, organizations are "thought of as systems external to individuals" (Stacey, 2011:47), and these individuals are the designers of the organizational systems who are able to influence the direction of its movement and survival. Strategic thinking entails identifying the organization's systems and assessing the extent of contribution by the formal strategy management through its levels of performance and its capacity to learn. Strategic thinking examines and serves to determine whether the current systems and success of an organization has any direct relationship with the strategies and organizational learning embarked upon (Rumelt, 2011).

Strategic thinking claims to explore current management attitudes and commitment to strategic planning and learning. Strategic thinking can assist in analysing the extent of the fit between the prevailing organization's environment and strategy by viewing the organization as a whole, driving new behaviours and identifying new sets of learning frames and values (Kunc, 2012).

Lastly, some authors argue that some groups of employees and inspired leaders have a natural ability, without strategically thinking, to respond quickly and effectively to new challenges and opportunities, eliminating many learning difficulties that can result in time-consuming mistakes and expensive learning corrections.

## **2.6 Systems thinking about organizations and their management: science and systems thinking**

Johanasson-Skoldberg *et al.* (2013) portray traditional thinking practice as "the movement from revelation as a way of knowing, to the Scientific Revolution with its rational way of knowing" and later explicates their theoretical direction by stating that "some aspects of the strategic management thinking and theory are closely linked to this point about freedom is that of acting into the unknown past, present and emerging future, that individuals make choices in the form of hypes about unknowable reality and present that they use to discover the efficacy of their choices in acting."

There are many debates on schools of thinking in strategic management today and this has paved the way for numerous reflections on learning and new directions in the field of strategic management. This has led to various theory disagreements on the approaches, methodology, conceptual frameworks, theoretical application and practices of strategic management (Prasad, 2009). This has now resulted in a lack of consensus on the current issues and future directions in the strategic management field.

## **2.7 Key concepts in Kantian thinking**

Organizations can be understood as systems.

Systems exist as wholes consisting of parts that interact in self-generating and self-organization manners and this interaction is both on parts and the whole as they emerge devoid of previous designs.

Systems are purposive, which means they can move in the developmental pattern of an embryonic form.

Causality can be described as a formative process of interaction where the parts are being formed in the developmental path therefore unfolding the embedded future.

Humans are autonomous rational individuals who can choose their personal goals and the enactments vital in realizing them.

Causality may well be described as rationalist.

Kantian thinking is basically dualistic as single causality applies to the organism and human individuals.

## **2.8 Strategic systems thinking in the twentieth century**

The new systems theories developed along three paths:

General systems theory (Boulding, 1956; Von Bertalanffy, 1968) was developed by biologists and economists. Its fundamental concept is homeostasis, which is applied to means that systems are formed with a strong, self-regulating tendency that allows it to travel the direction of a state of order and stability or adaptive equilibrium. This can only happen when the system has permeable boundaries which are open to interactions with other systems.

Cybernetic systems theory (Ashby, 1945, 1952, 1956; Beer 1979, 1981; Wiener, 1948) was developed by engineers. Cybernetic systems are self-regulating, goal-directed systems that adapt to their environments. An example is a heating system that triggers itself to switch on and off so as to maintain the chosen room temperature through a process of negative feedback operations.

Systems dynamics theory (Forrester, 1958, 1961, 1969; Goodwin, 1957; Philips, 1950; Tustin, 1953) was developed mostly by engineers who focused their attention on economics and industrial management problems. "In systems dynamics, mathematical models are constructed of how the system changes states over time" (Stacey, 2011:55). This system does not move into the equilibrium, but it becomes self-influencing and self-sustaining or self-destructive.

These above three strands of systems thinking began to attract attention in many disciplines, especially in cognitivist psychology and computer fields.

Lastly, systems thinking is critical for all organizational intentions and purposes, and strives to understand phenomena as per the whole formed through the interactions of other parts. Whole systems exist and are separated by other boundaries and they can then interact with each other to form a supra-whole.

## **2.9 Mintzberg's ten schools of thought on strategic thinking**

Mintzberg's "Ten Schools of Thought" are first split into three: the prescriptive approach, the descriptive approach, and the synthesized approach (Mintzberg *et al.*, 2005). The "design" school and "planning" school and the "positioning" school are all prescriptive and normative in character. A radically new different approach to strategic management is being proposed. The rest of the six schools of thought are descriptive in character, with the final school being the synthesized school.

### **2.9.1 Prescriptive schools of strategic thinking**

The design school argues strategy as a deliberate process of action of conscious thought where responsibility rests with top management. The design school of thinking is not based on any specific area or discipline. It made its presence by developing the Strength Weakness Opportunities Threats (SWOT) model. Research done by Mintzberg *et al.*, 2005 revealed that strategies are not always readily formulated but can arise through spontaneous effort with no intention. This strategy tries to find a match for the internal capabilities of an organization with the opportunities proved by its external environments (Andrews, 1987; Chandler, 1962; Selznick, 1957).

The planning school encourages strategic leaders to adopt a formal, step-by-step technique to do much the same as the design school (Ansoff, 1965). Strategic thinking is about developing a strategic plan through formulations and implementing and enacting. Strategy is crafted by strategic leaders in different functional capacities. The planning school of thought is theoretically based on systems theory and cybernetics (Bryson, 2010).

The positioning school is built on the design and planning schools, but focuses on strategy content. The main contributors of this thinking are Porter (1980, 1985) and Magretta (2011). Its main focus is the industry and economic aspects of organizational learning. Here companies learn to analyse their competitors and competitive positions on the foundations of various economic aspects such as cost, leadership, differentiation, and focus.

### **2.9.2 Descriptive schools of strategic thinking**

The entrepreneurial school discusses strategy thinking as a visionary process carried out by leaders. Major contributors are Baden-Fuller and Stopford (1994) and Peters and Waterman (1982). The environment is not a stable factor in this thinking and can be manipulated and influenced. The entrepreneurs in organizational learning can learn to bring new innovative services and products to the market. It is renowned for its unconventional thinking (Groves *et al.*, 2011).

The cognitive school of thought is rooted in the discipline of psychology. The environment is considered to be very demanding and difficult for organizational learning and understanding (Bogner & Thomas 1993; Regner & Huff, 1993; March & Simon 1958; Simon 1976). It seeks

to focus on the mental and interpretative processes of chosen strategies. The individual is the focus point of analysis in this thinking, which uses mental models, imaginations and individual learning.

The learning school holds that strategies emerge as people learn over time (Lindbolm, 1959 Nelson & Winter, 1982; Quin, Weick). In this thinking, organizational learning is focused on unfolding future situations with a mix of strategies.

The power school examines strategy as a political process (Pettigrew, 1997).

The cultural school mainly disputes the influence of culture on strategic stability (Peters & Waterman, 1982; Newman 1984). Its claims are that it develops common organizational learning, shared values, insights, and collective perspectives.

The environment school discusses the environment as the active cause of strategy, while the organization is passive (Hannan & Freeman, 1989).

### 2.9.3 The synthesized school of strategic thinking

The configuration school integrates the arguments of all the other schools in terms of configurations or in terms of transformations (Miller & Friesen, 1980; Mintzberg, 1983).

**Table 1:** The schools of strategic thinking

School	Strategic Choice	Organizational Learning
Mintzberg et al.	Prescriptive schools: Design Planning Positioning	Descriptive schools: Entrepreneurial Cognitive Learning Power Cultural
Whittington	Classical	Processualist's system

## 2.10 Strategic thinking in terms of choice (The strategic choice theory)

Strategic thinking can be viewed in terms of choice. It can be further broken down into more various platforms for organizational learning aspects.

## 2.11 Systemic ways of thinking about strategy and organizational dynamics

This section explores some of the debates that have arisen during the development of the theory (Dragoni, *et al.*, 2011). These debates question the underlying view of strategic thinking with its explained assumptions about organizations, human interaction, and learning. Basic current arguments have questioned the following:

Whether strategy determines the organizational structure or whether it is the structure that determines strategy, which in turn affects how organizations learn.

Whether market position or the resource base of an organization determines its competitive advantage.

What the limitation of strategic choice are, particularly when it comes to uncertainty and the impact of cognitive frames in interpreting situations, leading to questioning the very possibility of strategic choice.

Process versus content leading to an emphasis on learning rather than simple choice.

A discussion of some of these current strategic debates is provided in this section.

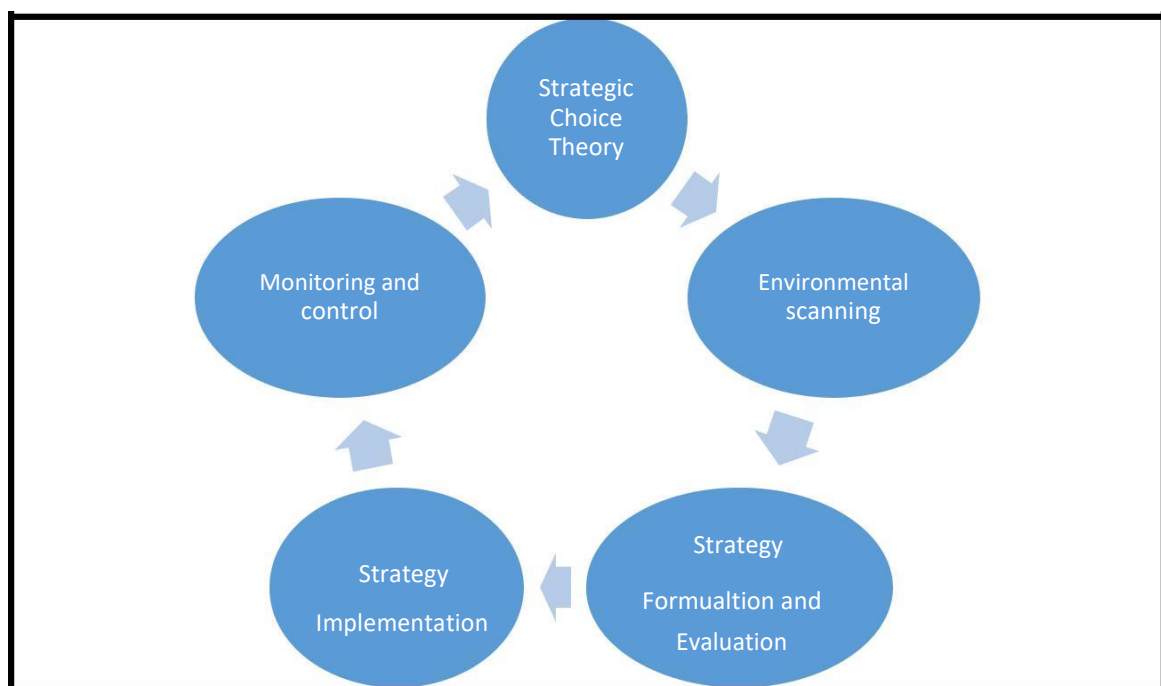
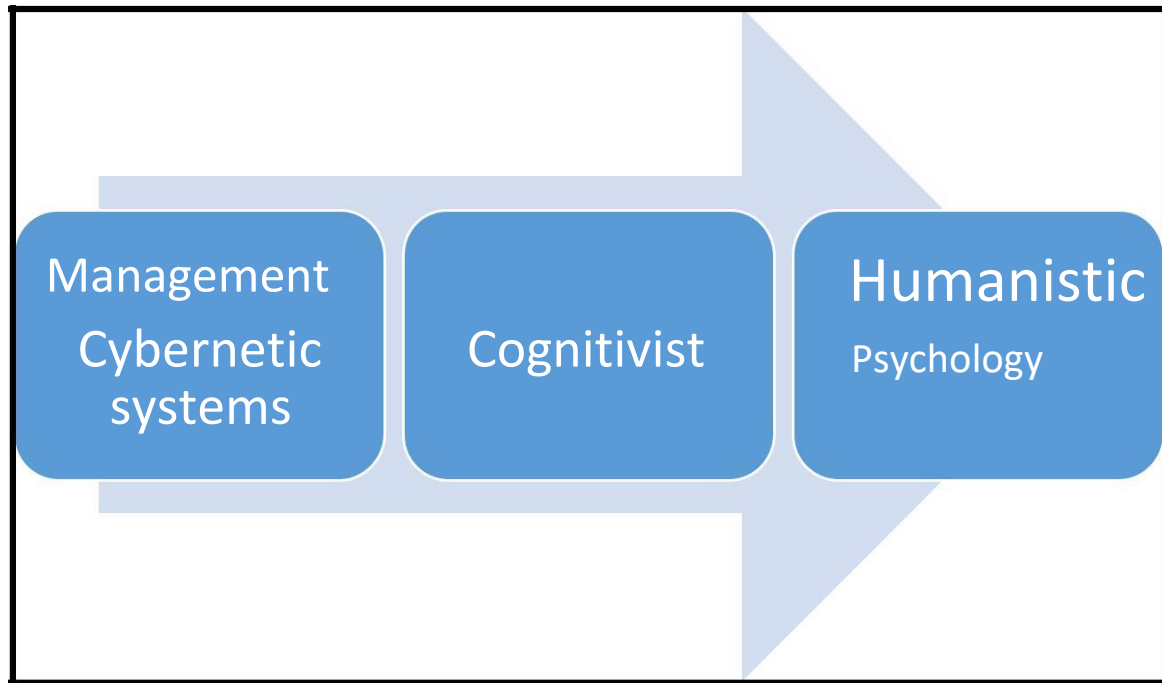


Figure 8: The systems of strategic choice theory

Source: Researcher.

The above diagram illustrates the cycle of strategic choice theory by showing that environmental scanning is linked to strategy formulation and evaluation. This in turn is linked to strategy implementation, which is then linked to monitoring and control. Finally, it links back to environment scanning, forming a complete learning cycle.



Source: Designed by the Researcher.

Above diagram shows strategic thinking in terms of strategic choice theory. This thinking is then linked to cognitivist and humanistic psychology to enhance greater thinking.

## **2.12 Thinking in terms of strategic choice theory**

Today a large quantity of strategic management literature remains dedicated to the prescriptions and analytical *modus operandi* of formulating, implementing and evaluating strategic plans of any kind. The theory of strategic choice as discussed in Chapter 5 forms the basis of the conceptual framework of this study.





Figure 9: Systems strategic thinking

The above diagram shows strategic choice theory. It is focused on environmental scanning, which seeks information; strategic thinking, which generates many options; and strategic decision making, which takes action based on organizational learning.

Currently, very few articles, journals and textbooks devote attention to the manner of thinking that strategic choice now reflects in organizations. The main purpose of using the strategic choice theory in this research project is to offer a comprehensive review and to explore the ways of thinking reflected in this theory. The strategic choice theory lends itself to organizational learning since a transference in strategic thinking has remained over the past decades and it has aided the development of concepts involved in the learning organization. However, the strategic choice theory has undoubtedly become the foremost theory of organizational change and strategy.

### **2.13 Thinking in terms of theory in strategic choice**

For the reason that they offer crucial assumptions that lean towards strategic organizational learning, it has become essential to comprehend the theories of cybernetic systems, cognitivism and humanistic psychology.

Agreeing with the essence of strategic choice theory, the strategy of an organization can involve a wide spectrum of directions that change over time. This wide spectrum incorporates the undertakings on which the organization will embark, the broad markets it will serve, by what means its resources base and competencies will change, and transform, and in what manner it will secure a competitive advantage. The goal of this strategy is to safeguard the sustainable competitive advantage to best enhance the organization's performance. The strategy is selected by the strategic leaders in the organization or the strategic managers in the management hierarchy (Dameron & Torset, 2014). In order to prepare the strategic plan, the suggested manner is to formulate a strategy by means of ensuring an analytical procedure through organizational learning. This includes the following:

Setting goals

Listing the necessary envisioned actions required to attain the goals

Forecasting the consequences of those activities over a long period of time

Thereafter, to implement it, strategic leaders are required to design an organizational structure. This structure should be designed to exist as a self-regulating system in which employees are allocated specific roles and objectives that serve the selected strategy.

Implementation is the process of designing systems to make sure that the plans are carried out in the intended manner. These plans should periodically be adjusted to ensure that strategic plans are carried out in an intentional manner, and that they are in sync with the achievements of the organization's goals.

Strategic choice theory generates specific assumptions about how employees work and interact with each other. The thinking is that they relate within a specific type of system, which ought to be designed by the governing coalition of strategic leaders within the organization. The capability to predict the emerging future is critical for the capacity to control the organization's learning through the understanding of the cybernetic system.

Strategic choice theory accepts that it is conceivable for influential individual strategic leaders to stand outside their organizations and then model to them. This theory assumes that organizations change positively as soon as strategic leaders use the correct intention for the overall emerging future form of the whole organization. Certainly, it must be specified in great detail how this strategy would be realized. This situation prescribes the intention of change and the putting in place of that change. The theory of strategic choice consequently places the strategic leader and the rational choices embarked upon at the very centre of its explanations of how organizations turn out to be whatever they come to be. The reason for the organization's shape and performance is the rationality of the strategy chosen by its strategic leaders. This infers a precise theory of human psychology, suggesting a theory of how employees strategically act and know. It also involves the theory of cognitivism. As a result, the fundamentals of the strategic choice theory reflect a specific method of thinking about what organizations are and how they turned into what they have become. This technique of thinking is in actual fact derived from Kant, and combines the cybernetic systems theory with the cognitivist and humanistic psychological theories.

#### **2.14 The strategic management of cybernetic systems through self-regulation and control in understanding organizational learning activities**

According to Jackson (2000), Beer was the first to apply cybernetics to management and defining cybernetics as the science of effective organization. During the 1960s and early 1970s, Beer stood as a prolific writer and a dominant practitioner in management cybernetics. For the duration of this period, Beer advanced the feasibility of the system model to aid in diagnosing the errors of any prevailing organizational system. At this critical time, Forrester invented systems dynamics, which includes in the proposition of understanding the behaviour of the whole system. Cybernetic then became a theory of human behaviour that accepts that employees are cybernetic individuals and they learn through a really negative feedback method.

To date, cybernetics has used many applications from the engineer's knowledge of control to various employees' activities, grounded on negative feedback and equilibrium. Basically, negative feedback means that the result of an earlier strategic action is compared to some desired outcome. The difference between the two is fed back as information that guides the next strategic action in such a manner that the dissimilarity is condensed until it disappears. The goal is to sustain a system in a state of stable equilibrium. As a consequence, when something disrupts a cybernetic system from its current state of stable equilibrium, it returns

back to equilibrium through a self-regulating means that is overseen by negative feedback loops.

### **2.15 Negative feedback loops on strategy and employees' actions**

Nicklin (2012) states that negative feedback loops remained significant in most employee actions. A loop is where the gap between the desired and the actual performance of a strategic action that was previously posted is fed back as per determining a factor for the next strategic action.

Significant change is basically a self-regulating adaptation to an external environmental change. Dynamic equilibrium then over time becomes the movement in which a system constantly adjusts to adjustments in a persistently changing environment. In an ideal world, to secure stability through negative feedback, strategic leaders essentially have to be capable of predicting not merely the result of their strategic action, but also the time lag between a strategic action and its consequence. The design of most system thinking works with correct speeds and correct levels of sensitivity, which depend on emerging future predictions (Dawidowicz, 2012).

The fundamental argument around most methods of equilibrium systems is that they exist in an orderly and regular manner and are predictable in deprived situations, resulting in a restricted internal capacity to change. Perhaps regular, orderly, predictable movements depend on clear expurgated relations between cause and effect.

Theories of strategic management and organization learning were developed within an equilibrium framework, reflecting a core assumption that organizations ought to be cybernetic systems in the design.

### **2.16 Formulating and implementing long-term strategic plans**

Current theories of strategic thinking are largely concerned with strategic anticipation and strategic errors by strategic leaders. Anticipatory parameters comprise of the formulation of long-term strategic plans and the implementation of these plans. This is based on the operation of error-controlled parameters comprising of a number of administrative and monitoring systems. On strategic choice thinking, the voluminous literature makes available various prescriptions for formulating and implementing strategic plans (Andrew; Ansoff; Barney; Porter). Most of the literature is predominantly apprehensive, using analytical and formal

procedures to prepare strategic plans and monitoring them with a view to enhancing organizational learning.

Today, strategic leaders frequently use the concepts "strategic plan" and "strategic planning" together. A strategic plan is an officially enunciated choice of a specific future composition of strategic activities and a specific market position for the entire organization so that it can realize the best optimum level of performance in the emerging future environment. Before implementation, strategic planning encompasses choosing goals and objectives for the entire organization. Strategic planning, furthermore, comprises strategic leaders partaking in a collective intention towards the pursuit of a sequence of strategic actions to accomplish those chosen for emerging future positions. Before strategic leaders can intentionally choose an envisioned position and an anticipated sequence of emerging future strategic actions, there is a need for organizational learning to identify the future environment in which they exist. Their intent essentially has to be anchored in a precise future reality to accomplish their strategic goals and objectives. Strategic leaders cannot conceivably plan unless they can make levelheaded reliable forecasts of the emerging future and the time period for which they are strategically planning. Therefore, the emerging future should not only be understood, but also adequately recognized in advance of the essential performance.

Strategic leaders understand that in this quick-changing business world, it remains relatively improbable that they will have predictability to such an extent that they can formulate long-term plans. Some academic writers on strategic thinking are dismissing this whole approach as impractical as they find it difficult to understand the emerging future. Other writers debate that despite the fact that it may perhaps not be possible to strategically plan for the emerging future, it is greatly conceivable to select a broad direction for their organization from what they have learned in the past.

What is actually put forward is that a diluted form of long-term strategic planning is what is required. The theory of strategic choice, on the other hand, basically sets an overall direction and offers tools and techniques for organizational learning.

Strategic prediction is the practice of scrutinizing the past and the present, then adjusting that scrutiny as the foundation for forecasting the emerging future. Once strategic leaders can identify the nature of their future environment to some degree, they will infer whatever alternate strategic actions and options will influence the delivery of their performance and objectives. The rational principles of suitability, practicability, and appropriateness will then be applied to evaluate.

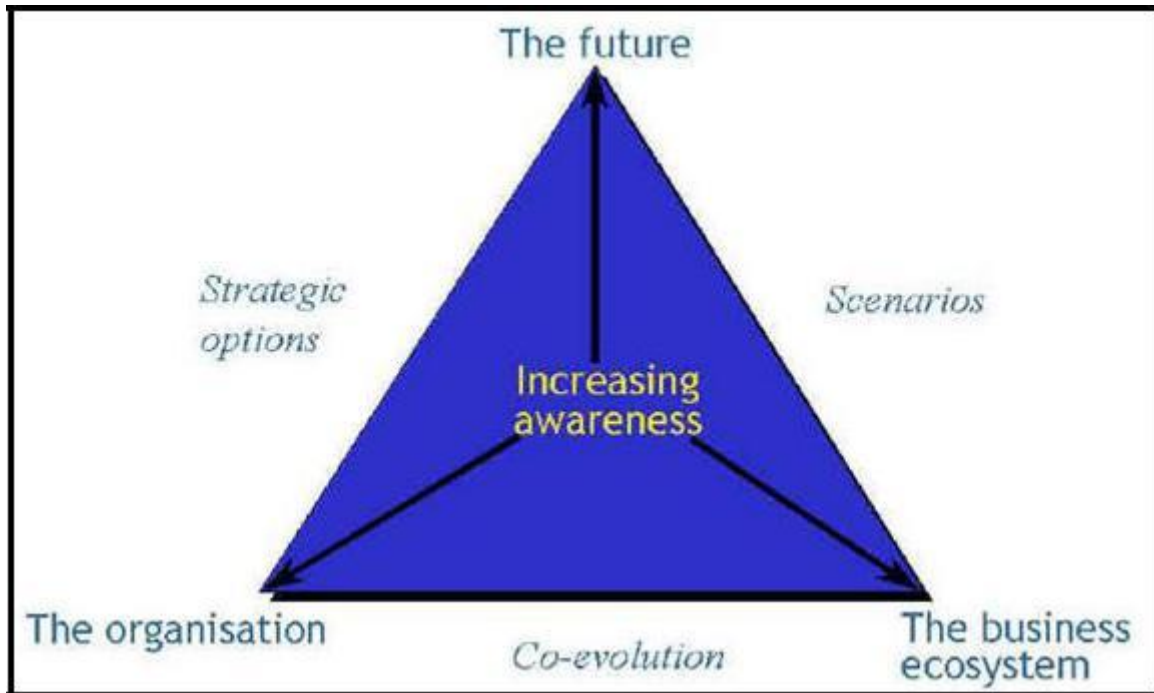


Figure 10: Systems thinking strategy with environmental scanning

The above diagram shows that increasing awareness of the future helps strategy by integrating the organization, the business ecosystem, and future survival by means of better strategic options, scenarios and co-evolution, which all enhance organizational learning. It involves considering separately all strategic options and then select that option that best satisfies the strategic measures. This then develops into the organization's strategy.

Most organizations are made up of a collection of diverse activities that are organized into divisions. This gives rise to dissimilarities between the two strategic thinking plans, which are corporate strategy plans and business strategy division plans. These two activities distinguish the businesses in which the organization ought to be involved and by what method the corporate level would achieve this. Analytically the corporate strategy is focused on the portfolio of businesses and what they must achieve. Business unit strategy plans prescribe by which method a business unit should work towards building a market position that is superior to that of its rivals, allowing it to accomplish the performance intentions set by the corporate level. Business

unit strategy becomes a critical means of securing and sustaining a competitive advantage. Today, business units commonly exist as organized separate functions based on the market, finance, production, management and research departments. For instance, the business unit strategy objectives should be translated into functional or operational strategies. The outcome is a hierarchy of long-term strategic objectives and plans. The corporate strategy generates the framework for the business units and the business units then form the framework for functional units.

Moreover, the collection of long-term plans offers a framework for formulating shorter-term plans and financial plans for the organization, which can aid in controlling its short-term organizational learning. The theory of strategic choice prescribes the largest analytical criteria for evaluating strategic options. This enables strategic leaders with evaluation criteria to assess whether or not a specific sequence of strategic actions will lead to an actual future state that will produce more or less the target measure of performance. These criteria exist to permit strategic leaders to form critical learning judgements beforehand based on their conclusions of their planned actions. The purpose of this strategic thinking is to avoid surprises and make sure that an organization performs in the long-term manner envisioned by its strategic leaders.

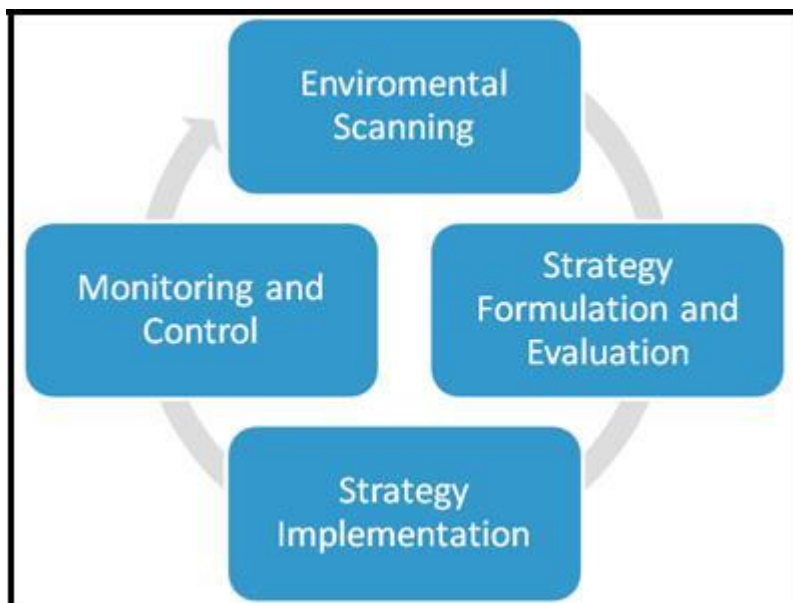


Figure 11: Environmental scanning Source: Designed by the Researcher.

The above diagram illustrates a cycle showing that environmental scanning is linked to strategy formulation and evaluation. This in turns is linked to strategy implementation, which is then linked to monitoring and control. Finally, it links back to environment scanning, forming a complete learning cycle.

## 2.17 Implementing long-term strategic plans

As soon as long-term strategic plans are formulated and evaluated and the optimal ones selected, they must be implemented. Implementation of the design and installation is the most important aspect of cybernetic systems.

Organizations need formal structures that can then identify who should take responsibility for what; who should exercise leadership over whom; and who is to be answerable to whom. This structure becomes a critical hierarchy of strategic leaders, which provides the source of leadership authority, power, and the validity of strategic actions and decisions. The suitable structure typically trails after the strategy upon which an organization has decided. Structure composition typically forms patterns of organizational learning through development or life cycles (Chandler, 1962). Organization in their embryonic stage are simple structures and employees report relatively casually to somebody who they recognize their strategic leader.

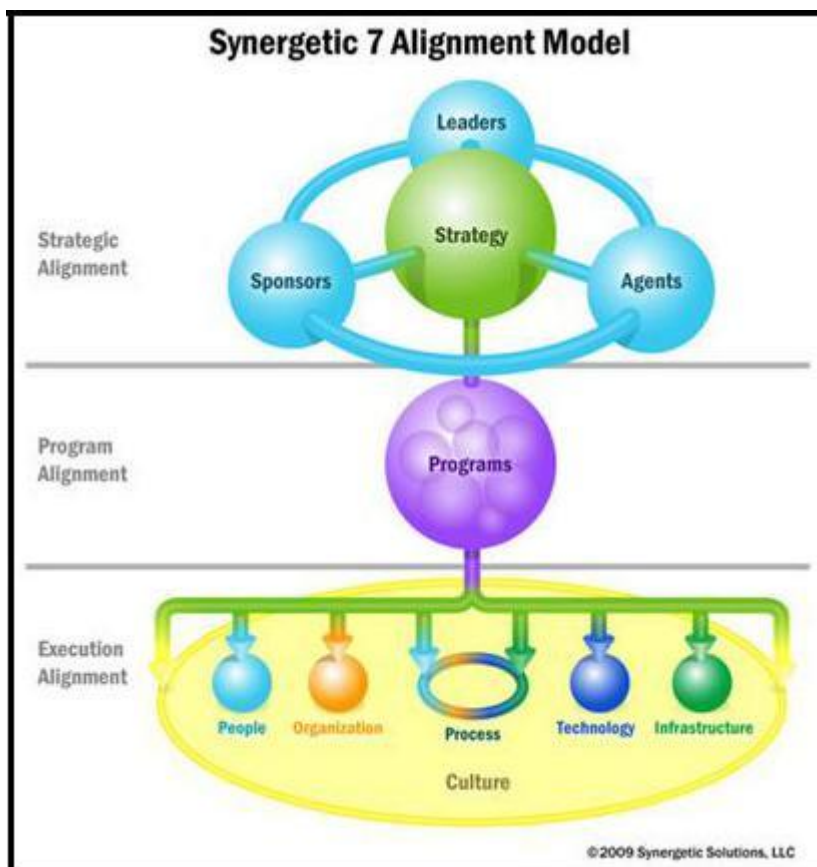


Figure 12: Organizations designing systemic synergetic structures



The above diagram illustrates seven synergetic structures that should align, namely leaders, strategy, agents, sponsors, programmes, people, organizations, process technology and infrastructure. Organizations have to learn how to constantly align these seven synergetic factors to have sustainable strategies.

Therefore, growth strategies create compulsory changes and aids organizational learning. This influences the structure to a structure constructed based on the additional prescribed specialization of business functions and identification of leadership authority, style and responsibility. It leads to the problem of incorporating particular functions, to enable the structure to be further formalized, using clearer delineation of organizational lines of leadership, authority and communications. Currently, strategies of diversification into innovative markets and products in different geographic areas create many essential sets of strategic activities in manufacturing and marketing functions, paving the way for organizational learning. Furthermore, diversification leads to essentially learning through self-regulating subsidiaries in new divisions or new holding company structures.

The information and control systems: Fundamentally, the information and control systems of an organization are the measures, rulebooks and codes of practice. It provides information on the performance of the organization and shows how information must flow to whom and when. This includes who is required to respond to that information in the organization and in what specific manner they are authorized to respond.

The implementation of strategies, information and control systems all require a correct flow of information so that organizational learning may occur. Moreover, strategic implementation entails the provision of appropriate control mechanisms to empower strategic leaders to monitor the results of the strategy implementation. This allows some degree of deliberations of those results that are not in accordance with the strategy. Management control can be defined as the critical procedure of making sure that all resources, be it human, physical or technological, stand apportioned in the anticipation of the chosen strategy (Mitchell *et al.*, 2011). Control safeguards correct behaviour in learning organizations as individuals inside an organization are not always eager to act in the greatest interest of their organization. This control measure encompasses setting criteria or objectives for performance, or to project the results of a sequence of strategic actions, and subsequently comparing the concrete performance or results against criteria, objectives or expectations. Finally, the organization can take corrective learning action to eliminate any deviations from the set of standards, objectives

or expectations. At this time, the primary form that control measures take, is annual plans or budgets. The budget then translates strategy into a set of short-term action plans and sets out the financial consequences of those action plans for the year ahead.

Connecting and operating human resources systems to strategy: In effect, strategy implementation means that the employees have to take part in the actions up to the end of the strategic plan and they have remain motivated throughout. To date, the most solitary and powerful motivators are the reward systems of an organization (Galbraith & Kazanian, 1986). Applicable rewards stimulate employees to take greater effort with direct actions that are appropriate to an organization's strategy. Ideally, rewards take the form of career development, promotion, job rotation, job enrichment training and development. Through organizational learning, these will all aid employees to become more valuable and to reach greater self-fulfilment. More modest reward practices can be of vital significance, for instance appreciation, compliments and recognition. Today, training and development have become essential implementation tools as they motivate employees, and because they make available the new skills required for strategy implementation (Hussey, 1999). The objectives of training and development programmes must be aligned with the organization's strategy and the objectives should contain measurable changes and enhance corporate performance.

Changing culture to fit strategy: the structure of an organization must be suitable to the specific strategy the organization desires to follow and so must the attitudes, cultures and beliefs that the employees inside an organization share (Reid & De Brentani, 2015). As structures essentially fit a specific strategy, cultures have to agree on a strategic choice theory. The implementation might consequently entail an organization changing its culture, and the orthodox understanding prescribes that such change must be planned. The reasons why employees may resist change must be recognized and strategic plans should be formulated to reduce the resistance. Certainly, employee involvement, communication, development and training, when formulated, can all be perceived as methods of overcoming resistance. The method of incapacitating resistance encompasses a phase named unfreezing, which then questions the existing culture, and this is trailed by a phase of reformulation where employees think about which new beliefs they are required to develop and share with each other. Lastly, the re-freezing phase is when the new culture is fixed.

Developing a strategy with appropriate political behaviour: Employee relationships in an organization inevitably lead to conflict and as soon as they do, staff members critically

participate in difficult political behaviour (Pfeffer, 1982). Causes of conflict may include interdependence, dissimilarity of purposes and availability of scarce resources. The present kinds of political strategies individuals employ to resolve conflicts are the selective use of an objective criteria or the use of external experts to support the situation. Staff members may starting associations and alliances. Backing persons having related thinking, territorial work building, deliberately doing nothing, suppressing organizational information, making decisions first and using analysis afterwards to justify those actions. These all affect learning in organizations.

## **2.18 Evaluating long-term strategic plans**

There are currently three criteria for evaluating long-term strategic plans and these are acceptability or desirability, feasibility, and suitability or fit.

### **2.18.1 Acceptability**

Strategy must be acceptable to create success. Firstly, performance in financial terms must be acceptable to stakeholders and creditors. Secondly, the consequences of the chosen strategies inside the organization should not involve the most influential group who are the strategic leaders. It should be acceptable to them in relation to their expectations and the influence of their cultural beliefs and power positions. Thirdly, the consequences of the strategies for the most influential external groups in the organization, should be acceptable to all persons and groupings.

### **2.18.2 Financially acceptable performance**

Examining whether an organization's long-term plans will be financially acceptable involves forecasting the financial consequences for each strategic option. For instance, investment expenditures, cash flows and other costs of sales, the volume of sales, profit levels, price levels, assets and liabilities in funding requirements all have to be analysed. These forecasts can then be arranged to calculate future rates on capital and sales, with a mandate to equate them with those anticipated by proprietors and shareholders. It is not an easy task, there are numerous and diverse rates of return on capital and sales. Therefore, the plan chosen should be contingent with the purpose of routine and based on current conventions of accounting.

Consequences acceptable to inside power groups: strategic plans, when stipulated, will possibly change the approach of employees to their work, what relative power they have, with *whom* they work and how they are adjudged by others. Strategic long-term plans could possibly create situations that employees believe to be ethically repugnant or contrary to their beliefs and customs. In these circumstances, these strategic plans are unlikely to succeed, as employees will try to thwart the plans being implemented.

Consequences acceptable to peripheral power groups: the external power groups of an organization equally determine the acceptability of that organization's strategies. As an illustration, a community pressure group might realize that the disturbance caused by a future workshop extension is unacceptable. The key importance of learning also centres on the reactions of competitors to strategies. Current strategies pursued as a result of one corporation might incite larger than usual competitive responses from its competitors. These competitors will possibly regard the strategies of the former corporation as one-sided competition and that can result in price wars, hostile mergers or politicization of the domestic political institutions, all of which may possibly cause the strategy to be unsuccessful.

### **2.18.3 Feasibility**

Current analysis may possibly reveal that strategies, when based on financial performance, are probably acceptable to strategic leaders and other stakeholders in the organization, but could nonetheless fail if for some reason that they are not feasible. For a strategy to be feasible there should be no challenging hindrance to implementing the strategy. The section below considers some of the possible hindrances.

### **2.18.4 Financial resources**

An important and immediately observable resource should be accessible when the strategy is being passed out. The availability of money is critical to financing the strategy for its entire duration. Therefore, if an organization obtains half the money for the strategic activity and the funds are insufficient to carry on, evidently, at that moment, the strategy usually fails. Current prescriptions encourage a flow of funds analysis to ascertain the strategic choices before engaging in any of them to establish the possibility of encountering any cash flow problems. The flow funds analysis pinpoints the scope and timing of the capital expenditures and

additional costs vital for activity. The organization should also ascertain whether the strategy has the time and if the revenue is sufficient for the tasks it has to generate.

#### **2.18.5 Human resources**

Additionally, the provision of the correct number of skilled employees is a critical and major determining factor of the feasibility of strategic options. Certainly, it creates the necessity for strategic leaders to audit their human resources inside their organization, the individuals available externally and the availability of training resources to expand the skills of employees, thus facilitating learning within the organization.

#### **2.19 Strategic fit and suitability**

After establishing whether their strategies are acceptable and feasible, the subsequent problem is the need for strategic leaders to choose an appropriate strategic plan. This requires strategic logic. Strategic logic means to look at the anticipated sequence of activities, which are constantly interrelated with objectives of the organization on the one hand and the organization's competency (containing its control systems, culture, and structure is relative to its environment) on the other hand. Thus, fragments of the strategic problem must fit together in a collected and predetermined way. These fragments must exist in an incongruent manner. As soon as this materializes, we witness a strategic fit that is appropriate to the strategy prescription of using analytical techniques, which determine the strategic logic of the sequence of strategic actions (Yu *et al.*, 2016). The most common analytical techniques existing today are listed below:

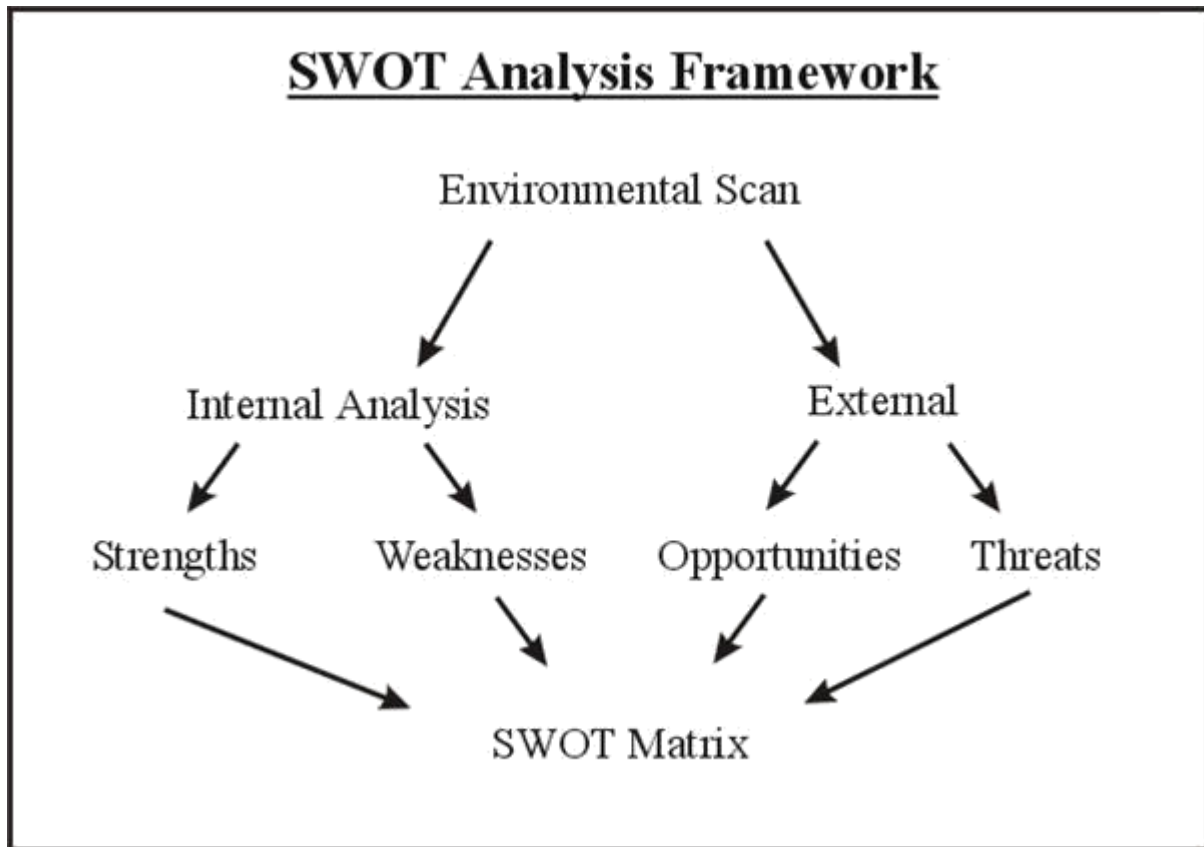


Figure 13: SWOT analysis framework

The above SWOT diagram can assist with environmental analysis, which can be fundamental to strategic learning. This SWOT framework allows organizations to learn and constantly review its own strengths, weaknesses, opportunities and threats by probing the organizational internal analysis and its external impediments and successes to create a SWOT matrix.

SWOT analysis: Provides an indication of the organization's strengths and weaknesses, as pointed out through an inquiry of the capabilities and resources. In addition to the opportunities and threats that an enquiry in the environment identified. Strategic logic observably involves the emerging future array of strategic actions being engaged, which ought to match the

strengths with opportunities, remove all threats and search for the overcoming of weaknesses, this can then assist in organizational learning.

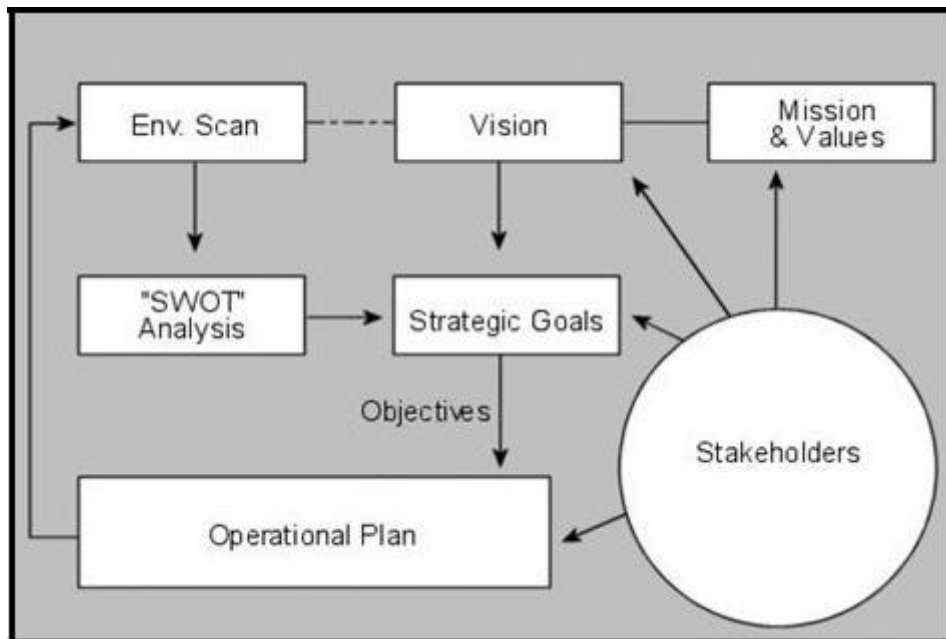


Figure 14: SWOT analysis

The above diagram illustrates the inter-linkages of SWOT to environmental scanning, vision, strategic goals, stakeholders and stakeholders within an organization.

Industry structure and value chain analysis: Michael Porter (1980, 1985) puts the conventional economic theories of marketing, into a framework for examining the environment of competitive advantage in the market in addition to the power of an organization in that market, and the value chain of the organization. These questioning techniques help to identify crucial features that are influential to the comparative power in the market.

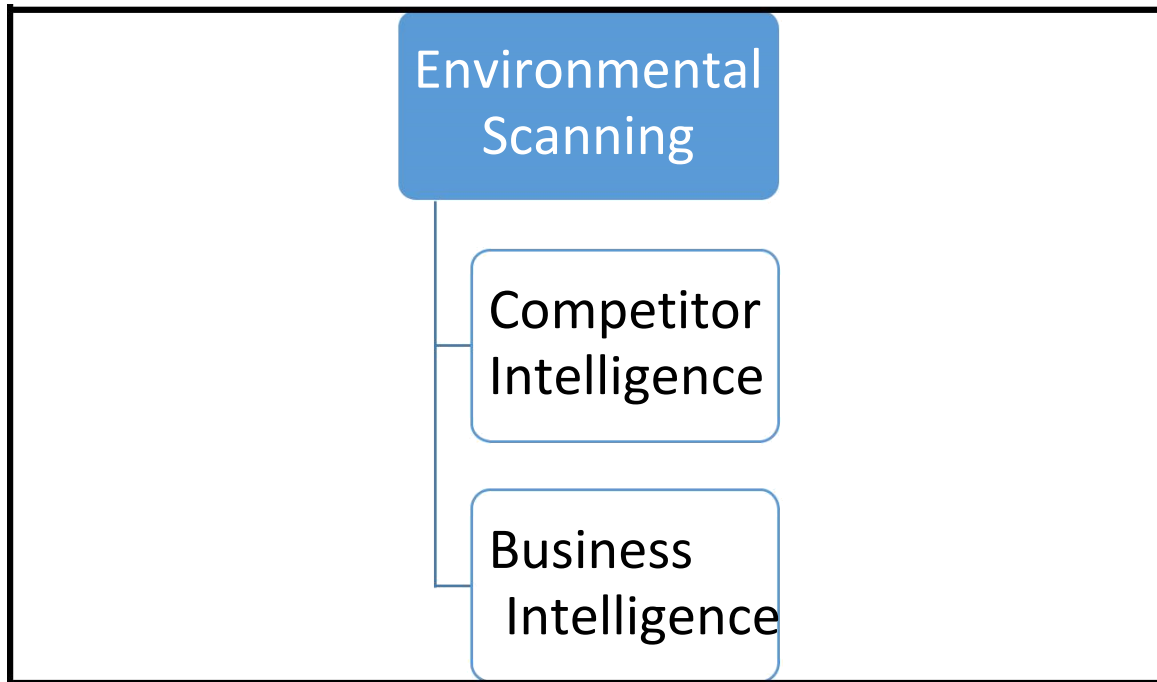


Figure 15: Business learning intelligence Source: Designed by the Researcher.

The above diagram helps to illustrate how business intelligence, competitor intelligence, and environmental scanning can assist strategic learning.

Strategic logic and learning involve captivating actions that are constant through the matching of the environment and the organization's market power. While industry structure is believed to define whatever form of competitive advantage there is and what the level of the profit is. Other market structures reveal that sustainable competitive advantage is able to secure cost leadership strategies. Other structures reveal that competitive advantage only runs from differentiation. Strategic logic exposes the matching of strategic actions to those essential in securing competitive advantage. Value chain analysis classifies the critical points in the value chain from activities of consumers and raw materials, which remain critical to sustaining competitive advantage through organizational learning.

Product life cycle: A strategy must critically recognize the stages of its product life cycle to be suitable for marketing terminology. The developmental stages of a product is as follows:

Embryonic phase: This is where the product is developed.

Growth phase: This is the phase during which there is a quickly growing market that attracts other competitors.

Shake-out: This is where other competitors cannot contest and as a result, they leave.



Maturity: This is where the growth in demand for the product decelerates and a few competitors dictate the market. This causes saturation in the market. When the market stabilizes it leaves competitors struggling to cope; while a deterioration in the demand causes customers to switch to substitute products.

The stages of evolution in a product require different strategies. When and where these generic strategies are appropriate, will depend largely upon the stage of evolution of the competitive strength, and the product's market of the company producing it, resulting, at different stages, different levels of organizational learning.

Experience curves: the experience curve means that that the greater the volume of a specific product that an organization produces, the more the efficiency, as producing it becomes easier. As a result the cost per unit declines as the volume increases, initially quickly, but then it slows down as the organizational learning opportunities for that specific product are drained. When faced with a situation where the organization has to decrease the current price of a product as the cost of production decreases, a corporation will move down the learning curve. The cost curves and prices can then be connected to the knowledge of product life cycle and with the different strategies pursued by strong and weak competitors in the market. At the initial stage of the product evolution, the dominant competitor's resolve is to accomplish higher volumes compared to the weaker competitor. They subsequently move down the learning curve. This then permits the strongest competitor to decrease prices more quickly as it stimulates demand through amassed volumes. The competitor then travels quicker down the learning curve. The weaker competitors or the late comers' initial resolve to catch up, is largely reduced. Experience curves afford various organizational learning stages for organizations.

Product portfolio: The initial and modest method of product portfolio analysis is the growth share matrix of the Boston Consulting Group (Henderson, 1970). For organizations to analyse this approach, strategic leaders have to examine their entire business, separating it into entirely different products, business units or market segments. The process entails calculation the relative market share that they hold for each business unit, product or market segment. Relative market shares afford a measure of the organization's competitive capability regarding its business unit, product and segments, since a large market share indicates that the organization is going down on the experience curve, which can be parallel to its rivals. This results in the need for the strategic leader to calculate the speed of growth of the product demand or market segment. Diverse blends of market share and growth options will require more or less balance

concerning the future possibilities of positions in cash generation. Understanding these market strategies can give assistance to organizational learning.

## **2.20 Cognitive psychology**

In 1943, McCulloch and Pitts published a significant paper that was based on the functioning of the brain and mental systems. The focus was on the functions of neurons in accordance with logic processes and principles. The human brain was understood as a deductive machine that makes the human mind cybernetic. Significant development in cognitive science followed in 1956 at meetings in Cambridge, Massachusetts where Simon, Chomsky, Minsky and McCarthy established the foremost guiding principles for the expansion of cognitive science. Human beings are assumed to think about actions based on examples from their environment, which they process mentally. Learning becomes a practice of developing additional and further correct exemplifications, of external and pre-given realism, which utilizes the negative feedback learning processes. Through real-life experiences of development and learning, human beings create mind maps, mental models or schemas representative of their reality, and at that moment act on the base of these models. The emphasis of cognitivism is on individual minds. The human mind is an information processing stratagem that forms the foundation of rational strategic thinking. The prominence of internal pictures of the external environment and the natural errors it activates in the learning process is important to consider. Strategic choice theory therefore equates human beings to living cybernetic systems that ought to be changed, designed, controlled and understood through their cybernetic thinking and minds.

## **2.21 Humanist Psychology**

Humanist psychology approach was primarily advanced in America as a response to the cynicism and obscurity of psychoanalytic thinking. Humanist psychology proceeds with a fundamentally positive observation of human nature, most influenced by the theories in motivation by Maslow and Herzberg.

This aids strategic prescriptions aimed at creating missions and visions. This thinking about their human nature motivates employees to improve. Conversely, academics writing in support of this belief identify the dynamics of human motivation and leadership, which can affect the manner in which an organization's strategy is implemented. For instance, Peters and Waterman (1982) focus on interrogating the sensible *modus operandi* in decision-making and strategic control by pointing out their limitations in environmental conditions of turbulence. As a

substitute, the emphasis is on human beliefs, motivation, values, plus the significance of leadership. These academics focus on the prominence of working amicably together, involving the identical culture values, plus visions of the emerging future. Their strategic prescriptions are towards choosing the whole vision of the organization's future to transform employees so that they gain confidence in it. They encourage inside synchronization through inspiring shared cultural values that empower employees. More comparable theories of motivation were presented in the strategic management literature on just how organizations secure employee consensus, commitment, and collaboration. For instance, Herzberg (1966) point out the view that employees are motivated to work in collaboration with others via extrinsic motivators such as monetary rewards plus intrinsic motivators such as acknowledgement for accomplishment, attainment itself, accountability, growth and advancement. Intrinsic motivations are dominating and are augmented through job enrichment, which is where employees, by taking their abilities to another level of job performance, learn more skills.

Maslow (1954) focuses on basic psychological needs, such as food and accommodation; intermediary social wants, such as esteem and safety; and complex self-actualization desires, like self-fulfilment. Maslow believed that as soon as the environments are generated in which employees can fulfil their self-actualization desires, they are strongly motivated to make every effort for the success of their organization's learning.

Schein (1988) and Etzioni (1961) particularly concentrated on three classifications of affiliation concerning the individual and the organization. First is association, which might be intimidating, in which case the individual resolve is to do only the basic minimum that their job requires to escape punishment. Second is connection, which means that individuals value what they are doing for their organization's specific sake, since they rely on it and identify with it. The third connection is where the employee's ideology and thoughts correspond with an organization's strategic thinking and ideology.

Pascale and Athos (1981) emphasize the culture of organizations through the results found in their studies of Japanese organizations. These academics documented that employees desire meaning in their existence and wholeness above ordinary possessions.

The organization's mission offers a means for employees to examine their meaning and purpose. This expansion of a sense of mission is significant to strategic leadership. It can be illustrious, since it is the thinking behind the words 'vision' or 'strategic intent'. Currently, the

word vision is frequently reserved to mean a picture of the emerging future state for an organization, creating a mental image of a desirable and possible future that is attractive, credible and realistic. The word mission differs as it denotes not the future, but the present. A mission becomes a manner of working.

## **2.22 Present-day thinking on strategy in organizations**

### **2.22.1 Strategic thinking as long-term plans**

The most common theme is that strategy is an organizational learning plan – some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with the situation, e.g. a schoolchild has a strategy to get over the fence and a corporation to capture market shares.

By this thinking, strategies have two essential organizational learning characteristics:

- They precede the actions to which they apply; and
- They are developed consciously and purposefully.

For example, in the military strategy is concerned with "drafting the whole plan of war etc." In Game theory, strategy is "a complete plan: a plan which specifies what choice (the player) will make in every possible situation" (Newman & Morgenstern, 1944, cited by Yawitz & Newman, 1984).

In management, strategy is a unified, comprehensive, and integrated plan, designed to ensure that the basic objectives of the enterprise are achieved (West, 2013). As plans, strategies may be specific or general.

### **2.22.2 Strategic thinking as a ploy**

The strategy is just a specific "manoeuvre" intended to outwit an opponent or competitor, e.g. a corporation may express intentions to build a new plant. Here the real strategy is a threat, not the expansion itself, and as such is a ploy (Hitt *et al.*, 2011).

### **2.22.3 Strategic thinking as a pattern**

If strategies can be intended (whether as general plans or specific ploys), they can also be realized. Therefore a third definition is proposed: strategy is a pattern – specifically, a pattern in a stream of actions (Mintzberg & Waters, 1985 as cited by Mintzberg *et al*, 2005). When Henry Ford offered his model T only in black, that was a strategy. Consequently, by this definition, the strategy is consistent in behaviour, whether intended or not.

Managers have discovered that a company can follow a simple philosophy, such as treating customers well, giving them the best prices, and being completely honest about their merchandise. This is a consciously chosen way of conducting business and it can be a successful strategy.

### **2.22.4 Strategic thinking as position**

Strategy has the role of locating the organization in the environment. Strategy becomes a match or fit between the internal and external context. The strategy can be viewed as a niche, a place in the environment where resources are concentrated.

### **2.22.5 Strategic thinking as perspective**

Strategy is not just chosen position, but an ingrained way of perceiving the world. For example IBM favours and had built a whole ideology around marketing. Marks and Spencer, the United Kingdom supermarket giant, views their business as a family. Hewlett-Packard developed the "HP way" based on its engineering culture and McDonald's has become famous for its emphasis on quality, service, cleanliness, and value.

Among other relevant issues, the strategy is found in the collective mind, and individuals are limited by common thinking and or behaviour.

The fourth definition takes a look inside the organization, indeed inside the heads of the collective strategists. Here strategy is an ingrained way of perceiving the modern world. Strategy in this respect is to the organization what personality is to the “distinct and integrated commitments to ways of acting and responding” that are built right into the organization. Germans capture it best with their word, “Weltanschauung,” which, when translated, literally means "worldview," meaning collective intuition about how the world works.

Lastly, close to the current concern, is the notion that the perspective is shared, i.e. when we talk of strategy in this manner, we enter a realm of the collective mind individuals united by common thinking and or behaviour (Kaul & Wu, 2016).

### 2.22.6 Strategic thinking as observations

In the simplest terms possible, strategy refers to either the plans made or the actions that were taken to help an organization fulfil its intent purposes (Bettis *et al.*, 2014). This can be achieved by either creating competitive advantages or warding off competition.

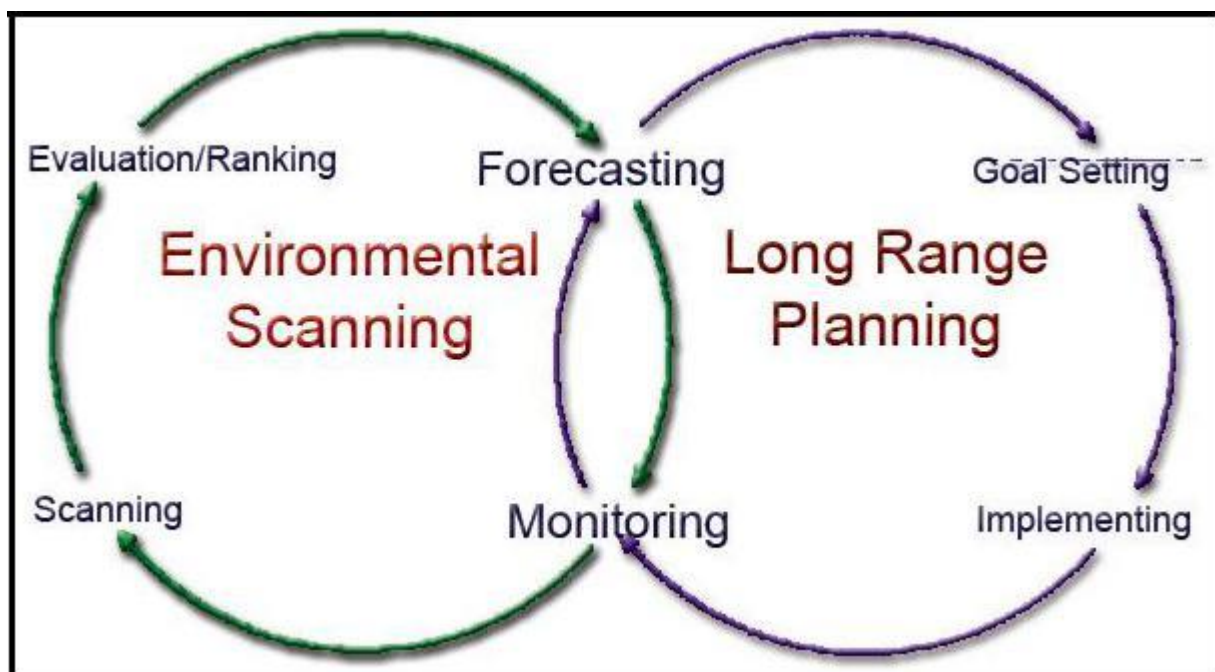


Figure 16: Strategic planning cycle

The above diagram helps to illustrate how environmental scanning can be combined with long-range strategic planning. This involves evaluation or ranking, scanning, forecasting, monitoring, goal setting and implementing. These two dimensions, environmental scanning and long-range strategic planning, can assist in strategic learning.

### 2.22.7 Strategic thinking evolves over time

Strategy examines an organization's values, current status and environment, then relates those factors to the organization's desired future state, usually expressed in a time period of five to 10 years. The organization may be a multi-national company, public or private enterprise, a

government, a non-government organization or any other institution that wishes to control its future. Nolan *et al.* (1992) give a good overview. This gives rise to radical approaches in strategic management.

### 2.20.7. Strategic thinking is partly proactive and partly reactive

Parnell (2013) describes strategic planning as the process of responding to the results of an institution assessment of its external and internal environments. Its purpose is to help the institution capitalize on its strengths, while minimizing its weaknesses and to take advantage of opportunities and defend against threats. Stacey (2011) challenges the conceptual orthodoxy of planned strategy, focusing instead on the influence of more complex and unstable forces in the development of the strategy.

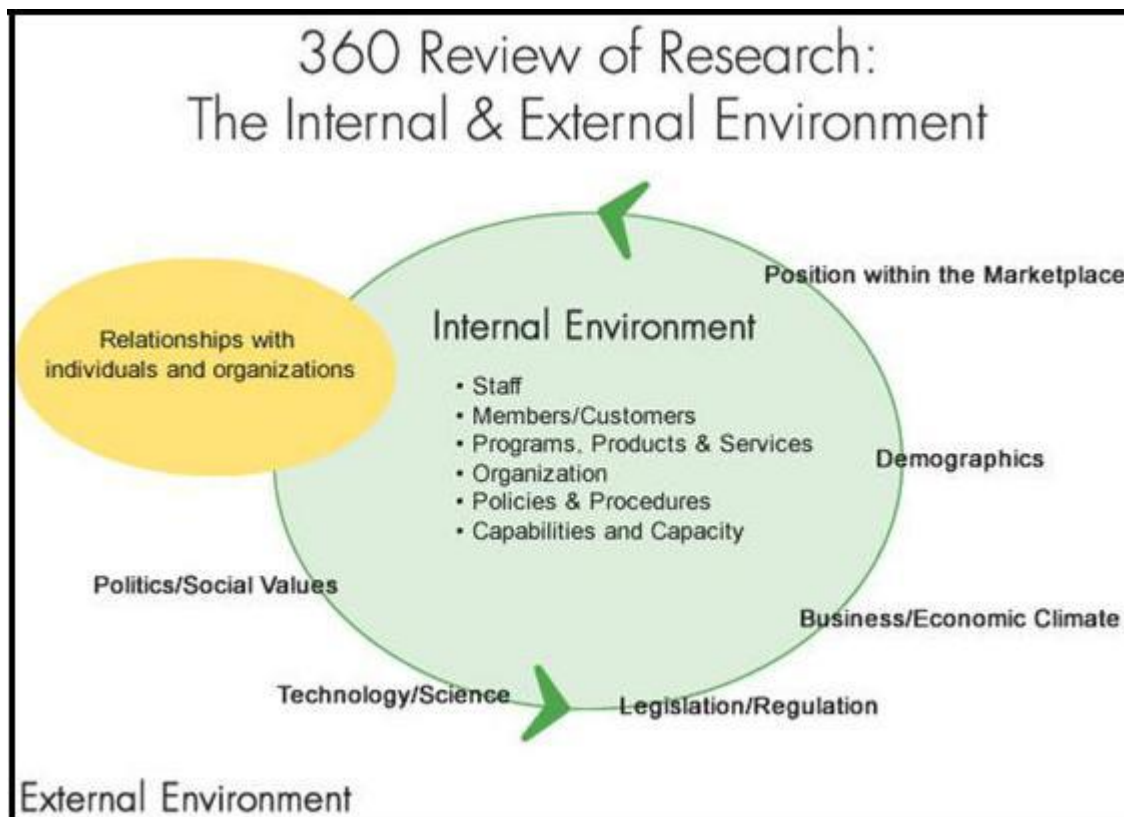


Figure 17: 360 Review of Research: The Internal & External Environment

The above diagram illustrates the factors that influence and challenge strategic learning in the internal environment of an organization. These internal strategic learning challenges mainly come from the organization’s employees, its various members, customers, the programmes it uses, the organizations products and services, the organization’s structure, its policies,

procedures, capacity, and capabilities. The relationship between the individual and organization also affects strategic learning and thinking.

#### **2.22.8 Strategic thinking as a vision**

West's (2014) report begins with a vision of what the organization should be. In his view, strategic planning provides a framework that guides choices. The choices, in turn, will determine the future nature and direction of an organization.

#### **2.22.9 Strategic thinking as a continuous process**

According to Chatterjee (2016), strategic planning is a continuous and systematic process where the guiding member of an organization make decisions about its future, develop the necessary procedures and operations to achieve that future, and determine how success should be measured. Theory U offers the latest approach to strategic leading.

### **2.23 Conclusion**

This chapter provided an overview of the current debates in this field of study. The chapter studies the stages of formulation, evaluation and implementation of long-term strategic plans, which is the centrepiece of the theory of strategic choice. These will form the basis of the conceptual framework later in Chapter 5. The chapter studied the basis of strategic choice theory, examining the fundamental theories such as cybernetics systems and the cognitivist observation of human nature. Assenting to this theory, organizations can develop and grow to whatever they desire. These are the strategic choices of their strategic leaders, which then suggests that organizations strategic development can be understood as a process of learning (Mintzberg & Waters, 1985; Mintzberg, 1994).

The main purpose of this chapter is simply to capture some of the historical and theoretical developments and problems have not yet been addressed by previous researchers in strategic management field.

Chapter 2 clearly brings to light the fact that the strategic management process is fundamental to the overall and sustainable success of business organizations. This chapter tries to answer question one of the research question by highlighting the fundamental nature of strategic management: the job of formulating and implementing strategy is not to steer a clear-cut, linear



course while carrying out the original strategy, but to enact according to a preconceived and highly detailed implementation plan. Among other relevant issues, it is one of creatively adapting, rethinking, learning and reshaping strategy to unfolding events and drawing upon whatever managerial techniques are needed to align, with strategy, internal activities and behaviours.

This chapter also revealed the fundamental role of vision in steering an organization to success. Visionaries are no doubt better on the path to success through strategic planning; they employ a more systematic approach to learning and management. (Arthur, 2003).

The chapter put forward various aspects of the strategic planning process and concepts that have been addressed and general models have been discussed. The strategic management process as theoretically used in South African organizations was explored against these models, concepts, and techniques, with a view to establishing, in empirical terms, the planning process, management commitment and the impact of strategic management on South African organizations.

The ultimate success of strategic planning depends upon a person's receptiveness to the thought and thinking processes that are necessary to its development at all levels of the organization. Its success can be jeopardized unless the strategic planning process is continually in the forefront of the minds of management in whose care the destiny of their organization rests.

The next chapter will theoretically explore the learning aspects of strategic change and transformation endeavours.

## CHAPTER 3: THINKING ABOUT STRATEGY

### 3.1 Introduction

Chapter 3 illustrates the basis for comparing the diverse means of understanding the performance of strategy and organizational change that have been advanced in recent years. The paramount concern is to investigate the modern ways of thinking about how organizations have changed over time. Such changes affect their strategies. It explores the justifications of how organizations become what they are and how they will make sense of the emerging future.

Numerous countries worldwide are facing unpredictable strategies and organizational changes that are influencing the future of many business sectors. There has been decades of research on global trends in organizational change theories in the world. Currently, the deregulation process of markets that is taking place in almost all countries has a number of implications for most business sectors in South Africa. Learning from strategy and organizational change has become a major challenge for all organizations. Kotter (Nov. 2014) reports that more organizations need to strategically focus to remain competitive and to survive in this rapidly changing environment. There is great pressure on organizations to adapt. In the face of these rapid changes, which are now intensifying forces of strategic advancements, organizations are challenged to examine their strategic micro- and macro-environment. The political and macro-economic fronts also exert pressure, some of the foremost challenges being:

Unexpected policy changes, particularly concerning the exchange rates, interest rates, and the South African government introducing new policies and laws.

Too many people are critically changed by company cessations and high unemployment. There have been many organizational changes due to load shedding or electricity power cuts.

A current belief is that strategy and organizational change is the only persistent influence on organizational learning.

## The Strategy Process



Figure 18: The Strategy Process.

The above diagram helps to illustrate the strategy process. It forms a cycle revolving around strategic thinking, strategy formulation, and strategic change, compelling the strategic vision of the future, which opens many organizational learning opportunities. While the strategic roadmap that can be distributed throughout the organization has the ability to show others, in writing, through strategic planning documents and handouts, what needs to be learned and done. The strategic change involves resource capabilities. Employees actually choose to learn and do things differently.

Strategic leaders are heavily challenged by the prevailing pressures of organizational changes concerning technology, particularly information technology. Technology has resulted in an increasing globalization of markets, deregulation of some industries and an upsurge of new and innovative organizational forms such as strategic networking. In trying to respond to these organizational changes Kotter (April 2014) states that organizations should adopt wider ranges of approaches, which may include downsizing, outsourcing, re-engineering, corporate venturing, restructuring and rejuvenation. All these above-mentioned, strategies and organizational changes will definitely require some form of organizational learning.

This occurrence of strategic and organizational change is what causes a paradigm shift, which causes the rules of the business landscape to change. The whole business landscape returns to ground zero and the historical strategies of successes assures nothing, but rather obliges organizations to learn more.

The pace of organizational change will persist as a challenge to strategic leaders and who have to keep up with world trends. In the present volatile environment, this concept is perplexing to agree to. It has become essential for organizations to quicken their pace to get a significant chance of success and long-term survival.

The changes described above have caused long-term strategies to fail. Prominently given, the very turbulent nature of the current business environment now. It really becomes critically for organizations to learn from strategic and organizational changes.

These days, strategic leadership's teams, have learnt to recognize that strategy and organizational changes offer contemporary challenges that cannot be ignored, in the face of newer forms of competition in the market, and the progressively more global economy.

It is apparent that these organizational changes, today, are unavoidable and organizations seriously cannot afford to ignore these changes or intentionally pretend they do not exist in the environment. Dependence on the strategic *status quo* is not a positive alternative, but causes organizations to be surpassed by current events, which leads to underperformance.

In spite of various advances in the world, the foremost triggers for organizational change are at corporate, business and operational level which all originate from both internal micro- and external macro- environments. The internal micro- drivers for organizational change include changes in top management, restructuring, formulation, evaluation implementation of new corporate and development strategies.

Thinking about strategy and organizational change, should be adopted by organizations, to ensure long-term sustainability and continued existence in the business landscape.

This chapter will theoretically focus on exploring the systemic ways of thinking about strategy and organizational change.

This chapter aims to investigate the current systemic way of thinking about strategy and organizational change from a South African perspective. It also examines how strategic

thinking and organizational change can enhance organizational learning within an emerging future context. Some strategic and organizational situations are more challenging in dynamics and complexity than others. This necessitates in-depth strategic thinking and learning on the part of strategic leaders. This, in turn, generates many complex and dynamic learning challenges which give new opportunities and threats for organizations.

Lastly, Chapter 3 will answer the next two research questions in this research project:

What are the foremost theoretical ideologies and phenomena that influence systemic thinking in strategic leadership and organizational change?

What are the predicaments of making sense of phenomena in systemic thinking in strategic leadership and organizational change?

### **3.2 Thinking of strategy and organizational change in the South African perspective.**

Over the previous decade, organizations in South Africa have witnessed immeasurable amounts of organizational change, caused by rapidly growing micro- and macro-environments. Through organizational change comes the substantial problems which demand organizations to learn how to implement new strategies facilitating the serious need of developing new skills and sources of competitive advantage. Academic researchers have realized, according to Todnem *et al.* (2015) that if organizations are to be competitive and be successful on the worldwide front, they have to develop ways of thinking about their strategy and organizational change, which becomes indispensable. Current organizational challenges have been perceived through company resources which are directed into organizational change efforts, that are not yielding the desired results (Todnem *et al.*, 2015).

For many years the traditional business world had unblemished and fixed boundaries where geographic or regional borders defined the marketplace. After 1997, we witnessed increased competition, corporate restructuring and more globalization of enterprises entering South Africa.

Organizations in the new South Africa that have been in existence for many years are unexpectedly faced with the challenge of changing and transforming their strategies and thinking. The past 15 years in South Africa have witnessed tremendous and critical changes. These changes have seen the closure of hundreds of organizations and the rise of others, which

resulted in the adoption of newer, dynamic, streamlined and efficient operational structures. The rise of new organizations force organizations to seek new learning approaches.

In spite of this scenario, newly established organizations, after the year 2000, had to transform themselves significantly, in line with the substantial shifts in the turbulently changing macro-and micro-environments, which affected the order of survival of South African organizations. Furthermore, the period between 2005 to 2015 had observed an extraordinary level of organizational changes, such a critical decrease of power (the effect of load shedding or power cuts), the drastic fall of the South African Rand had affected the rate of exchange, the fall and rise of the interest rate and the critical skills shortages, are certainly some of the current changes faced by almost all service sectors and other manufacturing sectors in South Africa.

Recently, South African organizations have been precariously challenged and questioned in their strategic thinking. There have been organizational changes due to growth strategies such as joint ventures, mergers, acquisitions resulting in many holding companies, this then necessitates enormous learning problems.

Momentously, take-overs and complex restructuring exercises are continuously taking place. In spite of this, the tendency is continuing into the future. This entails leading from the future as it emerges 'Theory U' an organizational change theory. As organizations face more and more tempestuous worldwide business environments, the necessity for constructing appropriate strategies and changes becomes ever critical.

There is a need to investigate how strategic thinking and organizational changes can, in the emerging future and volatile conditions, enhance the long-term survival of organizations. To date, management literature has offered numerous theories on thinking about strategy and organization, which can be divided into systemic ways of thinking, complexity to ways of thinking and complex responsive processes to ways of thinking. These theories critically only present anecdotal and prescriptive methodologies on how organizations can successfully think about their strategy and organizational change offering very little practical solutions to everyday problems. Correspondingly the successful strategy and organizational change should be studied within the context of respective business environments with the attention focusing on its strategic leaders, a gap this chapter will try to fill.

### **3.3 Thinking about strategy and organizational change in small economies.**

Presently the process of globalization is generating a more complex and very dynamic business environment for the smaller and less-developed economies of the world. A category in which some South African organization find themselves. Thinking about strategy and change has turned out to be more difficult and challenging for small organizations in South Africa, and economically small and less-developed countries, to discover their positions in this complex and extremely competitive environment. Importantly, some circumstances are more strategically complex than others. However, the challenges remain the same and relate to the continual strategic thinking and observance of the following:

pace through the technological revolution,

the introduction of fast changing business systems,

high cost electronics and satellite communication systems and switching to new production processes.

Unlike the larger countries, smaller countries cannot live in isolation of the process of globalization. The South African context is now challenging strategic thinking and organizational change, and this requires organizations to learn continuously.

### **3.4 Thinking about strategy and organizational change a critical perspective today**

Today the ultimate concern of strategy management is understanding the different methods of thinking about specific phenomena that arise in strategy and organizational change.

An inquiry into different methods of thinking involves many strategic assumptions that underlie each theory.

This causes diverse assertions towards the natural surroundings of human knowing and learning.

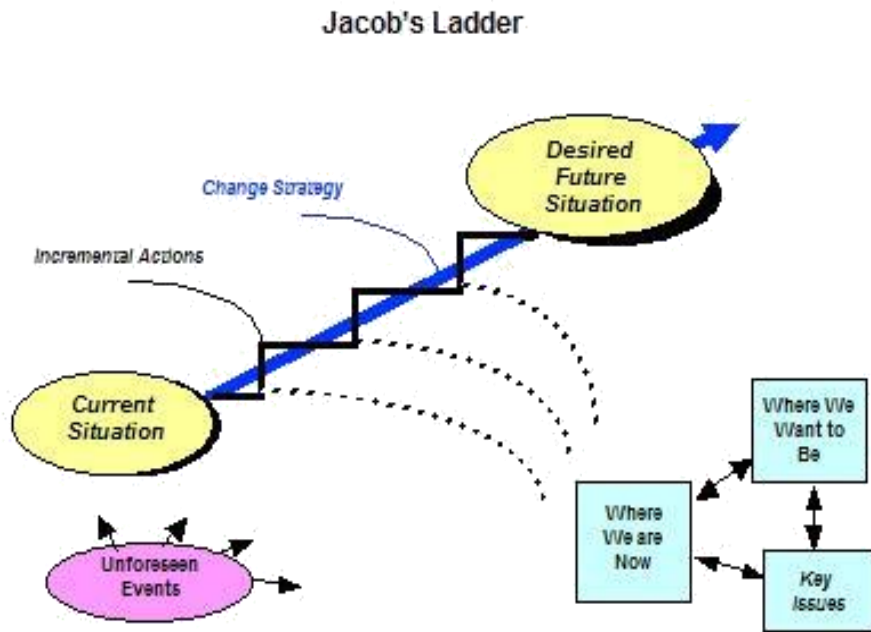


Figure 19: Jacobs's Ladder.

The above diagram illustrates the factors that probe strategy thinking, these are unforeseen events, current situations which then links to the desired future situation (leading from the future as it emerges). Organizational learning issues such as where we are now. Where we want to be? Key strategic issues can be incorporated in organizational changes. Incremental strategic enactment depicted here is to show that strategic management is practical and applicable within learning organizations

Management literature currently contains numerous dissimilar theories that search for explanations of how organizations change or fail to change. However, not one is conclusive or particularly universally acknowledged. The ones that presently dominate the management discourses offer only solitary and incomplete explanations for organizational existences.

The research focus here, is to explore diverse behaviours of making sense of one's experience of strategy and organizational change. It analytically discusses how organizations think in terms of change. Currently there is definitely not a single universally factual justification of how organizations evolve through strategic change, merely there is a very enormous quantity of progressively and contesting explanations.

It then becomes crucial to examine the twofold indispensable problems confronting organizations regarding the emerging future.



What are the phenomena that are in existence when the terms 'strategy' plus 'organizational change' are embarked upon?

How do employees make sense of this ontological phenomenon and what thoughts are sense-making?

### **3.5 The critical questions to probe in paralleling theories of organizational strategy and change.**

Today, change in organizations, is a significant and powerful phenomenon, and can be examined within the context the organization's total population.

These phenomena comprise populations of organizations of different categories, which are made up of

Populations of employees

Grouping of employees

Workgroups that constitutes those organizations.

Critically these populations of organizations and employees are constantly interacting with each other in ever-changing and in rationally repetitive ways.

To differentiate among several ways thinking of strategy and organizational dynamics, it becomes befitting to look at current challenges and questions which need to be examined closely so as to understand how the organization thinks.

In what ways is the strategic dynamics understood by organizations?

By what means is strategic paradox handled in thought in organizations today?

What are the ontological situations that affect thinking and what amount of descriptive aspects are engrossed upon macro- or micro-environment?

In having a role to play in strategic thinking, how are employees emotions understood?

Exactly how is the interactive or relational environment of the phenomena theorized by organizations?

In what manner is causality understood?

Does strategic thinking theory adopts a pre-given or a constructed reality?

Does strategic theory embarks on the methodological stance of the objective observer or the reflective, participative enquirer?

What theory of human knowing and behaving, which advances learning, can predominantly deal with the relationship among individuals and groups?

The above-mentioned questions are significant for the reason that offers dissimilar explanations of how strategic leaders and employees make sense of anything. The discussions below propose answers to these current probes through an inquiry-based an organizational population.

### **3.6 Populations in organizations**

During the course of every year, regardless of geographic vastness, South Africa has witnessed hundreds upon hundreds of new organizations coming into existence, and contained in the matching period, numerous have been disband, frequently small ones, although on occasion very large ones. Every year, shows enormous statistics of small organizational closures, plus minor quantities of large ones. Certainly, most organizations are intended for a very long period of existence: notably, the longest surviving organization in the world is the Roman Catholic Church which has existed for just over 1500 years. While on the other hand, a very a small number of commercial organizations have continued for longer than a century. Today, the average life expectancy of commercial organizations in Western European countries is approximately 40 years. As a result, there are numerous purchases of other organizations. While others sell fragments of their organization to others. Organizations have seen many others seriously thinking about their strategies and change.

However, surviving organization have, throughout these tempestuous years, changed many structures plus the basis of their strategic activities, focus and thinking by doing so, have severely intimidate others, or, on the other hand, create boundless opportunities for others. As a result, by way of new technologies, entirely new industries are quickly established, which in turn create new strategic activities, attention, and positions for both new and old organizations, despite the fact other industries fail.

Numerous organizations have had to decrease their labour force by downscaling and delaying undertakings so as to effect these organizational changes. On or after these intense times, research points out that major changes in organizations then occur. These organizations can exist as;

Commercial and charitable

Private and public

Industrial and governmental organizations

Altogether, the above-mentioned types of organizations become one whole population, and hereafter, termed 'organization', and interact through collective conducts.

### **3.7 The dynamic focus phenomena**

Currently, what is very uncommon, is how to consider these changes that are taking place all the time. While on the other hand, how other organizations maintain little changes or no changes at all. In this research project which is in the populations of organizations, change is the foremost critical phenomena of curiosity, since it is extremely complex and dynamic. Dynamic refers to movements and concerns every dynamic of arrangements within the phenomena that demonstrates how strategically, over time, due to these changes, they have evolved. The ontology of emerging dynamic phenomena is that they demonstrate new forms of strategic change over time. Currently the study of dynamics is still examining what generates these patterns of thinking and what properties of predictability and unpredictability, regularity and irregularity, stability and instability they exhibit in the organization.

The above-mentioned dynamics are simplistic, but crucial features of differentiating one theory of strategic thinking and organizational change after another. However, they examine the single-mindedness of organizational dynamisms comprehensively. Current researchers are presenting debates on how unstable, on one side, the existence of dynamism in populations of organizations are, while on the other, just how stable they exist.

What is now significant is just how unpredictable the strategic changes and activities enacted by organizations are. This can cause one specific organization to have an obligation towards buying or merging with another. Members of the new organization, now comprising of its senior strategic leaders, then experience forces of instability and unpredictability, with colossal nervousness that in turn provokes stress. In research, another prominent point of strategic thinking, is about how organizations are amalgamating with others, whereas, other organizations are dividing themselves into two, or into further separate parts. Critically then, some are incorporating their strategic thinking, whereas, others are separating their thoughts. All of which requires some form of learning.

### **3.8 The paradoxical phenomena that influences strategic thinking**

Presently, the populations of organizations are changing over time and all the time, causing behaviour that illustrates both instability and stability, or, unpredictability and predictability simultaneously. This can bear a resemblance to creation and obliteration at the same time. What do strategic leaders make of this ontological phenomenon of changing populations in organizations? These can display various, contradictory tendencies in strategic thinking. This can then, apparently cause contradictions in executing strategies and affecting learning, since it becomes difficult to understand the phenomena entirely. Critically this reveals a genuine strategic thinking paradox.

However, these significant repercussions of strategic thinking, one embarks on, prominently influences organizational change. Furthermore, some strategic thinking theories merely perceive change as contradictions to be solved through organizational learning, whereas, others comprehend paradoxes that are never resolved or learnt. These positions of paradoxes of organizational change had a great influence on 'Theory U: Leading from the future, as it emerges'.

### **3.9 Detailed degrees of organizational population**

Today, it is vital, to think about organizations as 'whole' organizations. This allows the interaction of the whole population, thereby, regarding them as individual entities. This is presently, the most common way of thinking about organizations.

This way of thinking also then contributes to the crucial feature in the comparisons of different theories of strategy and organizational change. Some strategic thinking theories focus on macro-level thinking, while others mainly focus on micro-level thinking. However, some researchers emphasize both, observing the micro- and the macro-influence. They can subsequently be linked.

On another level, academic researchers perceive that an individual human being can only be understood from a psychological viewpoint. The subsequent level of thinking is that all organizational groups have their very specific properties. In these strategic thinking theories, organizational phenomena are classified as ontological wholes with different levels. These strategic thinking theories then denote these levels as individuals, groups and organizations, not regarding them as wholes at different ontological levels, but as mere facets of a similar practice of human interaction upon where changes take place.

Such a view regards each organization as a specific population of interacting groupings of individual employees. This is really the interaction among employees of an organizational population, that is categorized through the means of dogmatic activities, as employee's thoughts drive change, or attempt to in the direction of stopping specific strategic activities. This causes employees to be angry towards one another or sense betrayal affecting organizational leadership.

The emotional involvement of organizational employees will depend on its evolution stages as to how considerable strategy thinking theories can be accommodated in dogmatic activities. This phenomenon focuses on the enthusiasm in terms of growth or the maturity stages of the organization and its interaction among its abstract entities or systems. This then translates into interaction among employees, who, by their life style and wellbeing are directly affected. In order to understand these interactions, one has to critically examine the employees' experience. Strategic thinking, through a macro- perspective, allows me to take the position of the objective observer, whose points of view can be detached from the phenomena of interest, thereby, allowing this research study to offer comprehensive explanations of their strategic thinking and behaviour. Contrariwise, interpretation and understanding of the micro-perspective additionally depends on one's particular individual experience.

At this point, all explanations and interpretations are presented from the position of strategic leaders participating in their organizational dynamics and life with a view of enhancing their organizational learning capacities.

### **3.10 Strategic thinking leads to interaction**

An additionally significant argument to the phenomena of strategic thinking and organizational change is predominantly concerned with organizational interaction. For instance, a unique kind of interaction begins to transpire as soon as one corporation purchases another corporation, or alternatively, some kind of interaction occurs when one enterprise supplies another. Currently, most strategic thinking theories think of interaction as constituting a network or a system. The employee's mind is thought of as a system involving various forms of interacting concepts. Likewise, a work group is thought of as a system comprising of interacting employees. Whereas an organization is thought of as a system consisting of interacting work groups. Finally, the whole industry is then thought of as a supra-system which is made up of actively interacting organizations which can then stimulate many organizational learning approaches.

The interaction between systems is continuous. It creates an additional system, resulting in an interrelation hierarchy at different thinking levels. Similarly, diverse theories of strategic thinking and organizational change are constructed, not, on the same theories within the natural surroundings of the organizational system and evolution that originally created them. Nonetheless, current theories of strategy thinking, and organizational change are understood in systemic relationships, although, there is an alternative way of thinking called complex responsive process thinking.

Ideally, this strategic thinking of interaction, termed complex responsive process, requires strategic leaders to have many direct communications and transactional/transformational power over all employees in their organization. These critical perspectives produce complex responsive processes theories of strategy and organizational change.

This research study will focus on the systemic ways of phenomena concerned with the constantly emerging and evolving populations of organizations. Therefore, each organization in itself is perceived as an emerging and evolving population, consisting of groupings of individual employees, who are collectively evolving and emerging in their experience. Moreover, it creates various dynamic patterns of thinking through interconnections and interactions within the organization. Strategic thinking perceives these forms of interaction in terms of systems or in terms of complex responsive processes. Researchers can then take a macro- or micro-perspective, allowing them to think of interactions as diverse ontological levels of thinking or just dissimilar views on strategic thinking. This calls for the adoption of a dualistic way of thinking, which provides solutions to strategic problems. They can alternatively adopt ways of thinking that understand contradictions as critical paradoxes that cannot be resolved in strategic challenges, which then in turn complicates learning.

### **3.11 Making sense of the strategic phenomena: relativism, realism, and idealism.**

Currently, in strategic thinking, the inquiry of how employees make sense of their universe has grown into an extremely contentious research issue. One response to that inquiry is realism. Taking this perspective into the nature of organizational reality, requires the determination of different patterns of thinking, observing and changing the meaning of employee's experience. The perception of this argument, which is present beforehand, is that any given situation is a reality external to employees. They then attempt to explain or interpret the fact that reality is pre-given and cannot be changed.

If strategic leaders, through their research, adopt this strategic thinking position, it becomes prominently natural to presume that employees have a point of view external to their phenomena, being illuminated, while considering their role of the objective observer who constructs progressively correct explanations, or mental models.

Firstly, organizational realist thinkers do not perceive any intrinsic constraint on employee's ability to understand their reality in its wholeness. It is now a matter of time before realist researchers progressively engage, more and more, in diverse organizational realities.

Secondly, the inverse situation is relativism or scepticism, currently acknowledged as postmodern thinking. Researchers categorize employees by classifying their ontological experiences, which is that thought is a solitary existent in their minds and which is not present in their reality. Any justifications they emanate from within result from the simple forecasts in their own minds and thinking.

Thirdly, an alternative locus of control tries to avoid both extremes of realism and relativism/scepticism. This is called idealism. At this point, it is thought that the way employees think is a direct pattern of their ideal experience. Kant's proposed the term transcendental idealism, in which it is argued that employees in organizations inherit their mental categories and comprehend their universe in these mental terms. Employees' understanding at this moment is not at all not relative. It is a single-mindedness, perceived through pre-given categories in the employees' minds.

Presently, there has furthermore emerged contemporary strategic thinking views, which can be assumed as idealistic. These originate from "constructivist", one who holds the belief that employees are biological creatures who have evolutions, which makes them capable of perceiving the universe in one single fixed way and not any other way (Varela & Maturana, 1987). Another current position of strategic thinking is focused on the nature of the employee's capacity to explain their ontological experience in a social constructionism setting (Gergen, 1985).

Lastly, a thoroughly and vastly debated notion today is 'reflexivity' (Steir, 1999). Reflexive organizations are organizations that bend back upon themselves. Employees are perceived, through their numerous senses, as being as very reflexive, which can then lead them to new explanations for products and services, thereby discarding their old histories and old thinking.

### 3.12 Strategic thinking as causality of organizational change.

Another critical way of strategic thinking concentrates on relationships between cause and effect. In western management philosophy it is known as linear and unidirectional. This strategic thinking assumes that they are a variable Y whose performance needs to be clarified. This is then observed as the dependent variable and the other independent variable which consists of options X1, X2 X3 X4 X5..... XN which gives a standpoint as the cause for it and that is then sought after. Linear relationships in strategy are becoming very common. This means that there are additional causes that are directly proportional to the effect. This strategic thinking rests on 'what if then?' theory of causality. As strategic leaders think critically about causality, this will eventually and significantly impact on the ways they think, regarding their chosen strategy and organizational change as part of their learning in their organizations.

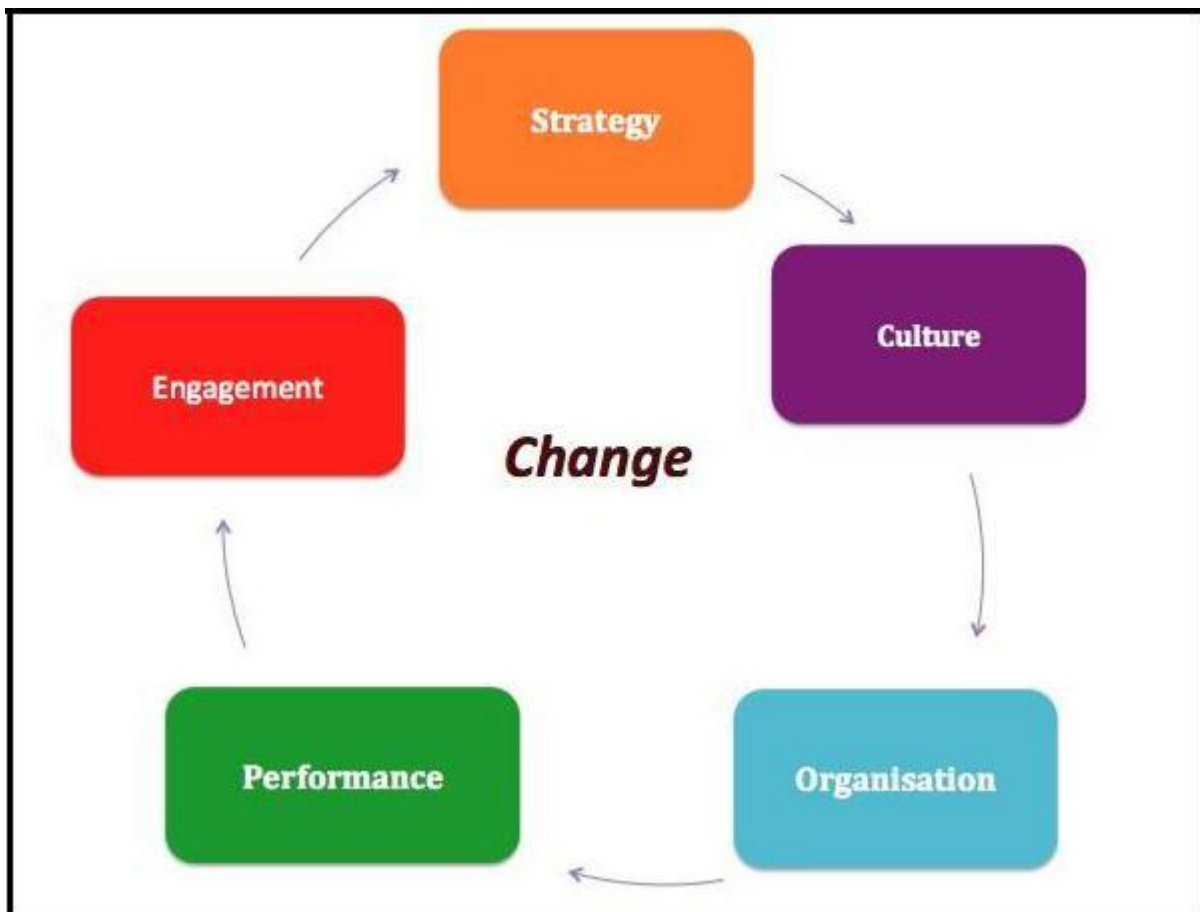


Figure 20: Strategy and organizational change Source: Researcher.

The above diagram displays the strategy and organizational change cycle. Organizational change revolves at the centre of strategy, culture, organization, performance and engagement. This becomes an on-going learning cycle.



### **3.13 The nature of strategic paradox in thinking about strategy and organizational change.**

Now strategic contradictions, in numerous different ways, are encountered in strategic thinking.

Firstly, these can be observed as dichotomy which is a divided antagonism demanding a rational choice of either. Strategic thinking can be very complicated in situations where strategic leaders are challenged by this, for instance, the requirement of improving product quality, usually demands a hefty upsurge in production costs, while at the same time they are desperately confronted with the need to cut down on costs. Doubting usually dominates this strategic thinking, causing a difficult dichotomy through which they have to choose one or the other of these alternatives.

Secondly, strategic leaders can think of the strategic choices confronting them as dilemmas. This is a choice flanked by two correspondingly unappealing alternatives. Dilemmas present either thinking 'that is' or 'choices'.

Thirdly, contradictions may possibly be thought of in terms of a dualism or duality. This approach of thinking in dualistic terms presents choices of 'both' and 'structure' as an alternative of choosing between one or the other. Leaders keep together the localities of this thinking in different places or intervals. Consequently, one extreme of the contradiction is positioned in thinking and the other in acting.

In 'either and or' thinking of dichotomies and dilemmas and the 'both or and' thinking of dualisms/ dualities altogether tend to gratify the common teaching of Aristotelian logic, which entails mostly the full eradication of contradictions, for the mere reason that they are a critical signal of defective strategic thinking.

When one thinks of contradictions as a paradox, numerous and different explanations of a paradox emanate. Primarily it might refer to an outright or outward contradiction, a strategic position where two outwardly incompatible rudiments are operating at the same time. The paradox can then make sense and be removed or resolved by means of reframing the challenging problems that have to be eliminated in the outward contradiction by choosing one aspect over the other. There is currently little disagreement on the view of a strategic paradox as a dualism/duality. This is currently the most common connotation attached to paradox that is mentioned in the literature on management and systemic views of strategic thinking.

Contrariwise, paradox might mean a situation where two strategically diametrically opposing forces or ideas are concurrently presented while neither can ever be eliminated or resolved. At these conflicting extremes, there is the possibility of no strategic choice as pinpointing a choice becomes extremely difficult. As an alternative, what is then essential is more analytical thinking-based, not on the same kind of logic, which then requires dialectical logical of Hegel.

### **3.14 Types of strategic organizational change and dynamics**

There are two main types of organizational changes, radical, sometimes referred to as episodic change and continuous change.

Radical or episodic change:

Denotes systematic changes and is the simplest form of change.

Continuous change:

Situations where an organization strives to improve by continuously introducing changes.

Radical change:

Denotes the most complex form of organizational changes. These entail, for example, a huge Wholesale Company replacing all of its old ways of strategic thinking or ideas with new and unique ones. It is a critical, deliberate and decisive break from the past strategic thinking.

Currently the phrase 'episodic change' is used to group together organizational change that tends to be frequent, discontinuous and internal (micro-level). As such, due to their nature, these organizational changes are also referred to as radical change, which in turn requires radical strategic thinking.

The assumption nowadays is that episodic organizational change occurs predominantly during periods of divergence or departure, which results when organizations start moving away from their strategic equilibrium conditions and positions. Divergence is the result of the growing misalignment between internal (micro-level) deep structure and perceived environmental demands.

This form of organizational change is labelled as 'episodic' as it has a tendency to occur in distinct periods, during which critical shifts are precipitated, by external events such as a change in key personnel, e.g. the arrival of a new chief executive officer or the arrival of a new mobile telephone operator in the industry.

Strategic visions and missions of organizations that are compatible with episodic organizational change include those built around the idea of punctuated equilibrium, the edge of chaos, and second-order strategic change. This can result in an organization built around the strategic ideas and thinking based on punctuated equilibrium position in their business environment. Presently, organizations are depicted as organizations that have sets of independent systems, which can converge and tighten up during periods of relative disequilibrium, which often leads to the expense of continued adaptation to environmental changes. As adoption lags, lead to decreases in effectiveness, pressure for strategic thinking increases and a revolutionary period of unrest is entered. As these numerous pressures carry on magnifying and intensify, they may end in an episode of fundamental strategic thinking causing frustrations and confusions in the organizational strategic activities.



Figure 21: Four Levels of Responding to Change. Source: Otto Scharmer.

The above diagram depicts the four levels of responding to change. These commence from the top with reacting, then redesigning, then reframing and finally regenerating. This occurs through the manifest of action, process structure, thinking and source of energy inspiration and will.

This rationally requires new patterns of strategic thinking and new personnel who are then skilled enough to rise above the basis of a new equilibrium distortion. In 2013 to 2014, Apple

Computer Corporation illustrated a series of discontinuous changes and transformation in their strategic management structure and changes in organizational culture, as it moved from the leadership of Steve Jobs through that of John Sculley, Michael Spindler, G. Amelio and back to Jobs (Senna & Olsen, 2014). Hieklema (2012) examined organizational changes in the current activities of companies and found that strategy dominates every structure, leadership and power distribution being followed. Organizational changes in these three domains were found to be closely clustered rather than dispersed, as would be predicted by a punctuated change model.

Now, organizations have visions that are built around the strategic thinking of operating at "the edge of chaos" Stacey (1995) depicts the organization as a set of simple components tied together by complex relationships involving non-linear feedback. An essential property of non-linear systems is that they cause instability or what is referred to as the edge of chaos. Behaviour at the edge of chaos is paradoxical as the system moves autonomously back and forth between stability and instability. Typical example being the financial sector in South Africa, which has witnessed numerous changes in the exchange rates (Forex rates) the recent drastic fall, between 10 January 2016 to 22 April 2016, of the South African Rand, interest rates rising, new credit regulations, credit crunches, the board composition changing chief executive's officers resigning and new stakeholders coming on board. If not well contained these can create chaos in organizations.

Because of its wide scope episodic changes lean towards being infrequent and slower. Are less likely to be completed, as it is rarely fully strategically enacted and this causes many disruptions in strategic plans, as they are now replaced rather than altered and initiated at high levels in the organization (Kotter, Nov. 2014).

The time interval between episodes of discontinuous strategic change and transformation is determined by an amount of time organizations expend on other stages of organizational development.

If, for example, the stages of organizational change can be termed in organizational learning with labels such as, developmental, stability, adaptation, struggling and revolution (Spector, 2012), then when adaptation begins to lag behind, an episode of organizational changes can be contemplated. It takes provisional form as organizations struggle to confront the strategic problems and which then causes them to experiment with different solutions. This produces

actual strategic thinking shifts in systemic ways, which then causes the organization to evolve in its thinking.

The three processes that are important in the depiction of episode change are;

Inertia.

The triggers of organizations change.

The replacement and enactment of the strategy.

Inertia can be defined as an 'inability for organizations to strategically change and transform rapidly enough as the environment takes on a variety of new forms' (Reiss, 2012). Whether the inability is attributed to wrong thinking, structures, first order change, top management tenure, corporate identity, maintenance, culture complacency or technology, inertia is central to episodic change and transformation. Inertia is often the unintended consequences of successful performance. In the management literature, the greatest example was cited, when, in the early 2010s a long time big Blue Chip Tag Corporation in the United States of America, who had retained their long-serving top management team, which were ever so content with the, *status quo*, thereby failing to adapt strategic changes and transformation in their business environment, eventually only to realized that their organization had completely lost its position on the market and were now on the brink of all losing their jobs.

Successful organizations discard practices, employees and structures regarded as unimportant to successful strategic thinking. They are now more attentive to signals that suggest the necessity for better strategic thinking and learning. The more an organization is uneducated, uninformed and sluggish in its adoption of strategic thinking, the more failures are encountered in their business processes, organizational changes and systems (La Croix *et al.*, 2010). This can create a thinking tendency directing the organization towards very extremes of risk-taking behaviour or conservatism. Some extreme thinking can reduce the organizations, awareness for adaptability and increase corporate inertia reducing organizational learning.

An additionally important corporate assumption about episodic organizational change is, that it is often assumed, that changes can occur through replacement of other strategies. The idea of a replacement is that one quality of thinking sequentially takes the place over another or substitutes for a second one. The organizational changes strategic planning becomes a sequence of events, in which strategic leaders do the following as listed below;

Determines what currently exists (Point A) that is the establishment of the *status quo*

Determine where one wants to be (Point B)

Engaging in enactment to move (from Point A to Point B)

Enacting its strategic replacement (Point B).

### **3.15 Emergence approach to strategic thinking and organizational change in complex adaptive systems.**

Burnes & Randall (2013) proposes a relatively new concept that challenges the appropriateness of planned strategies in an ever-shifting business environment which has increasingly become complex, dynamic and uncertain. Arguments have been raised by strategic thinkers like Ansoff (1965), who believe that strategy and organizational change, can be successfully achieved through a planned and centrally directed process of 'unfreezing' moving and 're-freezing' and ignoring the complexity and dynamics of the business environment (Ansoff, 1965:43; Stacey, 2011).

Today, the advocates of the emergent thinking, argue, that it is more suitable to this current tempestuous environment, since modern organizations operate in complex responsive processes. It recognizes that it is vital for organizations to be responsive and adapt their internal (micro) practices and behaviour to the ever-changing complex external conditions. Moreover, it perceives organizational changes as bringing about countless political issues, in various organizational work groups, in an organization. This challenges organizations to respond by struggling to protect or enhance their own vested cultural interests.

The emergent approach stresses the developing and unpredictable nature of complex organizational changes. Current views on organizational change perceive the process as unfolding through the daily interplay of multiple variables such as context, political structures, changes, environmental turbulence. It requires many strategic consultations or dialogues within an organization. Tamosiunas (2014) argues, that complex responsive process to strategic thinking and organizational change, offers less prescriptive aspects and definitely more analytical assumptions which provide better means of staying strategically relevant and engaged. Tamosiunas (2014) illustrates that it is better to be able to achieve a broader strategic thinking through learning and understanding the business problems and maintaining a good organizational learning practice within a complex and chaotic environment.



Figure 22: Strategic Change and Transformation.

The diagram above depicts strategic organizational change management that links readiness, transformation, and sustainability to strategy, governance and communication. These links can then enhance the strategic learning endeavours through training strategy, performance management, best practice plan, leadership alignment, cultural impact analysis, change readiness assessment, stakeholder analysis, process improvement, organizational design alignment and measurement.

Lastly, the rationale for the emergent strategic thinking stems from the belief that organizational change should not be and cannot be solidified or viewed as a series of linear events within a given specific period of time, instead, it can be viewed as a continuous process. It is also imperative that while the primary stimulus for this strategic thinking remains those in the external (macro) environment, the crucial motivator for how strategic thinking and organizational change is accomplished resides with all the individuals within the specific organization.

### 3.16 Linking strategic thinking and operational change

Linking strategic and operation change now becomes a two-way process of ensuring that strategic decisions lead to operational changes and that operational changes, through thinking, influence strategic decisions.

Kanter *et al.* 1992 proposes Ten Commandments for executing strategic change.

Analyses of the organization and its need for strategic change.

Create a shared vision and a common direction.

Separate past strategies.

Create a sense of urgency in the organization or institution.

Support strong leadership roles.

Line up political sponsorship.

Create an implementation plan.

Develop learning enabling environments that support organizational structures.

Communicate well, this involves all employees and be honest.

Reinforce and institutionalized the organizational change.

### **3.17 Strategic thinking and organizational change transition of employees**

Mazzarol *et al.* (2014) wonders on the importance of the transition phase through which organizations must navigate to evolve from its 'present business landscape' to its 'desired emerging future landscape'. Employees of the organization must first realize their dissatisfaction with the current state of affairs, then strategically map and identify a desired future business landscape delimiting and delegating the new roles, functions, or structures which the organization needs to adopt.

At this moment, to manage this transition period effectively, Senna and Olsen (2014) suggests creating transitional leadership teams, comprising of strategic executive leaders who are mentored and respected by the organization's employees and have wisdom, objectivity and effective interpersonal skills. This management team must have the necessary resources to manage the process of organizational change. It is now suggested that 'activity planning' should become a modern mechanism for creating and crafting a detailed strategic plan, thereby, giving a mind map to all the employees, delegating tasks that must be achieved during this period, to accomplish the desired future business landscape.



Teelken and Watson (27 November 2014) further expanded this thinking by highlighting the dynamic nature of organizational change by emphasizing the importance of an effective transition team, comprising of employees who directly report to the chief executive officer and can commit their time and effort to managing the change process throughout the whole organization. The vital aspect is to create an effective process of communication throughout the organization, which should delegate the new work process that will help define the organizational change. In addition, the transition management team must be responsible for managing successful completion of the organizational change activities.



Figure 23: Strategic Change Structures.

The diagram above depicts strategic Change aspects that are critical in the success of strategic thinking which is active committed leadership, a clear case of specific strategic goals for change, embedded change, employee participation and use of hidden networks.

During these critical periods of strategic change, focus must be put on the psychological adjustments of individual employees in an organization. A three-part individual employee transition process that can complement Lewin's three-phase change model, which are listed below (Lewin, 1958):

The first phase involves 'letting go' of one's old situations and identify new business landscapes.

The second phrase is described as the 'neutral zone' where organizational employees move through many stages of strategic ambiguity and contradiction, as they search for a

new framework and identity, which can be used to position themselves in the ever-changing business environment.

Lastly is the 'new beginning phase of transition' this cannot occur until the various losses experienced in the first two phrases are acknowledged, accepted and resolved.

Currently, then management teams need to analyse the state of their business landscape, subsequent to which they create their strategic visions and missions, and then develop a strategic mind map to achieve this vision. These management teams can be formed at various levels in the organization, and these can be tasked to focus on specific goals and objectives, complementing each other in achieving the overall corporate/business/operational strategy.



*Figure 24:* The link between strategy thinking, leadership and organizational change  
Source: Researcher.

The above diagram displays the critical linkages and revolving interrelatedness of strategic thinking, leadership and organizational change. These form the essential pillars for learning organizations.

### **3.18 Strategic leadership perspectives on organizational change**

Strategic leaders (managers) are the employees responsible for the execution and the success or failure of strategic thinking and organizational change endeavours in all organizations.

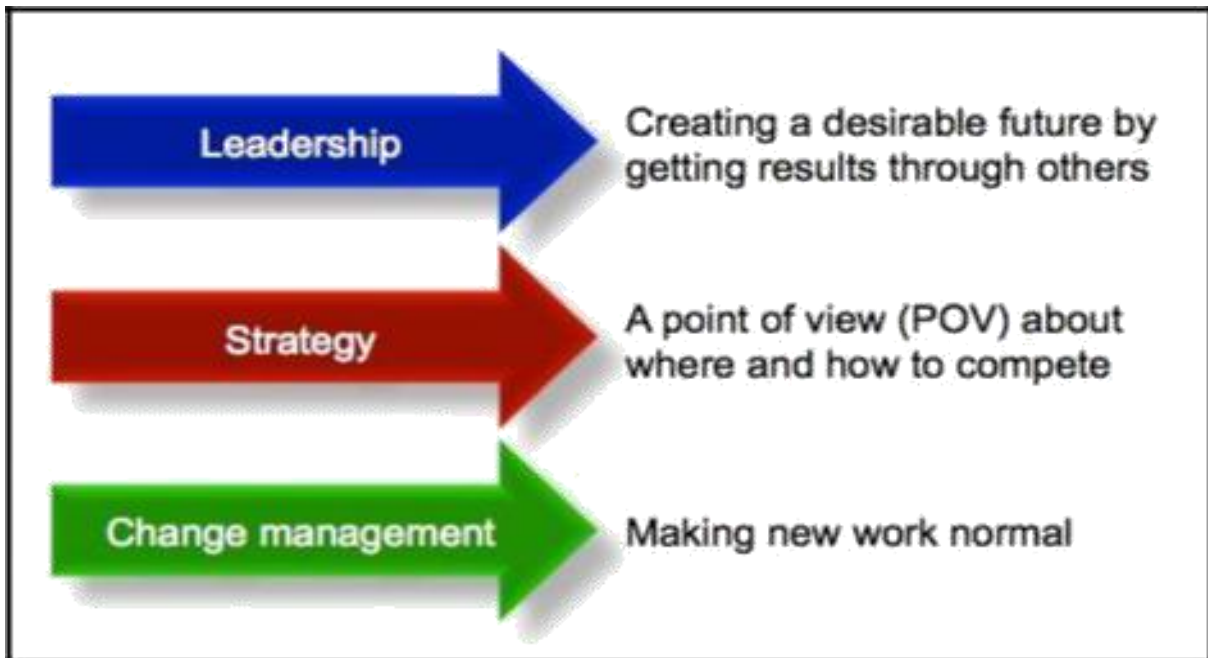


Figure 25: Leadership Strategy and Change Management.

The above diagram demonstrates the link between leadership, Strategy and Change Management. Leadership helps create a desirable future by getting results through others in the organization. While Strategy is a point of view about where and how to compete. Finally, change management is making new work normal through organizational learning

Strategic planning is enacted in the same way strategic leaders are involved at the senior strategic level and the middle and lower management who implement this strategic thinking and organizational changes to incorporate all other non-management employees (Carnall, 2003). Various strategic boardroom meetings can be held on company premises or at outside locations, to discuss data, resources and information on the areas needing the greatest strategic thoughts and organizational change and then budgets can be drawn to meet these organizational strategic plans.



Figure 26: High-performance leaders

The diagram above shows how high-performance leaders or managers, through increased employee effectiveness, manage organizational change and optimize organizational performance, can influence and control their organization.

By using memos, circulars, briefing, notes, meetings and debriefing sessions, all communications, in any area of strategic thinking and organizational changes, can be handled by the group chief executive officer or managing directors.

Castle *et al.* (2014) argues, as to why strategic thinking and change fail. It can only be, blamed on the organization's executive leadership team who have all the justification for the strategic thinking, and do then insist on the enactment of wrong strategic processes. This means that the strategic leadership team use inappropriate traditional written or informal rules, procedures and policies, which are now devoid of the current business environment. Burke, *et al.* (2006) advocates that:

Individual strategic leaders and other low-level managers should never be recognized or rewarded at the expense of the whole management team, as this becomes a major stress factor and de-motivator for the rest of the team.

Unwritten regulations, values, and rules are a fundamental part of organizational culture and must never be ignored, as forced strategic thinking, can never penetrate them.

Reliance on strategic leadership team's intuition alone, in the current dynamic and chaotic business environment, is disastrous, as it constantly keeps shifting.

Therefore, for a strategic thinking and organizational change, in any organization, to be managed, there is a need for continuous dialogue with all employees and paying close attention to their current mind-set, thinking needs and wants.

Beitler (2013) views that organizational changes can seriously manifest in organizations through new strategic thinking and new values.

### **3.19 Strategic thinking and organizational change influences current work group relationships:**

Hamel (2012) concedes that many of employee's social thinking and needs are satisfied at work. In this present day, employees have a very high need to belong to a workgroup and to associate themselves with other workers within their work environment. Employees often form friendly groups in which they share their thinking and experiences and help each other out, both on and off the job.

It is reported that through these relationships, employees experience a sense of belonging and togetherness. Generally, a unified work group will view most of the strategic thinking and organizational changes as external threats and will resist the change. Employees fear that the changes may cause group members to be transferred or replaced by individuals with different skills and learning abilities. Strategic thinking and changes might also, be adversely disrupted by informal communication within the organization. Various changes require employees to forge new thinking alliances with other workers. With these new relationships comes the potential for even more conflict and nothing can derail an intended change faster than a clash of thinking, personalities and learning habits.

### **3.20 Conclusions**

In the direction of contributing to the body of strategic thinking and organizational change knowledge, the research contained in this chapter, analysed two crucial research questions, which guided this investigation. Different current discourses in the research questions provided vast amounts of up-to-date explanations as to the theory of strategic thinking and change. Two crucial research questions were explained that which reveals that strategic thinking and organizational changes go through a series of several dynamic and complex periods, each creating considerable future opportunities and that critical mistakes in these changes can have catastrophic implications on the organization's survival and sustainable competitive advantage.

Today many European companies and various industries have set standards for investing in organizational changes. As a rough benchmark, most successful firms invest in a sum equivalent to more than four percent of their payroll, in organizational changes, training and learning. This is about the same level as General Electrical four-point six percent and Motorola four percent. It is not unusual for European managers to spend two or more weeks a year, in management development learning activities, based on the belief that the return on brainpower investment will be high'. While their South African counterparts are slowly picking up such standards.

This chapter has set many current debates and views with the foundation of paralleling the varied ways of thoughtfully performing the strategies and organizational changes, which have over the last decade enhanced forward thinking. The dominant apprehension of this chapter was to explore and examine the up-to-date ways of thinking in what way, over time, organizations changes have influenced strategic thinking, which in turn affected their performance. It explored the explanations and rationalizations of how through the adoption of various strategic thinking and changes, organizations are evolving and how they are making sense of their emerging future.

Finally, as all South African organizations are going through various changes this, in turn, requires a tremendous amount of strategic thinking there is a necessity for scholarly inquiry into these mind frames. It is very clear that strategic thinking and organizational changes are, on-going challenges and that the full implications and understanding of the transitional thinking will still need to be ever so closely monitored to maximize the potential learning in organizations.

Chapter 4 will now debate the learning facilitated through the strategic thinking and organizational changes and attempt to analyse the fourth research question scheduled below:

What are the successes and failures of contemporary strategic thinking approaches that encourage or create barriers to organizational learning?

## CHAPTER 4: THINKING IN TERMS OF ORGANISATIONAL LEARNING

### 4.1 Introduction

Currently, the concept of organizational learning is contributing and generating considerable debate in organizations. As today's organizations are facing accumulative strategic change and transformation which causes uncertainty, turbulence or ambiguity in market conditions the need to be able to learn becomes imperative. Consequently, this overwhelming turbulence, uncertainty, and dynamic in the business environment is putting pressure on the organization to continuously update their knowledge, adapt to change and through a transformation which now allows them to become learning organizations. Learning and change are two sides of the same coin. Learning informs change and change, in turn, stimulates learning.

In the absence of learning, organizations, society and individuals simply repeat the old mistakes of the past and which are then put into practice (Rashman *et al.*, 2009).

In both academic and management literature over the past 15 years, the concept of learning organizations or organizational learning is conventional, being one source of competitive advantage.

Today's knowledge may not be effective in solving many organizational problems in the future. Organizations who do not learn continue to make the same mistakes, worse still they cannot remember how they achieved success in the past and they ultimately die.

So, what is learning organization? Does the organizational learning model help organizations anticipated outcomes? How can a learning organization be shaped after strategic change and transformation process has taken place? At various different levels within the organization and among employees, they still blame each other for all the company's woes, resulting in low performances, production and high operative cost.

This research project continues to focus on the concept of rethinking organizational learning, and whether or not it is applicable or beneficial in the organizations.

Various strategic change and transformation options have been explored in the past chapter to make organizations efficient and effective. Strategic change and transformation initiated by top management to improve performance either takes too long or is never completed.

Two crucial debates are explored and studied in this research chapter, which are strategic representations versus strategic enactment and the learning organization versus organizational learning. These are two very critical and challenging problems facing the ways of strategic thinking.

In the attempt to answer the research question, critical aspects of organizational learning will be examined. As listed below:

The meaning and consequences of non-linearity in ways of strategic thinking.

The significance and consequences of positive feedback in ways of strategic thinking.

What is the significance of strategic thinking in terms of mental models in organizations?

What is the double causality effect found in organizational learning theories?

What are the roles of work teams and the social in general to learning processes?

Finally, the role of leaders in learning and knowledge creation?

In order to provide answers to the fourth research question, the philosophies offered in this chapter are significant for the reason they constitute the critical assumptions on which models of organizational learning are built and exist. Today, the current popularity of thinking in organizational learning and knowledge management, reveals some critical challenges in organizations. These realizations come from the various limitations of the strategic choice theory as discussed in Chapter 2, in which organizations are to avoid inexperienced applications, and, incorrect learning and knowledge management prescriptions. It becomes crucial to comprehend the various ways of thinking and to recognize the limitations of this approach of thinking and learning.

Firstly, this chapter establishes that South African organizations are already practising the ingredients and attributes of organizational learning. There is, however, a need to take a formal approach to adopting the full tenets of the learning organization, if organizations are to achieve superior performance and long-term sustainable competitive advantages. Contemporary theoretical perspectives of the learning organization coupled with related notions of



organizational learning, knowledge management, organizational culture and community of practice will be explored through a detailed literature.

Secondly, this chapter will also seek to explore the leverage of strategic leaders, who bear the potential to make the learning organization effective and who then rarely implement, or else take too long to implement the new strategies. Today, South African organizations are beset by problems of ineffective management learning systems, which, lead to failure, as they are unable to satisfy their customers or consumers to realize profitability and long-term sustainability. Organizations at the present time need to adopt a learning climate which will lead to enhanced organizational performance.

Thirdly, this chapter will review the literature relating to the concept of learning organization and the learning-based approach to strategic thinking, to gain a broad and in-depth understanding of the research topic. Examine the learning organization ideology and discourses. Will explain the distinction between a learning organization and organizational learning. The second main aspect will be to evaluate the need for adopting the learning organization model to establish its applicability in implementing organizational change through strategic thinking. The third main aspect will focus on identifying the key disputes and characteristics of learning organization thinking as contained in the various literature themes, which should help in answering the fourth main research question which will confirm or refute the proposition of the question. As is stated below;

What are the successes and failures of current strategic thinking approaches that encourage or create barriers to organizational learning?

## **4.2 Strategic organizational learning climate**

Learning is the act of acquiring new or modifying and reinforcing, existing knowledge, behaviours, skills, values or preferences and may involve synthesizing different types of information. The ability to learn is a process possessed by humans, animals, plants and some machines.

Strategic learning is, therefore, an environment built around where;

People (living organisms) interacting in a space that is free from 'artificial' behaviour.  
Relating to their experience or restrictions in their organizations.

Where the types of engagements are largely voluntary, as opposed to tele logical or determined, and learning arises from complex interactions for mutual benefit.

Blomme (2014) considers that organizations can nurture a learning climate that enables its management teams to cultivate and comprehend their environment, by taking the time to think strategically about their future. The organization must inspire a climate of openness to learn and trust, which allows its employees to speak out and challenge current organizational assumptions and engagements. Tang and Sullivan (2014) argue that the prime objective is to encourage an atmosphere conducive to experimentation and learning from experience. The organization ought to nurture a climate that is always aware of the fact that employees and organizations can learn from making and correcting mistakes as no progress can be made where employees pretend that strategic thinking does not exist. Singh (2014) explains that an organization develops its distinctive climate from its strategic thinking through its organizational robustness, organizational resilience, strategic management practice and philosophical beliefs.

Fakher and Abdelfettah (2014) considers that an organizational climate that appraises its employee's performance on the basis of management by objectives, is critical to fostering organizational learning, as it inevitably encourages employees to develop. Reducing defences against the pain and threat of making mistakes through active experimentation.

For Tomassi (2002), strategic thinking sees the improvement of learning as the driving force of the future. This will see the rapid diffusion of disposable learning information in organizations. However, management agendas are now focusing on maximizing the utility of investigating existing solutions and systems processes at the expense of studying their functions through experimental learning with new ideas, new thinking, strategies and knowledge. Learning is used to improve or substitute the old methods of doing business.

### **4.3 What is Strategic thinking in organizational learning?**

The literature offers various definitions of strategic thinking through learning organization. Many authors have tried to define and describe the strategic thinking which is based on the learning organization concept but have to date been unsuccessful. Some academics, researchers, and authors use the terms organization learning and learning organization interchangeably (Zahra *et al.*, 2011). Presently there is still very little consensus as to whether it is thinkable to describe an organization as a dispensation of learning capabilities or whether

it is a learning organization (Grey & Antonacopoulou, 2004). Easterby-Smith and Lyles (2011) argue that for as long as an agreement on the concept of learning organization is missing, the task of analysing organizations in this respect is grounded on diverse theories and consequently bound to produce inadequate analyses and interpretations within different organizations. While Kirwan (2013) states that the learning organization has proved difficult to define.

Senge (2010) mentions that a learning organization is a place where employees continually enlarge their capacity to create the consequences they want, where creativity is stimulated, where employees share the same strategic vision, and where employees persistently learn to see their organizations in a holistic manner and which can then enable them to view their organization as system with interlinked units.

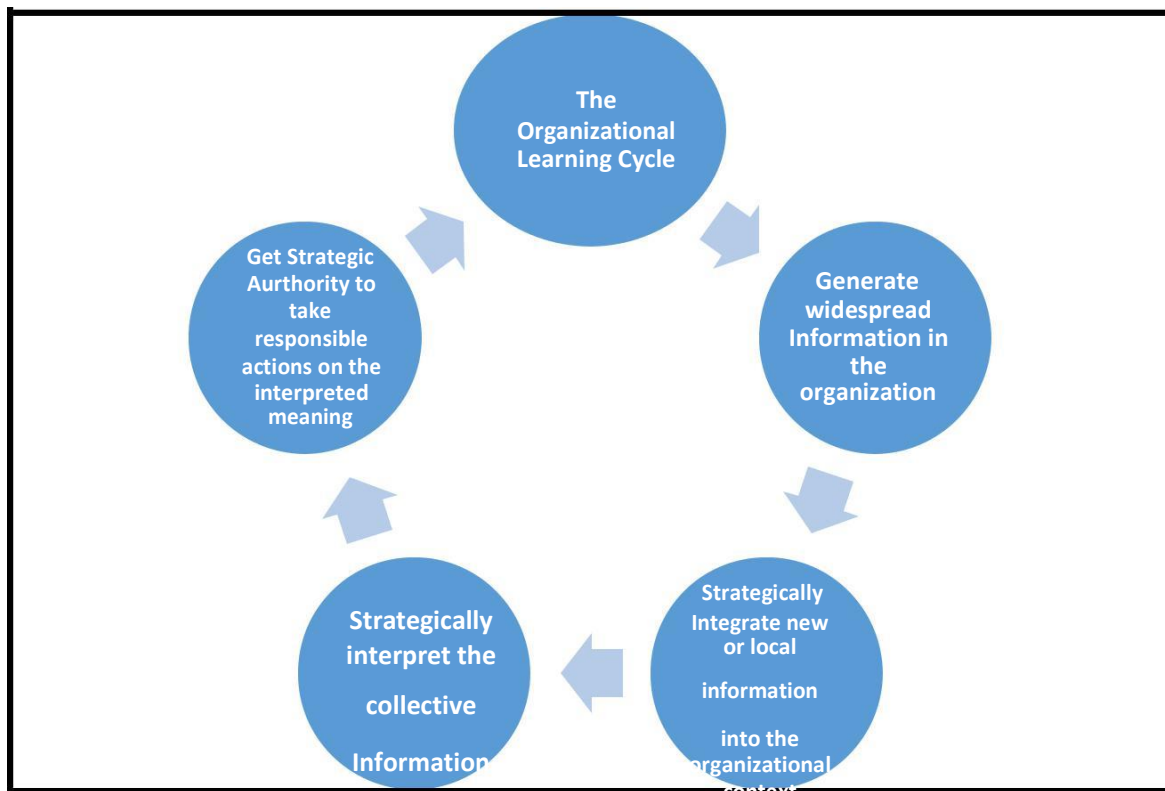


Figure 27: The Organizational Learning Cycle. Source: Researcher.

The above diagram portrays the organizational learning circle. This focuses on the organization to generate widespread information from various sources, which can then be integrated into new information fitting the context of the organization. This can then be followed by collectively interpreting this information and then finally the authority is given to strategic leaders, who have to take action based on the interpreted meaning.

Mirmohammadi (2010) refers to strategic learning organization as one which has the following capacities as listed below:

The organization is systematic at problem solving.

The organization experiments with new approaches.

The organization learns from its past experience.

The organization learns from the current best practices.

The organization is transferring knowledge quickly and efficiently throughout its structures.

#### **4.4 Strategic learning organization's profile**

Myriam *et al.* (2014) contributes by saying that the learning organization can entice the abilities of its workforce, to keep abreast of and ahead of competitors, by effecting continuous process improvement and implement joint learning with suppliers and customers. The learning process takes place through four fundamental processes, as listed below:

Policies and regulations.

Operations and systems.

Strategic thinking and

Strategic Enactment.

At the individual level, learning flows through;

Vision and

Thinking to realization associated with behaviour and doing.

At the organization level, learning is represented through;

Policies and procedures

Operation and systems as a collective action.

Nyhan *et al.* (2004) recognizes three levels of strategic organizational learning, as listed below;

The first order level of learning which takes place within the organization is through its internal structures and resources such as its technical know-how, portfolio, and intellectual property assets.

The second-order level of learning is when the organization learns from its suppliers and customers through interaction and sharing research and development (R&D) resources. The third order level of learning, which occurs when the whole economic system establishes rules and processes with the involvement of both social, research institutions and government.

In this regard, the strategic organizational learning continuously tries to find means to advance effectiveness from its employees who are kept performing their organization's duties, by means of reciprocal engagement.

At the moment organizations that are not learning, are characterized by a lack of shared strategic vision, hidden agendas, and non-participation by employees. These organizations may practice linear thinking as a replacement for lateral thinking, with an averseness to taking risks and are antagonistic to adopting the new behaviours of doing business. This is closely followed by the anxiety of strategic change and transformation. It tends to impede employees from being creative and affects their enthusiasm to learn. The current leadership style as directed from many different stakeholders is usually that of commanding rather than of coaching or listening and is reflected in the structure of the organizations organogram and in its management style. This contributes to the non-existence of synergy in management teams, which causes an increased low level of trust among employees. In most circumstances employees are afraid of losing their power, status, and influence. The absence of the inclination to learn, at different levels, within an organization to exposes numerous challenges on the organizations aptitude, skills and knowledge. The challenge will be to move organizations, society and individuals away from being traditionally authoritarian and from having no learning endeavours.

#### **4.5 Systems thinking approach to organizational learning**

Reflected in this contemporary theory, organizations grow into what they are because of the quantity and quality of their learning progressions. Organizational learning greatly affects their strategy and their strategic direction. In proposing learning processes that encourage effective learning within their organizations becomes a critical role for strategic leaders. For that reason, this chapter explores the various theoretical foundations of the learning organization theory and knowledge management, which, since the early 1990s, are still continuing to attract cumulative attention in management debates.

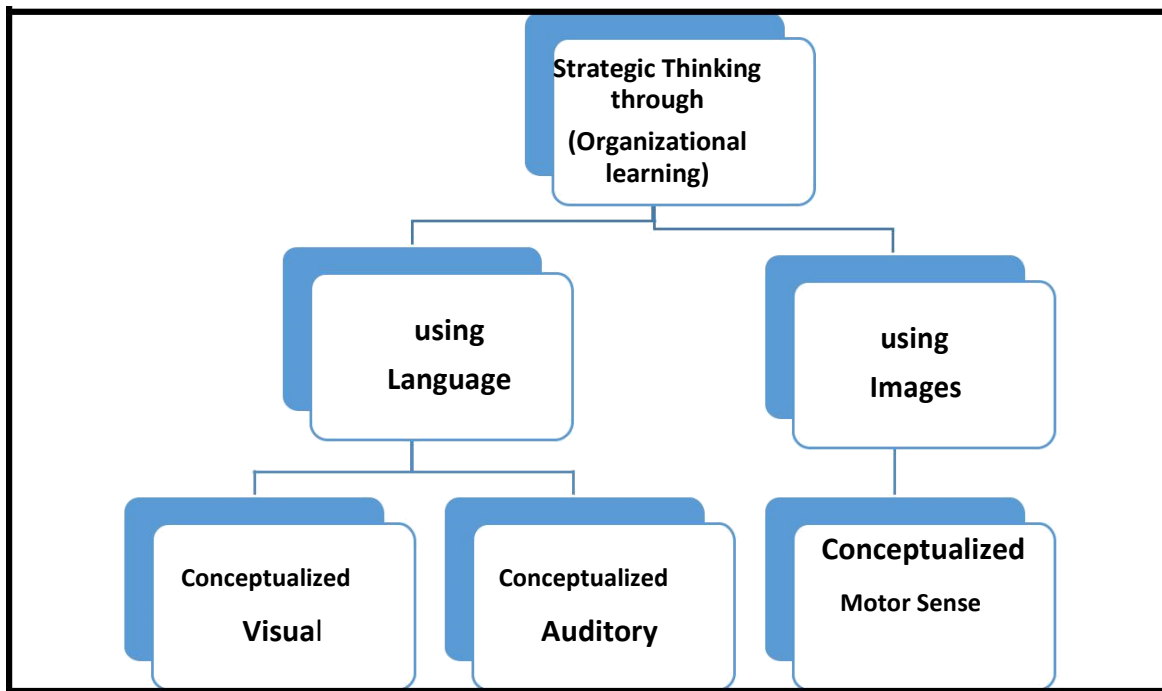


Figure 28: Strategic Thinking through Organizational Learning. Source: Researcher.

The above diagram depicts strategic thinking through organizational learning which uses language and images to conceptualize the visual, auditory and motor senses.

However, these methodologies of thinking are commonly linked to strategic choice theory, although there are substantial differences. Its arguments are limited to predictability, in addition to further complex learning processes elaborated in strategizing organizational strategies. The foremost theoretical metamorphosis is that learning organization theories are engaged, in the somewhat very dissimilar theory of interactions. Organizational learning theory perceives interaction in systemic relationships. However, this systems theory becomes systems dynamics rather than cybernetics.

According to the strategic choice theory, organizations change when their strategic leaders make choices on wide-ranging organizational issues. Critically discussing the theory of the learning organization, after a progression of organizational learning, change then flows. The aforementioned situation perceives employees in an organization as learning effectively and collectively, which then creates knowledge which forces organizations to change.

The most dominant explanations of the concept of the learning organization is that assumed by Senge (1990). Senge proposes that organizations which excel are the ones who are capable of tapping into the commitment and human capacity of its employees to learn continuously. Senge perceives this dimension as inherent towards the development of human nature and he

pinpoints it particularly to individuals, even though Senge does not perceive tremendous learning as happening while individuals are experiencing teamwork. Senge categorizes five critical disciplines essential for any organization to learn. These are listed below;

Systems thinking.

Personal mastery.

Mental models.

Shared vision.

Team learning.

Separately these five critical disciplines will be deliberated in the last section of this research project.

#### **4.6 Systems thinking dynamics in organizational learning: non-linearity and positive feedback**

Senge views organizations from the perspective of systems dynamics and proposes that learning organizations demand of their employees to think in systemic rapport. Employees ought to think about their work in relation to their specific title roles. Employees must cultivate an understanding of the positive and negative feedback configurations of the systems of which they are part. Such a view could help employees to at a vision of the unanticipated consequences of the emerging situation. The critical learning tenacity of thinking in systemic terms is to ascertain strategic leverage arguments that merge the network of negative and positive feedback loops where change can then partake in greater favourable organizational learning effects. In place of the strategic choice theory, the perseverance is to stay in control as much as possible in every complex system (Chiva *et al.*, 2010).

These systems dynamics bring many considerable intellectual debates which are rooted in the traditions of cybernetics. Whereas cyberneticists focused on learning from structures based on negative feedback loops, researchers sought, in mathematical terms, to develop systems dynamics, and to model the system as a whole. The foremost significant researchers of this expansive thinking, stood as economists who were in search of modelling economic cycles from the whole economy or precise aspects of the whole, for instance, inventory cycles. At this point, the foremost significant researchers were Goodwin (1951), Philips (1950) and Tustin (1953). Later, systems dynamics thinking was extended to various business management problems by Forrester (1958) and Simon (1952). In this regard, their modelling exertions, on

systems dynamics, focused on non-linear equations that assimilated positive feedback learning effects and which then generated reasonably more complex learning dynamics. Furthermore, these learning models presented more cyclical learning behaviour in organizations. These were due to the structures of the system used, and therefore, not just environmental changes. Conversely, impartial to cybernetics, a system cannot naturally change itself.

#### **4.7 Non-linearity in organizational learning**

Accordingly, non-linearity takes place situations where some strategic actions have wavering effects on an intended outcome. This then depends on the level of the situation or the strength of the strategic action. For instance, the current accessibility of inventories of goods disrupts the shipment rates of these goods, although the consequences differ. While the inventory is near to the sought after level, on one hand, there can be practically no influence of inventory level on the shipments rates. On the other hand, as soon as an inventory is critically small, inventory accessible has an influential restraining effect on shipments.

An alternative way of thinking of a system is that it operates based on negative feedback as in cybernetics, which then permits a system to operate and have both positive and negative feedback. Therefore, organizational learning in system dynamic thinking, consequently presents the opportunity that a system possibly will demonstrate non-equilibrium learning behaviour by way of being overturned amid positive and negative feedback. This result is a further considerably complex learning pattern over time, due to strategic movements. Organizational learning behaviour becomes cyclical and is only disturbed through environmental oscillation. Systems dynamics researchers were very important in paving the way to the understanding of the nature of many economic cycles, for instance the inventory cycles and new forms of organizational investments. Systems dynamics, furthermore, provides arguments to the limitations of predictability in organizations through presenting non-linear globular causality. This makes it incredibly difficult to find out what causes what, or what precedes what? Conceivably the utmost development of systems dynamics models used for application to organizational learning and social policy issues have been presented by Jay Forrester (1958, 1961). His contextualized learning mechanisms through engineering, digital computer innovations and the strategic management of enormous R&D efforts. Jay Forrester (1958, 1961) advanced the approach of understanding human systems that are founded on models of positive and negative feedback, non-linearity and the use of computers to simulate greater organizational learning behaviour and patterns in complex system changes. Feedback



becomes the most critical basis and characteristics of world views, which Jay Forrester (1958, 1961) steadfastly linked to human decision making as a predominate feedback concept. Forrester illustrated his research approach through modelling the behaviour of production and distribution chains to beer manufacturers.

#### **4.8 The strategic thinking and the organization learning conception.**

The learning organization philosophy emerged in the last portion of the 20 century and has advanced from the focus of contemporary organizations to self-development employees. At hand, there are numerous notable contributors to the learning organization philosophy who place different emphasis on its different aspects. According to Aguilera-Caracuel *et al.* (2012) these diverse views are mutually supportive, rather than contradictory, as all academics converge on the common theme which amplifies the fact that organizational learning is greater than the sum total of individual learning. The aforementioned is with the assistance, and making use of the learning of its individual employees, that organization can then tie together the collective ability and knowledge of its people to create the outcomes that it desires (Malik *et al.*, 2012). Tan *et al.* (2014) argues that knowledge is power and has conceivably become the most expensive of all the other resources. Which explains why most individuals who have knowledge often try to make it top-secret.

Yoon (Sep, 2015) describes a learning organization as one which enables the learning of all its employees and continually transforms itself. Fraj *et al.* (2015) succumbs to the fact that the learning organization combines crucial components of strategy and personal development, as it affords prospects for employees to achieve their organizational and personal goals. Such organization as those where individuals persistently enlarge their capability to create the outcomes that they actually desire; where the new and expansive patterns of strategic thinking are developed, where cooperative aspiration is set free and employees are continually learning how to learn and learning to see the complete whole. Fernandez-Mesa and Alegre (2015) articulates that the learning organization is not a monolithic or estranging undertaking, but rather one that involves employees working in agreement with one another in ways that fundamentally lead to creative long-term survival.

According to Dong and Yang (2015), the learning organization is an exceptionally adaptive enterprise where employees are continuously discovering how they can create their reality and how they can change and transform it. Such organizations practice generative learning through

the ability of their employees to think outside the box while at the same time using their adaptive learning skills to cope with change and transformation.

Knoppen *et al.* (2010) distinguishes between adaptive learning and generative learning on the basis that adaptive learning happens when employees merely identify a gap or problem and accordingly set about closing the gap or solving the problems in the internal or external environment. Generative organizational learning, on the other hand, emanated into effect when organizations were in the process of identifying the gaps or problems, new possibilities emerge that require rethinking strategically and the redesigning of existing routines. This applies pressure to the employees to change or transform their perceptions and go on to learn, how to learn to cope, with the new opportunities as they unfold.

Generative learning is not a reactive response to external pressure, but an anticipatory or imaginative act of engagement with the sphere around us.

Chung *et al.* (2015) considers that an organization's ability to learn will be the major source of competitive advantage over others. On the other influence, Beene and Goodman (2014) yields to that the uncomplicated rationale for organizations these years is that only those organizations that remain flexible, adaptive and productive can survive and excel in today's realm of ambiguity. Eberhard and Craig (2013) mentions that this as the excruciating environment of discontinuous, but rapid change and volatility. Learning how to learn faster than the competitors is essential given the fact that the environment is active, but waiting for any one organization to become complacent (Hu, 2014).

Aragón *et al.* (2014) settles that becoming a learning organization can be viewed as a way of observance into the future of competition improving competitive advantage.

Agreeing, Chen *et al.* (2015) that an organization is capable of benefiting from the diversity of knowledge, experience, and skills of its employees knowledge, through a progressive learning climate, which inspires reciprocated questioning which can create a mutual purpose or vision. Lloria and Moreno-Luzon (2014) illuminates that the learning organization concept is premised on the resource-positioned view, make resources accessible to it and which creates its own exceptional competencies of information and prospects that support the required strategic changes and transformations.

Individual employees learning is crucial to organizational learning, as it encourages the ability to think strategically, disparagingly and creatively among the individual followers in the organization.

Kumar and Singh (2012) argues that individual employees in organizations are grounded on the premise that organizations cannot have quasi-individual thought processes, as this cannot preserve human beings who possess such mental activity. This observation is supported by Lyles (2014) who articulates that unlike employees, organizations are not alive and do not have any feelings or emotions. When bankrupt, they cease to exist.

Learning organization nonetheless provide a business landscape for generating creative ideas Senge (2010) advises that such organizations provide the cosmos for generative conversation and connected organizational action. Senge (2010) contends that creativity matures when one gets very dissatisfied with one's current situation and is driven to change and transform it. Yu *et al.* (2013) has defined individual learning as any relatively permanent change in behaviour which occurs as a result of experience. In this concern, any change in behaviour would consequently be an indicator that learning has taken place. In this understanding, individual learning can be attained by way of classical conditioning, operant conditioning and social learning theories in which individual employees can learn through associating, observing and directly experiencing issues.

Altogether, the above processes require a change and transformation in employee's personal mental behaviours, which demand that the employee unlearns some of their entrenched conducts to learn new things. Schein's (2010) observation is that the process consequently leads to two kinds of anxiety namely, anxiety 1 and anxiety 2. According to Schein (2010), anxiety 1 arises from the employees' fear of the unknown, given the fact that generally, employees tend to have a preference for their stable, institutionalized and predictable environment, as opposed to any unstable and less predictable one. Senge's (2010) opinion is that confronting the unfamiliar, is the most fear-provoking proposition for the employee's ego, assuming that the continuously changing and transforming forces of humanity are trying to find new solutions to current organizational problems, and learning to cope and survive. Schein (2010) consequently, proposes that for change or learning to occur, anxiety 2 must be greater than anxiety 1, at which point, the fear of not learning to survive is greater than fear of the unknown.

#### **4.9 Main beliefs of organizational learning in systems dynamics.**

As a result of successive computer replications of countless and diverse human systems, researchers in systems dynamics practised, devised and identified three critical principles around learning in complex human systems. Which are listed below:

Current research shows that complex systems frequently yield unexpected and counter-intuitive organizational learning results. These systems create non-linear relationships, through positive and negative feedbacks, with links between cause and effect. That strategic thinking is distant in time and in learning. These computer replications, are used, not to capture the emerging future, but for specific outcomes within a strategic range of likely outcomes. This helps to establish very broad qualitative features in organizational learning patterns that affect strategic thinking behaviours.

Present researchers on systems dynamics are now recognizing that systems are highly sensitive to some changes, but then again strangely insensitive to several others. The systems encompass powerful pressures or leverage to aid strategic leaders thereby enabling them to exert influence on their employees learning behaviours through the impact of their current systems. Moreover, some systems are insensitive to change and therefor need counteractive and more compensative externally focused corrective learning. Because this creates a natural tendency to counteractive learning or compensative learning which permits the move to strategic stability. However, it can be necessary to change the system and the situation rather than merely applying externally generated learning remedies.

All the above-mentioned arguments lead to the assumptions that challenge organizations in strategic planning affecting they are long-term future survival, which then prompts many learning counter-forces and leads to unpredicted and unplanned changes.

#### **4.10 Strategic thinking through organizational learning a South African perspective**

South African private and public sector organizations have long been weighed down with negative images tantamount with incompetence, sluggish service providers, and poor productivity. The old-style dichotomy has been that the private organizations are too profit-oriented, are inefficient, too cost effective and do not maximize on many current learning opportunities. With this concern, the private organizations have adopted and embraced the principles of the learning organization, more readily than the public service organizations have.

Presently the learning organization has been seen as an important survival strategy, as it supports the following achievements as set out below;

Enhancement in the quality of service and production.

Expansion and dissemination of new ideas through active experimentation.

It surges the ability to strategically change and transform coping with change in such areas as changes in company ownership, culture, values and technology.

Enlargement of professional skills which can create competitive advantages.

Founding new relationships, informal alliances, and networks with customers, suppliers and other organizations.

The aforementioned would appear as though not many organizations in South Africa have encompassed or shown any inclination to adopt and implement the learning organization concept even, in spite of the fact the above objectives do apply. In broad-spectrum, most organizations remain dictatorial using the top-down management paradigms of some kind and consequently depending on the socio-political dispensation of the dissimilar stakeholders. This, therefore, makes it difficult for many South African organizations to provide a learning framework, which can truly set its employees free to use their minds while performing their jobs. In certainty, organizational lethargy presently directs, as everybody tends to wait for the charismatic individual leader to take the initiative.

In the short- to- medium-term, South Africa is fronting at least two significant problems, namely, the prevailing inadequacy of human resource development and the absence of internal skills capacity in both the private and public sectors. This, in turn, causes no organizational change and renewal. The learning organization approach aims to enact strategic thinking and operational objectives which will put South African organizations in a position of improved ability to survive, grow, change, transform and prosper. Through continuously adopting and enacting the learning organization approach, such organizations can become more efficient and effective in their customers' service through the growth of a learning climate and management style that promotes:

Self-awareness and self-management among its employees.

Self-effective management of subordination and work for teams.

Healthier management of the strategic change and transformation initiative.

An improved ability to interpret the environmental requirements and establishing relationships.

Enhanced informal alliances and network with consumer service providers and other organizations.

#### **4.11 The Motivation for Strategic Thinking Based on Organizational Learning in South African.**

The desire to find lasting learning solutions to continuous problems in the present-day tempestuous business world, has provided an inspiration for many South African organizations to embark on a learning journey, with the view to find some effective approaches to transforming their organizations into a learning organization. Through its emphasis on individual learning and collective learning, the learning organization may be seen as a place where more accountability and flexibility is placed on individual employees. The leadership of an organization comes to be a critical aspect as it takes on the obligation of transferring learning and knowledge.

The learning organization provides assistance to shifting paradigms of its strategic leaders and employees, as soon as they commence to think in terms of the entire system. So as to move beyond the blame game and and sharing a profound and common strategic vision. Management teams essentially need to understand and learn to support their organizational strategies. This permits knowledge management and is therefore, able to harness knowledge from individuals. This can be anticipated to facilitate the organizational learning to avoid repeating the same mistakes made in the workplace, in the past.

As soon as employees in the entire organization become whole-heartedly focused and unswerving to their work, then most of the complaints from the customer will be eliminated. Muller (2011) says a learning organization can result in an eager workforce which is enthusiastic to work together and share knowledge. The basic is to aid employees to think big and to unshackle employees from their narrow visions of themselves, in order that they can participate in isolated practices. It is anticipated that employees are to understand how to work with each other as one organization, as a result of this paradigm shift to a learning organization.

#### **4.12 The South African context of organizational learning put in modern perception**

South Africa is experiencing both transitional and evolutionary changes at a number of important social and economic levels. Most noticeable among these is the transformation

currently sweeping through, caused by new government legislations and cross-national politics, the exchange rate, the falling of the South African Rand, electricity shortages, new consumer taste and technology.

At hand there has been massive pressure for private and public service organizations to learn for a variety of reasons, which include:

The advent of the new economy of plentiful supplies, aggressive local and international competition, empowered consumers and the accessibility of more capable or knowledgeable workers.

The increasing gap between the consumers and their new expectations and demands for complex and sophisticated standards of service, in the face of constrained and insufficient resource availability for organizations.

Present-day technological and many other external changes, driven factors that continue to create threats and opportunities for today's organizations.

The comprehension among the private and public-sector employees is that change, and transformation does not depend on often rare, or astonishing and charismatic change leaders, in some high office outside the organization to drive the paradigm shift.

The above has given motivation to South African organizations for the enlargement of a learning-based approach to strategic thinking. The collective effects of all this strategic thinking is complex and is likely to give rise to misperception and uncertainty as to what course of strategic action would best serve a learning organizational wellbeing. It is in such circumstances that the capability to learn comes into acute demand to facilitate effective organizational change and transformation.

#### **4.13 Organizational learning epitomes of feedback processes**

Senge's archetypes and models are intended to be applied to organizations, in a flexible way so as to aid, in understanding emerging patterns of events. For instance, Senge defines archetypes as, 'limits to growth' this transpires as soon as the fortifying of the positive feedback process is connected to yield a desired future result, a positive growth loop, then again it disparately generates a secondary effect, a negative limiting loop, which then puts a stop to organizational growth. These limits to organizational growth structures, originate wherever growth collides in contradiction to limits.

#### 4.14 Organizational learning through constructivist psychology

Casey (2012) argues for a constructivist view of human psychology and learning. They embrace the opinion that employees do not purely respond to stimuli presented in their environments, but can critically select features of their environment according to their own current identities. In other words, they enact, or bring to the environment that which is relevant to them. This view of cognition recognizes that employees learn from responding to outside activities rather than just passively registering past experiences. The employees' world is then dominated by specific daily mental constructions of their own individual world and not a pre-given world. Each employee in this sense creates his/her own world.

The question of reality becomes meaningless, for the reason that detailed evolutionary times went by producers' numeral of emerging future possible visual systems.

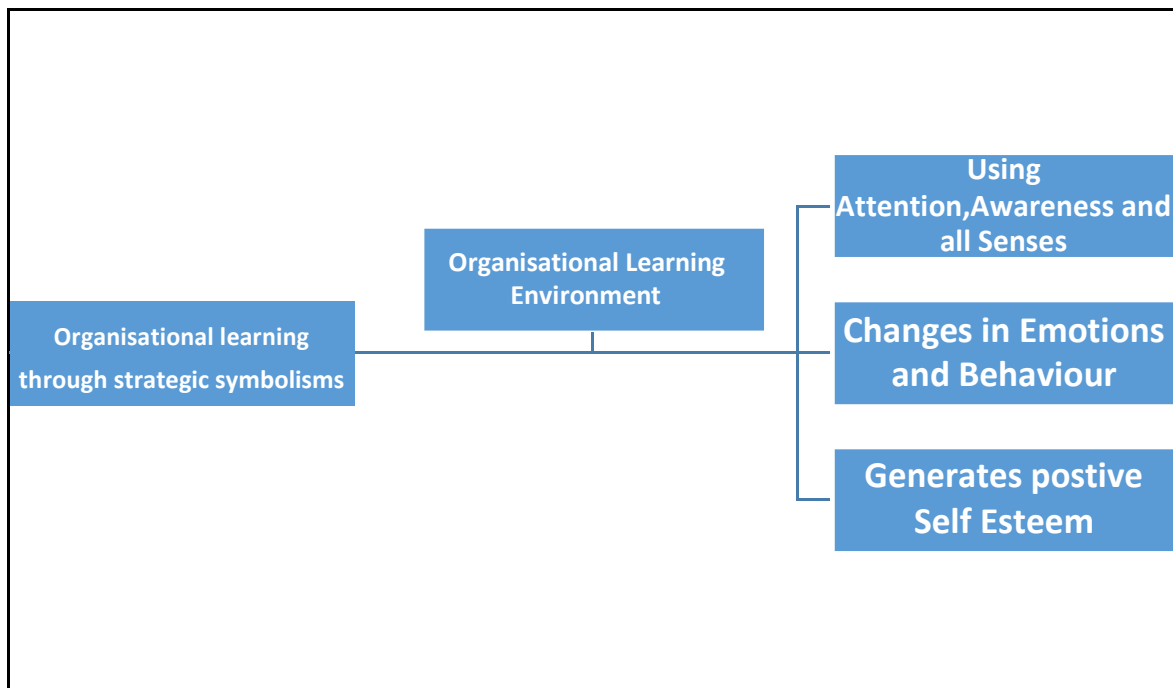


Figure 29: Organizational Learning Symbolisms.

Source: Researcher.

The above diagram, displays an organizational learning through strategic symbolisms, which are aided by the learning environment which by using attention and awareness of all senses, to change emotions and behaviours that generate positive self-esteem.

Varela and Maturana (1987) presented evidence for their view that the employee's brain seems to not merely register stimuli, but create mental images and patterns associated with their learning. Their brain merely processes various information or performances, of the current



reality so as to form more or less accurate mental representations of their world. As an alternative, it can be created, through external stimuli, resulting in vigorously constructed global mental patterns, with a lot of electro-chemical activities in their minds. Moreover, these mental patterns are not stored in precise parts of the brain, since each time a current stimulus is represented in the body, the employee's brain constructs a pattern of a new mental picture that involves the assembling of many different neurons in parts. This led to Maturana and Varela concluding in their research, that the employees' nervous system does not only symbolize the world, but rather, calls for the enacting thereof. The world in which employees act is the world they are creating through their acting.

Therefore, Maturana and Varela's research on learning assumes a constructionist viewpoint rather than a cognitivist one. This becomes an underlying concept in the theory of strategic choice and other numerous current points of view of learning in organizations.

This critical change in strategic thinking becomes fundamental in the theory of psychology. It offers thoughtful challenges to cognitivist researchers who support similarities between the theories of strategic choice and the learning organization.

It also offers an understanding of the mental process as a unique and continuous construction that can be learned and stored in the brain and easily retrieved.

#### **4.15 Organizational learning through enactment and sense-making in organizations**

One of the most influential writers on learning organizations, who assumed a research approach based on constructivism, is Weick (1995). Weick (1995) emphasizes enactment and the critical role of storytelling in communities as a major factor in sense-making. He lists the features below:

Actives in the workplace framework can stimuli various learning endeavours, such as comprehending, explaining, attribution, extrapolation and prediction. Weick (1995) frequently talks about the metaphor of mind maps, which through mental models, greatly influence individual learning.

Employees can then create conscious and subconscious expectations with different assumptions predicting what they desire to expect and encounter. In this situation, sense making is activated once there is a disagreement concerning the expectations and what is encountered. The necessity aimed at the explanations is activated via surprises and

which partakes in the practice of retrospective interpretations to explain these present surprises. The meaning is then attributed to the retrospective output, as a sense-making procedure that does not arise simultaneously through the discovery of major differences.

Sense-making then becomes a procedure where employees try to deal with emerging interruptions of continuing strategic activity.

It also becomes a progression reflecting reciprocal interactions of information, pursuing that give meaning through learning ascriptions such as associated response, environmental scanning and interpretations.

Currently, there is a discrepancy between generic (collective) and inter-subjective (individual-relating) procedures of sense making in learning organizations.

Weick (1995) strongly airs sense-making as a meaning from both, individual employees and social activity, and argues that it is present in both situations, in what way a mental text is constructed and by what means it is interpreted to benefit the creation, discovery and intervention of learning. Weick 1995, argues, that sense-making be forged on the employee identity construction, wherever, their identities can be constructed through the manner of interaction among employees. Sense-making becomes a procedure of employees relating to one other so as to co-create, or, enact their environments. In his prescriptions, places particularly enormous emphasis on conversation, discourse, talking, storytelling and narratives. He also attributes specific significance to unusual instants in the sense-making process. Also pinpoints the cause of this novelty in disagreements, differences, disruptions, surprises, thinking gaps, unforeseen failures and uncertainty.

The above-mentioned section specifically described two very critical theories of mental models:

The cognitivist theory where mental models exist as internal representations of the external reality.

The constructivist theory where mental models exist as daily and active constructions that create the current world within which employees act.

Finally, whatever the perception is, learning for all intents and purposes partakes in changing mental models.

#### **4.16 Single-loop and double-loop as strategic organizational learning.**

Argyris (1999) describes two types of learning that occur in organizations;

Single-loop learning and  
Double-loop learning.

Today, prominent theories of learning are focusing on changing employee's mental models. These originate from the academic research done by Bateson (1972) and advanced via Argyris and Schon (1978). These academics differentiate between single- and double-loop learning.

#### **4.17 Single-loop learning.**

Single-loop learning denotes the learning that transpires each and every time an error is detected and corrected and is devoid of questioning or altering the underlying assumptions of the system. At the moment, single-loop actions are most numerous in organizations and they are appropriate for routine jobs. An example of single-loop learning occurs when managers detect a problem in implementing a specific strategic initiative and then take action to correct the deviation.

An employee would perform particularly slowly, if each action that the individual ought to do, is consciously retrieved and examined via previously learnt mental models, then choose the appropriate one. Professional employees' consequent performance is based on previously learnt models, as these now become subconscious, the modern progress of learning, consequently comprises of a repetition of particular actions, as a purely automatic practice, with a view to creating the strategy of future comparable actions. Professional employees appear to use a system of identifiable patterns of new circumstances, which automatically activate the usage of previous mental models established in relativity to the corresponding foregoing circumstances. Professional employees do not scrutinize their entire world regarding their proficiency, as soon as they are confronted by new circumstances. As a substitute professional employee who quickly sense identifiable comparisons, concerning the qualitative mental patterns of whatever they are observing, in addition, they spontaneously produce models that can be modified to encounter their new situations. This becomes single-loop learning. Each time professionals act, and after they learn the consequences of their actions, then improve in the next set of actions. Devoid of consciously devising actions to retrieve and scrutinize their subconscious models which were actually used during the design of the actions. However, professional employee's performance constructed on single-loop learning and

subconscious mental models, conveys not only vital learning benefits but also it can transmit significant future problems.

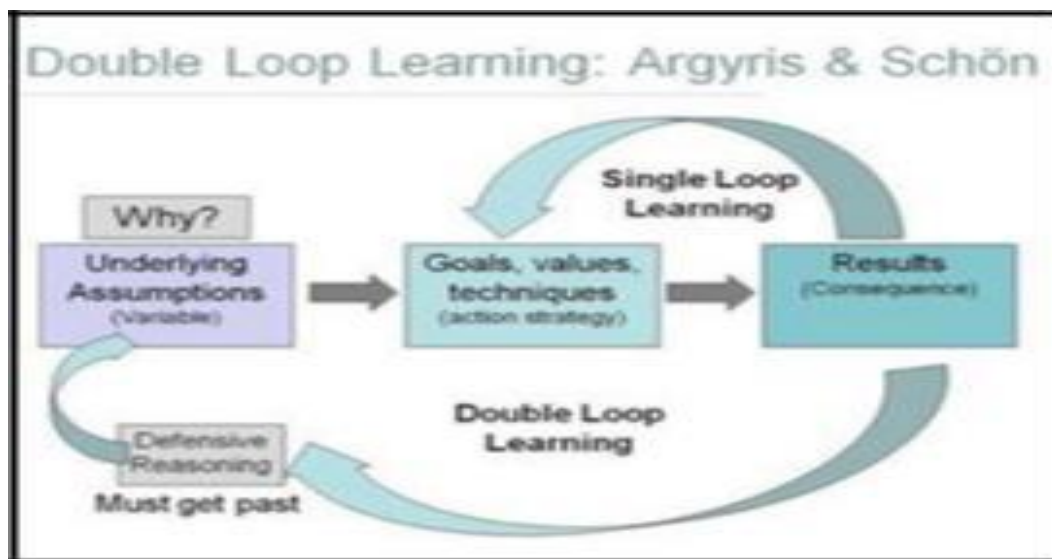


Figure 30: Double-Loop Learning. Source: Argyris & Schon.

The above diagram portrays the double-loop learning by Argyris and Schon. This encompasses both the single-loop learning and the double-loop learning in achieving strategic organizational goals. Results are very critical as they affect the underlying assumptions within organizations.

Mental models that are currently in use are designed for subconscious actions. This means that many organizational problems and challenges are not being critically questioned. The more professional and skilled an employee is, the quicker they base their actions on subconscious models. This consequence sees employees taking the learning expectations and explanations upon which their mental models are inevitably built quickly and without difficulty. This stance is effective in unchanging situations but, then again, if these situations change speedily, it can turn out to be very dangerous. This results in professional and skilled employees being incompetent (Argyris, 1990).

The more professional and skilled employees are, the more skills they need to plan certain actions to avoid questioning everything. This causes a need for double-loop learning. At this juncture, employees not only learn to sense and to adjust their actions in view of consequences, they also learn to sense by adjusting and questioning their current conscious mental models. This will cause dissimilarity between advocated models and models already in use (Argyris & Schon, 1978). Professional and skilled employees are expected to push one thought and embark

on another thought. This typically happens when professional and skilled employees are working together as a team or in collaboration. This can frequently then be recognized in the differences, as seen by strategic leaders, as they express what they are doing at work and what they are truly doing in the workplace - as often, they themselves, are not even aware of such differences in their behaviour. It is then perceived how strategic leaders start playing political games, which then built numerous organizational defences in contrast to facing up to what is truly happening (Argyris, 1990). Work games with deceptions and cover-ups are consequently played. Every employee knows that political games are being played at work. However, no employee openly debates whatever is happening in spite of irrational behaviour.

#### 4.17.1 Double-loop learning

Double-loop learning transpires when there is an incompatibility, which is first corrected by examining and then altering the administered strategic variables. It is also more relevant in the complex non-routine jobs such as long-term strategic plans. Double-loop learning is more sophisticated since the organization must review the underlying assumptions to support future survival and performance. Diagnosis of assumptions, processes and subsequent improvements portray double-loop learning.

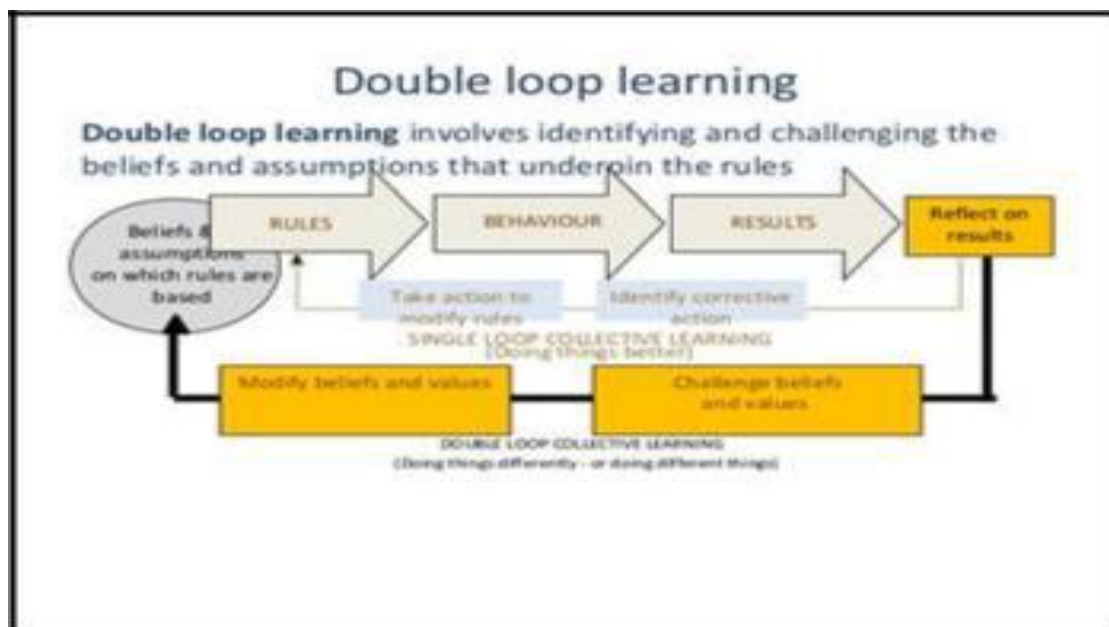


Figure 31: Double-Loop Learning Process.

Source: Argyris & Schon.

Adopted from: Google Scholar (2015b). The above figure shows the double-loop learning which involves the identifying and challenging the beliefs and assumptions that underpin the organizational rules. These can modify beliefs and values or challenge them, causing a disruptive tendency and poor results within organizations.

It commences as soon as employees query their individually exclusive mental models, then when combined, they then begin to question their current mental models which they share with each other in the workplace. The moment they do this, they awaken numerous fears of failing to perform and learn. This can destroy what they want to create or learn, and resulting in a fear of embarrassing themselves. While other employees fear questioning and discussion of their current situation, which can, to them appear totally incompetent, or even crazy or threatening. This becomes a form of work game-playing, that all employees are totally aware is going on, nonetheless which all tacitly agree not to participate in (Argyris, 1990). Employees within an organization connive in keeping such problems and difficulties discussable, since they fear the radical consequences if they do not. Double-loop learning at this point involves changing a mental model, a mind-set, a recipe, a frame of reference or a paradigm. It is a problematic practice to perform, merely for the reason that employees have to examine their thinking and learning assumptions, which individually they are normally not even aware of. Employees will consequently keep sliding into double-loop learning, as it is easier. Nevertheless, it is vital to keep encouraging double-loop learning as it produces greater changes and innovations. Strategic leaders who want to be innovative, must continuously be breaking, shifting and creating their paradigms and must therefore vigorously participate in double-loop learning (Senge, 2010).

#### **4.18 Crucial debates in organizational learning**

With regard to the strategic choice theory, the concept of organizational learning has caused considerable debate. The two crucial debates will be reviewed in the section below, these are representation contrasted with enactment; and the learning organization versus organizational learning.

#### **4.19 Organizational learning via representation contrasted with enactment**

This debate originates from cognitivist and constructivist psychology as discussed above. Contemporary cognitivism focuses on the representational viewpoint, which holds that the humanoid mind constructs representations of a present assumed reality. This representation is

then built into mental models that create the origin, upon which employees, in their real world can act. Cognitivists agree that, in this ever-changing world, mental models can sometimes be unsuitable and for that reason turn out to be incorrect for the actions required in the double-loop procedure of learning, where mental models are changed. Cognovits agree that as employees are always interpreting their world and therefore, in that sense are constructing it over their current interpretation. Whichever way that can be constructed, their interpretation can then be an appropriate and accurate interpretation of the real world. On the other hand, when using inaccurate senses of mental representations, it can be inappropriate. This is the opinion where thought emanates before actions.

Constructivism perceives further than cognitivism and partakes on enactment perceptions in arguing that the human physique vigorously chooses whatever it is capable of paying attention to and constructs the realism of their actions. The observation is that thought subsequently originates in that world, it is firstly constructed in action and at that moment is understood.

#### **4.20 Learning organization versus organizational learning**

How do organizations learn? Or is it the employee or work groups in organizations who learn? If we think that it is the employee and work groups inside the organization that learn then, research focus must pay attention to the employee and the collective learning processes. On the other hand, if we assume that it is organizations that learn, then at this point attention needs to focus on what makes organizational learning possible.

A critical discussion of comparisons between the two above concepts are important and to highlight some of the differences to diminish confusion. According to Argote (2012), learning organization theorists, do agree that there remains substantial conceptual confusion about the nature of learning at the organizational level and a number of approaches to defining the learning organization concept have emerged. The argument is that there is a difference between the two associated terms, but yet there are very distinct constructs. This argument can be raised with organizations who have embarked on continuous learning and adaptive characteristics or have pursued to enact them.

Organizational learning in contrast signifies collective learning experiences used to acquire knowledge and develop skills. The distinction between organizational learning and learning organization is clearly articulated by Zahra *et al.* (2011).

Zahra *et al.* (2011) states that organizational learning refers to the learning processes, within the organization, and can be reviewed as the organization's ideal state in which it has a profound capacity to learn effectively and efficiently.

Academics and writers about learning organizations commonly aim to understand how to create and improve the company's learning objectives. The foremost aim here, within the organization, is primarily to understand and analyse what is taking place in their organizations.

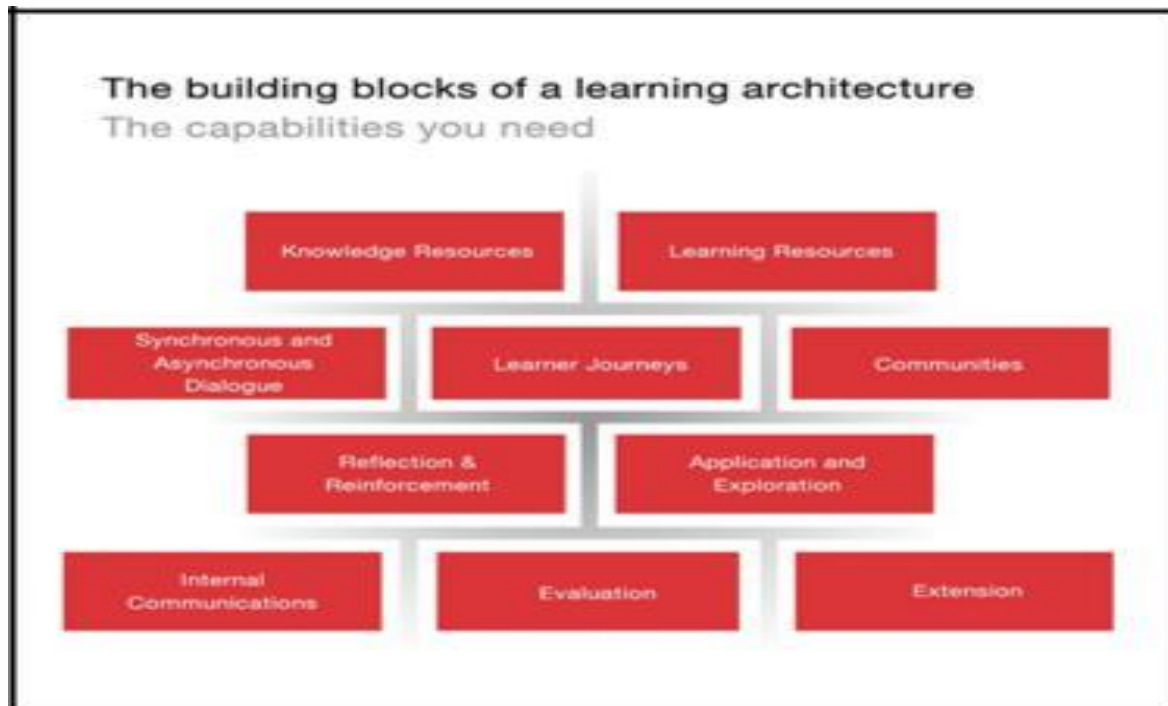


Figure 32: The building blocks of a learning architecture.

The above diagram illustrates the building blocks of learning architecture and shows the capabilities needed for strategic organizational learning.

Discrepancy in this direction is discussed by Easterby-Smith and Araujo (1990), who carried out extensive research, which then identified two literature sets on organizations and learning. Easterby-Smith and Araujo (1990), differentiated between the collected works on organizational learning and learning organization. Organizational learning focuses on the disconnected observation and analysis of this process, which involves employee and collective learning, inside organizations (p.2). The collected works on the learning organization, on the other hand, became apprehensive with the methodological tools which can support in identifying, promoting and evaluating the quality of the learning progressions inside



organizations (p.2). As a result of doing this, their literature identified learning templates or epitomes and methods', which existent organizations may possibly endeavour to imitate.

Easterby-Smith and Araujo (1990) argue that there is an increasing division concerning these two aspects. Researchers who focus on writing organizational learning traditions are engrossed in understanding the natural surroundings and practices of learning (p.8). Academic writers concerned about the learning organization are more fascinated in the improvement of learning methodologies and normative models for generating change in the path of cultivating the learning processes (p.8).

Easterby-Smith and Araujo (1990) make a distinction concerning a technical and a social element of the organizational learning literature. The technical element partakes the interpretation that organizational learning is a matter of processing, interpreting and responding to qualitative and quantitative information, which is in the communal dominion and is explicit. The most important writers in this practice are Argyris and Schon (1978), using their concepts of single- and double-loop learning. The social element focuses its attention on how employees make sense of their work practices (Weick, 1995). This element makes the most of Polanyi's difference concerning tacit and explicit knowledge (Polanyi & Prosch, 1975). Its main attention focuses on the socially constructed nature of knowledge (Brown & Duguid, 1991). The politically complicated processes (Coopey, 1995), and the significance of socialization and cultural processes (Lave & Wenger, 1991). This literature on the learning organization, furthermore, shows some technical and, social interests. The former inclines to focus on interferences grounded on information systems and measurement, whereas the latter emphasis is on single and group learning dispensation within a normative method (Isaacs, 1999; Nonaka & Takeuchi, 1995; Senge, 1990).

Nonetheless, the assertion that organizations learn aggregates mutually to anthropomorphism and reification. Researchers have become obsessed with thinking that organizations are things, organism or else a 'living thing', that are able to learn. In the direction of sustaining the assertion that an organization is in a sense a living organism, researchers must argue as to where this living form is. Subsequently, an organization is neither a living body nor an inanimate object, but in whatever form other than metaphorical standings, it is evident that an organization can be one or the other.

#### **4.21 Organizational learning through the individual as opposed to the group**

The assertion that focuses only on individuals who can learn continues to be the most important Western European concern. Which now focuses on the autonomous individual and disregards the prominence of social developments. Some researchers believe that it is both the individuals and groups who learn. But then again, this creates another problem, that which asks whether or not, the organization can learn.

The statement that groups learn is likewise equally anthropomorphism and reification. Moreover, the discourse around whether its individuals who learn in organizations or its workgroups are similarly problematic for the reason that, this indicates that the workgroup and their organization are present someplace at dissimilar places or levels from its employees. Alternatively is to think about new behaviours, that is to say, that learning is an activity which is interdependent from employees, this explores the different manners of learning which is emphasized by academic writers, for example, Wenger who placed the importance of socially constructed and nature knowledge.

##### **4.21.1 Strategic characteristics of a learning organization.**

In spite of the various definitions, research has so far identified characteristics of a strategic learning organization that supports the creation, acquisition, transfer and utilization of knowledge (Valaski, *et al.*, 2012). According to Santos-Vijande *et al.* (2012), a strategic learning organization is more likely to be adaptable to change and transformation and is flexible in circumventing contentment experiments and create new knowledge. Rethink means an end that can tap the learning potential of its employees to gain an ecological competitive advantage.

Cairns and Campbell (1944) recognize eight attributes in learning and these are listed below:

Organizational communication is at all levels.

Organizational learning through innovation.

Organizations embark on critical strategic thinking and vision.

Organization that embraces various information sources and sharing.

Strong organizational decision making.

Strategically managing change and transformation.

Organizations that embrace regular performance measurement.

Organizations that reward and give recognition to its workforce.

Process it and it occurs at the individual, teamwork, and organizational level. Employees of the organization can adopt a holistic approach to learning and to solving problems as they are able to generate links and networks across their organizations. A strategic shared vision is required so that employee's actions are in alignment with organizations set objectives and goals.

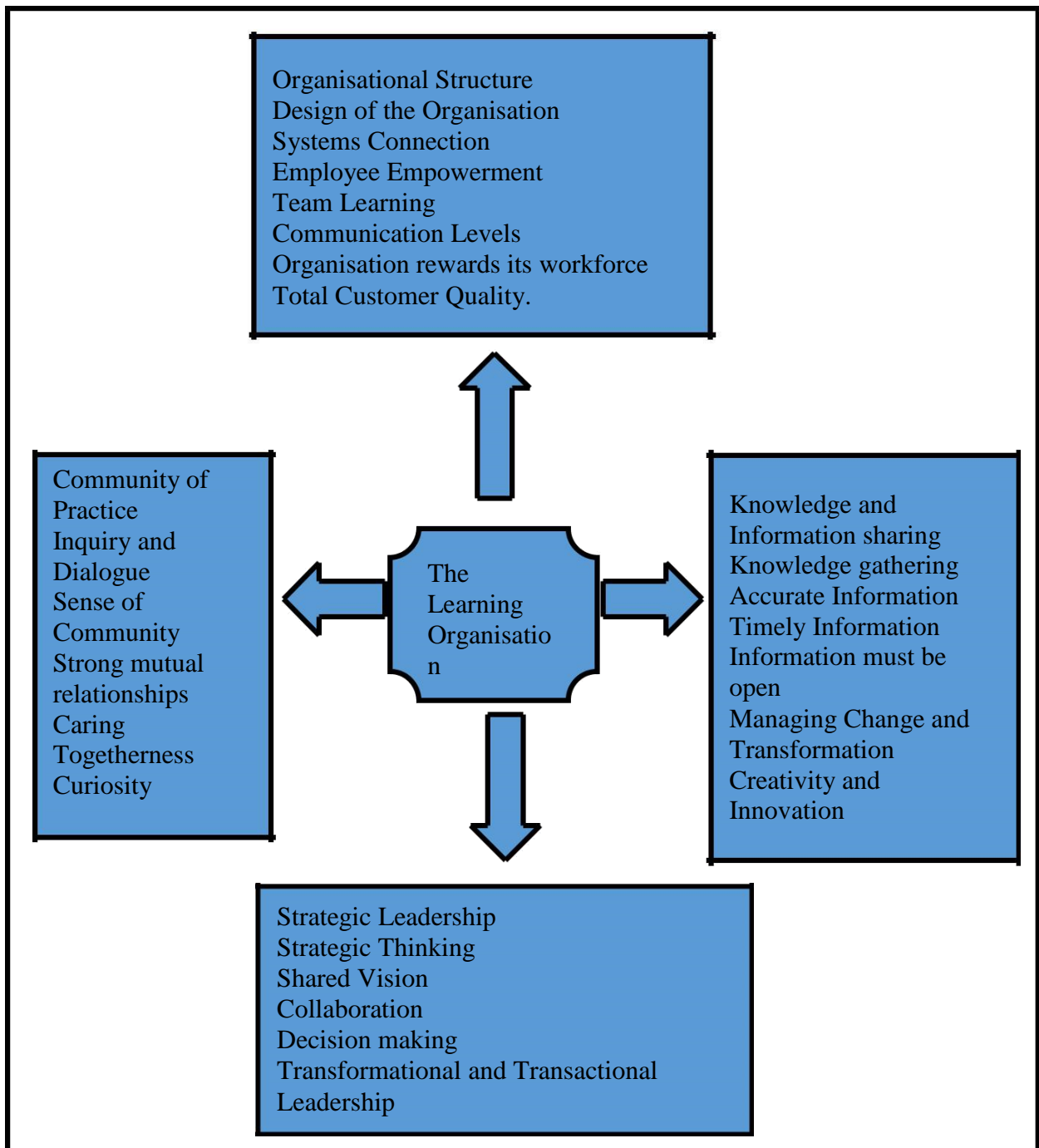


Figure 33: characteristics of a learning organization.

Source: Researcher.

The above diagram illustrates the characteristics of a learning organization, through learning derived from the organizational structure, knowledge and information sharing, strategic leadership [and community of practices].

Argote (2012) believes that a strategic learning organization is built upon a supposition of competence and this postulation means that individual employees can be expected to perform their duties with minimum supervision. The supposition is in turn supported by four qualities or characteristics:

Curiosity.

Forgiveness.

Trust.

Togetherness.

Employees of a strategic learning organization have a confident attitude towards experimentation and inclination to change and transform. The learning organization should have an organic structure, which is flat and decentralized to enable it to be flexible and respond to the turbulent and dynamic environment. Koskinen (2012) says that synthesizes management practice and organizational learning process is essential in strategic learning organization which form the core building and supporting fundamentals. The core building blocks are listed below:

The organization's strategic mission and vision.

The organization's leadership.

The organization's support for experimental strategic learning.

The organization's knowledge gathering and sharing.

The arrangement of teamwork in the organization.

These supportive fundamentals directly above are an organic base for structural development in organizations where job validation and achievement of appropriate skills of employees are very low. Bootz (2010) differentiates a learning organization and a conventionally hierarchical organization which is referred to as a telling organization. Physiognomies of the telling organization embrace control or bureaucracy, short-term quantitative result, reactivity functional units which operate like business integrated systems. On the other hand, the strategic learning organization is considered as:

Teamwork and team building.  
Organizational cooperation,  
Organizational creativity and innovation.  
Employee empowerment.

Total customer quality.

Teamwork is a central strategic building block of a strategic learning organization. By working in teams, employees can, to date, cultivate synergy and innovative ideas, which can assist in easing many organizational problems. Effective teamwork can correspondingly help build cross-functional work teams and these can then also help. Watkins and Marsick (1993) classify seven characteristics that provide a template for evaluating an organization's existing capacity to learn. The characteristics which, by the author, are referred to as dimensions are individual, team and organizational levels. They are listed below:

Continuous learning.  
Inquiry and dialogue.  
Team learning.

Empowerment.

Embedded system.  
System connection.  
Strategic leadership.

These days, continuous learning epitomizes an organization's effort to create continuous learning opportunities for all its employees. Inquiry and dialogue indicate an organization's effort in nurturing a climate of questioning, feedback, and experimentation. The team learning aspect is apprehensive with the essence of cooperation and skill development within the organization. The fourth dimension, empowerment denotes the creation and sharing of collective vision by all employees of the organization. An embedded system is a dimension that denotes the efforts by the organization to launch business systems that capture and share learning. Business system connection refers to universal thinking by members of the organization and their ability to understand links and connections internally, and, the external environment. The seventh dimension is strategic leadership which mentions the extent to which leaders strategically think about how to use learning to create strategic change and transformation with the hope of moving the organization into new desired directions.

The McKinsey seven-S framework can also be used to portray the characteristics of a learning organization (Hit, 1996), the framework provides a bird's eye view of the practically of many aspects of an organization and seven so are listed below:

Shared values in the organization.

Style of management.

Strategy by management.

Structure of the organization.

Staff or employees.

Skills within the organization.

Systems.

The framework is adapted to include an Eight-S which refers to synergistic teams.

Values are a strong characteristic of the learning organization. In a strategic learning organization shared values represent the core beliefs of the organization, what it stands for and what is important to it. A strategic learning organization needs leadership that empowers employees to act or make a decision within their boundaries. The synergistic team is a crucial part of a learning organization and without them there can be no learning in organizations. Synergetic teams in this day and age engage in many dialogues, which promote open and honest communication within the organization.

Organizations that use benchmarking in practice and measure the performance of their employees, will value its benefits as it can highlight performance gaps, which in turn promote learning. Performance gaps are then investigated and analysed with the intention of creating learning opportunities. Benchmarking can be a process that an organization can use to compare its performance with other organizations. In other words, the organization wishes to be modest and acknowledge that the other companies are much better, so that it can be sensible enough to learn how to equal or accomplish more than their rivals. Organizations that embrace change and transformation use benchmarking to detect and uncover best practice elsewhere in the industry.

#### **4.22 Organizational learning through knowledge management**

Eklund *et al.* (2013) illuminates that knowledge management (KM) invokes the critical issues of organizational adaptation, know-how and survival in the face of more and more discontinuous environmental change and transformation. De Jong *et al.* (2013) propose that the

availability of information and knowledge are essential to strategic learning for it to occur. Consequently, to discuss the KM concept, one has to elucidate the meaning of the term 'knowledge' since it differs from information. Knowledge is frequently viewed as processed information in the form of assembled facts, captured facts and codified facts. Auster *et al.* (2012) differentiates that information is combined with strategic experience and intuition, as a commodity capable of yielding knowledge. Knowledge is consequently a mix of framed experiences, values and contextual information that originates in the minds of organizational employees and is then applied.

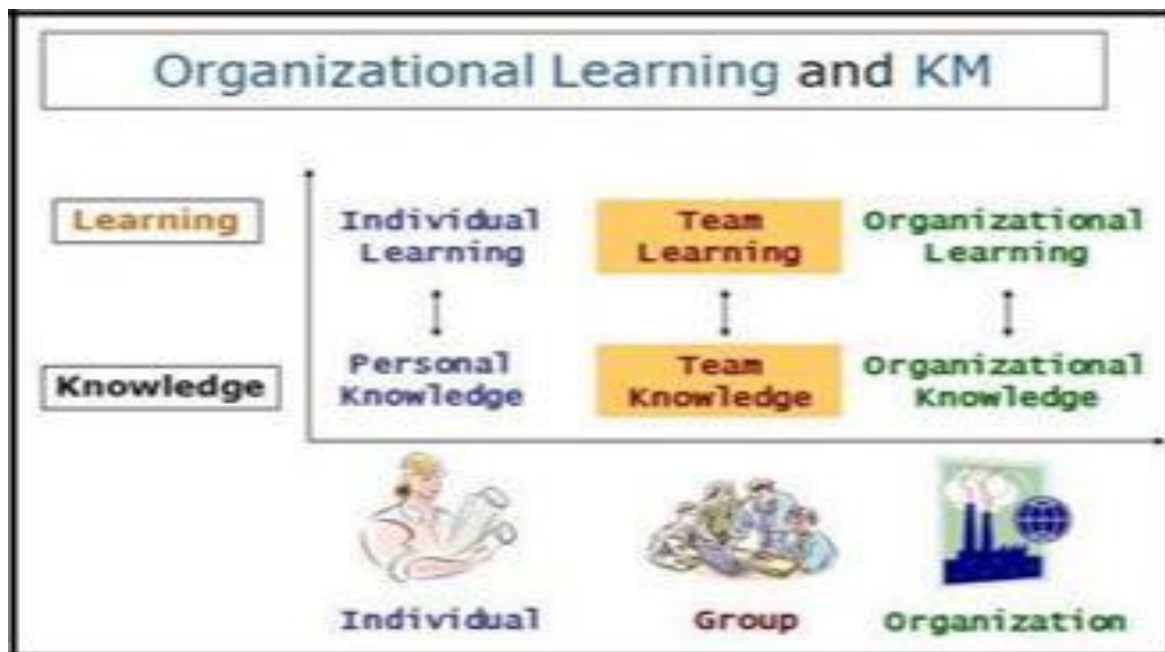


Figure 34: Organizational Learning and Knowledge Management.

The above figure depicts the connections of organizational learning and KM within the context of an organization. Learning starts with the individual, then teams and then the whole organization. While on the other hand knowledge starts with the person and then develops to team knowledge and finally organizational knowledge.

It makes available the foundation for evaluating and incorporating new experiences and information (Auster *et al.*, 2012). Nonetheless, beneath conditions of uncertainty when information is incomplete, the line of causation between knowledge and information may be reversed and knowledge can then be used in acknowledgement and strategic interpretation of incomplete information (Zyngier & Burstein, 2012).

In this day and age, there are a variety of different concepts connected with 'KM'. There are perplexing expressions regarding the whole discipline of KM. In epistemological terms, knowledge signifies a set of justified beliefs; whereas 'knowledge' in technology readings is understood in a very inclusive manner that Senge (2010) defined as the capacity for effective action which through sharing knowledge people can learn. Organizations these days need to appreciate that knowledge generation, appropriation and exploitation, given the fact that knowledge carried by the individual employees in the organization, only comprehends its true strategic potential when it is replicated by the organization and then becomes strategic organizational knowledge.

#### **4.23 Knowledge management: cognitivist and constructivist psychology**

Today, organizational learning theory researchers have debated the current impact and reflection of KM in learning. The argument is based on the impact of global change concerning knowledge frugality, on the most important consequence of strategic thinking and management in organizations.

Firstly, in this modern age, professional knowledge workers cannot be managed in the same way as manual workers. The current argument is to unleash the full creativity of knowledge workers. Employees need to be permitted to participate fully in the development of their organization. It is critical that extraordinary measures be taken to ensure that employees' knowledge becomes the organization's knowledge. Researchers argue that this can only be exercised through codifying this vital knowledge which is utilized by crucial knowledge workers and through enticing processes to maintain their services. This new knowledge economy has critical inferences on the acquisition of an organization's assets. When managing an organization's most valuable assets, it is critical to measure its physical assets and the human resources who use them. Knowledge is regarded as the foremost asset in today's new knowledge economy. Nonetheless, it is not openly transacted on the markets. Knowledge cannot be measured or noted down in the balance sheets of an organization. For this reason, there are massive differences between the values of assets recorded in organizations and the value on which capital markets now put on their organization, itself. The results are, it creates problems for managing assets, in order that they generate shareholder value. At present, the response is to measure the intellectual capital of the organization and manage its knowledge assets.



Nonaka's inscription (Nonaka, 1991); Nonaka and Takeuchi (1995), have generated key influences on the expansion of theories of knowledge creation in learning organizations for instance; Brown; Burton-Jones Davenport and Prusak; Garvin; Kliener and Roth Leonard and Strauss; Quinn *et al.*; Sveiby.

Similar to Senge, Nonaka appeals to the systems dynamics feature of systems thinking, comprising selected perceptions from complexity and chaos theories, that represents the leaning towards that thinking and is also influenced by Argyris and Schon, whose learning theories can be drawn back to Bateson (1972). Additionally, it focuses comprehensively on Polanyi's (1958, 1960), discrepancy stuck between explicit and tacit knowledge.

#### **4.24 Organizational learning creates new knowledge**

According to Nonaka (2015), new knowledge is created as soon as tacit knowledge is made explicit and crystallized into the organization, this becomes a re-creation of a particular feature in the world which permits the creation of new ideas. This new knowledge, according to Nonaka, originates after tapping the tacit understanding of, subjective insights, hunches and intuitions of individuals and which is then made available for testing and used via the whole organization. Nonaka (1991) says that tacit knowledge is difficult to personalize and formalize. This knowledge is entrenched in strategic actions that demonstrate itself in employees' skills or know-how. Likewise, this refers to technical skills, which then comes from tacit knowledge, in the form of enhanced mental models, dogmata and perceptions which can then be embedded in the manner in which employees comprehend their universe and act in it. This tacit knowledge is beneath the level of awareness and for that reason very challenging and problematic to communicate. The natural surroundings of explicit knowledge are conversely easy to recognize, as this is the official and systematic knowledge which is communicated straightforwardly to employees for the usage in producing stipulations or computer soft way programmes. Nonaka provides illustrations of how tacit knowledge is tapped into organizations.

Tacit to tacit as product developer attains the skills, through mimicry of the professional baker.

Tacit to explicit as the product developer enunciates the practicalities of his recently learnt tacit knowledge to his co-workers.

Explicit to tacit is when work group internalizes their knowledge and then use it to modify their personal tacit knowledge.

Explicit to explicit is when recently articulated product stipulations are communicated to the production department and exemplified in working replicas in the ultimate production process.

At this moment, innovation flows as a new procedure of learning, through new knowledge creation, which subsequently flows in stirring knowledge between a single type and another. According to Nonaka, by using an individual, new knowledge begins. This tacit knowledge needs to be transferable from one employee to another, through a manner which cannot be centrally envisioned, since no employee recognizes how it ought to be done, or to whom in the organization. New knowledge is consequently simply created while individuals function in empowered work teams.

A fundamental strain in the formation of new knowledge is that of conveying tacit knowledge to the surface of individual awareness, assigning tacit knowledge from one employee to another, which then, at a final point makes it explicit. This becomes so problematic for the reason that it requires the indescribable to be articulated. Which then requires a nonliteral rather than literal language mind. As such, new knowledge is disseminated, which essentially needs to be verified, through the workgroup or an organization. This now requires that there be an obligation for dialogue, discussion and disagreement.

The discrepancy Nonaka and Takeuchi (1995) proposes concerning tacit and explicit knowledge has resulted from Polanyi (Polanyi & Prosch, 1975). Nonaka and Takeuchi (1995:61), uphold that knowledge is expanded and created via social interactions between tacit and explicit knowledge. However, as Nonaka and Takeuchi's (1995) arguments are the same as Polanyi (1973), who essentially argued that tacit and explicit knowledge are not two separate forms of knowledge, but rather that tacit knowledge is the necessary component of all knowledge' (Nonaka & Takeuchi, 1995; Stacey, 1997:10).

A new argument to note, is how, Nonaka and Takeuchi (1995) discourse around knowledge as being personified, entrenched in work experience and arising in the interaction between employees. Nonaka and Takeuchi (1995: 12, 13) emphasize the significance of discussion and dialogue in this adaptation process indicating the prominence of hunches, intuition and allegory symbols. Nonaka and Takeuchi (1995) perceive knowledge as fundamentally correlated to

strategic actions and ascending from a thought process which involves interacting employees who are dedicated to accomplishing their organizational goals. Nonaka and Takeuchi (1995) say that dialogue is about knowledge which justifies the organizations convictions which are strictly connected to their employee's values. Nonaka and Takeuchi (1995:12) dialogue that the environment of uncertainty and idleness, affects the creation of knowledge. However, Nonaka and Takeuchi (1995) now take their argument on a route that places more meaning on work relationships than on socially undeveloped and unexplored learning. Focusing on the emphases of social learning, which locates the foundation of new knowledge in individual employees. Then argue that knowledge is created in individual employees, in social groups (p.59). With this approach tacit knowledge is influenced through personalities in work groups. While knowledge creation at the organizational level is the extracting of this present prevailing tacit knowledge from its individuals and then spreads transversely, by group socializing developments, through the organization. This results in a reasonably linear chronological view of individuals disseminating tacit knowledge, predominantly through imitation, which can then be accordingly be formalized and codified so that it can be used. This critical emphasis of Nonaka and Takeuchi, on the individual as the basis of knowledge, which is their central emphasis on organization-wide deliberated atmosphere on knowledge creation.

Nonaka and Takeuchi (1995) finally support the strategic choice, which is the view of knowledge creation. Therefore, do not pay much attention to the current possibility of groups of employees becoming trapped in an unchanging dynamic or in a disintegrating situation which eliminates the knowledge creation progression. The conclusion that Nonaka and Takeuchi (1995) come to is then a progression of knowledge creation that should be managed and measured. Contemporary KM writers now focus attention on this development of translating it. However, they do not expound on how this new tacit knowledge, originates in the minds of individual employees.

According to Nonaka's SECI model, each type of knowledge can be converted (Dierkes *et al.*, 2003). For instance, a chief executive officer makes use of his tacit knowledge to lead and guide the organization. However, for him to be able to teach other top management members, he would have to rely on his explicit knowledge of the working order of the leadership process. Founded on case studies in Japan, Dierkes *et al.* (2003) developed the SECI model, which shows several ways in which organizations create knowledge. He suggests that tacit knowledge can further be converted into the four modes of knowledge, in a clockwise spiral fashion. The

creation is in spiral form and not cyclical, as one learns around the cycle through interaction between tacit and explicit knowledge. This leads to the creation of deeper levels of knowledge and understanding, thereby, creating new forms of knowledge. Senge (2010) categorizes this as the discipline of personal mastery, which is a process rather than a possession.

#### **4.25 Communities of practice as strategic organizational learning.**

Dagnino and Longo (2012) comments that community of practice are groups of people who share a passion for something and to learn how to do it better, they interact regularly. Human beings are constantly engaged in the pursuit of diverse initiatives. However, as they define these initiatives and pursue them together through interaction, they can learn. In time, this collective learning, results in practices and associated social relations, which become the possessions of a community. It is therefore, these kinds of communities that are referred to as communities of practice.

Dagnino and Longo (2012) describe a community of practice as a collection of individual employees, bound by informal relationships, who share similar work roles and a common context. In this description, the term community highlights the personal basis upon which the relationships are formed. The term 'practice' denotes in what manner, individuals actually perform those jobs, as opposite to the formal policies and procedures, which reveal the correct way in which work ought to be done. Communities of practice are of value to organizations, in that they contribute to the improvement of social capital. Which is, in turn, an essential condition for knowledge creation, sharing, and practice.

Nielsen's (2012) arguments are that out of these communities of practice are the social structures in an organization that focus on knowledge, cooperative relationships, strategic alliances, and strategic collaborations and are the cornerstone of KM.

#### **4.26 Senge's organizational learning framework**

Senge (2010) positions that the fundamentals of a learning organization are founded upon five basic learning disciplines, which now constitute the means by which an organization can stimulate and sustain a continuous learning cycle. The fundamental philosophy of the learning organization, is to improve the achievement of collective strategic goals, by harnessing the pool of knowledge, skills, and insights of all the members of the organization. As this philosophy is a collective undertaking, which is about nurturing the creative courses that highlight the prominence of the human intervention through learning.

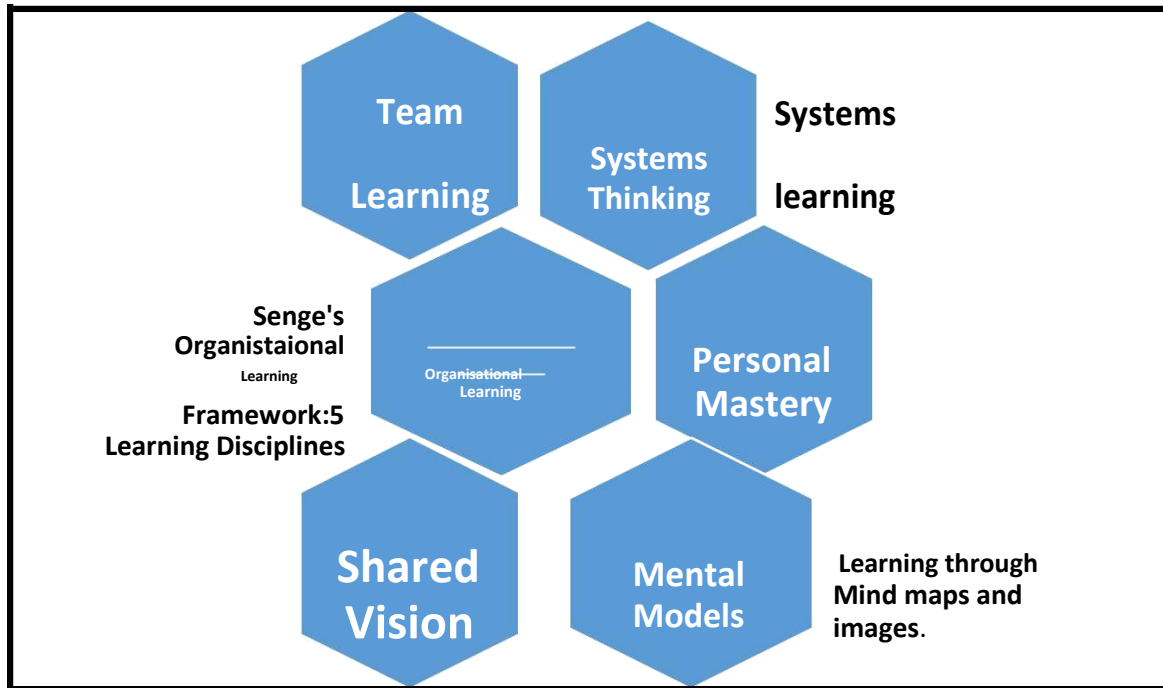


Figure 35: Senge Five Disciplines Model.

Source: Peter Senge.

The above diagram portrays a brief outlay of Peter Senge's Five Disciplines. These are team learning, building shared vision, mental models, personal mastery and systems thinking. These will also be discussed in great depth below.

#### 4.26.1 Systems thinking model.

System thinking assists to cultivate an understanding of the interrelationship among units in an organization and how to strategically change and transform the systems effectively. An organization's vision should offer a clear and compelling imagery, which can tap into employee's emotions and which inspires enthusiasm and energy to pursue organizational strategic goals. It is critical that an organization needs to adapt its behaviour, to prosper in this dynamic business environment. The emphasis of responsibility for problem solving, must shift to its employees, when an organization faces an adaptive challenge. Solutions to adaptive challenges reside not in organizational executive suites or company boardrooms, but in the communal intelligence of members at all levels.

Brettel and Rottenberger's (2013) observations are that systems thinking is the conceptual cornerstone, to all the other learning disciplines, as it acts as creative action, emergence, intention, encouragement and the means to integrate with the other disciplines. According to Yeo and Marquardt (2015), systems thinking encompasses an enormous and justifiably

completed body of approaches, actions, experiences, experimental tools and ideologies, which are concerned with moving in the direction of the interrelatedness of forces, which are observed as part of a common learning process. In this regard, each mental picture tells a story, in which each situation or variable, is both a cause and effect on further situations, (Senge, 2010) Succumbs to outcomes of a sphere of causality or feedback loop. Any small attempt or strategic change in any one component contributes to the situation in a reinforcing process to some extent. This causes either growth or decline as the process meets up with a limiting mechanism, denoted as the balancing feedback loop (Senge, 2010). Such balancing loops occur as self-regulating or self-correcting tools that uphold stability and equilibrium in the system. Both the balancing loops and the reinforcing loops are regarded as delays, which Argyris and Schon (1996) defines as interruptions in the flow of influence, which progressively occur in the consequences of an action. While challenged by such delays, employees have a tendency to redouble their efforts to overcome any limitation enforced by the system, according to Senge (2010). Senge (2010) confirms the concept of systems *archetypes* as accessible tools, by which employees can construct consistent hypothesis, can also be used to elucidate the interrelationships in the processes of strategic change and transformation to the deeper underlying patterns behind procedures in a system.

Senge (2010) postulates that *archetypes* come from the Greek word *archetypes* that means 'first of its kind'. Therefore, in systems thinking, *archetypes* are nothing more than mental models made visible. Which describe certain patterns of structures that are constantly recurring (Senge, 2010). These system-thinking tools assist employees in noticing the effects of feedback and the actions that balance, counteract or reinforce, and delays in the system.

This system-thinking approach consequently supports the emergent conceptual framework which sees organizations as encompassing numerous related undertakings and groupings, which when organized make up more than the sum of the parts. According to Argyris C and Schon (1996), the systems thinking approach helps to change employee's capacity for putting pieces together. This epitomizes intuitive view of organizations today.

In today's world, organizational problems are interconnected in ways that challenge traditional models of linear causation and operate in circular causation where a variable is both a cause and effect. Auster *et al.* (2012) says that the system has to be understood as a function of its component parts like the strategic fit, strategic fitness, complexity, resource-based view (RBV)

and inter-capability evolution. In this respect, the behaviour of the system does not depend on what each component part does but rather how it interacts with the rest.

Senge (2010) debates that today's organizational functions, such as marketing or finance, are fragmented and operate as separate fortifications. Such fortifications exist in the physical world and are essentially a replication of the mental fortifications, which for example make subdivisions like production and engineering services compete with one another rather than share knowledge (Senge, 2010). The organizational systems thinking cannot be understood as a function of its isolated components, as its behaviour does not depend on how each part will be interacting with the rest of the organization. Senge (2010) succumbs that by using different perspectives, systems thinkers are able to trace back for the strategic cause of recurrent glitches whose long-term and wide-ranging effects would have remained unobserved. The agreeing by Senge (2010) that business re-engineering processes which merely break such structural barriers, will have little continual effect, if they do not get through to the mental models that created such barriers in the first place. Senge (2010) supports that employees within a system, move away from the fundamental temperament of seeing reality, as being out there. It then becomes observable as being in here, by employees.

Senge (2010) enlightens that everyone in the system learns that one component's action or set of events, will have an impact on how others think and act. This is regarded as an acknowledgement of the primacy of the whole, which requires a paradigm shift of the mindset from seeing oneself as separate from the rest and concerning problems as being caused by others or someone out there. Such beliefs originate from the hierarchical mentalities, which people experience while growing up in their authoritarian environment, which may have been characterized by parents, teachers and those in authority, telling them how to behave or act to fit in and be accepted (Senge, 2010). It is consequently only when the organization induces employees to focus on the whole system, that they are able to learn from the observable patterns of behaviour and the systems which they see at work. Senge (2010) advocates for the relinquishment of the reactive posture in which management regard their role as being that of problem solving and it is fundamentally adaptive.

#### **4.26.2 Personal mastery and mental models: cognitivists psychology**

The second very critical discipline vital to learning organizations is personal mastery. Personal mastery denotes to personal growth and development. Senge (2010) does not refer to the

personal domination of employees, within the organization, but to the relatively extraordinary level of proficiency possessed by professional and skilled workers. Current research indicates that employees who have high personal mastery over their work constantly achieve the results that they need, this, in turn, requires huge amounts of commitment to lifelong learning. This becomes a process of constantly expanding an employee's personal vision, directing their internal energy, increasing their persistence and accurately perceiving the correct reality. This learning can then be linked to a spiritual foundation. This intensely humanistic essence interprets human nature as founded on inspirational motivation and correlates solitary to strategic choice theory.

### **4.26.3 Mental models**

The third critical discipline vital for learning in organizations is the comprehensive understanding of the concept of mental models. Mental model disciplines places emphases on the organization's need for openness. This agrees to unravel numerous and various expectations of learning. This can assist in finding the shortcomings in our current ways of viewing the universe. It can also impact on how the organization understands the universe and how the employees take a number of actions. The discipline of the mental model starts with learning to uncover our internal picture of the universe, to bring them to the surface and hold them to be thoroughly scrutinized. This process is called an inquiry.

These form profoundly entrenched learning assumptions or simplifications, which make the use of pictures or images in the individual minds of employees. Current research shows that most individual employees are frequently not very cognizant of their mental models. To date, most mental models are concealed or subconsciously and mentally restricted. Senge (2010) in his research which was based on a case study of Royal Dutch Shell constantly highlights how mental models can adversely hamper mental perceptions and arguments, attributing its developing of various skills which emerged from challenging the mental models of strategic leaders. Mental models become critical internal pictures that resonate in the external world. Senge (2010) proposes that individual employees learn to bring these mental pictures to the surface and then subjectively challenge and rigorously scrutinize them.

According to Senge (2010), institutional learning is the procedure in which senior strategic teams work together to change their shared mental models of their market and organization. This has aided the cognitivist psychology and strategic choice theory. Research, by cognitive



scientists, perceive humans, who through their restricted brain capability, are obliged to process new information, which they simply observe in their organizations. This makes it difficult for employees to know their reality so as to construct correct and simple mental models of their reality. Cognitivist psychology was greatly influenced by Kantian- kind of thinking. When employees gaze at specific work circumstances, they only perceive it through the lens of their mental models, which are based on their education and past experiences.

Research now reveals that employees, each day, approach every situation, with a specific learnt mind-set, a process which they have acquired through their past experiences. They then use this to comprehend their present situation, with the view of designing appropriate actions which will enable them to cope. When employees partake in actions which then fail to create their desired results, the cause of this frequently lies in the method in which the problem was observed in the original circumstances. The critical solution is to make changes and correct these mental models, through creating correct perceptions, accurate mind-sets, new paradigms in which correct work presence is mentally framed. Strategic leaders, without the facts, will not just purely observe a particular environment or prearranged organizational capabilities. They know to take all other human mind-sets, which are observable in their organization, into account.

This critical process of simplifying the whole system and choosing to learn from the environment is a vibrant sense of learning, invention and the creation from which strategic leaders can learn to observe it. It is only after the mental images, that this becomes possible for strategic leaders, to make sense of whatever they are doing (Weick, 1969, 1979). In extremely complex and uncertain circumstances, researcher Weick (1979) explains that strategic management needs to take the interpretation, of the possibility, that environments may possibly be created and invented in strategic leader's minds. This now poses a great challenge, as in retrospection, they frequently solely make sense of what they are undertaking. This result is a transfer from cognitivism to constructivism.

#### **4.26.4 Building a shared vision: a humanistic psychology perspective**

The fourth critical discipline in learning organization is that of building a shared vision. Shared vision encompasses building a sense of authentic engagement comparative to that of ordinary non-emotional compliance in the organization. To date, research has shown that a shared vision inspires many employees to learn at the same time. It is a critical goal of the emerging future

and necessitates the skills of categorizing and inspiring mental pictures. It is imperative that this vision must not only be verbalized, but advanced via collectively working employees.

#### **4.26.5 Team learning and shared models.**

The final critical discipline of the learning in organizations is team learning. Senge (2010) strongly emphasizes that teams can learn. As soon as they do this, the intelligence of the whole team surpasses that of an individual employee, which in turn yields extraordinary performance results. Once this transpires the individual is inclined to learn much quicker. In a workgroup team learning comprises of the developing of a larger intelligence capacity, than the ability of the individual employee.

Strategic leaders need not act as sequestered individuals. Conversely, they need to work with others as workgroups continuously. According to organizational learning theory, the individual employee learns to segment their mental models, when basically, they are part of a work- group. In this manner, costs are cut, the information and communication flows, which are essential beforehand, as they act together. The more specific information and communication they share, the more professional, skilled and implicit their mental models become. These mental models become more condensed in their subconscious minds, the less the necessity to communicate, which is imperative to secure an interrelated action. The allocation of implicit models is that which is fostered through group learning and is critical to the organizational culture of the group. Therefore, workgroups develop the organizations culture, which can retain memories of learning and perform collectively, this can critically speed up their thinking and actions.

As strategic circumstances change, the undisputed models possibly will turn out to be unsuitable. Currently, there is powerful pressure, that is growing within professional and skilled groups, to quickly consent, rather than query, the fundamental values which are being opened up by the strong possibility of professional and skilled incompetence found in-group behaviour via group think.

The workgroup theory on learning organization today, with the emphases on the team. The crucial question is then what type of team efficiently performs double-loop learning? Today, the fundamental proposition is happening when employees engage in true dialogue rather than self-justifying colloquial cover-ups in the workplace. This then obliges the group members to build trust in each other and to uncover their collective suppositions of unrestricted

examination. This view is perceived only possible if there is team cohesion and there is a profound team spirit.

Holding to the belief that they have to foster an essential team spirit, organizations expend substantial amounts of money in providing social and training actions to bring teams together. Moreover, additional attention should be focused on the current composition of different personality types within the team. Researchers have deliberated for a balance of diverse personality types and which do indeed have a critical function in learning and team effectiveness.

At the moment the foundation of team learning is thought to be dialogue and Senge's (2010) arguments of dialogue are predominantly centred on the observation and understanding of Bohm (1965, 1983) and Bohm and Peat, (1989). According to Bohm (1965, 1983) and Bohm and Peat (1989), dialogue refers to the open movement of meaning within a group of employees, which permits them to learn new understandings, which are not individually achievable. This becomes a shared phenomenon that transpires as soon as a group of employees tune into the open flow of a greater realm of intelligence. Bohm (1965, 1983) and Bohm and Peat (1989) debate around a new kind of mind that originates from this existence. Employees learn and understand through participating in these common teams which give more meaning, which is not individually obtainable. Bohm (1965, 1983) and Bohm and Peat (1989) debate emphasis on the whole system organizing itself in parts. This whole at this point is the employees' common pool of sense meaning, which creates a supreme mind and thinking corresponding to the knowledge of quantum physicist's view of the indistinguishable universal whole. Bohm (1965, 1983) and Bohm and Peat (1989) further suggested the notion of a connected order that unfolds through employee's experience. This creates pathways of thinking in individuals through mental maps that monitor and silhouette perceptions of individuals. At this juncture, Bohm (1965, 1983) and Bohm and Peat (1989), is evidently thinking in the relationships of formative causality, where the future is continuously unfolding that which is, at present, enfolded in their associated order. Bohm (1965, 1983) and Bohm and Peat (1989) share a perspective, where, at hand, is a collective group meaning and the individual's mind is then shaped through this dialogue via the common group.

To Bohm (1999) and Senge (2010) dialogue is an extraordinary form of collaborative conversation that is very different from normal discussions. Specific dialogues that include meaningful conversations about life tend to be infrequent in modern organizations. Dialogues

often bring ancient wisdom to mind and is commonly practised by primitive societies such as the Native Americans of North American. Senge (2010) articulates that when employees do experience dialogue these days, it can be a chance situation. Certainly, if the dialogue is done correctly all employees will win. It becomes imperative to do this correctly, employees must participate in a specific manner, they need to be cognizant of their expectations, need to regard one another as co-workers and groups and there must be a facilitator present to grip the context.

Resistance to dialogue situations can cause employees to become mere observers of their own thinking and see themselves as separate participants from this situation. Conflict at this point becomes a conflict between thoughts and not a conflict between employees. In our day, dialogue seems to offer a neutral environment, which can then become be well adjusted with discussions. Dialogue has substantially evolved into a new tool and a prescription for strategic management behaviour (Isaacs, 1999), even though Bohm (1999) thought dialogue remained effectively unmanageable in hierarchical organizations.

Team learning now necessitates the identifying of critical skills and other elements, that are severely obstructing meaningful dialogue. All obstructions need to be documented and brought to the surface. Senge (1998) states that it seems more relative to teams than individuals that learn. (Senge, 1998) Notices the primary importance of the group before the individual. While Senge (1998) assumes that teams can learn, then developed a term called team learning. This means that an effective team affords the context within which many individuals can learn together, which is more than they may possibly learn on their own.

Finally, it is still individuals who learn. Individuals come to form a team. In addition, the atmosphere present in the team, at that moment affects the employee's capacity to learn together.

#### **4.27 By what method does learning organization theory agree with contemporary and crucial enquiries?**

In the present day, South African organizations are trying to implement the learning organization approach to improve their organizations.

To recognize this potential, organization can design and implement learning processes, which will facilitate individual employees and work teams, to support the organization in strategically developing a learning culture that values employees and diversity. Thereby accordingly identifying behaviours in which they can adopt a learning focus, which shapes dimensions for

employees to continuously assess its processes and practice by thought-provoking traditional ways of doing business.

#### **4.28 The impact of organizational learning on assigned employees**

Organizations that try to learn by way of double-loop learning face problems that give rise to numerous worries. For instance, they fear failing or being embarrassed and of humiliating other employees. Mostly the fears lean towards the triggering of self-justifying habits, playing mind games and concealing politics which blocks organizational learning. The entire argument of double-loop learning is based on organizational change and it is extremely important that the change considered, may intimidate assigned employees and the predictions of losing position and power are probably triggering actions that prevent this form of learning. These actions will possibly block the process of double-loop learning. Learning is affected by the use of an organization's political system. This is the tactic through which power is used. It has a critically significant impact on the organization's capacity to learn.

#### **4.29 The natural surroundings of interaction within a learning organization**

Today, learning organization theories perceive the interaction of employees in systemic relationships such as cybernetics. This influences how workgroups, organizations or individuals work together to produce a system. This system is understood in relation to systems dynamics and is similar to cybernetics theory, which concentrations on the macro-level. The current feedback structures of the system are identified. However, it does not endeavour to model the micro-detail of the objects that constitute that dynamic system. Two critical assumptions were covertly completed around these objects, actions or individuals, within the systems dynamics (Allen, 1998).

Primarily it is presumed, that on average, micro-events are infrequent and that it is adequate to only take notice of the new averages. Collaboration among units are then homogeneous.

Subsequently, it can be indirectly anticipated that individual units of a particular type of reality are identifiable, or at a minimum they partake on a normal distribution around the average type. Therefore, it is said that units and events are supposed to remain homogeneous. Surrounded by another classification of distinguishing and recognizing the changes that were not taken into account.

These expectations create the possibility of disregarding the dynamics prevailing in the micro-environment linked to the events or individuals, which then models the systems thinking at the micro-level. Laying down the structure of negative and positive feedback loops can motivate learning. The manner in which system dynamics is viewed in learning organization theory correlates positive feedback loops in the cybernetic system. In system dynamics, this system explains the *archetypes* previously covered by it. Employees are viewed as fragments of that system and are not restricted. For the reason that it supports the theory of causality, system dynamics cannot explain innovation or creativeness in learning.

#### **4.30 The natural surroundings of employees in organizational learning**

Currently, the learning organization theory combines cognitive, constructivists and humanistic psychology in explaining and understanding the nature of employees. The cognitivist beliefs are predominantly strong regarding the understanding of employees, when it comes to acting upon their mental models, which, after their prior experiences are put together and are kept in their individual minds. These become exemplifications of their individual universe. Each part of individual's mental model is then shared by others which form the foundation of cooperative strategic thinking and actions. The individual's nature is the main focus of the mental models, which brings various illustrations and mind functions, that can then be kept and shared. The current belief is that they can be exposed to rationality and inspection. Altogether these are critical hallmarks ushered in via cognitivist psychology. Conversely, the manner in which these mental models are selected have some enlightening features to strategic attention and reality.

Today, emphasis is also placed on the employee's fulfilment and vision, as a critical fragment of the learning progression, which is evident in the humanistic learning theory of the learning organization. All psychological theories regard the employee as more critical than the primary work group. These mental models become the employees' own constructs which can be then shared by the whole work group. As such, the learning organization theory embarks on the identical psychological theory such as the strategic choice theory. Nonetheless, it places additional importance on emotions and interactions concerning employees. Furthermore, these categories may possibly block employees from changing and learning.

#### **4.31 The organizational learning methodology**

The present methodological standpoint in the theory of learning organizations in most tributes is alike to that of strategic choice theory. Therefore, a realist *locus* is now and then inferred

where strategic leaders are supposed to be capable of standing outside the system of which they are part and systemically thinking about it. Strategic leaders are also thought to be intelligent enough, to have a view outside their specific mental models, which they can thoroughly examine and then realistically change them. Conversely, a fundamentalist position is advocated, as it is not anticipated that strategic leaders will respond to their real world, but to their ideas of that real world as exemplified in their mental models (Lähteenmäki *et al.*, 2001).

#### **4.32 Dealing with organizational learning paradoxes**

The concept of paradox seems not to show as a central part in learning organizational theory. However, work contradictions, dilemmas and tensions are positively recognized. However, then again are thought of as learning problems and are optimistically thought to be resolvable in the conclusion. Without impetus from strategic choice theory, the learning organization theory embarks on a position of extreme limits, which fundamentally produce many paradoxes to the organizational lifespan. The employee is given pre-eminence and is assumed to be in important conflicts with the work group. If learning is to take place, these conflicts need to be resolved, through constructing positive relationships in workgroups, based on trust. Similarity and dissimilarity are not simultaneously retained in their minds. Even though unpredictability from the environment is pointed out regularly, it is the possibility and predictability of control that is over emphasized. Similarly, by using the strategic choice theory, it creates consistency, order, harmony and stability, which can all be perceived as prerequisites for success in creativity and learning.

#### **4.33 Making sense of the organizational learning experiencing**

The current research focus is on learning and what blocks learning. This affords an ironic rallying to the strategic choice theory, when it derives the making sense of learning in organizations. It must be recognized that learning is fundamentally difficult.

Argyris (1990) reported, in his working, in several countries with large numbers of managers, training them to involve the double-loop learning in the workplace. Argyris' (1990) research reports that managers found it problematic and were infrequently involved in it, while at their workplace. As a replacement for this managers just carried on using their win or lose dynamics, which created learning defences.

Argyris' (1990) research and thinking immediately raised a query about the current theory of learning, which greatly focused on changing mental models. Organizations evidently do change

in innovative ways. But how does this transpire if double-loop learning is largely infrequent in the organization? The next question is whether it truly is conceivable for workgroups, from where they are positioned, to bring out their mental models and change them?

At the moment, it is far from clear, whether employees' brains can store everything that may possibly be correlated with using a mind map or a mental model. Is it then possible for employees to identify these mind maps and mental models, of which they are unaware, and yet change them? But then again why, in organizations, are mental disorders so widespread and challenging to deal with?

At present, employees greatly doubt their own ability to recognize what it is that makes them think and learn, and then basically, at that point change it. In the commotion of work life, the political conspiracies and the probability of losing one's job, work conversations need more dialogues. These dialogues allow employees to participate in a new collective pool of understanding. This gives them a whole new existence, outside of their normal experience. This participation devises a new special meaning - contributing exactly to the total system outside their direct experience of interrelating with each other (Joo *et al.*, 2011).

#### **4.34 Conclusion**

This chapter provided a systems theoretical thinking perspective in organizational learning. It examined and explored, in many different sub-sections, the current organizational learning ideology and discourses.

Chapter 4 has endeavoured to put the learning organization into its appropriate theoretical perspective. This literature was critically essential, as it tried to explain and investigate, in great depth the learning organization concept, and, its interrelationships with strategic system thinking, KM and communities of practice. Subsequently, putting these concepts into perspective equips this research project to answer the fifth research question and approach the research study in a systematic way rather than doing it haphazardly.

The three critical organizational learning practices were discussed which are: individual learning, group learning and organizational learning. In order to explore the three learning practices, the first task was to create categories of organizational learning developments as identified, namely, individual learning, group learning and organizational learning. Categories



and subtopics were created, by bringing together, fragments of qualitative data that had a common theme, property or described a common concept.

This chapter has analysed the theoretical foundation of the learning organizational thinking, which has assisted the research project in understanding the views of other researchers and academics on the research topic. The issues discussed are critical for the organizational development through systems thinking about strategic management. Embarking on learning that could help build the organization's capability to unravel its creativity, access its full human potential and to eventually create the strategic results that they truly desire and the attainment of long-term sustainable competitiveness and survival.

Chapter 6 will discuss 'Theory U' in great detail so as to develop a new strategic leadership organizational learning conceptual framework.

## CHAPTER 5: STRATEGIC LEADERSHIP

### 5.1 Introduction

Leadership has for some time been a very dominant subject matter in organizational research (Selznick, 2011). Researchers on this topic include Judge and Piccolo (2004); Khorana (2002); Chimer (2000); Hogan, House and Aditya (1997); Murphy and Hogan (1994); Bass (1991); Mendel (1990); Hannan and Freeman (1984); and Pfeiffer (1997). Other research academics, who for instance reflect on macro organizational behaviour perspectives, include Podolyn, Khorana and Hill-Popper, have now observed that over the previous 30 years, the concept of leadership has become very idiosyncratic to several disapprovals and has to date been marginalized by means of dominant current organizational paradigms and varying perspectives.

Exerting strategic leadership is another daunting and challenging aspect of management. According to Schein (2010), a strategic leader can be in one of many different leadership roles in the organization. Some of the roles include the following:

- The chief executive officers

- The chief entrepreneur

- The strategist

- The chief administrator

- The managing director

- The general manager

- The strategy implementer

- The culture builder

- The community leader

- The supervisor

- The crisis solver

- The task master

- The spokesperson

- The resources allocator

- The policy enforcer in the government

- The mentor

## The head cheerleader

All the above-mentioned persons play many different leadership roles that are so critical to the strategic thinking concerning the emerging future of any organization.

At the moment, organizations are witnessing dynamic and complex business environments, which call for a broader range of leadership skills and styles which are adaptive to the diversity of problems. This is caused by the dramatic, drastic and the often-discontinuous changes in the workplace environment. Leadership style can be described as the relatively consistent pattern of behaviour which characterizes a leader (Zumitzavan & Michie, 2015). Leadership at this point, in this research project, acts as the catalytic agent that makes all other elements of the organization toil together, it therefore forms the concluding Chapter 6. Without leadership, all other organizational functions, systems, processes, human and resources stand inactive. Today there exists a constant common agreement about leadership, which is a critical issue, as it affects the success or failure of an organization. Outstanding organizations commence with exceptional leadership, and consequently in turn successful organizations echo this leadership (Colbert *et al.*, 2014).

Currently, this may require appropriate leadership styles which can impact positively on the emerging organizational future performance, and its learning capacities. Understanding the effects of strategic leadership on organizational learning, it has now also become essential to organizations to view leadership (Barling, 2014), as one of the significant driving forces for improving an organization's performance and competitiveness. Effective leadership can be perceived as a compelling source and learning force to management development in addition to sustained competitive advantage for organizations and improvement (Zumitzavan & Michie, 2015).

At hand are certain leadership characteristics that will inspire strategic thinking, organizational change, transformation and growth that can aid organizations to advance into innovative, profitable and be consistent industry leaders. Different, leadership styles may possibly affect organizational effectiveness or performance in various manners (Djoleto, 2013). Currently, leadership style in an organization is one of the most dynamic elements and it plays a substantial role in improving or delaying the attention, awareness and commitment of employees in achieving their organizational mission, vision, objectives and long-term strategies.

This final Chapter 6 of the research project will focus on five leadership styles namely:

Charismatic leadership

Transactional leadership

Transformational leadership

Servant leadership

Visionary leadership

Each of these leadership styles has its own advantages and disadvantages, and how the above affects organizational performance through organizational learning will be discussed. This research chapter will particularly focus in greater depth, on transactional and transformational leadership.

However, the little literature on the role of leadership style on strategic thinking concerning organizational learning comes from other parts of the world. This leaves a critical gap in considering leadership. There is very little literature on the role or leadership styles on strategic thinking and organizational change. There is also very little on transformation that influences organizational learning against the background of using 'Theory U'. This is why the last chapter assesses the relationship between strategic leadership style and organizational learning through using 'Theory U'.

Chapter 6 attempts to provide answers to the last research question for this research project, which is restated below:

Can strategic leadership theoretically determine organizational learning?

## **5.2 Current ways of conceptualizing strategic leadership**

At the moment, as our present-day leaders and particularly those in large organizations, and in the government have further misplaced their legitimacy to lead their organizations, the social order everywhere in the universe, is so desperate for additional, and enhanced leadership expertise. Therefore, many inquiries are now being probed, on many occasions angrily by its organizational members and the different societies they serve.

What styles of leadership are these organizations implementing, and, what kind of leadership is emerging that has presently triggered current consequences, and considerable organizational hardships intended for them as employees?

Do these strategic leaders have the competency and the necessary characters to lead this contemporary wide web of complex organizations which are now, therefore, critical to the collective conscious of our modern societies?

What then are the strategic leader's vision and strategic thinking that brings to life the learning curriculum and developmental models in organizations today?"

In response to these problems, there is presently a lot of uncertainty. In today's world, in connection with the prevalent failures in strategic leadership, various leadership thinking may need to be reconsidered, retraced and reviewed.

Do organizations presently and with certainty, understand what it takes to develop improved leaders?

What can academic scholars, leadership researchers and business consultants offer leaders who are assigned with the challenges of leading the emerging future of their organizations, while currently ensuring their long-sustained prosperity in addition to its profitability and viability?

At present, the contemporary state of academic and intellectual research, on strategic leadership, does not permit many scholars to answer all these above enquiries with great self-confidence.

Without any uncertainty, strategic leadership becomes significant to the mission and purpose of organizations. At present, in most business schools around the world there is very little serious scholastic and academic research on strategic leadership.

Today's establishments of higher education originate their legality, for their facility, to produce knowledge and develop chief executive officers and various business students, who will be able to apply that learnt leadership knowledge, in a manner that benefits their society. Unquestionably, the society expects individuals to learn and develop better knowledge about strategic leadership and thereby aiding in enhancing the ability to develop leaders who will now have the willpower to benefit their society (Zumitzavan & Michie, 2015). It is important that establishments of higher learning encounter the challenge of their validity for providing strategic leadership development programmes, as business schools are experiencing that chief executives officer, top management, government leaders and community leaders are failing to lead their respective organizations and institutions.

Leadership nonetheless affects a wide-ranging area of society which covers a widespread diversity of disciplines. This can stimulate new emerging thinking and ideas about strategic leadership, so that leaders are able to respond to their organizational and societal needs for improved leadership. Now this can be fulfilled through the advocated strategic vision and mission of their own organization to develop leaders who can then better serve their organization and their society (University of Stellenbosch, 2007).

### **5.3 Theory U' and leadership.**

Grounded in systems theory, 'Theory U: Leading from the emerging future' offers a theoretical format, which is clear, cohesive and concise. To a large extent, it provides leadership learning and changes meditation which recognizes the various states of the mind. This leadership theory restores your faith and provides the leadership with willpower. Increasing leadership skills will move leader's mental attitudes from a level of individual awareness to one of social adoption.

'Theory U' offers leaders new core qualities. These are listed below:

- Enthusiasm
- Curiosity
- Courage
- Decisiveness
- Openness

Flexibility

Theory U' allows for an in-depth plunge into the real modern centres of leadership as a process that comes from inner knowing and social innovation. This theory offers several tested and practical leadership exercises drawn from an ironic contextual of diverse disciplines. 'Theory U' gives willpower and assistance to leaders to learn and keep an eye on the path towards mastery on they own leadership journey. The above-mentioned motivates current leadership wisdom and summons them to explore the sturdiest leadership tool which is there.

'Theory U' and the methodology of the 'U' partake in the boundless effort to aid the nature of leadership in organizations, especially in the leadership of huge turbulence and systemic strategic change and transformation (Scharmer *et al.*, 2014). This leadership can originate from all levels in the organization and not just from the top. Since at the moment substantial innovation comes from doing things differently, but not from being impartial to speaking about

new strategic thinking and ideas (Anderson, 2013). This affects leadership, which arises from employees and workgroups who are adept at allowing old established ideas, thinking and leadership practices. This new methodology now allows all leadership employees to be a part of something which is connected to a greater whole and in realizing a better future which embraces what the organization greatly cares to achieve.

#### **5.4 Theory U' contributes to leadership knowledge**

In the present day 'Theory U', now establishes a main frame of leadership and management which was drawn from the original literature and research findings of Dr Glasl and Dr Lemson, and various other contributions of academics and organizational development consultants, over the past several decades. Also, more than 10 years of personal work by C. Otto Scharmer. The fundamental aspects of this, to the leadership praxis, are listed below:

'Theory U' leadership capacity allows the creation of particular links of the consciousness of the leader and leadership team, in attaining their desired results through better performance.

Leading through 'Theory U' allows for individuals and work teams to interchange via a whole integrated system planning process involving observation, knowing and visualized decision making.

Theory U' allows profound innovative learning which can become an integral part of any organizational leadership.

Policy making becomes an amplification of conscious design principles for the organization and can then be connected and integrated into the organization's strategic thinking and vision of what is to be brought about, affirms Scharmer *et al.* (2014)

'Theory U' leadership is now relevant, to both individual development, practice, organizational improvement and training, and indeed explicitly connecting these separate aspects together.

This leadership thinking allows for a social technology that contributes to either or both of conflict resolution and social engineering.

#### **5.5 Strategic leadership in organizations**

In an organization where there is confidence in the abilities of formal leaders, -employees will look towards the leaders for a number of things. During drastic strategic change and transformation periods, employees will anticipate effectively and workable plans, confident

and effective decision making, plus communication that is well-timed. Furthermore for the duration of these times of strategic changes, and organizational learning, employees will perceive strategic leadership as supportive, concerned and committed to their welfare, while at the same time, recognizing that tough decisions and thinking need to be made, reports Harris (2013)

In these circumstances, there is a climate of faith between leader and the rest of the work team. The presence of this faith conveys hope of better times in the future, as it emerges and that makes coping with drastic strategic change and transformation much easier. The objective then is to highlight the importance of leadership in managing change and transformation.

## **5.6 Strategic leadership**

Organizations are facing many challenges to their current thinking on leadership and now need new exciting perspectives on the complexity of their organizations.

Idiomatically exerting strategic leadership is another most daunting and challenging aspect of management. Strategic leaders need to embark upon a revolutionary path to bring about innovations, change and transformation (Stringham, 2012). Some innovations were not as good and relevant as they should have been. Most changes in the business environment have been neglected for a long time. According to Thompson and Strickand (2003), a strategy manager has many different leadership roles to play: chief entrepreneur and strategist, chief administrator and strategy-implementer, culture builder, supervisor, crisis solver, task master, spokesperson, resources allocator, policy enforcer, mentor and head cheerleader.



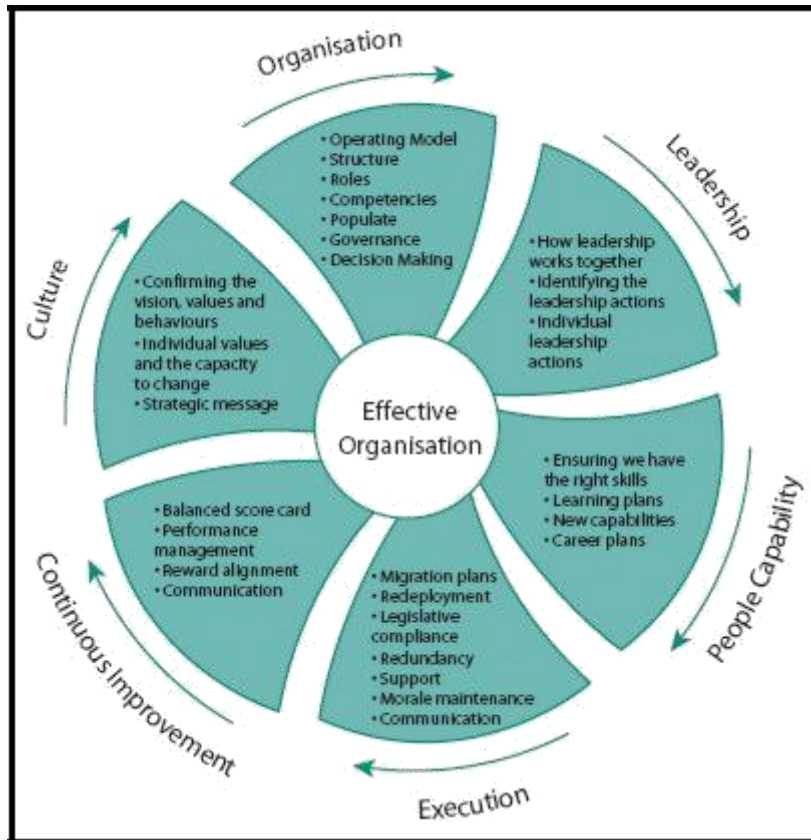


Figure 36: Effective Organization.

The above diagram illustrates the continuous learning cycle of the organization, leadership, people capacity, execution, continuous improvement and culture.

### 5.7 The current research on leadership

The topic of leadership is currently a massive and extensive field that links with diverse disciplines and intellectual backgrounds (Muenjohn, 2012).

According to Babatunde (2013), leadership provides a variety of perspectives on different dimensions that convey multiple meanings, units of analysis and complexity.

A leader is a special individual with a unique personality and character trait, who is given prominence to, by research disciplines in business, government, history, and society (Bass, 2000).

Leadership can be a social role which is well defined and influenced in relationships between the leaders and society, as such, academic researchers put more emphasis on fields like sociology, political science and economics (Pareek, 2007).

According to Bryman *et al.* (2011), leadership is a universal being. There is something in common which unites leaders across all situations and contexts. The leader is then a specific being who must lead differently, be dependent on his own identity and that of the situation around him.

The leader has the ability to implement strategic actions through the use of power:

- Influence the will of others

- The ability to do

- To enact

- To change and transform others

Here leaders need to attend to several constraints, for example, to many different organizational strategic thinking, systems, processes and employees demands.

Schein (2010) advocates that leaders must also undertake more direct activities referred to as primary mechanisms in leading their organizations:

- What leaders pay attention to, measure and control;

- Leaders' reaction to critical incidents and organizational crisis;

  - Deliberate role modelling, teaching and counselling by leaders;

  - and Criteria for allocation of rewards and status.

- Criteria for recruitment, selection, promotion, retirement.

Schein (2010) further, adds to leadership by what he terms 'secondary articulation and reinforcement mechanisms'.

- Leadership enhances organizational design and structure.

- Leadership enriches organizational systems and procedures.

- Leadership improves design of physical space, facades and buildings.

  - Leadership augments stories, legends, myths and parables about important events and people.

- Leadership provides formal statements of organizational philosophy, creeds and charters.

The emphasis of the strategic thinking leader development is on the leader's capacity for thinking and doing that which emphasizes the identity of evolving leadership qualities.

## **5.8 The general strategic leadership impact on performance**

At present, underlying the utmost criticisms of the strategic leadership concept is the lack of one universally accepted theory. There are various fundamental assumptions that have countless implications on leadership which are aimed at sustaining organizational natural existence (Zaccaro & Klimoski, 2002). At best this can be assessed by means of the direct and invisible impact of leadership on organizational performance. Put further in simple form, if strategic leadership does not directly impact or significantly impact on organizational performance then leadership does not matter to an organization's future existence.

It is at that moment it becomes well-meaning to ask whether the contemporary strategic actions of leaders are accounting for the intended mess in our modern global economy? Is this now placing a lot of pressure on organizations or is it just another mere instance of current errors on reflexive tendency by today's leaders? Who now actually puts the emphasis on individual leaders' influences, which are greatly responsible for organizational outcomes, than any outside factors?

Then does strategic leadership really matter? If so, in what way?

Currently, other academic scholars indirectly conclude that, for instance, other imperative social phenomena include the meaning, the morality or the culture which can be a marginalized factor in leadership. The reason being that it provides its weak explanatory power through economic instabilities and outcomes (Queensland University of Technology, 2008).

Today it is essential to link leadership to organizational learning and performance, which shows even at best, that they are a weak link (Ofori-Kyereh, 2013). This is now the strategy used by many critics of strategic leadership researcher. Anxious to establish the strength of the learning and performance relationship, is the corporate counter strategy of leading from the future as it emerges.

Leadership's strongest promoters such as Kotter (2013) and Bennis (2009), who are two of the most well-known leadership scholars, are recommending that strategic leadership and organizational learning be linked to performance thinking.

Strategic leadership and performance drives go beyond the expectations of educating organizational effectiveness through transformational leadership (Turnbull *et al.* 2011). Now

epitomized these challenges to make the case for a strong link concerning leadership and performance.

Selznick (2011) looks at some academic credentials by Wasserman, Annand, and Nohria who make available a balanced assessment of the extent to which leadership can influence organizational performance.

For the reason that strategic leadership changes routinely occur and are further eagerly pursued by the board of directors of an organization than the external context in which they function, the role of leadership and its impact on corporate performance is significant and ought to be taken very seriously as to who leads that organization (Seshie, 2011).

Some scholars view the current leadership predicaments as being caused by strategic leadership. They argue that the failure of strategic leadership could remain a concern. Not only about the present day economic collapse of the organizations but the mounting organizational confusion and loss of meaningful strategic leadership, which is no longer stimulated in their organizations.

### **5.9 When does strategic leadership matter?**

Does it matter who the chief executive officer, the leader of an organization is? Today, this inquiry has received moderately diverse answers in the literature on leadership.

Conventional strategic management thinkers, academics and philosophers turn to use various research postulates that regard the chief executive officer as having a significant influence on the performance of their organization.

From their posts at the head of an organization, chief executives officers are capable of enthusiastically directing which opportunities their organization will pursue (Van Dam & Marcus, 2012) and which will, in turn, structure their organization's culture and strategy. Currently, in contrast to more recent times, other academic scholars and leadership researchers, especially the organizational ecology researchers, have argued that the chief executive officer of today, is so constrained by his own environment that he has little ability, through learning to affect organizational performance (Abiodun, 2010).

For the purpose of illustration: if the organization's culture is affecting the structure and position in the industry, then, as a result, its fixed assets may have an effect on the chief executive officer's capability and this in turn will impact on the organization.

Today the contingent opportunities view leadership as that which reconciles all the other divergent views on leadership.

Does strategic leadership really matter to organizations?

Or in its place, should we ask this the query: "When does strategic leadership matter?"

Evidence shows that while on average the chief executive officer has a statistically significant effect on the organization's performance and learning, this effect varies significantly across industries (University of Melbourne, 2005). This effect is concentrated on different forms of performance, control of the size of the organization and the chief executive officer tenures.

### **5.10 The leadership of strategic resources**

The role of emerging future opportunities, which are confronting organizations, in relation to the supply of their resources, need to be examined. This will also affect the capability and capacity of the leader, to impact on organizational learning and performance. As soon as the future emerging opportunities present themselves, the leader essentially needs to establish the necessary resources to trace them (Von Treuer, 2010). For example, once it presents itself, they are able to make an acquisition of another business, or to invest large sums of money in developing critical technology or at the right time, with the right resources, launch a large-scale marketing campaign.

### **5.11 Changing leaders**

It is at this point that leadership education and developmental programmes are able to play a significant part. Nonetheless, for these education and developmental programmes to bear fruit, they ought to go beyond simple organizational problem solving and provide assistance to the leader to get a superior understanding of their inner world and use the full effect of their leadership styles, on others (Thomas *et al.*, 2013).

These leadership training programmes must go further to provide, not just, the mere self-understanding of leadership, but also providing an enactment component. The current acid test is to have the leader moving on further than just having a strategic dream that can be enacted.

He must also have visions of whatever needs to be the intention of the organization. The leader has to learn and be educated to deal with the various personal organizational dilemmas (Thomas *et al.*, 2013).

As to make a leadership development programme truly transformational it will need to provide personal assistance to a leader in identifying those forces that drive their behaviours and which may perhaps contribute to reducing organizational conflicts (Harrison & Day, 2007).

Leaders these days, frequently join executive graduate business schools and educational programmes such as Masters of Business Administration, for various reasons other than for just understanding businesses. The most common one is that of gaining supplementary leadership knowledge and acquiring awareness into the effective operation of their organizations. Often leaders will perceive it as an opportunity to engage in a formal learning and self-renewal, which will provide them with self-discovery.

On the other hand, leaders may suffer from difficult individual problems, organizational disputes, be at odds with their employees, emotional relationships, be disillusioned by career setbacks, uncertainties relating to their leadership competencies, bad feelings, fake or failed leadership, leadership boredom, leadership burnout, leadership surrounded by 'yes men', some have grown too relaxed in their positions and have lost the capacity for thinking outside the box (Milner & Joyce, 2012).

### **5.12 Identifying the scope of the strategic leadership activities**

How does a leader's solitary behaviour influence the extent to which a leader instils strategic actions to have meaning? This will include defining the scope of the strategic activities that have the potential to impact the meaning, that individuals may experience as part of an organization (Wellman & DeRue, 2009). This allows the identification of those strategic activities that can be effectively labelled as leadership activities. The observation of such scope enquiring has so far proved to be a very confusing one in the leadership literature. On one hand, they still have a tendency to identify leadership by means of any personality or characteristic behaviour or actions that can significantly impact upon organizational performance.

Other academic scholars such as Bass (2008) comment on the works of Bennis and Nanus in the 1980s (see Bennis & Nanus, 1985), and Rafferty and Griffon in 2004, who have now sought to fragment these chief executive officer's activities, which could be labelled as

transformational rather than transactional. This is where the previous label refers to those above activities that change beliefs and values. The former mentions those activities that change behaviour through one or the other, as positive or negative inducements (Roth, 2004).

### **5.13 The function of strategic leadership**

Strategic leadership is a significant component in safeguarding the smooth and, successful management of organizations. This encompasses selecting, equipping, educating, training, and influencing employees who have varied skills, education and abilities and then give them directions as to their efforts and focus towards the organization's performance (Avolio *et al.*, Apr 2003). The leadership style determines leader's effectiveness, on how employees can put in extra efforts and enjoy job satisfaction. In turn, these factors determine organizational performance (Thompson & Bevan, 2013). Organizational performance is measured by using both qualitative and quantitative measures. Quantitative measures include production maximization, cost minimization and profitability (Shukla, 1994). Qualitative measures include, for instance, technological superiority and the fulfilment of diverse organizational stakeholders such as customers, employee shareholders, suppliers, and the society in general. Equally, these measures ought to take into consideration the short, medium and long-term strategic goals of their organization (Coffey, 2009).

### **5.14 Leaders stimulate employees' intellect**

According to Bass *et al.* (2003), intellectual stimulation is the enhancement of the employees' ability to learn and think on their own, as consequently it relates to workplace tasks. Intellectual stimulation is the ability and capacity of an individual employee to be logical, rational and able to adapt to diverse situations. This allows logical thinking and intelligent evaluation of the emerging environment which can support employees in creating new ideas for the emerging future opportunities.

According to Bass (2008), stimulating employees' intellect encourages them to take on more risks to bring in new practices and new thoughts, which aid in the improvement of the individual employee and in due course the organizations learning and performance.

However, this can promote critical thinking and problem solving for the betterment of the whole organization (Denton, 2002). The fundamental feature of this element is the stimulation of new creativity in employees. The leaders ought to challenge expectations, take a risk and solicit new concepts from employees.

Leaders should nurture and develop employees who like to think independently. As such leadership can be perceived as learning with value and unforeseen circumstances are perceived as opportunities to learn.

However, intellectual stimulation entails that leaders challenge critical assumptions within their organization. Search for opposing perspectives when solving problems, get others to look at the same problem from different points of view and suggest new ways of accomplishing organizational objectives.

### **5.15 Outlining the leader's leadership styles**

These days the personal leadership styles of superb leaders vary. Some are flamboyant and extrovert, while others may be conservative and investigative. According to Babatunde (2013), most leaders currently need to have a high degree of emotional intelligence. Even though there has been much investigation into the study and practice of leadership, there still is not a generally accepted leadership style. Researchers studying leadership styles sought to determine that leadership is composed of two kinds of general behaviours: relationship behaviour and task behaviour.

The Ohio State Studies original studies were conducted in the late 1940s based on the finding of Stogdill's (1948) work which focused on more of the leaders' traits in leadership research and used the Leader Behaviour Description Questionnaire (Hemphill & Coons, 1957).

The University of Michigan Studies focused on successions of studies that explored how leadership functioned in small groups (Cartwright & Zander, 1960; Katz & Kahn, 1951, Likert 1961, 1967). They identified two types of leadership behaviour; employee orientation and production orientation.

Blake and Mouton's Managerial (leadership) Grid, explored how managers used to handle relational behaviours in the organizational setting. (Blake & McCauley, 1991; Blake & Mount, 1964, 1978, 1985).

The reason for the wavering leadership styles is that academic researchers describe leadership according to their own perspectives. They focus on areas of leadership that most interest them, and then specific aspects of leadership are explored and researched. Some researchers view leadership as a personal ability. On the other hand, some academics are of the opinion that the degree to which individuals shows leadership abilities depends not only on his characteristics



and personal abilities, but also on the characteristics of the situation and environment in which he finds himself.

Baroutas (2011) further explained that employees are members of an organization who have the mandate to achieve definite personal objectives. The magnitude to which they are energetic employees could possibly have been influenced by how they were persuaded into that membership within their organization. This will then facilitate them to achieve their predetermined objectives. Consequently, most individuals will support their organizations if they believe that their personal goals, and their objectives, might be met through their organization. If this is not the situation, an employee will soon lose interest in the organization.

Consequently, some are in favour of adopting an organizational leadership stance which will enhance organizations to grow and continue learning (Alsop *et al.*, 2014). There is a need for leaders to think through their employees' attention and their attentiveness. Organizational leadership ought to focus on continual adaptive and learning process, and can then address various activities, that is by involving employees, who then understand and agree upon a common goal and strategic plan., This permits them to labour together in the accomplishment of their collective and individual objectives. Research has revealed that the leaders who know what should be done in their organizations, will then influence other employees to understand and agree to that plan.

#### **5.15.1 The different styles of leaderships in organizations**

At the moment there are diverse styles of leadership, among them, are transformational, transactional, *laissez-faire* and servant leadership (Bell, 2011). Transformational leadership is concerned with the ability to stimulate employees' motivation and imagination, which ought to result in a different way of doing things within the organization (Roth, 2004).

This almost creates a collaboration between the leader and the employees in such a manner that employees move away from their self-interests. Thereby increasing the employee's level of maturity. Hereby permitting more concerns for accomplishment, self-actualization and the realizations of the organization's goals in addition to that of society Krznaric, 2007). This type of leadership is typically more appropriate in times of strategic change, transformation or restructuring, therefore leading from the future as it emerges, after which any further forms of leadership which are being taken, end. Transformational leadership is fundamentally intended

for any organization to achieve its strategic objectives through the efforts of its employees in times of strategic change and transformation (Oude-Vrielink, 2013).

Transactional leadership is a reward-based style of leadership. Under this style of leadership, organizational targets are agreed upon in advance, with the chief executive officer or top management leaders. Employees are then rewarded, centered on their achievements of the agreed set of targets, alleges.

*Laissez-faire* is a more passive type of transactional leadership where the leader is prone to relinquishing his role as a leader. In some circumstances, it is denoted in organizations as 'no leadership at all'. These two categories of leadership are part of the full transformational model which was proposed.

Servant leadership is defined as the desire of a leader to learn, motivate, guide and care for his employees through lasting quality relationships (Harrison., 2005). This is concerned with ethical behaviours and is therefore an apprehension for subordinates. There is a difference between transformational and servant leadership. According to Maxwell (2011), transformational leadership thinks initially about his organization and then secondly about his employees, whereas a servant leadership thinks primarily about his employees and then about his organization.

### **5.15.2 Leadership style**

Leadership style is the relatively unswerving pattern of behaviour that personifies a leader. At the moment organizations want effective leaders who greatly understand and recognize the many systems dynamics and complexities of the rapidly changing and transformation worldwide environment. Different leadership styles may well affect organizational effectiveness and performance (Argyris, 2010).

However, Barling (2014) established that there many current prevalent leadership skills in organizations which are experiencing rapid growth; and which also means that the organizations, at different phases of their growth, require diverse leadership and management styles.

Baroutas (2011) initiated five contemporary leadership styles; which separately can help to encourage the attention, awareness and commitment of more employees, to the

accomplishment of their assigned challenging strategic missions and visions. These may be commanded by the dynamic, chaotic and turbulent environment which noticeably has seen fast changes and transformations worldwide. The five leadership styles will be discussed in great detail.

Nohria and Khurana (2010) provide the subsequent list of the following leadership styles;

Charismatic

Transformational

Visionary

Transactional

Servant

### **5.16 Charismatic leadership thinking**

Charismatic leaders who led by means of their personality and charm, as a substitute for, to some extent, relying on external power or authority. They strive for complete strategic organizational goals by way of implanting dedication in their employees. These leaders every so often increase the reliance of their employees on them, through noticeable self-sacrifice and take many individual risks in the designation of their own views. The most important behavioural powers which can be of use to the charismatic leaders are taken into account in the list below;

The leader's sensitivity of the environment and the needs of the current employees.

The agreement of a straightforward strategic vision moulded for the situation.

The leader's effective usage of body language and verbal linguistics.

The leader's individual risk taking and eccentric behaviour.

The leader's high self-belief.

The leaders demonstrating confidence in their employee's capabilities.

### **5.17 When is charismatic leadership thinking most effective?**

Charismatic leadership is particularly effective in chaotic environments and foremost in strategic changes in the organization, particularly if the individual leader can depend upon their humour (Babatunde, 2013).

By the same token, charismatic leaders are more probable to advance employee attitudes and productivity, as soon as individual employees feel a sense of uncertainty and fragility. For instance, the ability of a charismatic leader can be seen when the marketplace is very competitive, or as when the South African government regularly introduces new regulations and various changes, or these leaders are founding members of their own organizations. Charismatic leaders can promote inspiring strategic visions of the emerging future, or a set of values and objectives that individual employees can follow. These employees will feel more connected to each other, which then may lessen their projection of instability (Van Velsor *et al.*, 2010).

Similarly, charismatic leadership is additionally expected to be able to stimulate collaboration and discipline, as soon as employees do not feel a sense of belonging to their organization. While individual employees may feel secluded or not connected to their co-workers,, they are additionally expected not to enact with any collaborative idea and are less likely to be persuaded to follow regulations, if their leaders are not charismatic.

#### **5.17.1 Benefits of charismatic style**

As soon as leaders are charismatic, the profitability of organizations tends to improve. Moreover, the attitudes and behaviour of their employees improve as they feel more committed to the organization and start working with extra willingness (Wilms & Zell, 2002).

At present numerous explanations have been suggested to explain the benefits and limitations of charismatic leadership. For instance, for the reason that charismatic leaders transmit a cooperative strategic vision, which can give direction to all employees to pursue, so their personalities are more inclined to offer a sense of connection to their division or organization (Nohria & Khurana, 2010).

#### **5.17.2 Determinants of charismatic leadership**

Once the linguistic and dialogue contents of the leaders are vibrant and emotional, they are more likely to be perceived as charismatic. This suggestion was confirmed by one study, conducted by Clark and Great batch (2011), who observed the features of dialogues which increase the probability that a leader will be perceived as charismatic. Conger (2011) concedes that the style of delivering the dialogue was found likely to differentiate charismatic and non-

charismatic leaders. Charismatic speakers show a discrepancy, in their volume and tone, and vary in degrees when it comes to accentuating precise announcements, which are frequently needed.

### **5.18 Theory of strategic thinking oriented to organizational change leadership**

Holbeche (2010) insists this is a style of leadership in which the leader empowers employees to achieve an expressed strategic vision of the organization, which leads to increases in employee's morale, job satisfaction and productivity and greater personal and professional growth. Transformational leaders are similar to charismatic leaders but have the extraordinary capability to bring about innovation and strategic change and transformation in the organization. Transformational leadership is diligently interconnected to the traditional leadership style (Hays & Kim, 2012).

Transformational leaders are leaders who take employees to a higher social and moral place (Bass, 2000). These leaders are extraordinary leaders who raise employees' conscious levels about the significance and importance of chosen strategic results and means of achieving them. They furthermore persuade employees to rise above their own immediate self-interest for the achievement of the mission and vision of the organization.

Bass (1990) advanced the early philosophies of transformational and transactional leadership from the development made in the political context.

Transactional leadership developed after the interchange process among leaders and their employees, in which the leader makes available rewards in exchange for employees' performance (Bass, 2000).

Transformational leadership is behaviour that goes further than transactional leadership and motivates employees to identify with the leader's strategic vision and are then able to sacrifice their self-centredness for the progress of their work group or the organization (Bass, 2008).

Bass (1990) conceptualized that transformational leadership takes into consideration the charisma or idealized inspiration of employees who can then build their belief, in addition to making them identify emotionally with their leader. On the other hand, leaders can offer intellectual stimulation to their employees by encouraging them to question their own behaviours in the undertaking of their work. Leaders can individualize their consideration by giving work tasks and delegating work to employees, which can then provide them with

learning opportunities within their organizations. Higgs (2009) points out that transformational leaders can engage in processes while recognizing the need for strategic change, creating a new vision and then institutionalizing that change. This creates a feeling of acceptance within a workgroup and can provide individualized support for employees which aids in effective strategic change. This can allow leaders to enhance employees' basic beliefs, values and attitudes so that they become enthusiastic and carry out their work further than the minimum levels specified by their organization.

According to Bass (1990), charisma, can offer attention, awareness and support to personalized employee development, and learning. This then permits employees to increase their abilities and leaders then provide a willingness to provide intellectual stimulation to their employees which is so critical to organizational learning.

### **5.19 Transformational leadership thinking and organizational change.**

Bass *et al.* (2003) mentions that transformational, charismatic and visionary leaders are able to change the *status quo* of their organizations positively by means of demonstrating the suitable leadership behaviour at the applicable phase in the strategic change and transformation process.

As soon as there is awareness, consciousness and understanding that the old ways no longer work in the organization, this then permits leaders to carry out the task of emerging and engaging strategic visions of the future which can then together provide a strategy and motivational focus. This observation embraces that leaders create a strategy, by providing a strategic vision that is relatively interesting and persuasive to employees rather than generating dissatisfaction within the *status quo*, attests Bass (2008)

The aforementioned is critical in that the leaders be strategic champions who can through the organizational learning efforts, then pull together and encourage a workgroup. Avolio (2010) proposes that leaders have the capacity to use enticements and interventions that encourage employees to change efficiently.

Bass(2000) reports that this can only be effective if the employees believe that they are in need of that strategic change that they will also be satisfied. For instance, they could believe that strategic change and transformation can improve profitability, which will grant them higher remunerations or better work methods. This will result in them working smarter rather than

harder. There are three main features that aid successful leaders and top management in their efforts to change and transform organizations. These are listed below:

These leaders create a new system such as new organizational culture.

These leaders are neither too rigid nor over controlling in their behaviour.

The organizational learning process is not too chaotic or fixed. Thereby ensuring that the strategic change process does not fall apart.

This can be conceivable if the leadership of an organization makes evident the desire and urgency of the strategic change and transformation route.

### **5.19.1 The complete transformational leadership thinking Archetypal**

The theory of transformational leadership was presented and promoted by academics such as Burns (1978) in his seminal graft and then later advanced and developed by Bass (1985) and further by Avolio and Bass (cited by Nohria & Khurana, 2010). This epitome was stretched out and reviewed by Avolio and Bass in 1994 to an emphasis on the employee's awareness, attention, attentiveness and hereafter to embrace a leadership continuum from transformational to transactional which included *laissez-faire* leadership. This model provides a multi-dimensional view of leadership behaviours.

Bass (1990) reports that transformational leadership is concerned with how leaders change work teams and organizational learning, collaborating and moulding an organization's strategic vision, in addition to how it inspires employees to achieve further than is. Denton (2002) made an observation of numerous studies that were publicized that transformational leadership is positively correlated to organizational after-effects such as innovation, motivation, productivity, self-esteem and job satisfaction; all of which may result in effective organizational performance (Bass & Avolio, 1994; Avoid & Yammorino, 2002; Mitchell & Boyle, 2009; and Ivey & Kline, 2010 cited by Berson, 2003).

Bass, (1990) well-defined transformational leadership as a process in which leaders and followers raise one another to a high level of ethics, meanings, moralities, drives, enthusiasm and inspiration. Transformational leadership is about thought-provoking followers to spur their imagination and thinking. If leaders are to engage in purposive action they must reveal transformational leadership behaviour which will direct employees in the direction of practical

efforts. In turn that can then make available other employees to further integrate their organizational learning and understanding of what is to be achieved (Baroutas, 2011).

The transformational process changes and transforms individual employees, and regularly incorporates charismatic and visionary leadership (Bass, 1990). The transformational process is instituted by the use of sympathy, thoughtfulness and attention rather than manipulation, over-powering, bewailing, bemoaning, grumbling or coercion. Consequently, transformational leadership may possibly be taught, learnt and practised (Bass, 1990). Hays and Kim (2012) add that transformational leadership is grounded on the assumption of the success, that subordinates will assemble together all employees and then inspire them, leaders with a strategic vision and desire can grasp astonishing outcomes.

Transformational leadership has been applauded for its higher constructive relationship to employee's satisfaction, enactment, inspiration, commitment, and assessments of the leader's efficiency over other leadership styles such as transactional and *laissez-faire* leadership (Babatunde, 2013).

Bell (2011) agrees that additionally, transformational leadership has been further acknowledged for the reason that it provides robustness across diverse sectors such as in business organizations, politics, government and educational institutions. Therefore, it offers a cross-cultural applicability. To date, transformational leadership has been comprehensively studied via leadership researchers and writers.

The above-mentioned has established that it can be positively connected to a number of essential organizational outcomes, in numerous different types of organizations and situations, offering different levels of leadership analyses and different cross-cultures, all the following authors share the same sentiments: Avolio, Bass, Walumbwa and Zhu (2004); Karp and Helga (2009); and Sheared, Kakabadse and Kakabadse (2012).

On the other hand, as Barling, (2014) notes, that considerable amount has been researched on transformational leadership in North America and Europe while very little has been done in Africa and the Middle East regions.

In other words, transformational leadership is the ability to develop employees to want the strategic change and transformation to improve their organization, and to be led by their leader. Leadership encompasses evaluating employee's motives by satisfying their personal needs and



valuing them, suggests Hazy *et al.* (2007). Consequently, a transformational leader may perhaps make a company more successful by means of valuing its employees. Harris (2013) suggests that the paramount component of transformational leadership is its capability to nurture the needs of the employees in an employee-centred manner.

Bass (1990) noted that transformational leadership has now moved to presence through an internal leader and employee which focuses on broader, external factors of increasing effectiveness of diverse leadership behaviours, which affects different contexts of strategic change and transformation.

Thus the role of transformational leadership is to redirect employee's energies which are needed to fuel the renewal leaders in helping strategic change problems as they change, reveals Bass (2008) In the transformational leadership style, the employees sense the self-confidence, admiration, credibility and respect of their leader, and are motivated to do more than what was originally expected of them to do (Bass, 1990).

By his awareness of the importance of task outcomes, the transformational leader inspires the followers by inducing them to transcend their own self-interest for the sake of the organization or work team and activating their higher-order needs. Transformational leaders encourage their employees to think critically and search for new habits to approach their work, this results in intellectual stimulation (Harris, 2013).

Transformational leaders can increase the level of job performance, satisfaction and commitment to the goals by employees in their organization (Avolio, 2010).

Bass (1990) suggested four behaviours or components of transformational leadership which takes into account charisma, inspirational motivation, intellectual stimulation and individual consideration.

Charisma may influence idealized attributes, towards an organizations character through its strategic vision and a sense of mission, instilling pride in and among the work group and thereby gaining respect and trust (Coleman *et al.*, 2003).

The transformational leader encourages their employees to learn, to be innovative, and be creative by questioning current organizational assumptions, reframing problems and approaching old situations in new ways.

### **5.19.2 Transformational leader personality traits.**

A lot of studies have acknowledged that personality traits have often coincided with transformation leadership. Hays and Kim (2012) maintain that, traits may relate to emotional stability and resilience, rather than neuroticism, are seen to be more prevalent in transformational leaders. Furthermore, especially, transformational and charismatic leaders have a tendency to report an internal *locus* of control and optimistic psychological capital, comprising positivity, anticipation, and flexibility (Barrett, 2011).

Additional, traits epitomize amicability or moral feature which also can predict transformational leadership for a meta-analysis (Thomas *et al.*, 2013). In the direction of illustration transformational and charismatic leaders also lean towards too being heartfelt. Employees can participate in supporting unoriginal moral reasoning and thinking, as reflected by their leaders, but this may in turn affect their work. Other traits such as extraversion and inventiveness have also become widespread in transformational leaders.

Transformation leaders are more enthusiastic in embracing many risks and changes and are more self-confident.

Furthermore, emotional intelligence appears to be vital to transformational leadership. Adler and Harzing (2009) argued that emotional acknowledgement may be a fundamental determining factor in transformational leadership. These leaders can interpret the emotional state of their employees. Consequently, can eagerly determine which of their behaviours are appreciated by their employees.

Bass (2008) writes that transformational leaders can detect excellence or disappointment in their employees and, for that reason, can adjust their behaviour to suit the emerging future. These leaders can recognize the greatest productive courses of strategic enactment.

Nonetheless, transformational leaders are aware of the emotions of their employees but can respond appropriately. Bass (2000) explains that they might comprehend an employee being distressed, annoyed, or disillusioned but, nonetheless, and sense that they are anxious or uncomfortable with talking about these emotions.

Therefore, according to Argyris (2010), Employee emotional appreciation, while combined with extraversion, might raise suitable behaviour in transformational leaders. That allows these

leaders to be particularly able to accommodate their employees and disseminate an appropriate and alluring strategic vision of the emerging future, which becomes the cornerstone of transformational leadership.

Bass (1990) argues that the work attitude of transformational leaders can likewise have an emotional impact on the likelihood that they will demonstrate the transformational behaviour. Today, organizational learning, for instance, appears to foster transformational leadership (Harris, 2013). However, work environments can similarly affect the prevalence of transformational and charismatic leadership. Thomas *et al.* (2013) infers that these styles, for illustration purpose, are more widespread in collective work teams, than in individuals work philosophies.

### **5.19.3 Measures of transformational leadership thinking**

Bass (2008) reviews the transformational leadership by other academic writers reveal six common measures of transformational leadership which encompass it. These items include six important aspects of behaviour, which are listed below:

Expressing a strategic vision

Providing a role model leadership

Communicating high organizational performance expectations

Providing individualized employee support

Fostering acceptance, of work group goals

Providing intellectual stimulation to employees

Rafferty and Griffin in 2004, furthermore, developed a questionnaire with which to assess five clusters of behaviours which transformational leaders so often demonstrate. This scale comprises of five substances, primarily derived from House 1998 and Podsakoff, Mackenzie, Mormaer and Fetter 1990. This positive factor analysis confirmed these five facets, which include:

For example, without a vision, the transformational leaders have no idea where their organization is going.

Through inspirational communication and dialogue, transformational leaders, make employees feel part of their organization.

Intellectual stimulation challenges transformational leaders to think about old problems in new ways.

Supportive transformational leaders consider personal thoughtfulness before acting.

Transformation leaders personally recognize and acknowledge employees who show improvement in their quality of work.

#### **5.19.4 Benefits of transformational leadership thinking**

As Beck and Cowan (2005) reported that, transformational leaders are able to enact strategies more effectively and efficiently. These leaders give the impression that they communicate successfully. Employees are more acquainted with the strategic goals and objectives of their organization. Bass (2008) comments that transformational leadership is positively connected with awareness of effective communication of the emerging future. This connection applies to all three aspects of communication listed below;

Listening carefully to what is emerging.

Having precise dialogues in their organization.

In search of employee's contributions.

This operative communication, in turn, is interrelated to more awareness and attention, in the workplace, by employees where they strive to improve the achievement of their strategic organizational goals and objectives (Adair, 2009).

Transformational leadership increases organizational performance and confidence in the organizational learning. The leaders are at the moment perceived as more supportive than the other leadership styles. Bass (1999) reports that transformational leadership is presumed to elevate the self-efficiency of employees and better their wellness. Employees are more motivated to pre-sense their efforts and can then translate it into improvements of strategic changes and transformation in their work performance. As soon as leaders are transformational, diverse work teams have a tendency to function more commendably. For instance, diverse perspectives in workgroups lean towards promoting creativity rather than to aggravate tension. Transformational leadership is receptive to diversity in the workplace (Bass & Riggio, 2006).

Nonetheless, one of the difficulties with transformational styles of leadership is ensuring that it is accepted throughout the whole organization. The research by Bass (1990). provides

evidence from a range of studies across the world. It shows that transformational leadership has a strong positive relationship with a range of measures such as commitment, job satisfaction, productivity and subordinates' levels of stress. Nonetheless, this leadership style may possibly also cause a dependency among employees on the transformation leader. With sensitivity, this implies the employee's motivation and self-esteem are dependent on positive feedback and gratitude from the transformation leader.

#### **5.19.5 Conditions in which transformational leadership thinking is most effective**

Numerous influences determine the utility and suitability of transformational leadership. For example, transformational leadership might be particularly effective when work teams are diverse (Coleman *et al.*, 2003). Diversity is crucial for work teams. This may include various ages, nationalities and the level of education of employees, which can present both benefits and complications. In detail, when work teams are diverse, a comprehensive range of perspectives, intuitions and insights are accessible, which can facilitate organizational learning, creativity and problem solving. Nonetheless, diversity can also incite compromising cohesion.

Bass (1999) reveals that possibly transformational leaders can encourage people to share a moral code and strategic vision, thereby avoiding any division among employees. These leaders consequently, might inhibit the drawbacks of diversity and instead enable the bone of contention to surface among employees (Nohria & Khurana, 2010).

#### **5.20 Visionary strategic leaders**

Visionary leaders recognize organizational dreams and advance achievable strategic goals to grasp these dreams. These visionary types of leaders do not characteristically have much technical expertise in the tasks they are leading. Their role is to give their work teams the self-assurance to struggle in achieving their strategic goals. Visionary leaders adopt a partnership approach with their employees and create a shared sense of strategic vision.

Argyris (2011) comments that, the most important characteristics of visionary leadership taken into account are list below;

Visionary leaders demonstrate great personal integrity and radiate a sense of energy, liveliness and devotion to core organizational values.

Preserving upright relationships and adopting a deeply caring approach to employees and treating them with warmth and reverence.

Inspiring employees to improved themselves and being charitable to them and giving them a new pre-sense of hope and self-reliance to do their work.

Visionary leaders transform old organizational mental maps or paradigms, and aid in creating out of the box unconventional and innovative strategies to be actualized in the new emerging vision through wide-ranging and systematic thinking, while observance of the bigger picture is being kept in mind, and

Developing work team spirit and group work learning initiatives.

### **5.21 Transactional leadership thinking**

Transactional leaders focus on the employees' instant self-interests and what their organization can do for them (Avolio, 2010). In transactional leadership, the leader rewards or disciplines the employees depending on the adequacy of their performance. Avolio, (2010) defines transactional leadership as the exchange relationship between the leaders and employees, to meet each other's self-interests which may take the form of a contingent reward, management by inclusion or management by allowance (passive) and *laissez-faire* (passive avoidant).

Bass (2008) recommends the same practice in that transactional leadership uses rewards such as money, praise and appreciation in exchange for effort. Transactional leaders set strategic goals that are direct and use rewards to strengthen employee's behaviour.

For instance, transactional leadership aids organizations to achieve their present-day strategic objectives more competently through connecting job performance which value rewards and by way of ensuring employees have the resources needed to get the job done (Bass, 2000).

Visionary leaders create a strategic vision of some emerging future state, communicate that strategic vision from beginning to end by ensuring employee commitment towards the strategic vision (Bass *et al.*, 2003).

Today some academic scholars propose that visionary leadership will result from higher levels of organizational cohesion, commitment, drive, incentive, inspiration, trust, motivation and then strategic enactment is initiated in the new organizational environments. Nevertheless, the transformational leadership style has been attributed with cultivating development in organizations, given that all other things existence is equal (Wellman & De Rue, 2009).

Bass (1999) observed that transactional leaders foster their organizational cultures, thereby, ensuring positive rules and procedures.

Transactional leaders perform the traditional management function of giving instructive roles to their employees, instigating clear structures and on the condition that they give their employees appropriate rewards (Bass, 1990). Transactional leadership uses an exchange process that results in employees complying more with the leader's requests. However, it is likely it may not generate enthusiasm and commitment to task objectives. The leaders focus on having an increasing internal willingness to perform the tasks required for the organization to reach its desired goals (Bass, 2008)

The objective of the transactional leaders is to make certain that the organizational goals are clearly understood by the employees and are attained. Argyris (2010) points out eradicating potential barriers within the organizational system, and to encourage, inspire, motivate and stimulate the employees to achieve the predetermined strategic goals. Transactional leaders demonstrate both practical and counteractive behaviours.

Practical transactional leadership behaviour involves provisional rewards and counteractive measures which can aid management. Contingent rewards involve the explanation of the work required to obtain organizational rewards. Therefore, incentives and contingent rewards are used as encouragement.

The aforementioned considers employees' expectations and offers them recognition when strategic goals are achieved. The explanation of strategic goals and objectives ought to result in individual employees and workgroups achieving their expected levels of performance (Bass, 2000).

Proactive management refers, to the leaders setting criteria for obedience and for what establishes unproductive performance, and which may be taken into account for punishing employees for nonfulfillment of these standards. This transactional leadership provides a close observing for deviations, errors, and miscalculations and at that moment taking corrective steps to fix the problem quickly when it occurs.

Transactional leaders keep an eye on the management by compromise. However, they do not give much attention and have little awareness unless glitches arise. Transactional leadership is

identical to the traditional leadership style. In addition, it is centred on a telling style (Bass, 2008).

### **5.22 Servant leaders**

Servant leadership is grounded on the acceptance that he is first a servant then leader. These leaders empower employees and encourage them to perform extra well. Servant leader characteristics may consist of the points as listed below:

Servant leaders spend time and effort to aid employees in understanding their strong points and weaknesses. These leaders also identify potential in addition to higher purposes, which they cannot ever attain on their own.

Servant leaders see employees from other's perspective, demonstrating their patience, also presenting their empathy.

Servant leaders often attach great significance to teamwork and relationship building.

Servant leaders continue to be more socially and ethical considerate.

Servant leaders encourage their employees in their decision-making process and consequently empowering them to enact the chosen strategies, making servant leadership a form of democratic leadership.

### **5.23 The use of authoritarian leadership power in strategic thinking**

The totalitarian usage of leadership power might be comparative once it is founded on authentic positions in the hierarchy of the organization. It is agreeing to the conventional measures of the organization. This can be complemented through group dynamics and compliances, particularly when groups intensely share the identical ideology. Compliance aggregates to various suspensions of moral judgement and intellectual reasoning about the suitability of superior strategic choices and actions. Employees at this stage enthusiastically do whatever the powerful leader wants (Bacharach & Lawler, 1980). Evidently this is conflicting with the double-loop learning. Wherever leadership power is over-exercised it creates a force of unenthusiastic work group dynamics which tend to be very explosive. It is regarded as a non-recognition or undercover resistance and at intervals as an absolute insurgency. Yet again this is contrary to double-loop learning.



#### **5.24 The usage of idealistic leadership power**

Extremely dictatorial strategic systems that are established on mechanistic rules, but these are relatively rare in practice. There is expectedly more, to very complex, multicultural and administrative systems in which leadership power is at present spread everywhere in the organization via the vested interests of workgroups (Greiner & Schein, 1998). As a result, today's main characteristic of modern organizations does not need an administrative system where single or dual executives are at the top and control whatever drives the whole corporation.

As an alternative, there are powerful subsidiary businesses with powerful subdivisions made up of various dissimilar fragments of the system. Strategic leaders at the top need sufficient assistance to manage them. Some organizational change of any remarkable significance is going to disturb the equilibrium of power. This then marks one department or subsidiary corporation as a weaker group of management which renders another one stronger.

To some extent, signs of organizational change cause fear within employees. This causes various power shifts, even before it is clear what must be done. Individuals and work groups will consequently start compiling various defensive actions, as soon as they become aware of small conceivable organizational change. This endeavours to involve the double-loop learning, to change mental models. This enables the change to take the direction concerned with strategic thinking positions. This is consequently expected to touch off political activities that seek to destabilize and possibly or ultimately destroy all learning. The further employees are influenced to embark on a consensus of creating strategic choices, the more powerful work groups, by means of vested interests, are endangered. This causes them, to put a stop to the whole organizational learning programme. The strategic leaders further attempt to head off the threat. Additional political systems are needed to play by the guidelines of the political system they are desperate to substitute. When they do this, they are merely strengthening what is annoying and difficult to eradicate.

#### **5.25 Leadership power voids the created organizational anarchy**

When strategic leaders do get ahead in fixing the collegial political system and a commitment to the management thinking model, this then causes other behavioural shifts which are activated by the dissemination of power. Equally, when authority changes by way of organizational structures being flattened, or by job descriptions becoming slacker, additional

arrangements of power become dispersed, through the instituting of extensive consensus as a requirement before major strategic decisions are probable, therefore, the probability of a power vacuum at the epicentre of the organization increases. It becomes more difficult for anyone strategic leader to exercise considerable authority. This calls for employees to learn to handle their own independence. One technique of inquiring into the significances of organizational changes in power distribution is provided by Greiner and Schien (1998).

Greiner and Schien (1998) narrate that organizational changes are the preparedness to emphasize and to agree to the power of resulting group dynamics. Once both strategic leaders and followers spontaneously consent to the implementation of that power, there will be an extraordinary probability of vigorous consensus. Then again, the groups might not consent as soon as the strategic leader exercises power, which now creates a behaviour of converted resistance within the organization. Today strategic leaders are becoming less able or enthusiastic to exert power. However, workgroups still need to look to their leaders and then their behaviour becomes that of a passive loyalty group. If the environment changes, the groups becoming less eager to receive the implementation of power, the group's behaviour is then characterized by peer rivalry. Consequently, the dispersion of power and the spread of participation possibly will set off the feedback loops, causing a decline in the central power strategic leaders and generating superior rivalry through the organization, or creating passive loyalty, both of which will block double-loop learning.

### **5.26 Strategic leadership training broadens strategic thinking**

It has been identified that leadership training is something that ought to be done to safeguard organizational learning. This is reflected by Denton (2002) who points out that an organization's learning, to remain successful, needs to take into account the growth in leadership talent. Conversely, this is likely to oppose with Weber in 1963, who allude to the fact that in trait theory, effective leaders are born not made. Nohria and Khurana (2010) correspondingly dictate that leaders, by virtue of their biological birth, remain gifted with extraordinary qualities, which permit them to lead other employees. On the other hand, other leadership researcher's views highlighted by Bass (1990) opposed that the trait theory approach to leadership stayed virtually unrestricted as a personality does not predict leadership style.

An observation was made by Goleman *et al.* (2002), who then identified the four realms of emotional intelligence. These are listed below;

The leader's self-awareness.

The leader's self-management.

The leader's social awareness and

The relationship among the organizations management.

The above-mentioned leadership capacity and skills are essential for an effective leader. Under the relationship of management, the chief executive officer ought to act as a catalyst to strategic change. This observation comes in line with whoever then identified the styles of an effective leader as matching to emotional stability and resilience, and rather than scepticism and their performance, comments

### **5.27 Conclusion**

This chapter helps to depict that exceptional organizations commence with excellent leadership and successful organizations, for that reason, it reflects in their leadership. Though studies on strategic leadership and organizational learning are not well studied in developed countries, less could be said of developing countries such as South Africa.

This chapter exposed the subsequent important areas of leadership: defining the scope of strategic leadership; leadership styles; roles of a leader; effective strategic leadership; and current leadership principles and practices.

However, it becomes imperative to take stock of leadership styles that are within the organization and map a way forward, for organizational learning. The current turbulent environment demands a radical change in leadership styles.

This chapter has discussed various aspects of strategic leadership and has addressed the general models in detail, with a view to answering the last research question.

The place and role of strategic leadership reflect in organizations have been reviewed.

This chapter sets out to determine the impact of strategic leadership styles on organizational learning, with a special focus on the full transformational and transactional leadership model.

From this chapter it is evident, that although some academic scholars believe that strategic leadership enhances organizational learning and performance, while others contradict this, different concepts of leadership have been employed in different studies, making direct comparisons virtually impossible.

This chapter reveals the importance of leadership styles in organizational learning and performance.

However, there are numerous useful lessons to be learnt in organizational leadership and organizational learning. The challenges addressed in this chapter relate to each leadership style as becoming organizational learning lessons for leading as the future emerges.

Leaders need to motivate their employees to challenge the *status quo* and be optimistic about the emerging future to overcome the threats posed by the unstable environment.

The ultimate success of strategic leadership depends, at all levels of the organization, upon the receptiveness of employees to the thought and thinking processes that are necessary to its learning and development. Lastly organizational success can be endangered, conversely, unless the strategic leadership is continually and persistently in the forefront of the minds of management in whose care the destiny of their organization rests.

Chapter 6 proposes a new conceptual theoretical framework.

## CHAPTER 6: THEORY U

### 6.1 Introduction

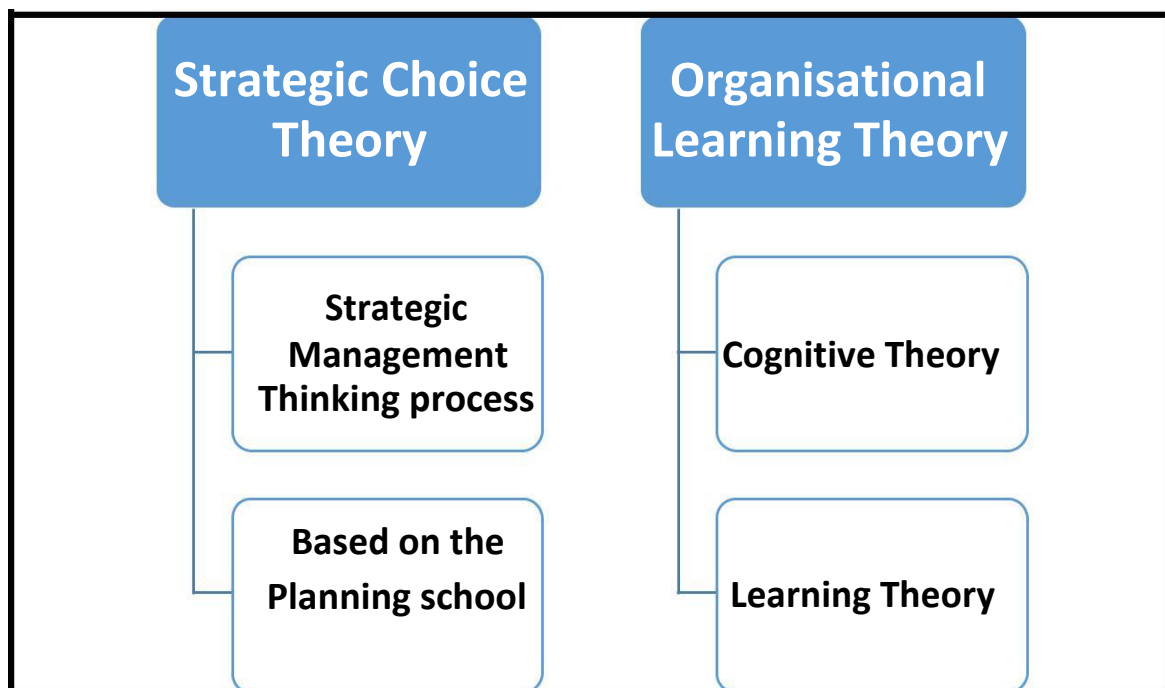
In this chapter a conceptual framework will be proposed, with the objective of grouping the most critical elements, as outlined in the previous five chapters. This is in accordance with the research study's central thought process, which logically systematizes a new conceptual framework, which when formulating, implementing and evaluating strategies, using 'Theory U' as an organizational learning technique, should be adopted. This is the foundational gap of this research project, which is developing a new strategic management process through systems thinking which is based on strategic systems thinking. Using the cybernetic systems thinking which is entrenched in two important theories:

Strategic choice Theory (based on planning school)

Organizational Learning theory (based on the cognitive and learning school)

Combine the above two theories with 'Theory U leading from the future as it emerges'.

This critical gap is demonstrated below through management cybernetic systems



*Figure 37:* Strategic Choice Theory and Organizational Learning Theory.  
Source: Researcher.

The above diagram provides the research project’s theoretical gap, by combining the two strategic thinking theories to be used in this conceptual framework, that is the strategic choice theory and the organizational learning theory.

This research combines the strategic choice theory based on the planning school and the organizational learning theory based on cognitive and learning to integrate the above theories as Theory U. The result is one holistic strategic leadership and learning conceptual framework.

These two systems thinking theories specifically strategic choice theory and organizational learning theory were selected from many diverse thinking and learning theories. It is befitting that they also best answer the research topic.

'Theory U' provides the strategic management process (strategic choice theory) with strategic change thinking, environmental scanning techniques on micro- and macro-levels and providing strategic leadership. On the other hand, 'Theory U' provides the organizational learning theory with new capacities that trace and aid learning. It offers leadership development that blends ancient wisdom from across generations and cultures. 'Theory U' makes available academically sound data, arguments and pieces of evidence, to successfully present a compelling vision for the future, thereby, providing the processes and practices of how employees, for an enhanced future, can all work to get there (Scharmer, 2012).

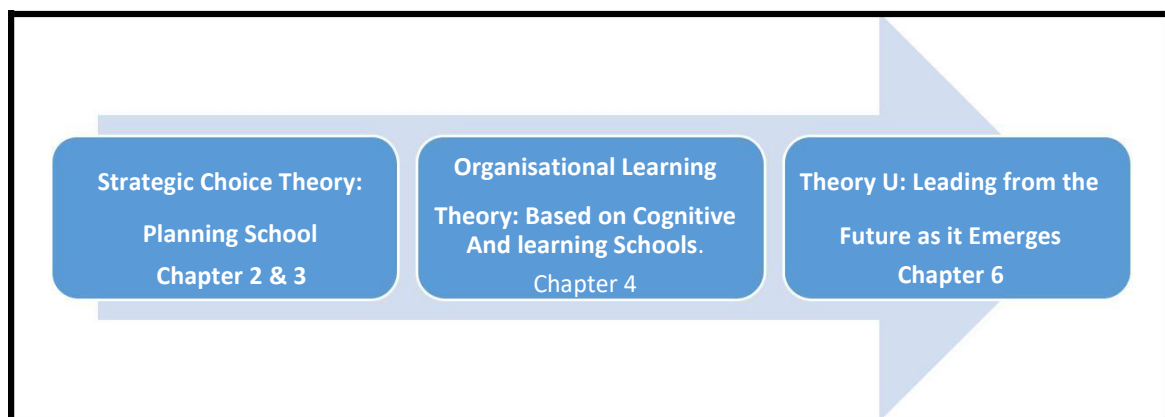


Figure 38: Theoretical Gap in Strategic Thinking Theories. Source: Researcher.

The above diagram provides an illustration of the theoretical gap, which now integrates all three theories, namely strategic choice theory, organizational learning theory and 'Theory U'.

'Theory U' propositions are in cooperation with a new theoretical perspective and a practical social technology. As a theoretical perspective, 'Theory U' recommends that the manner in which employees attend to circumstances, regulates how a condition surrounding it unfolds:

employees attend in this manner to their circumstances, for that reason, it emerges in that manner. As a practical social technology, 'Theory U' offers a set of principles and practices for collectively creating the future which wants to emerge following the movements of suspending, redirecting, letting go, presenting, letting come, enacting and embodying (Scharmer, 2015).

'Theory U' systemically explores the future emerging at micro- and macro-levels, the new economy, and organizational and social dynamics. It also addresses today's many global issues. Today a learning organization is one that improves its knowledge and understanding of itself. Also, over time that of its environment, through the facilitating and making use of the learning processes through its individual members and work groups (Gunnlaugson, 2013). How do strategic leaders develop the essential capacities that are needed to exploit opportunities in their businesses, when it is assumed that changes are occurring in the technology and environment of their industries?

This creates the main task of 'Theory U', which is to generate a learning environment to help all managers, leaders, individuals, workgroups, organizations, institutions, governments and societies to learn faster, and develop the capacity to innovate in this ever-changing and transforming business environment.

This chapter is founded on the perplexing observation of 'Theory U' and its behavioural dimensions for organizational learning. The discussion is also based on the current view of the universe, which through various collective forms of learning, is progressively more inclined to experimenting. This poses many challenges, especially towards organizational renewal and regeneration as caused by environmental instability and uncertainty.

Chapter 6 will describe and elucidate on 'Theory U' which will then form the overall encompassing conceptual framework as covered in the previous chapters, to form one organizational learning theoretical framework. It is by embracing 'Theory U' and its 3U learning dimensions, the 5U movements, 7U principles, 24 practices, its progressions, its replicas and the other various U methodologies, that organizations in South Africa can empower their human resources (HR) and the workforce in order that they may become better able to adapt, lead and succeed in the current ever-changing environments. Chapter 6 incorporates 'Theory U' into the systems strategic choice thinking theory which is greatly entrenched in the strategic management process of planning, formulating, implementing and evaluating. This strategic management process creates a collective desire of employees to move

in one direction and improve organizational performance through superior strategic actions, thereby creating long-term competitive advantage. While at the same time creating organizational workplaces that are personally fulfilling. This permits all individuals in the organization to know what is paramount, and the critical actions in their organizations.

Finally, Chapter 6 will attempt to answer the last research question (sixth) as stated below;

Can 'Theory U' contribute to organizational learning?

## **6.2 Identifying the origin of the 'U' procedure.**

The 'U' procedure is originally a change management *modus operando* which can be used towards the profound change of uncreative designs of performance. It was initially proposed in 1968, by Dr. Frederic Fritz Glasl and Dr. Dirk Lemson, who are from the Netherlands Pedagogical Institute (NPI) and it was then offered to systematic thinking, after the 1980s. The 'U' procedure has found to have several critical uses in organizational thinking, improvement and social development, since it was instigated. Dr. Glasl, advanced the 'U' procedure by publishing the process in Dutch (1975), German (1975, 1994) and English (1997). Succeeding Dr. Glasl's extraordinary attention to conflict issues, the 'U' procedure has now openly been advanced towards handling the consciousness and organizational learning problems connected to systems thinking and social dynamics.

These days, the 'U' notion has remained predisposed to various approaches such as Gandhi's approach of nonviolent conflict, change and transformation, Chinese, Vietnamese and Japanese studies, and studies of Buddhism, Confucianism and Daoism as diverse approaches try to develop an understanding of human existence and natural life.

The 'U' thought has witnessed the various influences of exceptional academics and teachers such as C. Otto Scharmer, Peter Senge, Ekkehard Kappler, John Galtung, Hegel, Joseph Jaworski, Fichte, Aristotle, Plato, Rudolf Steiner, Edgar Schein and Frederick Glasl (Scharmer & Senge, 2012).

The original research was established as a result of Dr. Glasl and Dr. Lemson involvement in social technology procedures, encompassing numerous co-workers, leaders and officials taking part in diagnosing their present logic and their organization's strategies intended for the future. Their research led to the description of the 'U' process as a structure, comprised up of three levels as listed below:



Technical and instrumental subsystem.

Social subsystem.

Cultural subsystem.

The 'U' method also appeals to the Goethean procedures as advocated by Dr. Rudolf Steiner, which saw transforming observations on emerging future intuition, new judgements and its leadership decisions about the future.

### **6.2.1 The *locus* of Theory U**

'Theory U' sets forth that the quality of the results which people create in some kind of social system, remains a function of the quality of awareness, attention, or consciousness from which the employees in the system operate. Since the time when it emerged around 2006, 'Theory U' has astonishingly ascended in the direction of been understood in three crucial means as listed below:

First as an organizational learning framework.

Second, as a method for leading profound change.

Third, as a manner of being connecting to the more authentic and higher aspects of ourselves.

For the duration of his doctoral studies at Witten /Herdeck University, Claus Otto Scharmer deliberated the 'U' process in his tutorial, imparted it to Dr. Glasl who persuaded him to take it further. After 1997, Claus Otto Scharmer then started to present research papers on 'Theory U' at conferences, where various consultants converted their experience and its usefulness. He formerly assimilated the elementary ideologies of the 'U' procedure and then lengthened it, into a theory of learning and management, which he currently calls 'Theory U'. At the moment principles of 'Theory U' stands to put organizational learning forward and to benefit individuals, politicians, leaders, public administrators and executives to break down their previous uncreative patterns of thinking and behaviour which inhibits their learning from their consumers, emerging micro and macro-environments.

### **6.3 Forms of 'U' procedures in various countries**

Since 1997, the U-procedure has comprehensively been used in projects in the United States of America, Brazil, several parts of Europe, the United Kingdom, South Africa and New

Zealand via its members and associates of the NPI and other consultants, and consequently through its members of the Association on behalf of social development

**Table 2:** The seven 'Theory U' stages.

Factual/phenomenal level, technical and instrumental subsystem	Observation of phenomena	1. How do processes and workflows function? Instruments, resources.	7. How can processes be developed in future? What phenomena and facts will characterize the organization of the future?
Imaginative level, social subsystem	Forming a picture of how the organization works	2. Understanding the social subsystem and how functions, roles, and management are distributed.	6. What does that mean for new functions and roles? How should the organization of the future be envisioned?
Inspirational level, cultural subsystem	Ideas	3. Understanding the implicit/actual values, rules and policies that shape the organization. How and why things happen.	5. What values and guidelines do we want for the future?
		4. Is this what we want?	

#### 6.4 Using 'Theory U' as a strategic management tool.

'Theory U' predominantly focuses on the following aspects as listed below;

- Profound organizational change (radical and incremental change).
- Developing strategic leadership capacities.
- Organizational learning (social technology).
- Environmental scanning tool.

Thinking (individual).

Conversing dialogue (groups).

Structuring (institutions).

Ecosystem coordination (global systems).

## **6.5 Understanding the methodology to use 'Theory U'**

In practice 'Theory U' incorporates three methods:

Phenomenology.

Dialogue.

Collaborative active research.

All the above are from discourses of the same fundamental issues: the inter-linkages of knowledge, reality and self. Even though the above methods essentially shadow the *dictum* of Kurt Lewin, the founder of action research, who observed that, unless you can change it, we cannot understand a system. Scharmer and Senge (2012) continue as the foremost theorists of this 'U' methodology. The 'U' methodology main aspects focus on prolonged organizational learning through systemic thinking. This 'U' methodology will form the in-depth conceptual framework for this research project, which will fill the strategic learning gap in the current organizational learning debate. This organizational learning methodology allows organizations to rethink their strategies through creative leadership capacities which generates numerous new thoughts, and which can then assist in dealing with the impacts of the emerging future.

The perception behind the 'U' curve is that it brings together leadership, organizational change and transformation through organizational learning applications. Which unites the western and eastern view of current strategic thinking and learning (Scharmer & Wilber, 2003). The western belief is, time is continuously rolling forward. While the eastern belief is that time circles backwards upon the state of affairs. The 'U' curve deliberates in detail these opposite views and attempts to merge together the dominant views of both the west and the east into one model.

## **6.6 The main focus of the 'U' image**

The 'U' image has two central dimensions. First is the distinction between perception and action. This defines the horizontal axis, and employees move from deeply connecting and sensing towards enacting and realizing.

Second is the vertical axis which illustrates the diverse levels of organizational change from the slightest response: from 'Reacting' down through the deepest 'Regenerating'.

Currently, research indicates that most learning and change approaches are based on the Kolb Learning Cycle.

This recommends a description of working through phases such: observe, reflect, plan and act. Even though it forms the foundation of many learning processes, which can be anywhere through the learning cycles. Its critical drawback is that it is constructed on the past experiences, through their social context, of the individual and organization.

At present, there are two foremost discrepancies in the learning approaches, that of Harvard University by Chris Argyris and Donald Schon and Massachusetts Institute of Technology (MIT)'s by Otto Scharmer and Peter Senge, concerning the single-loop learning which discusses learning from experiences of the past. Single-loop learning is currently mirrored in the levels of reacting and restructuring, despite the fact that reframing is an illustration of double-loop learning (which consist of a reflection of one's profound expectations and prevailing variables). The deepest level of the 'U' graph denoted as regenerating goes further than double-loop learning. It accesses many diverse periods of time – the future that wants to emerge, and which will later be discussed in great detail in this research project as 'pre-sensing' or the 'U Process'.

Currently, they are now also using the triple-loop learning: This is learning that is similar to meditation and suggests consciously acting in a manner that simultaneously queries the current awareness of the mind, body, situation and interaction.



Figure 39: Theory U Model.

Source: Otto Scharmer.

<http://www.google.co.za/url?sa=i&rct=esrc> Date of access: 3 Sept. 2015

The above figure depicts the seven leadership capacities. These functions in a sequential manner. The leadership capacities are as follows; 1) The holding space. 2) observing. 3) sensing. 4) pre-sensing. 5) crystallizing. 6) prototyping. 7) performing. All these operate within the three-learning dimension which are open mind, open heart and open will.

### 6.6.1 'Theory U' conveys new strategic thinking

To date, 'Theory U' has brought new strategic thinking into management, leadership, organizational learning and change. 'Theory U' conveys forward thinking approaches that focus on what is needed from organizations when they confront an emerging future. This uncertain period is now everywhere and critically impacts on the organizations own impending survival which affects the future of their strategic thinkers and decision-making hands. This brings a very interesting point of how learning approaches have evolved and how they still need to evolve during future possibilities.

In trying to establish the skilfulness of leading from the emerging future, Scharmer and Kaeufer (2013) advocates the use of learning processes which permits employees to fully comprehend their present and the various levels of systemic thinking. Which can then initiate them to sense

the new system as it is unfolding and forming. At this point, there is a self-reflective shift in our thinking that allows the whole system to see itself and to act. These days, organizational change in the social context occurs with cutting-edge behaviours. Even though organizational experiments or prototypes can in time, produce a new system by means of new relationships, new connections and new solutions.

Today, this thinking represents many analyses of what is regarded as the "age of disruption." This now constitutes our modern living – this may mean things are deteriorating, and not just operationally. It is creating outcomes that no employee desires. In recent times, the biggest and most visible of these systemic disruptions were witnessed in the financial bubble that burst in the United States of America in 2008. A USD\$ 1.5 quadrillion speculation bubble decoupled the financial economy and resulted in the collapse of many financial markets and the economy of the United States of America. Affecting the total real economy which then experienced the outer parameters of this devastating speculation. This then developed into an international financial crisis, which in turn had a great impact on several other countries. We are currently witnessing several comparable disruptions in the ecology, leadership, revenue, capital, technology, end users' changes, governance and stock markets.

Scharmer and Kaeufer (2013) make it evident that using 'Theory U', in whatever manner, through systems thinking can conversely increase our inner consciousness and awareness. This then shifts employees from a place of disruptive organizational change in the present time. Which then directs them towards a new manner of thinking, operating and learning.

'Theory U', in essence, brings about practical tools and critical thinking that is required in leading organizations, today in their complex, rapidly changing business environment. 'Theory U' permits learning from complex challenges and problems through operating at a new higher level of thinking. This can in turn result in new information and original solutions that may better solve the learning problems of the third millennium.

## **6.7 'Theory U' transfers new forms of strategic thinking to organizational learning**

Currently, 'Theory U' conveys a new form of social field psychology based on new social technology principles and practices which culminate into pre-sensing.

'Theory U' unlocks, a new form of emergence thinking and learning. Gunnlaugson (2013) comments that 'Theory U' ushers this concept from systemic thinking, natural sciences,

biology, and several other disciplines which embrace learning in complex and dynamic systems. Researchers have observed that complex systems create new patterns of behaviour and then learning emerges on all system levels which cannot be initiated on only one level of its subsystems. The emergence possibility tries to explain complex behaviours by means of the interaction between its less complex subsystems.

Learning from the emergent conveys innovation: This emphasizes a radical form of innovative learning that merely takes on board, radically new products or services. Learning comes with the radical newness of products and services or from what is surfacing out there in the market and that which always spontaneously fits into the environment (Hays, 2010a). However, the focus is not only on the aspect of radical newness but also on long-term sustainability (Scharmer *et al.*, 2014). Show that there is a close relationship between this form of innovation and organizational learning. This enabling learning space is a multi-dimensional space supporting and facilitating processes of innovation and knowledge creation. This space comprises several dimensions of learning including and integrating social knowledge, cognitive thinking, emotional development, epistemological or technological aspects. The challenge is to integrate these dimensions into a holistic learning space of concepts, acting as enablers for knowledge creation in the workplaces.

Learning that stems from incremental technological innovation: A form of innovation that changes the object of innovation on a superficial level, for instance, it increases the speed or changes the colour of a device, but it does not change it in a fundamental manner. It consists of slight enhancements to existing technologies, markets, structures and personnel.

Learning from radical technological innovation: It comprises of a profoundly new manner of solving a problem. This results in new knowledge, or new learning behaviour that bring new ideas and transforming them into a successful realization, in the form of successful products or services in the market, which then creates future value. Research indicates that innovation is not sufficient to increase creativity, but it should bring about optimistic ideas or new inventions. To be successful' an organization needs reliable information from various environments about their reality and their emerging future. These can then be plotted on the S-curve as a measure of performance of capacity, speed and cost of organizational change.

Learning from 'Theory U' propositions requires collaboration and a new social perspective that practically enhances new social technology. As a modern practical social technology, 'Theory

U' offers a set of principles and practices for collectively creating the future that wants to emerge following the movements of suspending, redirecting, letting go, pre-sensing, letting come, enacting, and embodying (Scharmer, 2015a).

'Theory U' provides an intense analysis of the future that is emerging and gives directions as to what employees need to observe, to create behavioural changes in the manner that best works in their daily lives and in their operations. It permits employees to be optimistic in sensing their beliefs in such a manner that allows them to make regular mental changes of the future.

### 6.8 Tapping our collective capacity

Tapping into our collective capacity is very important. At present, organizations are seriously failing and are collectively creating results they had not anticipated. The main effects come from the current climatic changes, work absentees from Acquired Immune Deficiency Syndrome, poverty of customers, terrorism in some countries and work violence. This causes a destruction of communities, life and nature which then impacts on the fundamentals of our society, economy, ecology, and spiritual wellbeing. This necessitates in employees a craving for a new changed consciousness and a ground-breaking collective capacity to encounter their workplace challenges. This yearning creates a need for additional conscious and strategic intentions. The development of such a collective capacity can permit employees to create a future of greater possibilities.



Figure 40: The blind Spot of Leadership Source: Otto Scharmer (Theory U).



The above figure tries to illustrate the blind spot of leadership. The blind spot starts from the inner place from which employees operate, which at the source asks who they are. Employees can progress upwards through the process by asking how. Throughout the process employees ask what results there should be. The end result is the desired goals that are accomplished.

## **6.9 Why the blind spot is important?**

The blind spot brings about a special mixture of theories, thoughts, experiences and breakthrough thinking. Modern leadership necessitates a focus on this blind spot and shifting the inner place from which leaders operate. The blind spot is the result of employees' inability to perceive their individual flaws. This is what employees do not understand and from what they are hiding. In order to make strategic actions clearer in the minds of the employees, learning to illuminate this blind spot becomes very important. It enhances employees' positions through guiding their actions and the directions of their lives, with an anticipation of constructively making it better (Scharmer, 2015a). Employees as human beings, all have different blind spots.

Although research has revealed that in most workplace situations, employees are totally unaware of them. Facing their blind spots allows them to see what their life's point of view is, their 'True self' which can then give employees the strength of mind and will power to influence and oppose hesitation or fear. Rationally behind the blind spot lies opportunities of understanding what employees may come to be and what kind of a future they can create.

The blind spot is the place within or around employees from where their attention and intention originates. This is the place from which employees operate when they do something. It is named the blind spot for the reason that it is an invisible dimension of the social field, from where their daily social interactions and experiences unfold (Scharmer, 2015).

The blind spot allows three types of thinking perspectives which are listed below:

Employees can focus on the object or thing that result from the creative process. Employees can focus on the learning process.

Employees can observe (the blank canvas).

This thinking can then be applied to leaders who are also employees in different capacities.

Do employees look at what leaders do?

Employees can look at the processes that leaders use?

From what sources are leaders operating?

The blind spots affect all leaders, managers, individual employees, work groups, organizations, and societies. The blind spot currently dominates systems thinking and reveal themselves in contemporary theories and concepts in the form of in-depth epistemological and ontological assumptions.

Strategic leaders are constantly challenged to find their interior condition, in other ways the inner place from which they operate or the source from which all of their actions originate. This then affects their strategic thinking and which then delays the enactment of the strategic action.

Social blind spot questions include:

What employees do?

What others do?

How employees do things?

The processes employees and others use when they act. From what source does employee action come?

Present research reveals that for most individuals there are no answers at hand, or the reason that employees cannot perceive the source from which they operate. Therefore, they are completely unaware of the place from which their attention and intention originate.

There are two different sources of learning. These are listed below:

Learning from past experience.

Learning from the future as it emerges.

In the above-mentioned situation the, the first type of learning, which is learning from the past, has been well researched and well written by various organizational learning authors and academics. The concept covers all organizational learning approaches, best practices, and major learning methodologies.

The second type of learning which is learning from the future as it emerges is still at the moment unwritten and largely unknown. This is the critical gap for this research project.

Because many management writers and academics argue, that the only way to learn is from the past and that learning from the future is not possible.

### **6.10 Understanding the focus of attention**

Employees should regularly participate in examining their personal competence and knowledge. This is very difficult and challenging for them to do. Core reflection is an approach that is now used to reflect our attention through professionalism, personal identity, individually or organizational mission, employees' *archetypes*, and personal abilities which may act as inner obstacles to enacting one's full potential.

Employees now need to trust their senses, trust their observations, and trust their perceptions as these forms the basis of attention. This is essentially the underlying preliminary theme of any investigation, which is to keep an eye on the sequence of our observation. Entirely through the whole system and back to the source, the identical way we entered. The biggest pillar of 'Theory U' is its focus on exploring the various structures of collective attention.

Energy follows attention. Employees place their attention, on every place in the system, their energy will go, 'energy follows attention' means that employees essentially shift their attention after what they are trying to circumvent has occurred.

'Theory U' permits employees to recognize up-to-date patterns that are existing in the social form and then fit them in suitably, at that point which appeals to deeper levels of attention. This permits employees to observe, observe, observe and observe and then simply withdraw. At that point, employees wait and wait and let their experience actively wind into some degree of appropriateness. Here no decision making is required. What to do will become obvious in due course. Employees cannot rush their attention. Their determination will be influenced by the paying attention to where employees are coming from and who they are as individuals. At the moment this focus of attention partakes a great proportion of implications for management teams in organizations. Where the employee's attention takes them to is what now counts.

The Onion Model is a model which describes the levels of these reflections or levels of change. These are listed below.

Environment.

Behaviour.

Competencies.

Beliefs.

Professional identity.

Mission.

### **6.11 Linking attention to awareness**

What employees pay attention to, and how employees pay attention, is the key to what they desire to create. Awareness is basically the ability to perceive events, objects or sensory patterns. Awareness does not necessarily imply understanding or the use of concepts. What often prevents employees from 'being present', is what Scharmer & Senge (2012) illustrates as our blind spot, the inner place from which each employee operates. Becoming aware of our blind spot is critical to bringing forth the profound systemic thinking and behavioural changes, consequently needed in business and society these days. This brings about a causal relationship. A condition that takes the questioning of causal objects, things, thoughts and behaviour to such levels as awareness of awareness. A state of awareness is then a temporary non-ordinary experience of a person's experiences such as the breathlessness at seeing new objects, things, and thoughts. While subtle awareness brings about the state that apprehends subtle objects, such as thoughts or eminent feelings. According to Gunnlaugson (2013), the triple-loop awareness is the type of awareness that signifies a change in the consciousness of employees on the forefront of simultaneously increasing awareness on all four territories of experience in the external universe. These are an employee's own behaviour, own feelings, own thoughts and own kind of awareness, which in any given moment, can be witnessed on all these experiences. The Embodied Consciousness: refers to information that originates into our awareness through our bodies, frequently through sensations or emotions. This information can be individual, for instance, the part that concerns our own histories or work. It can come from any part of the information field. Through pre-sensing and engaging with the sensations, the individual can bring to conscious awareness the content that is present in their human bodies.

### **6.12 Organizational learning from the emerging future perspective**

'Theory U' brings about transformational learning. This is learning in which an employee experiences an intense and a fundamental change in the ways he/she sees, him/herself and the universe in which they live (Gunnlaugson, 2013).



*Figure 41:* Learning.

The above diagram depicts the various aspects that influence learning. This is learning as in: belonging, contracting identity, becoming, negotiating meaning, experience, engagement in practice, by doing and through a community of practice.

Transformational learning brings about a change in developmental maturity in both individuals and organizations (Gunnlaugson, 2013). When exploring this terrain further, one recognizes that most of the prevailing learning methodologies are dependent on learning from the past, although the actual leadership challenges in many organizations seem to necessitate a quiet, somewhat different method: letting go of the past to connect with the new, thus learning from the emerging future of possibilities.

It is appreciated that this second type of learning—learning from the emerging future has no common present methodologies, but correspondingly, it has no actual designation, application or theoretical literature on which to base this new type of learning. In addition, until now, innovators, entrepreneurs and extremely creative individuals are now prompting their need for a familiar relationship, by means of this deeper source of knowing.(Scharmer & Senge, 2012) progressed further and referred to it as 'Theory U' and 'pre-sensing'.

Pre-sensing is a word combining 'sensing', feeling the future possibility and 'presence', the state of being in the present moment. Pre-sensing means sensing and actualizing one's highest future possibility acting from the presence of what is wanting to emerge.

The suggestion of 'Theory U' is that the superiority, to some extent, of our outcomes is a kind of socio-economic system. This can be a function, of our awareness of persons, within the system in which we are operating. This then leads to a discrepancy between the four levels of awareness. These four levels of awareness have an emotional impact on where our actions originate and new boundaries to the system are created.

### **6.13 'Theory U' enhances organizational learning**

Understanding the 'U' process is a long journey and not something employees can read and go and 'do'. In the course of this, there is a lot of learning required from all the employees in their organizations and it is demanding to do this, to begin their realization of this modern powerful framework. In addition to this, it brings out a comprehensive organizational learning process. Employees in the workplace can be referred to the 'Theory U' framework over and over again. Therefore, under no circumstances can they stop learning from the emerging future that may be presented to them within, and externally in their organization. The 'Theory U' framework supports organizations in learning and creating sustainable strategic thinking of their various worlds, which, can at times seem out of sync with the current situations (Senge, 1994). The container: these are all the elements that hold the learners and define the learning space. The contemplative arts: this is the artistic process which include the movement, calligraphy and sound that creates an opportunity to focus the mind, cultivate attention and synchronize with the current reality (Gunnlaugson, 2013). Emergent group learning: is the ability of a group to draw upon each other's learning experience and effectively collectively respond to the arising situation (Olen Gunnlaugson, 2013) Advises that the holding space: is the ability of a group facilitator to create a container and learning environment that is open and alive to a diversity of genuine experiences.

Internal openness: this is a spacious state in which an individual is self-aware and has the ability to respond with discernment rather than constraint in reaction. Meditation: is an organizational learning practice which encourages the mind to settle to reveal inherent stability, clarity and vastness. Mindfulness is the awareness of thoughts and the ability to rest the mind in an open state report (Gunnlaugson, 2013).

At present there are distinctions between types of cognition, as listed below:

Normal downloading mental frames versus a deeper level of knowing.

In order to activate the deeper level of knowing, employees have to go through a three-step phase.

Observe deeply.

Connect to what wants to emerge.

Then instantly act on it strategically.

A question may arise which is; what would it take for a workgroup and an organization to operate on all three levels? Nonetheless, this allows employees to flow with the pattern of observing, retreat, reflect and then enact in an instant may also seem to answer the above question.

#### **6.14 Organizational learning using 'Theory U': linking the fourfold of learning to change.**

Learning and strategic change are problematic to perform in the context of work groups and organizations. A significant question now arises: How can employees, as a workgroup, shift their attention field so that they can connect to the best future potential instead of continuing to operate from their past experiences? In addition, how do employees perform this shift of attention without falling apart or failing to succeed? This brings about the current challenges which are now confronting modern organizations. Even though, for organizations, it becomes difficult to survive and cope with these challenges of our time. Essentially organizations need to improve their capacity to learn across all organizational frontiers (Hays, 2007). Consequently, employees, for that reason, produce wrong results or for example if universities stop students from unfolding their deeper capacity to learn. This can happen through excessive fees hikes or inadequate HR or manufacturing systems that are out of sync with the principles and laws of the government and the ecosystem.

Another question then arises: how can employees approach problems in ways that do not repeat the failing patterns of the past? The answer to this question always causes a crisis in organizations or a need for change in the way we think through these occurrences. Only then do employees react and resist such organizational learning endeavours. The three levels of responding to organizational change are as follows: Level 1 is reacting: Employees may possibly tend to respond by operating on existing habits and routine. Level 2 is redesigning: This may require the changing of the underlying structures and processes in the organization. Level 3 is reframing: This may involve changing the underlying patterns of thought.

Often, organizations spend their resources at Level 1 and 2 by reacting to issues and reorganizing their structures and processes.

Currently, according to research studies, about 70 percent of business re-engineering projects undertaken during 1990 to 2010 failed. Why? Because re-engineering usually operates at the first two levels only. While the employees involved do not think deeply about their organizational strategies or even reframe, in their minds their organization's problems.

Harvard University and Massachusetts Institute of Technology, researchers, Chris Argyris and Donald Schon, suggest a terminology which employees can use to refer to Level 2 as single-loop learning and to Level 3 as double-loop learning.

Through single-loop learning employees can reflect on their actions and thinking. This is learning that allows an individual to reflect on a past action and modify that action through making behavioural adjustments to accomplish a specific goal.

While double-loop learning drives the learning one step further, to take into account deeper reflections, current taken for granted assumptions, within the organization. This type of learning deepens one's initial capacity to reflect on the past action and embraces the thinking of how one reflects on the experience.

In anticipation of this, most organizational learning today has been predominantly concerned with how to build, nurture and sustain the learning process based on the single-loop and double-loop learning and continuously learning from past experience. To date, some researchers are investigating what they call a 'Third feedback loop'. This is the 'Triple-Loop Learning' which includes learning that is comparable to meditation in action and proposes consciously acting in a way that simultaneously inquiries into the current awareness of the body, mind, situation and interactions.

By constantly watching leaders, work teams can examine their discourses which are challenging them. It turns out to be vital to acknowledge the fourth level of learning and knowing: Learning from the future as it emerges. This is called 'pre-sensing learning' subsequently, it encompasses a particular manner of being aware of and experiencing the present moment. Pre-sensing denotes the ability of individual employees and the collective entities to link directly to their highest thoughts and future potential. In addition, as soon as



employees commence to do this, they can operate from a more generative and more authentic presence in the moment- 'in the now'.



Figure 42: Stages of Workplace Learning.

A critical query arises now. It calls for the reintegration of mind and matter. How do leaders help employees to tap into the real reserves that exist collectively through organizational change while facing things that seem impossible to alter?

Consequently, then what does the split between mind and matter mean to our social world as a whole, to the social body that employees collectively enact? However, at this point it supports employees wanting to increase the quality of their attention as a workgroup. Employees may perhaps need to pay more attention to the invisible dimension of the source; the place from where they are operating.

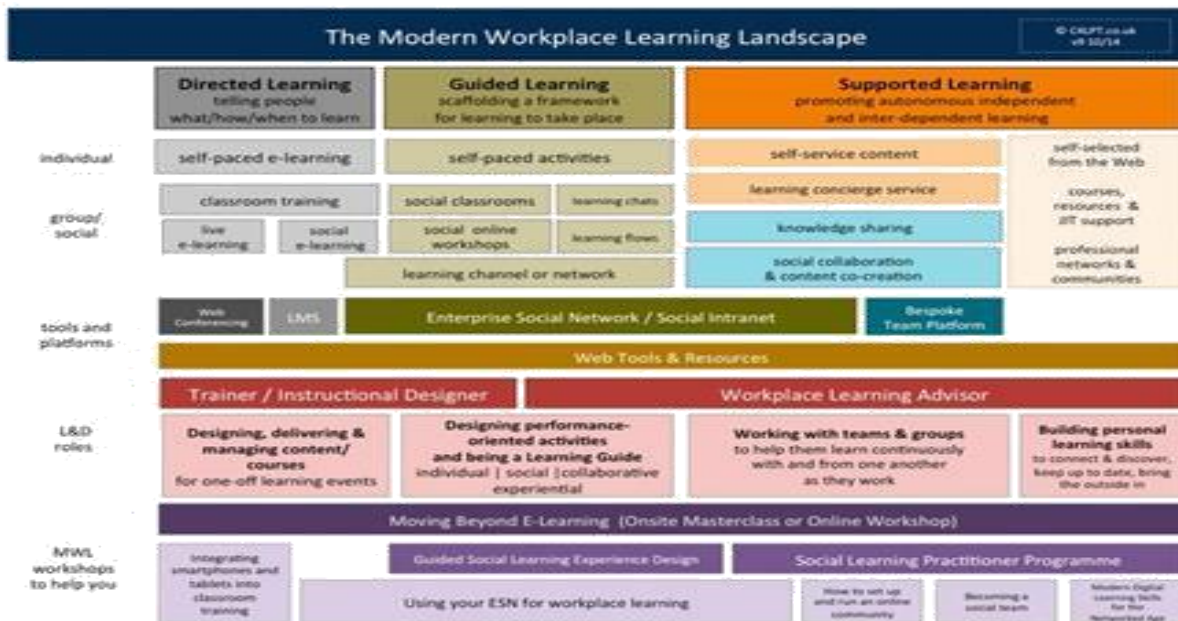


Figure 43: The Modern Workplace Learning Landscape.

The above diagram shows the modern Workplace Landscape which has different forms of learning such as directed learning, guided learning and supported learning.

Organizations function in the same way as the human beings who create them. Current research suggests it may perhaps be the system itself that predominantly causes challenges and problems in organizational learning. Reality now shows that 'thoughts' create organizations and at intervals organizations then hold human beings (its employees) prisoners as in thoughts and create a different world from one place to another.

Currently, correct systems thinking will consider the current feedback loops concerning the human being (its employees), their experience of reality and their sense of participation in the whole cycle of awareness and strategic enactment. This can perhaps then form a link between the organizational learning aspects and systems thinking, while the goal of systems thinking is to aid employees to close the feedback loop between the enactment of systems on a behavioural level and its invisible source of awareness and thought.

### 6.15 Two sources and types of learning.

Agreeing with the founder of action research, Kurt Lewin (1890-1947), who developed the preliminary argument for action research within the social sciences, as the knowledge that is in order and with an aim to understand the social process, then researchers must not just study the theoretical aspects, but on the other hand also participate in practical and real settings. At hand

are diverse realms of inquiry and action that can be classified as two sources of learning the past and the emerging future.

Learning by reflecting on the experience of the  
past; Act – Observe – Reflect – Plan – Act.

Learning from the Future as it Emerges (Pre-sensing)

Creacology: Is an environment, for instance where an ecology, exists for learning and creating. A creacology can be thought of as a context wherever all employees can experience, perceive, pre-sense and develop opportunities. Within this ecology for learning, the creative potentials of the employees are systematically used as sources for the generation of new solutions.

Creative Living Lab: Is an interdisciplinary programme developed at Lucerne University of Applied Sciences and Arts, aimed at improving the innovative capacity of the higher education system and university partnerships with organizations.

FabLab: Is a fabrication laboratory open to everybody in an organization. In FabLabs, employees can use high-tech machines like a laser cutter or a 3D-printing device for prototyping their ideas. Living Labs: Explore, prototype, and test sustainable solutions together with customers in real-life settings. Initially implemented for innovation in Information and Communication Technology they act now as open innovation environments where user-driven innovation is integrated within the co-creation process of new services and societal infrastructures.

### **6.16 Linking organizational learning to the blind spot.**

Currently work teams and divisions that attempt to follow the direction of this new trajectory of learning, now and then give up in frustration, as the 'U' journey can be very complicated and cumbersome. Organizations have, however, now become conscious that it is possible to effect in-depth organizational change of the nature as mentioned above by trying to apply the conventional methods of learning and change that they used previously.

At the moment, learning from the past does not seem to work anymore or produces very few positive results (Hays, 2007).

But learning from the emerging future is one ultimate stopover along the 'U' process. It does not function like that. At present employees have to reject their old methods and by means of renewed discernments, have to attend to the new state of affairs. Employees can therefore contribute by abandoning their conventional behaviour of operating and reacting.

Employees have to learn to participate by intensifying their attention and to wonder more about their present worlds.

Currently, this conveys an invisible learning dimension that lies beneath the source that is assisting employees to learn. These in-depth structures of the social field, determines the excellence of employee's activities, as for instance the field of the farmer determines the quality of the yield. Employees can therefore change the quality that is in their field, in such a manner that it unlocks better horizons in the direction of advanced future possibilities. It is then when employees activate the accomplishments of profound social renewal and change, that performance can be enhanced, within their organization.

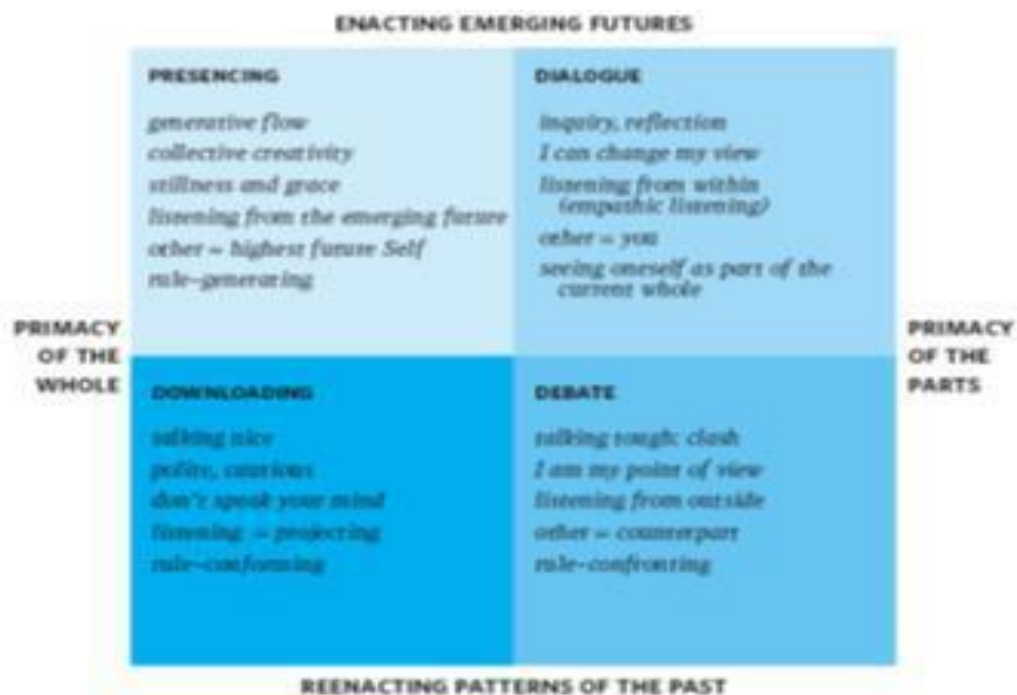


Figure 44: Strategic Enacting of emerging future.

Adapted from (Google Scholar, 2015) The above figure depicts the enacting of emerging futures. These revolve around pre-sensing, dialogue, downloading and debate to form re-

enacting patterns that affected our past. The impact of these varies according to the primacy of the whole and the primacy of the parts.

The clashes and backlashes of strategic thinking and learning discussed above generate various organizational learning difficulties that result in three categories of social challenges. These are explained below:

### **6.17 Understanding the philosophical foundation of ontological and epistemological perspectives.**

At the moment, work groups and organizations face new challenges, which as a result of relying on learning from the past, cannot be addressed. Accordingly, employees need to conceive themselves as letting go of their past, let it go up in flames and then open themselves up to the future that wishes to emerge through them. This is called Level 4 leading and learning. At this point, leaders face new varieties of organizational challenges that cannot successfully be addressed by conventional problem-solving methodologies. In order to respond to the emerging complex world, employees may need to learn to drop their old learning tools and techniques. They have to attend to the present and operate from the perspective of the blank learning canvas, which can then become the place where organizational value is created.

Ontological and epistemological grounding: These explore the concepts of systems thinking to the world of social relationships. This raises an essential enquiry: What is contemplated to be the utmost significant developments in systems theory and systems thinking over the course of the past century? In response to the above question, it is vital perhaps to first recognize the prerequisites of modern system thinkers as based on phenomenon of emergence and then secondly the acknowledgement of the notion of embeddedness which states that all systems and knowledge are situated in specific context (Sieler, 2003).

Scharmer and Senge (2012) allude to Etienne Wenger's and Jean Lave's conceptions of situated learning and communities of practice along with John Brown, Alan Collins and Paul Duguid's perceptions of situated cognition.

The focus is mainly on the social and systems theory which then moves from (S1, K1) to (S2, K2). Comparable to Capra's dimensions, these frames account together for phenomena: emergence and embeddedness.

At this time employees enter the unexplored areas that change their minds through human consciousness generated through their awareness. Sieler (2003) states this is a place where employees make discovery of themselves and which are grounded in in-depth philosophical assumptions around their being ontological and knowing epistemology.

Nietzsche was once quoted saying that the topmost goal would be to "view science from the viewpoint of the artist and art from the viewpoint of life."

While the words of Aristotle also mention that science is a critical movement that can progress our current thinking and knowledge in the direction of encompassing together wisdom (*Sophia*) and the awareness or intuition as the initial principles and the sources of intention (*nous*).

Other academic philosophers such as Edmund Husserl and Martin Heidegger Scharmer and Senge (2012) furthermore pushed forward this thinking which deeply augments the understanding of the epistemological boundaries of state of K1 awareness which was termed the "natural attitude" to a K2 awareness which was termed "phenomenological attitude"

While dissimilar to Heidegger who then pressed the notion of ontological boundary asserting the depiction of the universe, as an abstract set of things to a concrete being in the universe that constantly transpires through the background of a concrete context. The reality, for instance, is observed by Heidegger, as not a "thing." Nonetheless, it is a relative process of, coming into being, a process of emerging from concealment into the open of being. This epitomizes a shift in perspective from S1 to S2 (Sieler, 2003).

This philosophical investigation raised up a two-level source of dimensions: the epistemological K3 and the ontological S3.

An epistemological inquiry is raised, namely where do employees' attention and knowing originate? This answer was provided by Edmund Husserl's fight over using the problem of the transcendental self.

Then an ontological query which also comes to the fore is: Where is the source of the employees, when collectively enacting in their social structures and systems processes? To respond to this question, employees need to "be present" and act through each other as soon as they participate in in-depth social or collective processes (Sieler, 2003).

As a final point, the insinuation today is for the allowance of more philosophical investigations on 'Theory U'. Currently, academic philosophers and systems thinkers essentially leave their personal impressions aside and then submerge themselves in the tangible universe, with a mandate to vigorously contribute to micro and macro situation that are unfolding (Osberg *et al.*, 2008). By means of science philosophy, it may perhaps engross employees in a diverse thoughtfulness of knowing allowing the knowing which comes from the heart. For example, the Japanese philosopher Kitaro Nishida is of the opinion "Knowledge and love operate on the same mental activity. To know a thing we must love it, to love a thing we must know it". Love can be the greatest influence, by which means employees can grasp the knowledge of their ultimate reality, and love is the deepest knowledge of things.

Furthermore, loving is a state of being and wellness. Love in this instance is not intellectual and therefore, does not proceed from the mind. Finally, organizational love emanates deep from the heart. It has the capacity to lift others in organizational learning and thus accomplishing greater organizational achievements by reason of its purity of motive.

#### **6.18 The development of a conceptual framework for strategic leadership linked to an organizational learning model and Theory U**

A conceptual framework is finally developed in this chapter, with an objective of grouping those foremost important elements as outlined in previous chapters, and in accordance with the thought process. This is developed through logically systematizing the various strategic management procedures, strategic thinking and a combination of various organizational learning processes. This proposed conceptual frame takes the strategic management process, which inherently involves all strategic thinking, namely strategy analysis, strategy development, formulation and implementation. Then integrates the strategic choice theory and links the major elements of 'Theory U'. Thereby, by using 'Theory U' as organizational learning methodology that facilitates and assists leaders in their strategic thinking. This proposed conceptual frame combines the strategic formulation process with major elements of 'Theory U'. However, this has not been done. This is the major gap of this research project, which endeavours to illuminate the rethinking of organizational learning using 'Theory U' as an ontological approach to strategic leadership.

The influential factors behind the development of this conceptual framework are:

Simplicity

Integration

Flexibility

Change

Transformation

Continuous learning

Response sense

Adaptability

The conceptual framework for strategic leadership: an organizational learning model

These nine core components are grouped under the subheadings of:

Strategic analysis (environmental scanning using theory)

Strategic base

Strategy development and formulation

Strategy implementation

Seven leadership capacities

Three learning dimensions (open mind, open heart and open will)

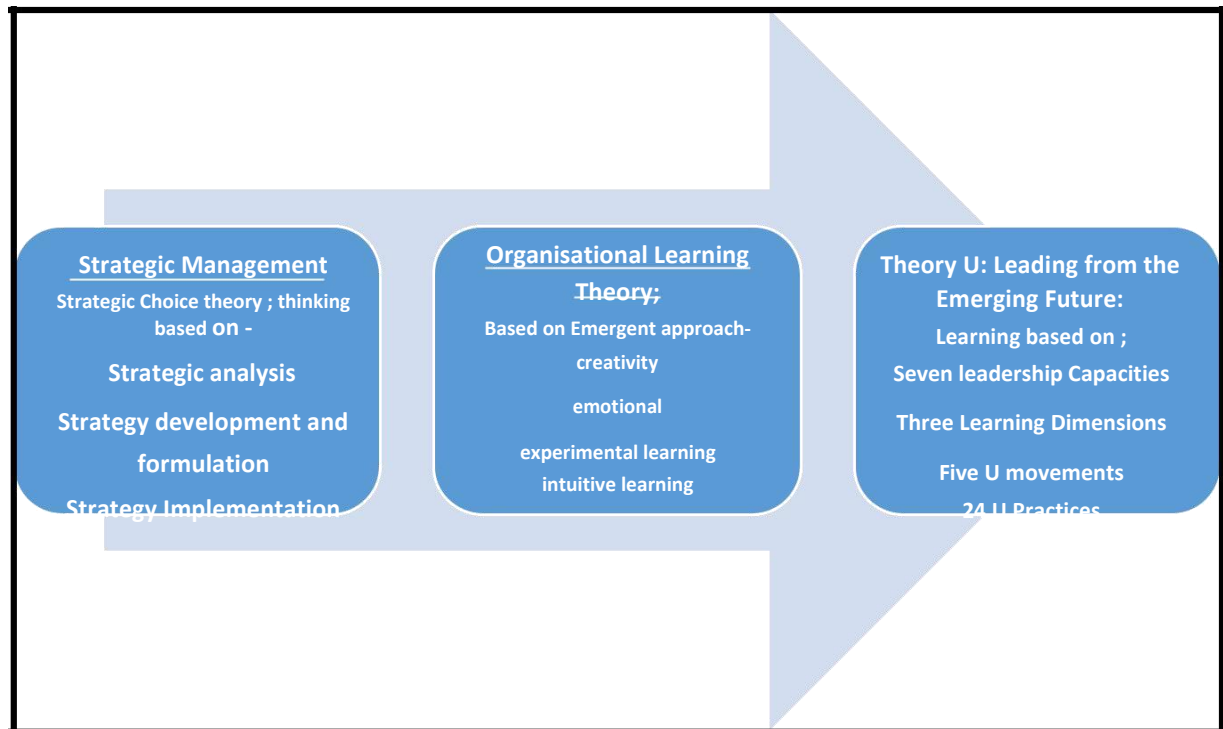
Five 'U' movements

24 'U' practices

Nine organizational learning environments

The rationale behind the allocation of the above nine components and their basic concepts visualizes a superior form and basis for strategic thinking and learning, through an all-encompassing leadership that guides and learns from the strategic management process. Thus, integrating the strategic management process with organizational learning and 'Theory U'.





*Figure 45:* Linking Organizational Learning Theory to Theory U. Source: Researcher

The above figure shows the conceptual theoretical gap of this research project. That is, it integrates the strategic management process based on strategic choice theory, thinking based on strategic analysis, strategy development and formulation and strategy implementation. This is linked to organizational learning theory based on emergent approach. Which is finally connected to 'Theory U': Leading from the emerging future.

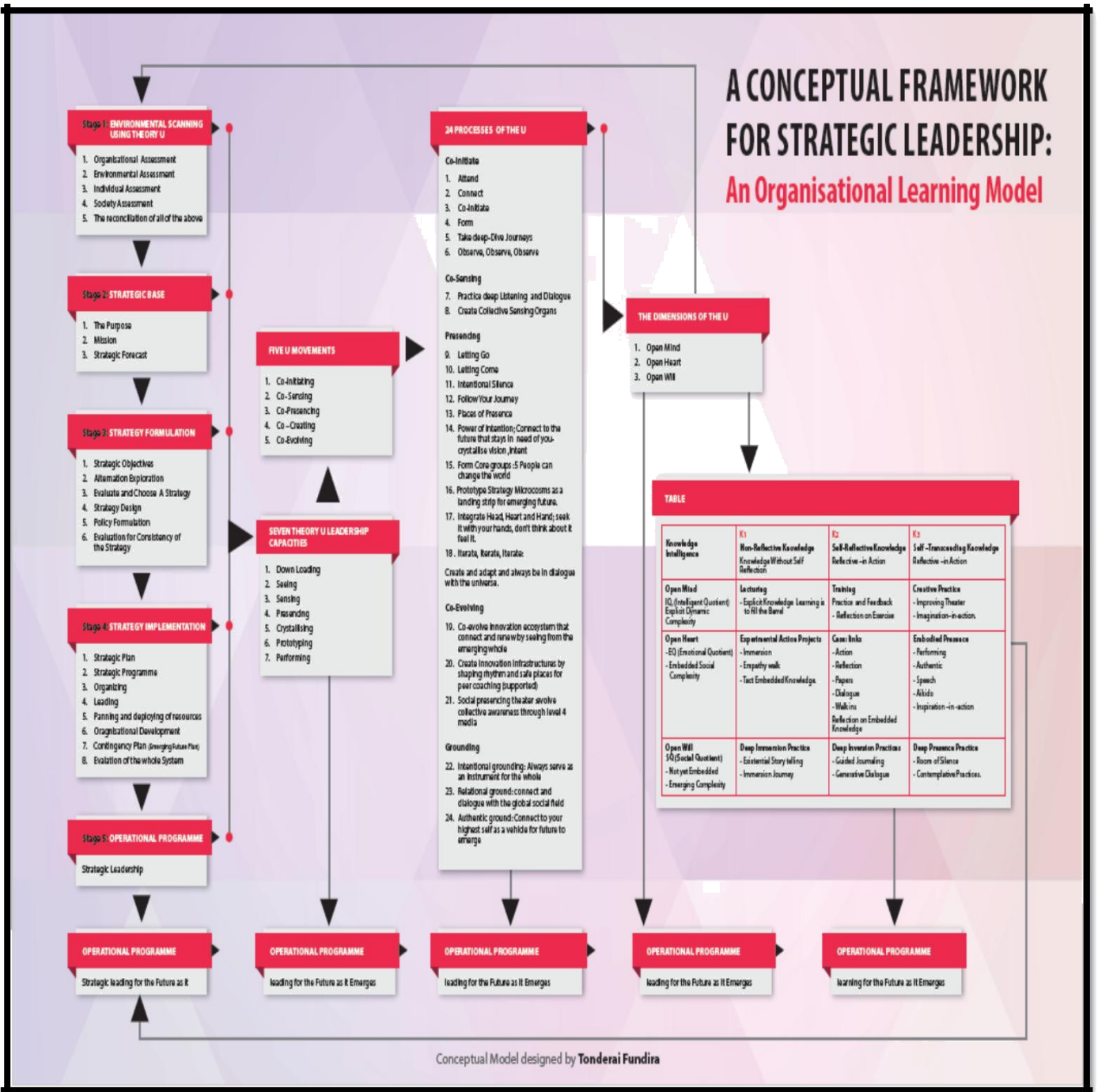
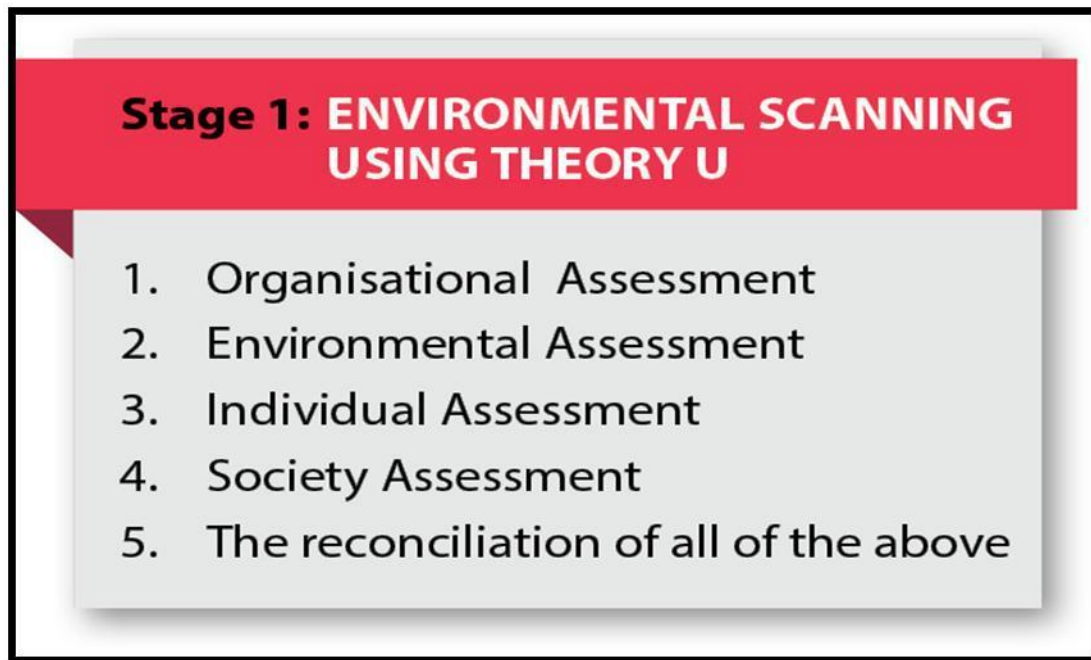


Figure 46: The New conceptual framework for Strategic Leadership. Designed by the Researcher.

### 6.18.1 Stage 1 of the conceptual framework for strategic leadership



*Figure 47:* Stage 1 Environmental Scanning using Theory U. Source: Designed by the Researcher.

This new proposed conceptual framework is now discussed in greater depth and its various components and subheadings.

### 6.19 Conceptual framework for strategic leadership proposed

There are essentially nine major elements that can be identified and integrated into this new proposed strategic leadership framework. The first stage of the proposed conceptual framework, the environmental scanning consists of an assessment of the present and the past situation and a forecast of the possible future in relation to the organization. This assessment includes the identification and definition of the following sub-elements as listed below.

Environmental scanning based on strategic analysis: This component has five very critical elements which are now discussed in greater detail for the purpose of elucidating the proposed conceptual framework.

#### Organization assessment

The purpose of this strategic analysis is to weigh the organization's strengths and weakness, define its most important problems, establish its competitive advantage and take advantage of its synergies. Thereby making sure that its organizational strategic actions conform to its micro-

environment. The organizational assessment is a critical view of the organization, in terms of its development to the present time. So far, the previously enacted strategies, which, at a particular time, are projected through various choices and decisions. The organization will need to determine its present-day situation, and gather some knowledge of how they reached it (Varela & Maturana, 1992). This is to make sure that to some extent any proposed strategy is realistic and is in relation to the organization's capability. Even though an organization is in an ideal world, they may now wish to launch themselves, from a zero base, into the future. However, their preceding and current performance capability is a convenient indicator of their comparative capability. It is imperative to assess the organization's discrepancies. This concerns the organization's relationship with its various general environments, for instance social, economic, political and technological. The organization has to make an analysis and takes into consideration its competitive environment. It has to make certain that it gives separate selective attention to these various arenas. The motivation for this separation is that numerous researchers and writers have failed to consider all these environments as one whole. Fragments and portions of strategic thinking can lead to confusion. An assessment of the strategic advantages of an organization, is the process by which the strategic leader analyses the organization, from various aspects such as physical, marketing, structures and financially. Thereby, allocating the resources which can be used to determine where the significant strengths of the organization lie. Subsequently then to be able to exploit the current opportunities and overcome the threats of the various environments.

#### **6.19.1 General environment assessment:**

The organization's general environment is common in diverse businesses in numerous organizations. Although the organization's competitive environment is common to a comparatively small number of organizations even though the general environment leans towards being strategic in nature, while the competitive environment, tends to be supplementary and operational in nature. However, together they remain indispensable elements of the strategy management process. The overall environment comprises of the investigation of the beliefs and potentials of the unknown, and the current situation and changing trends in the economy, social, technological and political sectors. The necessity for a general environment analysis consequently comes from the constantly present-day changing, which brings along the opportunities and imposing threats on the organization's future. Often

strategic leaders have to ask themselves "What is happening around them and what are the implications for their organization?"

### **6.19.2 Competitive environment assessment**

This is the competitive assessment which evaluates the industry and the existing competitive relationship, and an examination of the organization's competitors, suppliers, and customers. The competitive environmental factors offer many critical opportunities and challenges that lie ahead, which will impact on the organization's competitive advantage and long-term survival. These, while assessing the environment, should be acknowledged. These environmental forces can affect several different systems in the organization. However, the responses of the organization to the environment are not always observable and the influencing process is extremely multifaceted and complex.

### **6.19.3 Individual assessment**

Here all the individual employees (HR) in the organization are assessed irrespective of their position or job title in the organization. The strategic leader is assessed based on his current leadership capabilities and capacities, as well as his professional qualifications, education levels, leadership skills and talents. This process on the conceptual framework will assess the strategic leader's personal performance, in terms of individuality, rather than as a mere leader. This assessment is carried out by the HR Department and then works down the organization from top management to middle managers, junior managers and the rest of the organization. This allows for regrading of qualifications, skills, talent, further learning and human resource audit. This can then aid in better strategic performance and organizational learning through training and development. This in turn, creates sustainable competitive advantages and the grasping of future opportunities through its individual human assessment within the organization (Schuyler, 2010).

### **6.19.4 Society assessment:**

The manner in which the organization interconnects with the social environment, can for instance be termed the organizational posture. This posture is fundamentally characterized by means of the attitudes, needs, values and anticipations of the top management team in the

organization (Gunnlaugson., 2007). This is constitutionally correct within the society where the organization operates. Through the prominence set by top management, this posture must be strong-minded to the different variables in relation to the deployment of resources and time. However, to move the social system from one level or character to another demands a considerable input of energy from everyone in the organization (Gunnlaugson, 2007).

#### **6.19.5 The reconciliation of all of the above**

Modern organizations operate in several environments and the rate and speed of change in these environments vary greatly. Individuals and workgroups in organizations must focus on these impacts on the environment. The crucial purpose of the environment reconciliation is the analysis of all the various climates in which the organizations operate. This purpose may also allow organizations to determine their organizational posture, comparative to its environment, and, the natural extension to compare the organizational posture relative to the environment. This, therefore, ensures there is no disparity which could threaten the survival of the organization. Today, several academics, researchers and different writers (Cruikshank *et al.*, 2015) have completed various studies on the interaction of an organization with its environment. However, their approach in trying to classify the environment does not significantly differ, as they all lean towards classifying the environment in relation to the degree of strategic thinking. Or in relation to various environmental subcomponents such as social, legal, technological and political. The strategic objectives must be uncomplicated and must recognize the areas of strategic disparity. So, as a result, it becomes more consistent with its environment (Gunnlaugson, 2011). These positions can perhaps permit the organization to become more responsive to the external threats and opportunities. In order to preserve its *status quo* and survival, the organization needs to respond to the environmental changes, transformation and technology that affect it. However, the organization and the environment reconciliation, forms part of the strategic foundation, meanwhile, it assists in initiating intentions for emerging strategies which could culturally change and transform the organization, thereby, safeguarding its compatibility with its climatic and competitive environment (Davis & Phelps, 2004).

## 6.20 Strategic base



Figure 48: Stage 2: Strategic Base. Source: Designed by the Researcher.

The second major element in this conceptual framework is the identification and the defining of the strategic base within an organization. The strategic base has three very essential components. These are the organization's purpose, the mission and the strategic forecast, which are all critical in any type of organization.

### 6.20.1 The Organization's purpose.

Organizations come into being to serve a specific purpose. The strategic leadership of any organization should function with a clear classification, vocalization and strategic intent of the organization's main purpose.

The definition of the organizations purpose assists to shed light on the chosen strategic thinking and learning, which will then show the reasons for the organization's existence. If an organization has no ultimate purpose, then perhaps it should not exist. This fundamental purpose should be considered from both leadership and society's opinion which then should reflect strategic ideas, thinking and views within the organization (Gunnlaugson *et al.*, 2013).

The organizations purpose is mostly specified in an all-encompassing report and can consist of a wide-ranging or specific social, economic or moral belief. The purpose is the ultimate reason why the organization was originally formed or why it now exists. The organization's purpose is a vital building block to determining leading in the emerging future. The greatest reason for

defining the organization's purpose is to ensure consistency between the strategic thinking and the reason for the organization's existence.

### **6.20.2 Mission**

The mission defines the scope of the business operations and should be stated in both product and market terms. The mission is defined by asking a question, "What business are we in? What is the scope of the organization?" If a mission is too broad, in the end it can result in the loss of synergy, organizational threats and misfits.

All organizations must offer a service or a product in their market which they can then develop, and from which can be learnt. However, the further an organization gets from its present services, products and markets, the less likely it will be to have any organizational learning.

On the other hand, a very constricted definition of the mission can perhaps restrict growth and lead to the loss of future emerging opportunities for the organization. The definition of the organization mission regulates the unformulated arenas and field structures for the strategic thinking and consequently has a critical place in the strategic base.

### **6.20.3 Strategic forecast.**

If strategic leadership is to formulate a strategy which spreads out the organization learning activities into the future, they will want an approximation of the probable trends and manifestations. In order that the formulated strategy is unswerving within environmental changes and upholds a competitive advantage for the whole organization (Kaplan & Norton, 1996).

The strategic forecast at hand entails a projection of the prospective future climate and competitive environments, and the aftermath of the organization's present-day strategic and operational undertakings. In applying this skill of forecasting, the strategic leader will perhaps not be only anxious for the prediction of what the current situation will be like, but also what the emerging future could be like.

This part of the conceptual framework permits the formulation of approximate feasible strategic options. Thereby, enabling the organization to move in the direction of its desired profile, or allowing them to agonize about the unknown future circumstances which may be



difficult to comprehend. The purpose of the forecast component of the conceptual framework is to permit leadership to go in the direction of the possible future trends and then, while making these every day organizational decisions, take their intentions into account, which can have self-control consequences on the future of their organization.

## 6.21 Strategy formulation



Figure 49: Stage 3: Strategy Formulation. Source: Designed by the Researcher.

The third component of this conceptual framework is the strategy formulation phase.

The formulation component is the core of the strategy process. These are strategies developed from the strategic base mentioned earlier and consist of those elements outlined in the conceptual framework below:

### 6.21.1 Strategy formulation

This deals with the future of current decisions and this is not an endeavour to create future decisions. A strategy is a learned procedure and thinking and is not an attempt to make a fixed blueprint of the future. The learned procedure is not just a development of an inelastic strategic plan that remains to be used day after day into the distant future. As in the meantime, inflexible plans may, for instance become obsolete when the anticipated environment changes. A strategy is a rather continuous process of organizational learning, thinking and making up-to-date decisions by means of redirecting the organization according to a thinking and learning pattern to achieve the organization's basic objectives.

The strategic formulation component of this new conceptual framework is based on the reasoning of the strategic choice theory. This theory permits many objectives and various alternative choices. This allows for various strategic manoeuvres within the organization that are all aligned to the organization's strategic thinking, mission, purpose and social learning.

Perhaps these strategic choices can determine the various directions which can create the strategy and the character of the organization's evolution. The formulation of the organization's strategy should be evaluated for consistency, to ensure that it is integrated, wide-ranging and incorporated. The strategy formulation component of the conceptual framework is further broken down and discussed in greater detail as set out below.

### **6.21.2 Strategic objectives**

These days, objectives remain significant to the strategic planning process, for the reason that they offer guidelines to the developing of specific organizational actions, which can aid and assure their strategic fulfilment. Today, objectives appeal as essential motivators and can also be used as standards for measuring various organizational performance and organizational learning. At present, there is no standard classification of strategic organizational objectives and neither a specified number that an organization should have.

In the present day, objectives must be dictated by the strategic leader, which through learning and analysis can be founded or based on the conclusions from their past experience. It makes no difference how the objectives were derived at in their organization; they ought to exhibit a few of the most important features. Objectives ought to be able to lead employees and motivate them, and a duty to be actionable, understandable, ethically and socially acceptable. Objectives also need to correlate and be mutually supportive of all the various organizational strategies. Other merits that are considered significant to the nature of objectives are consistency, measurable hierarchy and realism.

### **6.21.3 Alternative exploration**

The range of alternatives open to the strategic leader in identifying policies and strategies is overwhelming. At this point, leaders are concerned with generating a reasonable number of alternative strategic choices that would fill the gaps and utilize the emerging opportunities. Consequences in the organizations are derived from finding the right emerging opportunities

to utilize and not by means of solving problems. The pertinent query is not how to do things right, but how to find the right things to do, and to concentrate the available resources on them.

Alternative strategic choices are generated by examining the strategic base and by means of techniques such as gap analysis, strategic profile examination with interrogations such as when is it desirable to find new strategies or with product life cycles, product portfolio analysis, finding a marketing niche, innovation and brainstorming (Gunnlaugson, 2011). The organization may decide whether or not to adopt an active or passive strategic choice.

An active or aggressive strategy is one in which the strategic leader focuses on the environmental opportunities or threats. While a passive or defensive strategy is one where the most important features is to react to environmental pressures, when forced to do so. Once a decision as to how flexible and aggressive the strategy ought to be has been prepared, the challenge is "What can we enact?" The extent to which innovative alternative choices are then developed is dependent upon the degree of acceptance per the alternative, which is how the organization strategically thinks and learns. These alternatives may possibly be chosen by way of trying to work with presumptuous of the present to the emerging future or by learning to visualize the organizational future state.

#### **6.21.4 Evaluating and choosing among alternatives strategy choices**

At this point in time, the strategic choice of an organization is the decision which allows them to select from among the alternatives, which were well thought-out, for the strategy which will then pre-eminently enact on the organization's objectives. The choices will involve a selection point of reference. An evaluation of the alternatives is compared to this point of reference, and the actual selection (Kaplan & Norton, 1992). The enquiry of evaluation and strategic choice falls into the process called the decision theory. For now, this conceptual framework is only concerned with the examination of the conceptual and operational process of evaluation and choice of alternative strategies through leading from the future as it emerges.

The final result of the strategic management process is the present-day decision and organizational learning. Organizational decisions may possibly be grouped as, original, imaginative, ingenious, innovative, programmable, assigned, discussed, conveyed and negotiated. All these are primarily concerned with strategic decisions in organizations.

Organizational decision making is greatly influenced by the organizational learning that is based on value systems, judgement skills and interpersonal relationships. However, there may be discrepancies among individual employees and organizations when it comes to values and judgement or the way they manage relationships.

#### **6.21.5 Strategy design**

The strategy design is effectively a statement of the strategic portfolio, which endeavours to make the thinking and viewpoint of the strategy explicit. This, in turn, can cause difficulties in reconciling and coordinating the organizational actions, without an explicit statement of strategy. The requirements of defining a strategic portfolio transpires after the fact, that its success depends on employees learning and working together, with the result that their efforts are mutually reinforcing the organizational strategies.

Deprived of this statement, the employees of the organization could find themselves working at cross-purposes and achieving nothing in the end. While, in the process of enacting the vital strategies, these can easily become blurry and devoid of specific definitions of what is to be achieved and learnt. Wherever there is no clear perception of the organizational strategy, the policies and strategic planning these will usually resolve into merely meaningless subjective or intuitive valuations.

The strategy design is different from organizational policy since a policy is a set of statements which may stand as guidelines for carrying out the action, while the strategy design is a statement about what action needs to be taken.

The strategy enactment component is the explicit activity executed to achieve the objectives as set down in the strategy design (Kaplan & Norton, 1992). Enactment is the on-going activity, which may require review and revision due to changes, as opposed to the formulation phase which only provides changes that arise when new issues come to the fore and require the redesigning of the core strategies.

#### **6.21.6 Policy formulation.**

Subsequently deciding on the strategy and then formalizing it, in terms of the strategy design, which is a set of statements, communicating to employees how they should conduct the

activities of the organization, in harmony with the line of occurrence and thinking of the organization.

This set of statements forms the policy of the organization and summarizes the strategic thinking of leaders. This policy is a set of intricate principles which then come to an understanding of what ought to govern the future evolution of their organization.

Through prescribing guideposts for employees on which to keep an eye, these can allow for the explanations and learning intentions of the organization. They are designed to secure a consistency of purpose and to avoid decisions that are shortsighted and based on convenience.

Policies are usually communicated to the whole organization in general, through various provisional qualitative manners by using language such as, to preserve, to carry on, to monitor, to abide by, to be responsible for, to support, to guarantee, to employ, to create and to yield.

Policies can be well defined as management's stated or implicit intent to govern action in the achievement of its organizational objectives.

There is a predisposition for the most part for large organizations to have a written register of policies which may have been learnt from past experiences. Business policies could be categorized in terms of scope, opportunity, choice, space, importance, organization level, material or non-material subjects, purpose or functions. Policies ought also to cover the strategic functional decisions in operation management, finance management, personnel management, marketing R&D and public policy.

### **6.21.7 Evaluation of consistency performance**

The formulated strategy and policy should be evaluated for consistency to ensure that it is incorporated, comprehensive and integrated within the organization. Today it has been recognized that there is no such word as an excellent strategy in its absolute sense. Six norms can be used to examine whether the strategy is right for an organization or not. This can include the following;

Internal consistency: For each policy, there should be a fit which integrates the strategic pattern. This internal consistency should also be in terms of how it relates to other policies and its cumulative impact on the organization activities. Internal consistency ought to

extend to all aspects of the strategy formulation components and which then balances the strategic base and implementation component.

**Consistency with the environment:** Consistency with the environment can be determined by way of asking: "Does the strategy and policies make sense with respect to what is going on outside the organization in terms of the present situation, and how it is changing and transforming?"

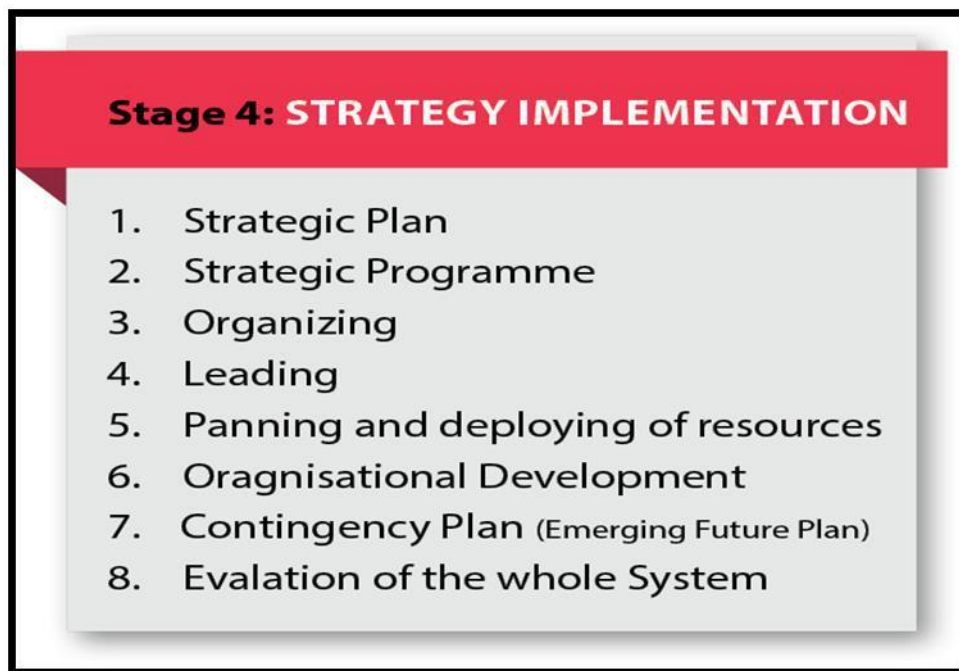
**Appropriateness in view of available resources:** This allows for critical resources to be emphasized when evaluating whether the proposed strategy is appropriate to the available resources. It is imperative to determine whether there is a sense of balance between strategic goals and available resources, it is essential to formulate estimates of the resources required and the rate at which they will be committed.

**The acceptable degree of risk:** The degree of risk to organizations depends on the strategic plan and committed resources. There are some pertinent questions for subjectively evaluating risks within the organization, such as: Will there be adequate resources of the type identified by the strategic plan and what is the chance of their continued existence being threatened? What is the length of time resources will be committed. What proportion of the resources will be committed to a single undertaking?

**Appropriate time horizon:** The time limit ought to relate to the objectives, the characteristics of the organization, their strategy and the resultant impact on policies.

**Workability:** With regard to the question of whether the strategy would work requires some definition of work, it may possibly be overcome if significant workability considerations are taken into account on the other hand, "Is the strategy realistic and what are the chances that it will realize the set objectives?"

## 6.22 Strategy enactment: stage 4



*Figure 50:* Stage 4: Strategy Implementation. Source: Designed by the Researcher.

This is the fourth component of this conceptual framework which is the strategy enactment.

Formulating policies and strategies without guaranteeing their implementation, is an exercise in vainness, pointlessness and ineffectiveness. The implementation of the strategy is extremely dynamic and complex and involves the design and management of various systems that integrate resources, structures, processes and employees to the greatest achievement of their objectives, through the channels delineated by way of the core strategy (Thompson & Strickland, 2001).

Today the range of activities accompanying the enactment process is extensive and is subject to the management of the organization strategic and operational activities.

It is beyond the scope of this dissertation to examine the full range of theories and practices that are involved, but in this part of the conceptual framework, I focus on the strategic aspects of enactment as having the following critical phrases as listed below.

### 6.22.1 Strategic plan.

The strategic plan is generally formulated for three to five-year periods, but then again, it may be dependent on the objectives, the internal atmosphere of the organization and the external

environment, and the strategy. The first phase of the strategic plan is to transform the strategic objectives, strategy, and policy into sub-objectives. The strategic plan is the medium through which the strategic objective policies, and strategy, are translated into more specific, measurable, attainable and meaningful goals and plans (Mintzberg, 1994a).

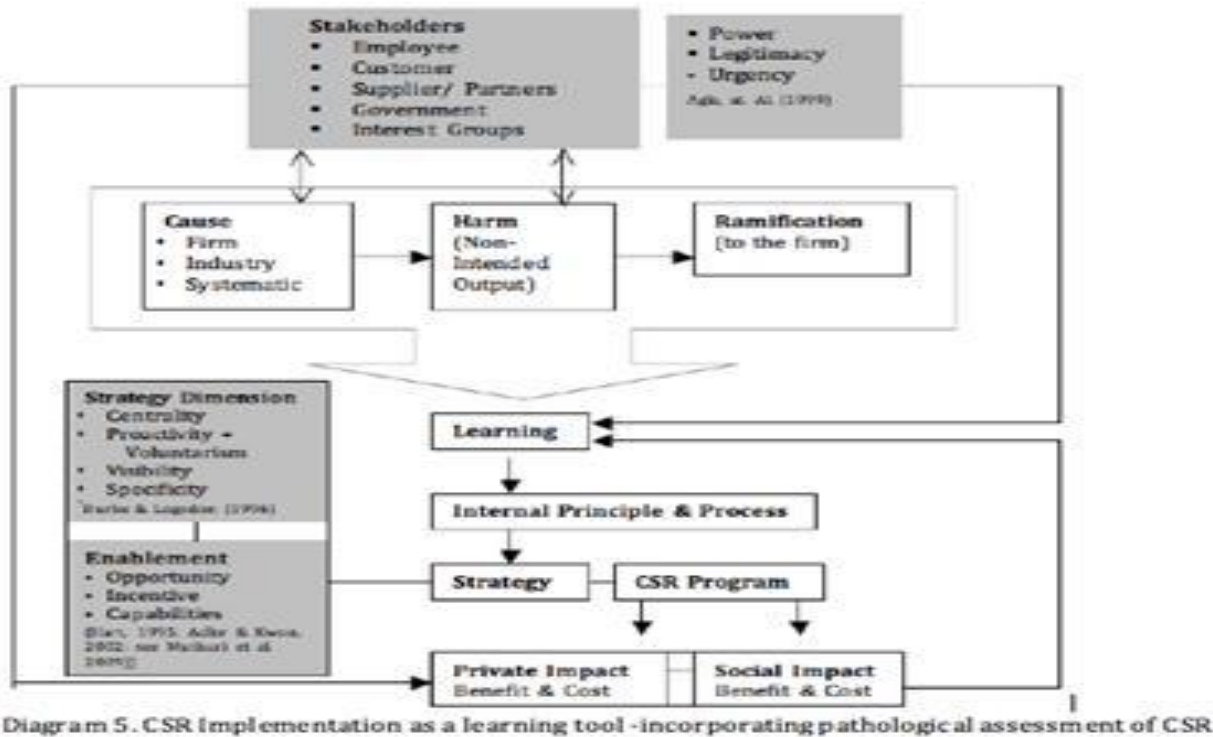


Figure 51: Learning as a Strategic Tool.

The above figures show the organizational learning that is encompassed in strategy formulation and enactment. Learning from the strategy is continuous.

### 6.22.2 Strategic programme

The strategic programme should consist of a well-defined set of reasonably attainable goals which will involve the participation and learning of all. It allows the support of management and personnel. It provides a set of activities, relevant to each goal, which combines to produce the strategic programme (Thompson & Strickland, 2001), through which an evaluation system can then blend to provide feedback on progress towards these set goals. The critical purpose of the strategic programme is the effective achievement of the strategic objectives.



The strategic programme should be designed simultaneously with the organization structure, resources placement, development plan, organization development, learning, and the contingency plan. These remain the all-important parts of the strategic plan and for that reason need to be simultaneously developed to safeguard their integration in terms of the strategic programme.

At present there is no single method to construct a formal strategic plan, since each system ought to be compatible to the organization. In order to avoid semantic debates, this programme should include a glossary of terms for employees to learn, and a time schedule for the activities.

The programme may perhaps be different in depth of analysis, organizational learning, the degree of formality, the degree of documentation and the participation of employees. The programme where possible, should be sufficient to ensure effective enactment. Not be over planned, to the extent that it limits employee's judgement, inventiveness or flexibility.

### **6.22.3 Organizing.**

Organizational change without structural adjustment leads to economic inefficiency. It is important that an organization's structure sets the climate, responsiveness and framework within which to achieve the strategic programme (Mintzberg, 1994).

Context at this juncture means the physical, social-emotional and the pedagogical structures. Neither strategy nor structure can be determined independently of each other, and that a good structure is inseparably linked to strategy. The structure is generally determined by environment conditions, but it is also influenced by the other forces such as management's thinking, organizational learning, the product, the route of technology, the services and the processes.

### **6.22.4 Control and coordination.**

This total control and coordination in the organization, is further efficiently facilitated, where the leadership team selects a set of organizational devices, which remain consistent by way of a particular collection of environmental issues as confronted by the organization.

Currently, as organizing has become a means to an end, its most vital purpose is for achieving the strategic objectives through enriched synchronization, minimization of conflict, and

lessening the impact of disruption, which, due to lack of organizational learning, is caused by individual employees.

It is imperative that an organization's structure should be designed so as to clarify the internal working and learning environment, thereby, ensuring that each person knows who is to do what and who is responsible for which results.

This allows for the quick identification of obstacles to avoid misunderstanding and vagueness of the given assignments.

#### **6.22.5 Leading the organization: distinguishing between management and leadership.**

"Where there is no vision, the people perish" (Proverbs 29:18). This is the first and the most central duty of any leadership, which allows for visionary leaders. Here leaders are the one and only individuals that can create a vision and set the goals for the whole organization to accomplish (Northouse, 2010). Leadership, at this point, simply means that the leaders take the initiative, mobilize and direct themselves, and others, to act.

Leadership in an organization ought to be distinguished from management. John P. Kotter, writing in an article on "What Leaders Do" in the *Harvard Business Review* (2010) stated this as quoted below:

Management is about coping with complexity. Its practices and procedures are largely a response to one of the most significant developments of the twentieth century: the emergence of large organizations. Without good management, complex enterprises tend to become chaotic in ways that threaten their very existence. Good management brings a degree of order and consistency to key dimensions in which lie the quality and profitability of products.

Leadership, by contrast, is about coping with change and transformation. Part of the reason it has become so important in recent years, is that the business world has become more competitive and more volatile. The net result is that, doing what was done yesterday, or doing it 5 percent better, is no longer a formula for success. Major changes are more critically necessary to survive and compete effectively in this new environment. More change always demands more leadership.

Classically, today the goals of the organization are based on the strategic interests of its leader's (Hays, 2013).

#### **6.22.6 Planning and strategic resources deployment.**

To safeguard a successful strategic resource deployment, the organization ought to develop a written plan. This conceptual framework will suggest a four-step process for completing strategic resource deployment plan within an organization.

First, get organization-wide input. This allows the collection of information from the organization management teams, task teams, workforce, and workgroups. The organization may perhaps need to conduct an organization-wide dialogue discussion to determine the complete scope of their organization's strategic resources deployment requirements.

The organization needs to identify and document fundamental themes. The strategic resource deployment plan ought to include segments around the subsequent themes:

Deployment goals

Critical success factors

Deployment tasks, resources and  
tools Task and resource dependencies

The budget for resources needed to meet deployment  
goals Task responsibilities and timelines for completion

Significant risks and contingency plans

Organizations can develop its own resource deployment strategies and collect the necessary information needed to write this strategic plan.

Try to test the strategic resource plan. Once the organization has written the plan, test it thoroughly. Verify all deployment strategies and identify any potential issues. Then update the plan based on the organization's test results.

Evaluation and accept the plan. It is imperative that the resource deployment plan should be finalized before any resources can be released out of the organization coffers. Leadership, task teams and other employees, should review and accept the contents of the plan before deployment begins.

### **6.22.7 Organizational development:**

Today every organization is characterized by an idiosyncratic ambience. This ambience can be perceived through the set of sensations which bring into being the organization's climate. The climate can be understood as being the perception of characteristics of an organization. This is perhaps the result of the leader's strategic thinking, and enactments, which are then communicated through the organization policies. On this conceptual framework, the climate is developed through the structure, the process, value system, characteristics of the internal environment and the organizations learning capacities.

The climate is apprehensive, with many perceptions of the structure. The organization systematic processes then form a connecting motion between the employees and the organization. The human trait and learning capacities of the organization are the fundamental aspects of successful strategies. Organizational culture embraces the rules, policies, rituals, folk cultures and sub-routines which form the organization's subconscious.

### **6.22.8 Contingency plan: emerging future plan.**

Currently, strategies and organizations are designed around the tasks the organization is trying to perform. The strategic plan is designed and scheduled on the basis of the utmost probable events that are likely to occur. This allows organizations to build some degree of flexibility to permit these organizations to learn and respond to the emerging opportunities and threats, that were not part of the strategic plan. A contingency plan can then be formulated.

However, at the moment the decision to plan for a contingency and the resources committed to such a plan becomes a function of the projected impact of the contingency on the organization.

At present, signs for contingencies can be identified in the strategic base, in particular in the strategic forecast phase, in this conceptual framework.

While contingency plans may be formulated at any time, once a contingency has been identified and is a possible occurrence of sufficient impact, it may warrant a contingency plan. This happens once the contingency, which may disrupt the organization, has now been fully identified and analysed. Then an assumption is made that this contingency may indeed occur, and a contingency plan is formulated.

Currently, the contingency plan may take three forms as listed below:

The immediate action which is implemented, if the contingency is identified, as being able to bring about disturbing effects on the organization.

If it can easily be predicted, a solution to deal with the contingency is formulated.

Lastly, if circumstances surrounding the contingency cannot be determined in advance and there happens to be sufficient lead time, then, when it arises, the programmes that aid the handling of this contingency are formulated.

#### **6.22.9 Evaluation of the whole system:**

The strategic plan is the first part of the enactment process, while the second part is the executing of the pre-ordained strategy, is the control process. Currently, evaluation is the process by which results of the strategy are compared to the achievement of the objectives.

The purpose of the evaluation is to make a diagnosis of those symptoms which are causing the strategy to deviate from the achievement of the objectives. In order that a prescription can be formulated on a continuous basis.

It is critical that the leader and the whole management team need to be well informed of the strategies which are not working and they should. Therefore necessitating the provision of critical information to the evaluation system.

The evaluation of the enactment strategy may use qualitative criteria for evaluation. Do the strategies rely on weaknesses or do something to reduce them? Does it exploit major opportunities? Does it avoid, reduce or investigate the major threats? If not, are there adequate contingency plans put in place? The evaluation process is the final phase of the strategy process and is the link to the strategic base. This is not a unidirectional process, but a continuous process with the evaluation phases that provides the feedback loops into the cybernetic system.

#### **6.23 Seven leadership capacities**

The fifth component of this conceptual framework is to link the Theory U model to the strategic management process. The seven leadership capacities are incorporated into this conceptual framework at this point with the aim of enhancing the strategic formulation and implementation process.



*Figure 52:* Seven Theory U leadership capacities  
Source: Designed by the Researcher.

### **6.23.1 Downloading**

What employees do is often based on their habitual patterns of action and thought. This effects a similar stimulus which triggers a similar response. For employees to move to a new future of possibilities it will demand of them to be aware of their natures and to leave the predominant modes of downloading, which could cause employees to replicate the behaviour of their past experiences. This can be a castigation of paying attention to the wrong universe, and then this allows employees to suspend their regular judgements and to focus undistorted attention to the actual present reality.

### **6.23.2 The field of structure of downloading**

As soon as employees start paying attention, they will decide to stop their habitual modes of downloading. This can then open up a new reality for them, while their mental mechanisms of attention can be ushered to their source, through their habitual patterns. This attention may originate from the centre of their learning organization. These days' organizations and systems do not frequently download their patterns of experience. An inquiry then arises. How did the leader fail to see and recognize the early-warning signals? The response to this question can be connected to the culture and long history of the organization. In his organizational culture and

leadership book Schien (1992), refers to two principles that could perhaps remain critical to understanding what the organization is doing wrong? These are listed below:

It can be influenced by the role of the founding leaders who were significant in shaping the organizational culture.

Organizations' cultures can be dominated by the assumptions that repeat successful practices of the past.

### **6.23.3 Four barriers to organizational learning and change.**

Currently, the leadership patterns of thinking may well be the most important function of their particular business strategies. They can develop a life of their own, but they can also turn out to be a habit of lifeless strategies throughout their organization. This has the tendency to create several dysfunctional behaviour patterns that might cling to a now-captivating learning place and is then downloaded, for instance just like a virus which attacks living organism.

The organization's strategic leadership behaviour may greatly influence the place of downloading in organizations. At that moment leaders can disseminate their strategies, visions and objectives throughout their organizational culture and then distribute it to other employees in the organization, with learning problems, which prevent employees from seeing and focusing on the actual problems which their organization might be up against.

At hand are four learning barriers that are able to assist the learning virus to remain thriving and which then keeps the whole system inaccessible and malfunctioning in the mode of downloading. The four main learning barriers are listed below:

#### **6.23.3.1 Barrier 1: Not recognizing what you see (decoupling perception and thought)**

Today the styles of the behaviour of a leader can eventually lead to a learning problem for the whole organization. When a leader has fixed thinking around managing and leading his organization, he may be labelled as being very authoritarian, or comprehensively believes in ancient philosophies and presently does not trust new information i.e. statics and facts. This may allow the strategical enactment of most important and continuous individual visions which are slightly far from their organization's vision and reality. When such patterns of individual behaviour are not changed and transformed over time, the chances of organizational learning

and success can be reduced. This can become even more blocked through frequently downloading old behaviour patterns, which may in the end result in voluminous learning obstacles in moving the organization forward. This in turn effects the leaders' inability to recognize what is desired.

#### 6.23.3.2 Barrier 2: Not saying what you think.

This causes a second learning problem with leaders, who withhold saying what their think. Leaders will perhaps discharge individuals who do not agree with their strategic thinking and visions. People who differ from the leader and who air the wrong opinion may find themselves without a job. The leader's corporate behaviour brings about in employees a second organizational learning virus. In an effort to stay in their jobs and under his leadership, all other managers and employees learn not to say what they are thinking. Anyone who does not keep an eye on this rule or goes astray risks losing their jobs. As a consequence, individuals are granted their jobs if they learn to keep quiet about what they think of their organization and the leader, while in the meantime just having a general conversation about anything i.e. production or operations. This organizational learning virus inhibits the organization from learning and from using its current experiences. This consequently leads organizations to repeat the same old mistakes.

#### 6.23.3.3 Barrier 3: Not doing what you say.

This exists as soon as the leader embarks on changing the organizational culture of the two above learning viruses "when one does not do what he said he would do." For instance, the leader may be able to chat about re-engineering and change inside his organization and then nothing is converted into action. This marks the leaders as never acting, on what they communicate to their employees. These employees then find it a waste of time and are frustrated by what they are not doing in the organization. Despite the fact that those leaders who communicated their strategies, result in their employees "impartially calling it cheap talk" and are then, in the meantime, better off not investing much of their time and effort in the strategic endeavours and plans that go nowhere



#### 6.23.3.4 Barrier 4: Not seeing what you are doing

This last learning barrier concerns not seeing what you are doing. This causes strategic leaders to miss the blind spots that actually caused the problematic behaviour. This creates the fourth learning problem in organizations or institutions.

It is essential in the 'U' process to learn the skill of stopping the barrier of downloading. This applies to every employee, work group, organizations and society at large. The prerequisite for entering the 'U' process is to stop downloading. Once employees stop downloading, they can wake up and see the tangible reality, which conveys the subsequent cognitive space of the 'U' seeing.

### **6.24 Seeing**

How employees see: The view from outside.

If employees discontinue the habit of downloading, they can at that moment move into the arena of seeing.

This allows employees to open their perceptions and so instigate seeing the accurate reality more clearly. As soon as employees move into this cognitive space they will see the organization from the outside edge and this can then permit them to be an observer and observed.

#### **6.24.1 The shift from downloading to seeing**

The movement from downloading to seeing is to a great extent unpretentious, it brings inhabitation with no visible activity on the side of the observer. This demands extraordinary mastering of observation which can improve their capacity to increase and develop their perceptions.

At the moment there are three distinct principles which aid employees to move from downloading to actually seeing. These are listed below:

Clarify question and intent. At this stage, employees need to clarify and crystallize a research enquiry before they embark on the experiment. This aids them in the

confrontation of problems or inquiries in advance allowing them to be attentive to that which is emerging which is not yet tangible.

Moving into the contexts matter. These contexts can be the living labour, the place where movement of observation is executed. While the greater the complexity of the context and situation, it is best not to ask the assistance of experts or consultants. It turns out to be essential to stay in touch in the situation as it evolves. If there are no direct links to the context or the situation, employees will find it difficult to learn to see. Suspend judgement and connect to wonder. Here employees can swiftly be able to call to mind what does not fit in their accustomed mind frames. A query then arises: Where, in our major institutions today, do employees find mechanisms that help to perform the suspension of judgement? This allows employees, through brainstorming, to be able to report it and defer judgement. Therefore, by means of their conversations and interactions inside their organizations, employees are able to voice their opinions, which in turn encourages judgement rather than to suspend it. Wonder at this point entails impartially observing every place the world is and resisting our past downloading.

This gives rise to another enquiry. What work practices do employees use that allows them to perform this kind of work? The capacity for seeing is most problematic for employees and individuals to cultivate, it is for that reason that it has turn out to be very collectively challenging in today's modern organizations. But in strategic management this has come to be the fundamental of leading.

Research has shown that most efforts which bring about strategic change and transformation, do not fail, as a result of lack of positive intentions or hopeful aspiration but as a result of their leaders failing to see the actual reality they encounter and enact.

Dialogue as seeing together: Today dialogue can be viewed as the art of thinking together and seeing together. As soon as there is a breakdown in the organization, which can be the consequences of denial, which was caused by not seeing together or not working together.

As soon as the leaders commence their new occupation, they devise large numbers of strategic visions, core values and purposes of intentions, but over time these leaders lose touch with reality and lose track of what is actually working. These leaders fall short of seeing their reality. Perhaps, the alternative at this moment is to apply mind pressure by driving the strategic thinking which, in turn, causes their organizational systems to push and fight back. On the other hand, employees resist the organizational change/transformation and in return fight the

problematical strategic thinking. Furthermore, sometimes the employees do not see the larger picture and often fail to comprehend the context which ensures the strategic thinking behind the change and the '21Q' transformation happening. It is extremely difficult, in any organization, to experience seeing reality together.

## **6.25 Sensing**

Sensing is the ability to perceive or anticipate threats and opportunities, before they become obvious or while they may still be emerging and yet have to take form. Sensing capability depends on openness and flexibility to the possibility, and is similar to both intuition and foresight (Scharmer, 2001). It is an extension and deepening of the normal limits of our vision and thinking. As with authentic presence, sensing depends on mindful awareness, on an open, non-judgemental mental condition where nothing, quickly, arbitrarily or unwittingly, is ruled in or out. When the movement of seeing to sensing happens, employees' perceptions, from the whole field, starts to manifest. Senge (1994) recommends that this is the heart of systems thinking, which is about closing the feedback loop between employee's experiences of their actual reality, what the system is doing to us and which affects our sense of participation in the whole cycle of their experience.

### **6.25.1 The field structure of sensing**

This is a place where employees stop voicing expressions and statements, but rather start to ask genuine questions. This now changes the structure of how employees relate to one another. As soon as this happens our perceptions move from inside the individuals head, looking at the field, to outside the organizational boundary of the observer. This shift causes the boundary of the observer and observed to collapse and the system is seen from a profoundly different place. Then a workgroup can start to function from a place where its participants start to enhance their relationships in their systems and learn, how to implement it their organizational strategies collectively.

### **6.25.2 Four main principles for sensing**

There are four main principles which come to life when employees activate the entering of the collective field of sensing. These are listed below:

Charging the container: This takes into account the physical space, time space and the relational space

Deep diving: This allows employees to be one with the phenomenon, it is a process of becoming into existence, for instance with your customers, consumers or market.

Redirecting attention. This allows employees to focus their attention on the object of (individual stories) the formative larger field or source.

Opening the heart. This allows employees accessing and activating the deeper levels of their emotional perceptions. Employees then learn to listen from the heart, to increase their capacity for appreciation and love as an organ of perception.

## **6.26 Pre-sensing**

The word 'pre-sensing' can be used as either a noun or a verb and describes the piecing together to the deeper source of self and knowing. This then forms the fundamental right-hand side journey of 'U' process.

Pre-sensing is a combination of the words 'presence' and 'sensing', which denotes the attitude towards sensing and conveying an interest in the present, with the hope of attaining the most future potentials as individuals, as a work group and as an organization.

The root of the word pre-sensing is (es) means 'to be' That means 'I am'. Essence, yes, presence and present (gift) come from the European- roots. In Indian, it means 'sat' which means the 'truth' and 'goodness'. In the twentieth century, this term was heavily used by Mahatma Gandhi in India, as a notion of *satyagraha* in his strategy of non-violence and truthfulness.

With this background, presence suggests being physically and mentally present, being in attendance in mind, body and spirit. Furthermore, continuing to be mindful that one is in the now, to how your presence is felt, this is how one's behaviour is currently impacting on others around you. This is the present moment in which an individual is fully participating in the task at hand.

Presence is diligently related to mindfulness. While noticing oneself wandering from the presence, it is easier to remain present and attentive to matters at hand. At this juncture, presence is also connected to authenticity, as in authentic presence. This means that one is fully conscience or sincerely present, no hidden agendas, no misrepresentations or deceit and no withholding.

Flowers (2008) posts that "Pre-sensing" is an amalgamation of sensing and presence, this then allows employees to connect with the source of the highest future possibility and then take it into the present. When employees start moving into pre-sensing, their perceptions grow into future possibilities, which then rests on its members to bring them to actual reality.

Pre-sensing brings about the Domain of Foresight, this is where sensing, observing and prototyping rule. This is allowable through the support system of the open mind, open heart, and open will. Pre-sensing exemplifies spontaneity, curiosity and creativity. This permits a positive degree of fearlessness or at least the absence of restraint enacted through risk aversion. Presence is the hothouse of innovation and entrepreneurial spirits.

Pre-sensing has several similarities with sensing. These together take account of shifting the place of their perception from the interior to the exterior of the individual's physical organization. The foremost variance is that sensing shifts the place of perceptions of the present-day, in the direction of one complete piece. While, on the other hand, moves the place of perception to a new source of the emerging future that is a future possibility which is seeking to emerge. This allows leaders to experience an additional sphere of clarity and awareness, in the source of silence and self, which can then have the consequence of being a foreshadowing of the presence.

Absenting: permits the re-creation, and the perpetuation of the old, weaker self with all its limitations. It encourages looking back, but not forward (Gunnlaugson, 2013)

Absenting is the domain of hindsight: this is where blinding, de-sensing, and entrenching take place, consequences of the three enemies at work. Voices of judgement, cynicism, and fear.

De-sensing: are counterproductive thought patterns in addition to unwitting perceptual bias that acts as a kind of filter to exclude useful information and leads us to overlook or discount our observations' or those of others, and undermining problem solving and decision.

### **6.26.1 Two root questions of creativity**

This happens at the very bottom of the 'U' where connecting to the source of inner knowing, becomes a deep threshold, which needs to be crossed so that we can connect to our real source of presence, creativity and power. An interrogation now arises: what is the crucial activity that essentially aids employees to turn out to be more creative? In responding to this, it usually

means having more learning environments in the workplace. What is my work? Who is myself? This relates to the big 'S'- self which means attaining our highest self or our best future possibility. This encompasses knowing our self and to remain the change which leaders are seeking to create.

### **6.26.2 The field structure of pre-sensing**

Pre-sensing starts someplace when employee's perception begins to connect to the source of an emerging future. The boundaries that separate the three modes of presence then collapse at this point:

The presence of the past (current field).

The presence of the future (emerging field of the future).

The presence of people's authentic self.

When this above-mentioned co-presence, or the merging of three types of presences, start to resonate, then at that moment employees experience a profound shift in thinking and change which allows the place from where they operate to shift.

Pre-sensing is that capacity which permits employees to function from this long-drawn-out source, which enables sensing what needs to come forth and then permitting it, to become an existence (Scharmer, 2000). Pre-sensing enhances sensing just as sensing enhances seeing. Sensing outspreads seeing by moving leaders on the *locus* of attention 'inside' the occurrence of events. Pre-sensing aids leaders, by sensing through our big self, to extend such activities.

### **6.26.3 Two types of knowledge and knowing**

There are two types of knowledge regarding the 'U' process, this is

Conventional analytical knowledge.

Primary knowing or wisdom awareness.

The conventional analytical knowledge provides a cognitive analytical image, in the structure of attention which becomes 'seeing'. At that moment the universe is observed as a conventional set of dissimilar objects and various collections of undertakings. The employees' human mind

is perceived as a machine that isolates, stores and retrieves knowledge which is indirectly stored in the universe and in oneself.

On the other hand, the most important of knowing can be observed as sensing and pre-sensing, where this form of cognition allows knowing that is assumed through means of interconnected wholes, rather than isolated contingent parts and timeless, direct presentation rather than through stored representations. This knowing is slightly more open than determinate and partakes an unconditional value than conditional usefulness, and at that moment forms the innate portion of the act of knowing itself. This allows the creation of actions from our awareness and gives rise to spontaneity which adds an emphasis of the wholes larger than the small self.

The presence of the circle being

The movement into the pre-sensing realm, by work groups will be experienced as soon as the employees go through the eye of the needle. This allows these employees to feel intensely connected among the workgroup members. They can sense among themselves the power of authentic presence. So, when the work group experiences this level of connectedness, they have an in-depth and elusive connection that remains.

Principles of pre-sensing

At the moment when pre-sensing takes place, the context of individuals, groups and organizations are changed and transformed. This can be encountered through in-depth listening and dialogue meetings. Which in turn allows the conversations to change levels that deepen along the 'U' process, this fosters individuals and work groups to experience heartfelt connections. Four distinct principles define this shifting in pre-sensing and are listed below;

Letting go and surrendering

As soon as employees start letting go of the ancient thoughts and then suspending themselves to the unknown they can embrace the first principle. This facilitates a core journey along the 'U' process, and whatever thing or thinking which is not essential must be let go. As soon as employees begin suspending their customary habits of working and their attention is occupied by something which motivates them to learn more or something creates huge interests in them that it becomes tangible, definite and unanticipated. This then allows employees entrance into

their open minds. Subsequently, they consciously discontinue holding onto the previous learning experience.

In this instance letting go and surrendering can be observed as two sides of the same coin. Letting go, concerns the opening process, in which they are the removal of barriers, unnecessary thoughts and objects and while surrendering is moving into the resulting opening.

Inversion: going through the eye of the needle.

Inversion is: the word which can be used to describe what happens when individuals or workgroups go through the eye of the needle and start to link it with the emerging field. This, therefore, means to turn something inside out and outside in. As soon as employees pass through the eye of the needle, their threshold of everything that is unnecessary must be let go and which helps them to see a new direction and this then facilitates the start of the movement into our self from the emerging future. The consequence of this facilitates an in-depth movement of silence in the source field.

The coming into being of a higher (Authentic) presence and self.

At this juncture, leaders can start to see further and feel much better about their self. Employees can commence feeling higher in person, as they, in turn, can experience completeness, empowered and additionally powerful in their individual being. Leaders switch from empathic listening, to listening from a profoundly deeper source, which then allows the emergence that connects employees, to the field of the future possibility which then emerges within their organization. While doing this, employees jolt their operations to a deeper level of pre-sensing of the future that desires to emerge. The employees' existence is shifted to a collective in- depth listening to one another, which can then mutually raise the intelligence levels in both employees and operating systems. The consequences facilitate the intelligence of the open will. This creates true authenticity of the self which connects employees within their organization, to who they really are.

The power of place: creating a holding space of deep listening

This is the four-presence principle, which concerns the power of a place. Pre-sensing for that reason comes about in places and for example in the context of a holding space. These places are unconditional witnessing or judgement, impersonal love and seeing the essential self. As



soon as such a shift happens, a new type of relationship among individual employees develops. Then the collectiveness begins to embrace numerous natures, of similar function to an educator, teacher, tutor, instructor or lecturer. This then becomes a doorway of organizational learning to even more profound places and sources.

What method can employees use to influence the presence and power of uncertain places, to gain access to the authentic dimension of the big self in individual employees and in different communities?

Within the workplace is an in-depth pre-sensing connection which can be described through various wisdoms and traditions that foster some form of meditation.

'Theory U' and meditation: Currently 'Theory U' allows the developing of individual and group consciousness through the use of various meditation techniques, which can assist in the deep dive through the 'U' journey permitting people to work in a sequence.

Meditation can focus on different traditions. The presence of these sources is listed below:

Daoism (Natural state) the Zen tradition

Tibetan Buddhism (as right) emotions, which allows the suspending of fear that blocks our will to challenge the *status quo*

Brahman (Hindu traditions)

Yahweh (Judaism)

Allah (Muslim traditions)

God, Son and the Holy Spirit (Christian traditions)

The Great Spirit (Native traditions)

All the above terms classify the same basic level of experience and, therefore, describe a deeper state of being that can be present within employees and through employees, either as individuals or collectively. On the other hand, for pre-sensing to take place employees need to cross the pre-sensing threshold at the bottom of the 'U' process within the organization or institution.

#### **6.26.4 Pre-sensing abilities aids strategic leaders**

As soon as leaders start to develop the capacity which emanates adjoining the pre-sensing source, they experience the future as if it were "wanting to be born" an experience that can be termed 'leadership *pre-sensing*'. This experience every so often conveys, by means of new thoughts, the meeting of organizational challenges and which is then intended to convey into existence, an otherwise impossible future. 'Theory U' illustrates in what manner, within their organization or institution, that capacity for pre-sensing can be developed (Senge *et al.*, 2005). Leadership pre-sensing can then be a journey with five movements: leaders can move down one side of the 'U', connecting themselves to the universe which is external to their organizational or institutional bubble, to the bottom of the 'U', which can connect leaders to a universe that wants to emerge from inside of their organization or institution and up on the right-hand side of the 'U', which brings the new into view in the universe.

Taking place on that journey, at the bottom of the 'U', lies an internal gateway which enables leaders to drop that which is not necessary. This progression of letting go, of our old ego and self, and letting come, our highest future possibility: our self, establishes a subtle connection to an in-depth source of knowing. The quintessence of leadership pre-sensing is that these two selves - the leader's present self and his greatest future self - will encounter each other at the bottom of the 'U' and allow the beginning of listening and resonating through each other. Once a leader crosses this threshold, nothing remains unchanged. The leader now functions as a whole and begins to work through a heightened level of energy and sense of future possibility. Frequently, he then commences functioning as an intentional vehicle for an emerging future within the organization or institution.

'Theory U' offers solid ideas of strategic thinking, in which leaders can build their own learning, training and knowledge so that they become proponents of the emerging future - how they can enact with integrity and do what is needed to aid bringing in the emerging future to their learning organizations or institutions.

#### **6.27 Crystallizing**

The previous section described the bottom of the 'U' process, which is pre-sensing, which means that at the bottom of the 'U' lies an inner gate which requires employees to let go of anything that is unnecessary.

The term crystallizing means to clarify vision and intention of our highest future possibility. There is a dissimilarity between the crystallizing and normal visioning processes; crystallizing begins from an in-depth place of knowing and self. Visioning can begin from any place, even from the place of downloading.

After a time of silence or pre-sensing in work groups, subtle shifts in employee's characteristics could be noticed. This allows for a different foundation for working together and which teaches employees to move forward collectively.

Subsequently, after a pre-sensing experience employees are now ready to bring together, into reality, their individual and collective potential. 'We can do it'. This then becomes what employees want to create within their organization or institution.

#### **6.27.1 The field structure of crystallizing**

Crystallizing at this juncture now means sustaining the connection and beginning operations from it. This necessitates employees to shed light on what is emerging. This then allows them, from their living imagination, to envisage a new future whole. Seeing in the intention of the emerging future the opportunity that illuminates their strategic vision.

Through visioning strategies, employees can recondition themselves by using different learning processes. While visioning employees simply dream of a new future, even if it is unconnected to what is emerging, it creates a learning journey within the organization, which allows full involvement and reflection on it employees. Taking place on an individual employee basis, people can then create their identifiable reality through individual consciousness.

This then means whatever turns out is exactly what is right in that moment, and that is in harmony in the organization. This creates working relationships that are in the presence existence or which have full consciousness and are in the present with whatever is emerging. Consequently if employees know what the organization wants to create. They can then devise various degrees of existing space in their own consciousness and at that moment they are a powerful force operating in this kind of knowing and from that of intention and place (Scharmer & Senge, 2012).

### **6.27.2 Principles of crystallization.**

On hand, are four principles that can be observed and that come into play when employees move in the space of crystallizing; these are listed below:

a. The power of intention: This means getting employees into the flow of their in-depth intention and successfully working with it. The intention is not only a powerful force, it is the only force.

Letting come: This means adjusting to some degree to new realities. Employees have to see reality to be able to do this. Learn to let go and let come. Therefore old employees' attitudes must first die before new ideas can come into the picture.

Grand will. This frees employees to believe in their destiny, which stands before them, but which they are unable to see. Employees must on the other hand be enthusiastic about moving into unfamiliar terrain and then, with their whole being, should go out to seize it. However, this demands numerous difficult and different learning sacrifices.

Venues for waking up. This means, in order for crystallization, within in the organization or institution, to manifest, a certain context and environment is required. However, unless there is an infrastructure that together creates a context for sensing and crystallizing, nothing can manifest.

Lastly, crystallizing means remaining connected to the source. Then by slowly clarifying their vision and intention of successfully moving forward to create a positive image of the future which then, in turn keeps evolving and changing into greater opportunities. By enacting living examples or prototypes of our future this brings about a process of a new reality to the next level which we are longing to create within the organization or institution.

### **6.28 Prototyping**

This moment of the phase in the 'U' process, is where employees can explore the future by doing. This allows employees to explore the future by doing and experimenting. The term prototyping is brought from the technology designing schools of thought. In this instance, prototyping means to present a concept before employees have to do it. Prototyping facilitates faster cycles of feedback learning, adaptations, change and transformation.

### **6.28.1 The field structure of prototyping.**

Prototyping is intended for employees to be more effective, which, in turn, then necessitates the integration of three types of intelligence: these are listed below:

The intelligence of the head.

The intelligence of the heart.

The intelligence of the hand.

In the process of prototyping, these living examples become essential, within the organization, to integrate all the above intelligence and to avoid two major pitfalls which are listed below;

Mindless action.

Action fewer minds.

### **6.28.2 Principles of prototyping**

In the process of effectively integrating the various organizational intelligence, by means of fast cycles of feedback and infrastructures for reviewing and awakening their organizational learning, employees must necessitate the connection to the source as a whole. The principles of prototyping are listed below:

Connecting to the inspiration.

Be in dialogue with the universe.

Fail early to learn quickly.

Strategic microcosms: landing strips for emerging future possibilities. Perhaps employees can then prototype these landing strips of the future by establishing three types of connection and communication mechanisms. As listed below:

This is the upward connection to inspiration, to create the initial spark of intuition and intention.

This the horizontal connection which is listening to the feedback that the context (environment) is giving to the individual and organization.

The downward or local connection permits the engaging in and learning from locally based embedded fast-cycles prototypes.

## **6.29 Performing**

At this juncture, the focus of attention is on pre-sensing which embodies the everyday practices within the organization. Employees can then recognize that objects or things, strategies and thoughts can be added, refined, changed and removed. This domino effect allows the structure to cascade down the organization, this can be honed, contained and refined to permit organizational learning.

### **6.29.1 The field structure of performing**

This allows employees to shift their focus from shaping microcosms to shaping and evolving the larger organizational and institutional ecologies.

### **6.29.2 Principles of performing**

This attempts to portray the *troika* conceptualization of institutional ecology which has three separate fields as listed below:

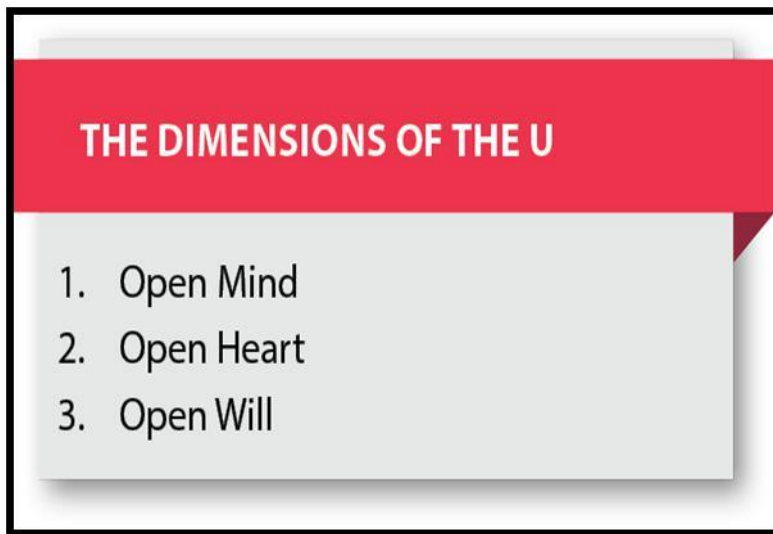
Business

Government

Civil Society.

The above aspects can interface with each other to create an overlap in the new ecology. At the moment organizations are not a single part, they are made up of multiple systems, which consist of various webs of relationships. These operate in diverse economies, environments, scales of scopes and different social pre-sensing technology. At present organizations also facade diverse dimensions in the learning spheres, innovation, change and transformation. This can then create an organizational ecological framework which aids the understanding of the underlying complex learning dynamics which keep evolving as forces in strategy and change in systems thinking and integrations, innovation and then finally permits the shift between the current systems thinking and the individual employee.

### 6.30 Three organizational learning dimensions



*Figure 53:* The Dimensions of the U. Source: Designed by the Researcher.

As soon as all three levels of opening occur within the organization, there will be a profound shift in the nature of learning. A fundamental portion of 'Theory U' is the piecing together of all three:

These above-mentioned propositions then form an inseparable whole. As soon as all three levels of opening occur, within the organization, they will cause a profound shift in the nature of learning. Most well known theories of learning are based on learning from what had previously taken place or of past circumstances. In the present day, this style of learning is being used less, as organizations are now moving faster into profoundly different realms of the future. This is what Scharmer calls "Learning from the future as it emerges". Learning from the future is critical to innovation and this form of learning will involve the entire organization. This encompasses taking up high levels of organizational ambiguity, uncertainty and willingness to fail. It also embraces opening organizations to the unthinkable and at times endeavouring to do the impossible. Need for a new social technology that is based on tuning the three learning dimensions.

It can be experienced by leaders, who find out, as a consequence from their own working experience, they do not know the deeper levels of the 'U'. For this reason, they are now lacking in the new social leadership technology.

Without the new social leadership technology, leaders do not really change fields but end up with more of the same strategies, thoughts and old behaviours. At this moment these leaders

are making various attempts, within their organizations, of the so-called - restructuring, redesigning or re-engineering and which can eventually be the source of confusion.

The first learning dimension is the open mind, which is based on our ability to access our intellectual type of Intelligence Quotient. This permits leaders to see with a fresh pair of eyes, thereby learning to understand the figures and facts around their organization objectively. These days societies allude to the idea, that the human mind works similarly to a parachute, in that it merely functions when it is open, which then allows free-flow of intelligence.

The second learning dimension is the open heart: This opens leaders' abilities to access their hearts, opening their emotional intelligence (EQ), which involves the capacity to empathize with other fellow employees. Thereby, enabling them to tune into diverse working contexts.

The third learning dimension is the open will. This relates to the leaders' ability to access their true purpose and bigger self. This type of intelligence can also be mentioned as intention or Spiritual Intelligence (SQ). This relates to the fundamental of the letting go and letting come.

Leaders, on an individual (subjective) and on a collective (inter-subjective) level, can tune into these three dimensions.

### **6.31 Five 'Theory U' movements**

The five 'Theory U' movements on this conceptual framework, are from the seventh component. This is made up of five 'Theory U' core segments of movement which are now discussed below:



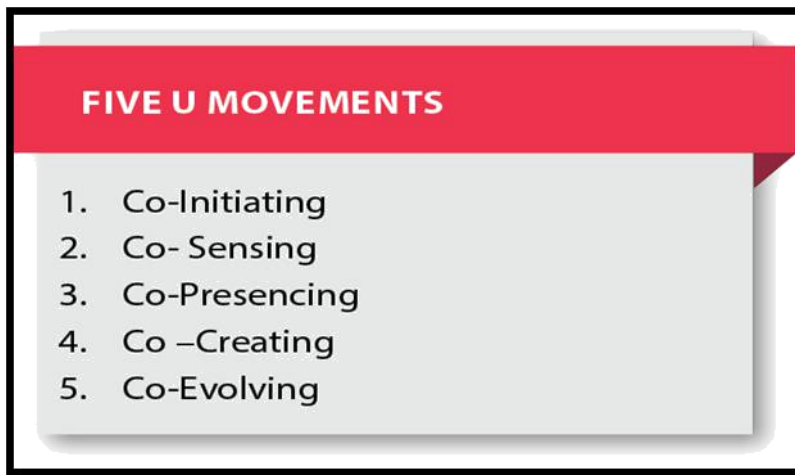


Figure 54: Five U Movements. Source: Otto Scharmer (Theory U).

**Table 3:** Theory U Engagements

1. Co-initiating common intent: Stop and listen to others and to what life calls you to do.	5. Co-evolving through innovations: ecosystems that facilitate seeing and acting from the whole.
2. Co-sensing the field of change: Go to the places of most potential and listen with your mind and heart wide open.	4. Co-creating strategic microcosms: Prototype the new to explore the future by doing.
3. Pre-sensing inspiration and common will: Go to the threshold and allow the inner knowing to emerge.	

**6.31.1 Co-initiating:**

On this conceptual framework, it basically means that the leaders start listening to what life calls them to do within their organization, also to connect with their fellow employees, and to contexts related to that call. At the same time this convenes a constellation of core players who co-inspire common intention and purpose.

### **6.31.2 Co-sensing:**

On this part of the conceptual framework, it means that the leaders embrace the on-going strategic progression which takes them to places with the utmost potential, and permitting them to observe, observe, observe, observe while listening with their minds and hearts wide open.

### **6.31.3 Co-pre-sensing:**

At this point on this conceptual framework, the leaders have to go to a place of individual and collective stillness, open themselves up to the deeper source of knowing and connect to the future that wants to emerge through them.

### **6.31.4 Co-creating:**

At this juncture in this conceptual framework, the leader has to build various landing strips of the future, by means of prototyping living microcosms, to explore the future by doing. This now creates a process of developing interpersonal interaction, encompassing relationships, communication patterns and leadership which is aimed at creating a new value.

### **6.31.5 Co-evolving:**

Here the leader has the means of co-developing a larger innovation ecosystem and holding the space that connects all employees across boundaries through seeing and acting from the whole.

## **6.32 Theory U' practices.**

The above-mentioned stage of this conceptual framework forms the eighth component. This is made up of 24 'Theory U' practices which can be used by leaders in achieving organizational strategic vision, mission and objectives. These 24 'Theory U' practices have been incorporated here, so as to provide unique sets of modern social technology tools and techniques, to assist the leader and his strategic management team. These 'Theory U' Practices are now listed below, from Scharmer and Senge (2012)

## 24 PROCESSES OF THE U

### **Co-Initiate**

1. Attend
2. Connect
3. Co-Initiate
4. Form
5. Take deep-Dive Journeys
6. Observe, Observe, Observe

### **Co-Sensing**

7. Practice deep Listening and Dialogue
8. Create Collective Sensing Organs

### **Presencing**

9. Letting Go
10. Letting Come
11. Intentional Silence
12. Follow Your Journey
13. Places of Presence
14. Power of intention; Connect to the future that stays in need of you-crystallise vision ,intent
15. Form Core groups :5 People can change the world
16. Prototype Strategy Microcosms as a landing strip for emerging future.
17. Integrate Head, Heart and Hand; seek it with your hands, don't think about it feel it.
- 18 . Iterate, Iterate, Iterate:  
Create and adapt and always be in dialogue with the universe.

### **Co-Evolving**

19. Co-evolve innovation ecosystem that connect and renew by seeing from the emerging whole
20. Create innovation infrastructures by shaping rhythm and safe places for peer coaching (supported)
21. Social presencing theater :evolve collective awareness through level 4 media

### **Grounding**

22. Intentional grounding: Always serve as an instrument for the whole
23. Relational ground: connect and dialogue with the global social field
24. Authentic ground: Connect to your highest self as a vehicle for future to emerge

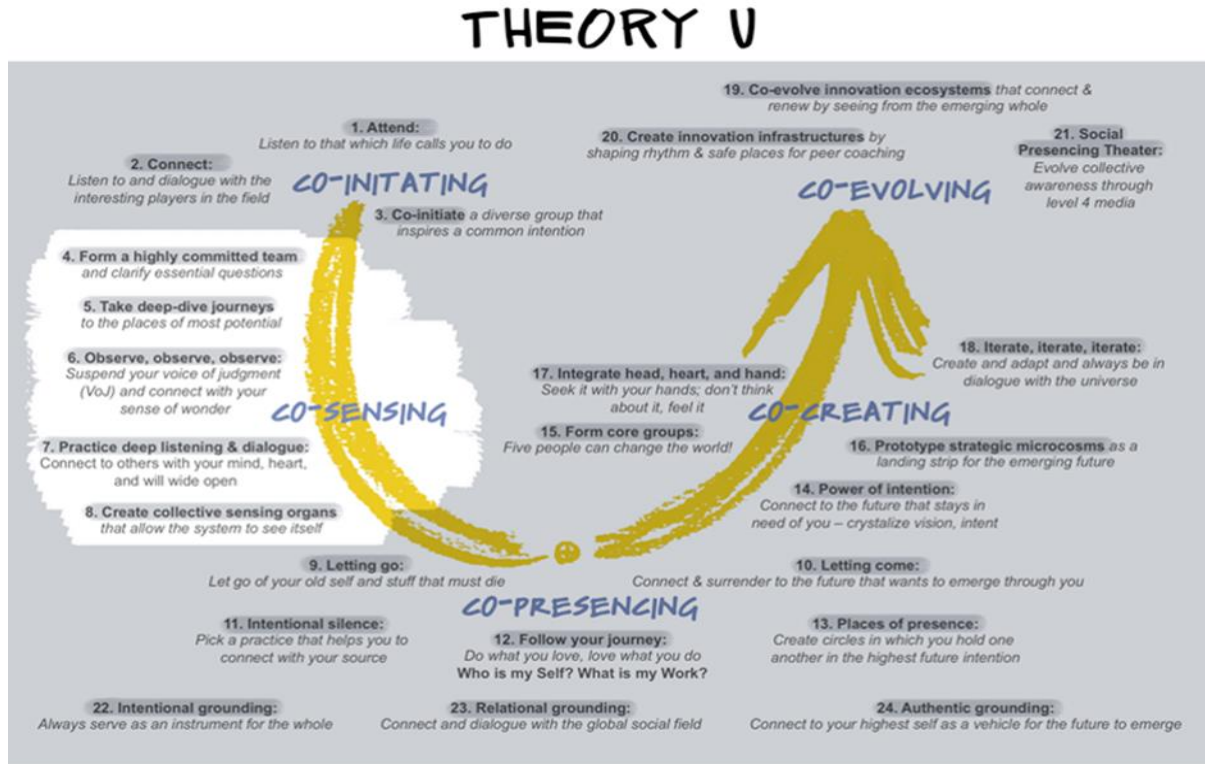
Figure 55: Processes of the U.

Source: Otto Scharmer (Theory U).

Adapted from: Scharmer and Senge (2012).

### 6.32.1 The organization needs to create collective sensing organs.

Organizations today need to create collective strategic sensing organs that are based on Theory U practices which can be applied in their strategic thinking and decision-making Processes.



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Figure 56: Theory U Practices Source: Otto Scharmer (Theory U).

Adopted from: Google Scholar (2015) This figure depicts a summary of all the 24 'Theory U' practices that can be used in organizations so as to enhance their strategic vision, mission, objectives, leadership, organizational learning, change and transformation. These can form practices that can constantly be referred to, on a daily basis within an organizational setting to encourage everyday learning.

### 6.33 Nine organizational learning environments

The final and ninth component of this conceptual framework is the nine organizational learning environments. These form an assessment of the organizational learning environment that has a bearing on organizations.

This is made up of three learning environments which can be divided into three learning segments.

TABLE			
Knowledge Intelligence	K1 Non-Reflective Knowledge Knowledge Without Self Reflection	K2 Self-Reflective Knowledge Reflective –in Action	K3 Self –Transcending Knowledge Reflective –in Action
<b>Open Mind</b> IQ, (Intelligent Quotient) Explicit Dynamic Complexity	<b>Lecturing</b> - Explicit Knowledge Learning is to fill the Barrel	<b>Training</b> Practice and Feedback - Reflection on Exercise	<b>Creative Practice</b> - Improving Theater - Imagination–in-action.
<b>Open Heart</b> - EQ (Emotional Quotient) - Embedded Social Complexity	<b>Experimental Action Projects</b> - Immersion - Empathy walk - Tact Embedded Knowledge.	<b>Case: links</b> - Action - Reflection - Papers - Dialogue - Walk ins Reflection on Embedded Knowledge	<b>Embodied Presence</b> - Performing - Authentic - Speech - Aikido - Inspiration –in -action
<b>Open Will SQ (Social Quotient)</b> - Not yet Embedded - Emerging Complexity	<b>Deep Immersion Practice</b> - Existential Story telling - Immersion Journey	<b>Deep Inversion Practices</b> - Guided Journaling - Generative Dialogue	<b>Deep Presence Practice</b> - Room of Silence - Contemplative Practices.

Figure 57: Nine Organizational Environments.  
Source: Otto Scharmer (Theory U).

### 6.33.1 Lecturing

Today organizations should provide places for lecturing these areas facilitate and encourage organizational learning within the context of the workplace. Lecturing provides the employees with a learning environment that is open, non-biased, face-to-face, focused and work related. Various employees, this includes the leader, may be given all the time and resources to learn a particular skill, course or system. This learning encompasses the following.

Explicit knowledge.

Experiential action projects for example immersion, empathy, walk tacit embedded knowledge.

Deep immersion practice, for example, storytelling, immersion journey.

### 6.33.2 Training – includes

Practice plus feedback and reflection learning.

Case links these include action reflections, paper dialogues, reflection on embedded knowledge.

Deep inversion practices include guided journaling, generative dialogue.

### **6.33.3 Creative Practice - includes**

Improve theatre and imagination in action.

Embedded presence, performing, authenticity, speech akido, inspiration in action. Deep presence practice, a room of silence, contemplative practices.

This marks the end of this conceptual framework.

### **6.34 Conclusion of conceptual framework**

This Chapter 6 attempted to provide answers for the fifth research question.

Chapter 6 then endeavoured to develop and propose a conceptual framework which forms the basis of the theoretical blueprint from chapters 2, 3 and 4, and Chapter 5. The framework consisting of a four core stages of the strategy process and five 'Theory U' components, was developed into new continuous strategic management process integrated into a new organizational learning thinking.

'Theory U' was discussed in great depth. This proposed conceptual frame combines the strategic management process with major elements of 'Theory U'. This research project tried to illuminate the rethinking of organizational learning using 'Theory U' as an ontological approach to strategic leadership.

Integrating theory and method places real demands on the researcher and this is undoubtedly why such a research project is rare. This required me to be open to a challenging intellectual journey and to be willing to form a critical holistic and an in-depth understanding based on testing the theoretical ideas in practical fashion using an ontological interpretation.

Currently, several organizational learning papers and strategic thinking research journal articles continue the downloading of unexamined assumptions and beliefs, even while intellectually challenging scholars with new ideas. An enquiry which then arises, while not just thinking of a reflective answer, is one of theory and practice. Strategy and 'Theory U' offers various organizational learning opportunities for leaders in all other area's such practitioners, managers, principals, team leaders, government officials and community organizers. These are

now far too committed to practical results and are dissatisfied with their current learning capabilities which rest only on their past habits.

Pragmatic and engaged employees should be more open to challenging their own leaders' assumptions and listening to their deepest inner voice. Aiming at this can only be possible by learning to listen to their inner voices which can aid in unlocking their collective capacity, through strategic leadership using 'Theory U' as an organizational learning methodology, thereby creating the world anew.

#### **6.34.1 Summary of 'Theory U'**

'Theory U' offers forward-thinking approaches. It discusses what is needed from organizations, where their own survival is possibly in their own hands, as they face the third millennium. The 'U' framing provides how these approaches have evolved and how they substantially still need to evolve and in a thought-provoking manner to harness the emerging future.

'Theory U' is devoted to further developing these new social technologies by integrating science, consciousness, and profound social change methodologies. At present, there is an invisible shift in the world. This then creates numerous concealed barriers in employees' blinds spot. Currently, the emergence of the organizational learning blind spots emanates from all levels of the organizational systems.

Chapter 7 presents the research conclusion and recommendations.

## CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

### 7.1 Introduction

This chapter marks the final and overall conclusion of this research project. The purpose of this chapter is to draw conclusions from the findings of the research project and to make recommendations on how the organizations can become a strategic learning organization guided by the strategic leadership of the organization using Theory U.

It is hoped that the results of this research project would make the insight and adequate knowledge available on the essence of the strategic leadership and learning organization in an endeavour to build a modern, satisfactory and responsive organization. The results of this research study can also be generalized to provide assistance to strategic leaders, change agents, research academics and other organizations in the private and public sectors. The research can also benefit chief executive officers and top management who are given the enormous challenge of formulating corporate learning strategies to stimulate the survival and growth of their organizations. The findings of this research aim to contribute to the body of academic knowledge on learning organizations so that chief executive's officers, managers, HR practitioners, change agents and academics can use it to formulate strategies. This could lead to leadership that could promote workplace learning and development of learning organization in South Africa.

This research study can also become a stepping-stone and benchmark for future research and therefore the results of this research may have value for universities, individual leaders, organizations, other managerial employees, the business world and academics.

This project was carried out in the short- to medium-term in South Africa, a country currently facing at least two fundamental challenges. Specifically, the prevalent inadequacy of HR development and the lack of internal capacity in both the private and public sector enterprises for organizational change, renewal and strategic leadership. The learning organization approach tries to enact the strategic and operational objectives which will position organizations for enhanced continued existence, development, strategic change and prosperity. By adopting and enacting a learning organization approach, such organizations are better positioned to efficiency and effectively service their customers through the growth of a culture



and management leadership style which promotes a long-term sustained competitive advantage.

In my view, strategic leadership is not about techniques or methodologies, but it is about creating and adding value. There is something fundamentally different between pragmatism and ontology. This is the current issue for contemporary strategic leadership, which now brings us back to the research topic.

The problem with management science and methodology in relation to strategic thinking and organizational change has seen many researchers trying to find responses, such as Mintzberg(1991 and 1990); Guba (2005); Alvesson and Skoldberg;(2000); Tsoukas (1996) and Ansoff, (1991), whose arguments concerned systems thinking, organizational learning, intention and emergency. Traditional strategic management thinking has long since moved away from the purely mechanistic approach to the current development of system theories which are much wider systems. Today, systems theories are fast becoming the major role in the dominant and contemporary discourse in strategic management views.

These discourses have dominated the field of strategic management with topics such as visions, missions, policy rules, strategic plans, targets, performance, efficiency and improvement. Without these, organizations are not able to sustain any competitive advantage and be unable survive in the future. Furthermore, it not only applies to profit making, private sector organizations, but nowadays to all public-sector organizations and even to aid agencies and charities.

These present dominant discourses can be summarized by five very significant assumptions that have emerged throughout this research project and which, nowadays, tend to be completely ignored in organizational life. These are listed below:

Current conventional theories that dominate the main discourse assume that an agency is predominantly situated in autonomous individuals who can act rationally and from time to time act irrationally, but nevertheless are still autonomous.

All conventional theories assume that an organization, workgroup or society is a system.

However, some researchers do acknowledge that this is the pre-eminent approach of thinking about what organizations are. Workgroups, organizations, and societies are consequently thought of as beings external to individual employees, who devise their

minds as inner worlds. Individual employees form work groups and organizations which at that moment act back on them.

Definite concepts of causality have followed from this strategic thinking where individual employees' minds are inside the person and their organizations are outside themselves. As soon as individual employees act as autonomous agents, their strategic actions are instigated by rational choices via a rationalist causality. While employees are acting as part of an organizational system, they become subject to the formative causality of their system.

Nowadays mental and organizational systems can both be objectively observed and acted upon by observers.

Organizational change and strategic thinking streams from previous designs and that the solitary alternative will be chance happenings, which now become the emerging future.

These current dominant discourses have paved the way for new strategic management ideologies, creating new thoughts that aid the existing mainstream strategic thinking theories. This generally occurs through problems by means of unpredictability, interdependence, leadership, power, and conventional day-to-day activities such as dialogue and policymaking, all of which can contribute to a better fabric for social life.

## **7.2 Conclusions that strategic thinking leads to organizational learning**

Certainly, the traditional perspective of strategic management is based on knowledge creation, which is comprehensive and extensive as an evidence base for strategic thinking. As a result, what is the evidence base provided by the theories of strategic choice and organizational learning so that it could be called a management science? What is the evidence supporting the research enquiries that provide assertions of these current approaches to strategic management as set out in the preceding six chapters of this research project? Do the research questions proposed actually produce organizational success?

The explorations of answering the six research questions in the previous chapters commenced with what I considered evidence. This evidence came from journal articles, various academic texts, views of leading researchers, writers and management experts, all contributing to answering the research questions. This was generated by means of reading exact journal articles and literature reviews with a large number of repetitions of management experiments and case studies controlled in the actual situations. These enormous numbers of journal articles and

management cases studies and experiments may disprove research propositions, make predictions or provide strategic thinking prescriptions, which are then reserved as objectively valid evidence for the duration of this research project. The evidence base provided in this research project is comprehensive and rigorously generated to make available objective findings.

Disciplines such as strategic thinking, sociology and organization learning, and strategic management cannot conduct experiments in live conditions – we cannot test a strategy empirically. Likewise, it is very difficult to use double learning techniques as samples in live settings. Similarly, for that reason, the meaning of evidence has to change as we embark from the normal corporate sciences to the discipline of human resources management and development. The critical intention of this research project is to objectively provide that which can turn predominantly into problems, which results in voluminous and long debates on research methodologies in this field, as witnessed in case studies by Alvesson and Skoldeberg; Van de Ven and Johnson; Alvesson and Karrenman; Guba; Guba and Lincoln; Heron and Reason; Lincoln and Guba 1985.

The evidence provided in this final conclusion has been generated from reviewed literature in a number of different organizations and based on a number of methods, such as:

The examination of the statistical evidence is based on the methods employed in the strategic management. I examined quantities of financial statements, organizational performance and other relevant information that is essential and which organizations are legally bound to collect, such as mission statements, sales, market shares, expenditures and other human resource documents. All these provided basic raw materials to this research project for statistical analysis and interpretations. Numerous ways and means were developed by these statistics and probability which were then applied to the facts provided in the previous six chapters. These were used as the basis of reversion of exploration to produce proclamations of significance, to the proposed research questions and their actual connections to organizations.

There were, however, a number of difficulties encountered throughout this research project. Not all the significant variables in organizational dynamics are quantifiable. As a result, great efforts were made to present only qualitative variables and very little quantitative proxies were used. The use of such statistics is often unreliable and always

open to many interpretations, which can make a research study difficult, subjective and biased. There was also the difficulty of the time period and sample size – it is frequently difficult to acquire all the crucial statistical information over long time periods or for large enough samples of organizations. Furthermore, there are no exact repetitions of organizational dynamics ever recorded. To some extent, organizations are always very problematic with the testing of relationships. For the study to qualify as complete and rigorous, the statistical analyses had to cover a large spectrum. This was difficult to do given the nature of the research questions. Therefore, quantitative and statistical studies are rare in the enormous amount of literature on organizations and their strategic management.

This research project also used evidence from previously documented organizational case studies to obtain more in-depth evidence and extra qualitative investigations into decisions taken by strategic leaders in organizations. These case studies provided the foremost characteristics of learning organizations and the resultant developments of those organizations.

These historically verified case studies attempted to bring more objectivity to this research project, while on the other hand, this method can be subjective as it involved considerable degrees of interpretation on my part as the researcher.

This research project also considered evidence from a large number of research papers published in various academic research journals. This involved the investigation of various particular hypotheses carefully chosen by these researchers for current studies via all of the above methodologies. Some of the sources were rare journals and articles. Some studies tried to draw all the research questions into a congruent whole.

Finally, this research project used some of the circumstantial evidence regularly provided in the books and autobiographies of famous chief executive officers such William Henry Gates of Microsoft Corporation, Jack Welch of General Electric, and Michael Dell of Dell Corporation. These groups of top chief executive officers cannot sustain any claims of bringing evidence in a manner regarded as a scientific way, but their personal successful leadership stories bring better understanding of strategic leadership in contemporary times.

There were considerable problems in producing this research project. The project was long, rigorous and comprehensive. It had to recognize all the dominant discourses in thinking in terms of strategic choice and organizational learning. There were also difficulties where some of the main discourses did not attract much attention in the strategic management journals in the United Kingdom.

Finally, the methodologies of gathering and analysing evidence are practically constantly based on the assumption of efficient and developmental causality.

### **7.3 Conclusions established from the evidence provided by the theory of strategic choice**

The situation of trying to prove and establish a link between strategic choices and strategic leader performance has to date been very difficult. To some extent, the views of this claim to strategic thinking have resulted in relatively few studies in the effectiveness of strategic planning and there are very few current journal articles. Those there are state conflicting results. In 1979, a relevant journal article in the *Academy of Management Journal* by Wood and LaForge (1979) concluded that formal planning procedures enhanced the performance of a sample of banks in the United States of America. This was then followed by a journal article in the same journal in 1980 (Kudla, 1980) which analysed the returns earned via shareholders of strategically planning corporations. The corporations were then paralleled to non-planning corporations and the study concluded that in practice, there were no statistical differences. The sparse research from 1980 to the late 1980s for instance Armstrong; Greenley; and Pearce *et al.* continuously provided conflicting evidence.

An investigation in 1990 revealed that only 15 per cent of the United Kingdom's organizations really used long-term strategic plans as control mechanisms. These 15 per cent monitored their strategic plans and relatively compared them to the emerging future, by constructing a new place of work against organizational performance (Goold, 1990).

Mintzberg (2007) concludes that the reviewed evidence provided by the success of strategic planning processes was inconclusive, which left a large anecdotal evidence base as barely scientific. Later in 1990s, a few more studies tried to summarize earlier researchers, for instance Brew and Hunt; Miller and Cardinal; Regan and Ghobadian; Campbell-Hunt. Their conclusions were based on findings from evidence that supported a positive link amid strategic planning and organizational performance, drawing from 26 previously published studies. They concluded that various theoretical positions of strategic thinking still had to be reinforced. Their

findings came from a sample of 656 organizations that all used strategic planning and logical incrementalism to improve their organizational performance, particularly in turbulent and emerging environments. The findings revealed that even though most SMEs practised formal strategic planning, it very often remained little more than a glossy paper exercise. Therefore, we have no knowledge of whether prescribed strategic planning improves organizational performance or not. Yet, today, all organizations still embark on strategic plans.

Short *et al.* (2006) sought to detect whether factors affect organizations themselves, the strategic groups to which the organizational system belongs, or the industry of which it is a part. The writers of organizational performance provided a statistical analysis of a sample of 1 165 organizations in 12 industries carried out over a seven-year period. The research was carried out in the United States of America. Their analysis presented the influence all three levels (organizations, work groups, industry) were significantly connected by means of performance.

What can this mean? The study appears to conclude that all the selected variables had considerable effect, but the findings all became more complex than was in general understood as being the case. Organizational performance depends on the natural surroundings of the organization, its work groups and the industry of which it is part. Just how this is, is very difficult to say.

There were a various studies that focused on the effect the board of directors and the chief executive officer have on performance (Westpal & Fredrickson, 2001; Dalton *et al.*, 1998; Mackey, 2008). These concluded that the board leadership structure and board composition are not linked to performance. This was based on the review of 54 empirical studies. It is, however, not very clear whether board members or chief executive officers partake in the highest effects on strategic thinking in organizations. Furthermore, it is certain in some settings that the chief executive officers' impact is imperative in the industry. The effects of chief executive officers on their organizations is only moderately regarded, what is vital is their strategic business unit performance. Today we are, for that reason, left pondering on what is the impact of strategic thinking on corporate governance and chief executive officers on organizational success.

Furthermore, specialist studies were later carried out. For instance, researchers observed the effect of strategic business planning on innovation (Delmar & Shane, 2003) by means of

analysing 223 new Swedish ventures in 1998 and they concluded that strategic business planning is a significant forerunner to strategic action.

An additional in-depth case study of strategic planning system was carried out at eight key oil organizations. Their findings concluded that the strategic planning and emergent views could be reconciled (Grant, 2003). The reason was that these organizations already practised planned emergence, where strategic planning synchronized their decentralized strategy formulation activities through set objectives and corporate plans. Researcher Grant (2003) then concluded that these strategic planning systems presented very limited innovation and logical complexity. This research study offered various elements of subjective judgements and therefore was refuted.

Later two notable studies were carried out, and the RBV of strategy arrived at somewhat different conclusions. This was done by (Newbert, 2006) who concluded that there is very little empirical work to support the view of resource-based strategic thinking. Another study by Crook *et al.* (2008) offered more statistical analyses on 125 studies covering 29,000 organizations which then suggested that strategic resources thinking had a substantial impact on organizational performance.

Other studies that analysed the effect of leadership development programmes was carried out by Collins & Holton (2004), who concluded that such leadership development programmes can greatly improve knowledge and leaderships skills in learning organizations. This then offers assurance to the right development of strategic leaders. If organizations provide the right leadership development to its leaders, it will have some great effect on their strategic thinking. However, it is difficult to know what the right leadership development is and how we would know who the right leaders are. What strategic and leadership knowledge is improved through organizational learning, remains unanswered.

I can only conclude from all this that one cannot simply say what impact strategic thinking has on organizational performance and learning improvements. Nor can we say with any scientific certainty whether boards of directors, chief executive officers' strategic leadership development programmes, or any organizational learning, has any identifiable effect on successfully managing the emerging future.

It appears clear to me that the researchers who conducted and reviewed the above studies, did not have the kind of current evidence base required to qualify as strategies for leading the emerging future.

#### **7.4 Conclusions on the theory of strategy as organizational learning**

Today organizations have to establish formal mechanisms that encourage and facilitate learning of both its employees and itself.

A study done by Burgelman and Grove (2007) mentions research conducted by Collins (2001), who examined the results of corporations in the United States of America. The aim was to identify which of these may be categorized as the greatest organizations. Collins (2000) defined an organization as extraordinary if it had excellent and continuous results after 15 years based on its strategic learning. This study excluded the latest technological organizations from the sample for the reason that they had not been in existence for the last 30 years. Out of the organizations that had been in existence for 30 years, Collins (2001) could only find 11 who qualified as extraordinary organizations. His research claimed that such extraordinary success depended upon their strategic learning, an ironic mixture of personal learning and professional development, employees' willingness to conflict with the current facts, following a simple core strategy and attaining the number 1 position in the industry, being passionate about profit, having a culture of learning and entrepreneurship and lastly carefully selected useful technologies. Extraordinary organizations are relentlessly focused and invest energy one direction.

This immediately caused organizations to recognize the second dominant discourse, which predominantly concerned organizational learning procedures. Burgelman and Grover's (2007), argument is that since 2001, eight of the 11 extraordinary organizations have been acquired or have been underperforming due no non-learning strategies, leaving three extraordinary organizations in their study, namely are Abbott, Nucor and Walgreens.

There are other previous studies of the similar category, the greatest and notably one was that of Peters and Waterman (1982), who considered 43 outstanding United States of America organizations, which included names like as Boeing, Disney and Kodak. These researchers argued that these organizations were successful for the reason that they all had eight learning attributes, namely that they were focused on the core business strategies; learnt to be close to their customers; their productivity was based on its employees; autonomy and entrepreneurship



were encouraged; employees had to be hands-on and driven; favouritism for more actions; unpretentious forms of interactions were encouraged; lean staff structures and tight work properties.

Peters and Waterman contributed to the recognition of this second dominant discourse, predominantly bringing the organizational learning factors to the forefront. Nevertheless, over the next five years, two-thirds of the organizations in the sample had reached their apex, while others later failed, and others disappeared completely. Subsequently, two years after the Peters and Waterman studies, another one was done by Goldsmith and Clutterbuck (1994), this time focussing on the United Kingdom's organizations. Their analysis provided a comparable sample of excellent organizations, which produced the similar characteristics, and which resulted in equivalent findings as their American counterparts. The Royal Dutch Shell study by De Geuss (1998) found that continuous organizational learning can increase the average lifespan, by 40 years, of large industrial corporations.

Organizations these days certainly do not live longer than 100 years. No researcher has been able to identify what contributes to the survival or demise of organizations in the emerging future. Clearly, the modern population of organizations is a very complex and dynamically evolving one where new emerging organizations are born and the old ones die. With such an on-going learning process and systems, observing the outstanding or greatest learners will certainly produce only short organizational learning lived examples.

There appears to be very little indication of what constitutes successful learning organizations. What other approaches of evidence are there? None.

## **7.5 Conclusions on the strategic management process and learning from enactment**

In the previous few years, most organizational researchers are pursuing studies that reveal improvements in the management of organizations. By means of adopting what they designate as evidence-based management (Pfeffer & Sutton, 2006; Rousseau, 2006; Rousseau *et al.*, 2008). This evidence-based management can be defined by means of translating the ideologies derived from research into management practices. These ideologies can only be credible when backed by clear research findings.

Strategic management evidence here is defined as general knowledge around the cause and effect relationships derived from meticulous enquiry and observation. Today most researchers

claim that this approach to strategic management promises much-improved research, which further provides better reliability and greater accomplishment of organizational goals, since it is based on empirical knowledge. Strategic leaders are required to act on the current facts rather than on personal experiences or beliefs or use lobbying. This can allow them to probe, test and experiment with this approach to their organizational problems. There is evidence that certain unsurpassed practices founded on research can improve organizational performance and profitability. Those writing around the evidence-based management approach criticize it because of its regrettably poor acceptance in practices today. Current researchers have publicized its effectiveness in strategic thinking, goal setting and performance feedback. Strategic leaders still persevere in practising old ideologies; which researchers currently display as principally ineffective thinking.

Nevertheless, Rousseau *et al.* (2008) denote that while there is a massive quantity of evidence regarding the greatest strategic management practice, there is actually little amalgamation of diverse studies of the identical issues and practices. By amalgamation I mean a comprehensive gathering, analysis, transference and philosophical interpretations of all empirical studies relevant to specific research questions and organizational problems that strategic leaders and researchers can use as an evidence base. The evidence denoted here relates to the landscape of a specific organizational problem situation and which is now disturbed with whether a certain strategic decision-making technique can lead to the correct answers or not. Strategic leaders must gather all information and then base their strategic decisions on the analysis of that information.

Some researchers do not support this conclusion as they regard strategic leaders as not setting any goals. These researchers do not provide ample evidence to support their assertions. There are no strategic leaders in the contemporary world who does not set any goals or is not working towards some organizational goals.

However, the problem could be too much reliance on strategic goals. Researchers who advocate this evidence-based strategic management do not give the impression of being very concerned with whether these specific ways of strategic thinking around the management process is obliging or not. This certainly provides no systematic fusion of research evidence for such a claim that this leads to organizational improvement through learning. This line of thinking merely reiterates the third dominant discourse and makes unsubstantiated claims that have provided very little actual evidence bases.

One more group of current researchers are very worried about questions that describe the science of strategic enactment. These researchers are mostly concerned with the focus of strategic management in the healthcare organizations. They research how medical organizations and practices neglect patient management and appear to escape the need for strategic management. Presently, a few researchers are concerned with the strategic enactment evidence based on empirical medical strategies. They have found that merely publicizing the evidence and knowledge does not lead to involuntary strategic enactment. Evidence provided by Grol and Wensing (2004) from the United States of America and the Netherlands shows that 30 to 40 per cent of patients do not receive good care according to the present management guidelines. In addition, 20 per cent of the given health care is not needed or is hypothetically hazardous. Which has now directed a few researchers to request the development of the science of enactment? This is a rigorous scientific study of what supplementary strategies are essential for the enactment that would generate superior commitment to best practices. These researchers have recognized that organizational learning contexts and cultures play a significant role in whether or not the best practices are being engaged. These researchers try to find evidence base for medical management guiding principles so that their research provides a better strategic management understanding in the healthcare industry and to provide health care organizations with initiatives which can bring about the required organizational changes. Although these researchers conclude that there is only limited evidence of claims that enhanced strategic thinking leads to improved enactment, they have not found strategies where the effects of strategic thinking could be predicted with considerable. Presently none of the enactment improvement strategies generated reliable effects.

A very notable study was done by The Center for Quality of Care Research (WOK) in the Netherlands, which evaluated 13 theories and models concerning the enacting of organizational change. They involved the individual employee, workgroups and organizational methods. This study concluded that there is currently a deficiency of substantial knowledge regarding the influences in accomplishing specific forms of organizational changes, the actual workgroups and learning settings which support strategic enactment and other interferences are left to chance.

Grimshaw and Eccles (2004) of late conducted a strategic systematic review that reviewed 235 studies on parameters of disseminating and enacting strategies. They found that although there is evidence of success in specific circumstances, there is still little evidence that the precise

enactment of strategies is related organizational success. The generalizability of these findings could not be attributed to other behavioural or changes in settings.

While there are several organizational change management methodologies, in reality the general organizational settings should be considered. Their applicability to all healthcare professionals and their effect on management behaviours still remains to be established. This still necessitates the exercise of substantial strategic judgement on the part of decision makers, who now have to select the strategic interventions that are most likely to succeed.

#### **7.6 Conclusions established from the evidence provided by the specific strategic management thinking and business systems strategies.**

Many researchers have conducted research on strategic management thinking that concerns business process re-engineering (BPR) and total quality management (TQM).

Academic researchers such as Hendricks and Singhal (1997, 2000, 2001) proposed the usage of awards and prizes for the enactment of total quality management programmes in industrial organizations as commissions for the actual TQM. A study sample of 400 give rewards to front-runners, were selected, between 1983 and 1993, in the United States of America. This study was then publicly available and made use of accounting statistics, the stock values were analysed to investigate the organizational changes regarding the operating performance and revenue as a result of using active TQM thinking. This strategy consequently impacted the long-run stock market performances.

Yet, another research by Taylor & Wright (2002) analysed the apparent success of TQM systems thinking in 109 organizations, conducted during a five-year period. Approximately 42 primarily small organizations had discontinued their programmes, while the residual 67 informed fluctuating degrees of success. The conclusions drawn from this information was that the size of the organizations really does matters when it comes to strategic systems, the landscape of its consumer base is very critical, whether it embraces the ISO accreditation or not, had no results on TQM outcome. Boyne and Walker (2002), argument is that governments across the world should use TQM systems in public organizations.

Currently there are no empirical studies on the linkage between TQM strategic thinking and the performance in public-sector organizations. The most notable study reviewed 19 private sector organizations, which investigated the relationship between TQM thinking and

performance. Researchers concluded that these studies do not make available all-inclusive sustenance for a positive impact of TQM systems on performance.

Another significant study by Eskildson (2006), focused on 150 effective organizational U-turns in the United States of America, concluded that archetypal enactment of TQM strategic thinking revealed limited impact. An investigation carried out via a mail-based survey of 150 organizations in the United Kingdom associated with the European Foundation for Quality Management, concluded that quality improvement plans were professed, by strategic leaders, to be very effective (Soltani & Lai, 2007). This research concluded that there is still a major inconsistency between these strategic systems and the reliability of their practices. The surveyed organizations offered little evidence, which regarded the developing of more strategic approaches to management with regard to critical aspects of management superiority.

I get the impression that there are numerous repetitive proclamations in the management literature that TQM thinking has either prospered or failed, but then again few studies were actually supported by substantial evidence and the current available evidence is somewhat conflicting. There is no positive claim that Six Sigma will in future be replacing TQM and might be more successful in the emerging future. Nonetheless, there, again is still minute evidence which supports these claims.

The current aspects of BPR systems thinking are not at all promising and they are, for now, regarded as having failed. What is currently prominent is how scarce and inconsistent this evidence is. It scarcely provides a new basis for systematic evidence. A notable study conducted by Ezzamel *et al.* (2001), in this regard examined the experience of managers at a manufacturing organization in Northern England, who, after the re-engineering working systems and practices, sought to respond to strategic corporate-driven initiatives. This study found that it was actually a frustrating experience since employees practised all means of individual and collective acts of resistance. Employees gave expressions of strategically collaborating, while behind their functional divisions they repeatedly destabilized these strategic initiatives. The current problems with evidence connecting these strategic organizational actions are that it is extremely dependent on the organizational context and time period.

There are some researchers who have now focused on strategic human resources management thinking (SHRM) on the relationship between human resources management (HRM) practices

and organizational performance Truss (2001), made critical uses of quantitative techniques, while (Huselid et al 1997) demonstrated the linkage between the High-Performance Work Practices found in SHRM and a whole range of individual and organizational learning outcome variables. Their cross-sectional studies depended on single answers from each employee, in each organization, on questions about HRM practices and performance. The researcher Truss (2001), embarked on a longitudinal case study of Hewlett-Packard, covering a period of two years, gathering data on various parts and then conducted several questionnaires and interviews with numerous employees in that organization. Truss concluded that organizational changes occur very slowly in SHRM and the strategic leaders handling this organizational change do not constantly change right to it. The evidence on the outcome of strategic HR training and development is conflicting, and informal organizational learning processes, through networking, are currently overriding most of the formal SHRM organizational learning processes and systems thinking.

Finally, I consider the strategic thinking evidence, based on the most highly notable and popular strategies of mergers and acquisitions. A study conducted by Akhavein *et al.* (1997) revealed findings which revealed that large banks were merging, and their strategic thinking was based on the significant increase in profits and more efficient organizational learning, relative to non-merging large banks. Their organizational learning had shown that most improvements come after increasing incomes and shifting their product ranges to higher values. A future study by Andrade *et al.* (2001) denoted that mergers between 1978 to 1998 suggested positive stock market responses to the mergers, this suggested that the strategic thinking created huge values for shareholders and improved operational performance through organizational learning and knowledge sharing.

Another notable study by Amihud and Miller (1998) stated the minute evidence there was of the strategic thinking success or failure of the major bank mergers, predominantly after the main increase of merger activities after the year 2000, which resulted from the deregulation. A research paper by Cartwright and Cooper (1996) explored numerous studies on the strategic impact of organizational performance in mergers and acquisitions which concluded that these activities lead to disappointing strategic history. Researchers Dickerson *et al.* (1997) investigated the impact of acquisitions and mergers on organizational performance over a long period of time, based on a large sample of quoted organizations in the United Kingdom and they concluded that acquisitions bring many detrimental impacts on the organizations

performance and organizations growth strategies. In 2001 Tichy's examination of empirical merger studies resolved that no more than a quarter of mergers improved consumer wellbeing, although the alternative quarter augmented more revenues at the cost of learning their consumer needs and this reduced competitive advantages which affected half the value of the organization. In 2003 research findings published by King *et al.* displayed that organizational performance was not improved via acquisition activities in the United States of America and this negatively affected strategic thinking to an uncertain extent. The study by Andre *et al.* (2004) covering 257 Canadian mergers and acquisitions from 1980 and 2000 disclosed that the acquirers significantly underperformed during the first three years of the acquisition. The research published by Ingham *et al.* (2007) revealed that expenditures more than doubled upon the acquisitions and regardless of the current agreement in the academic literature, these strategic activities do not improve performance. These researchers drew evidence by surveying 146 of the United Kingdom top 500 organizations and then concluded that large acquisitions did not increase organizational performance, while small acquisitions do not agonize over similar problems. The same researchers of the above study, similarly conducted a survey of chief executive officers, concerning their strategic thinking and thoughts on mergers and acquisitions and their findings revealed that in spite of any evidence to the contrary these chief executives stated that their organization's performance and learning were improved by these acquisitions.

Strategic leaders seem to think that scientists remain extremely doubtful about leading from the emerging future given the current absence of comprehensive and rigorous environmental evidence supporting their real-life future emerging propositions, predictions and prescriptions to their strategic management problems. Currently there is no objective basis to claim that strategic leadership management disciplines are thinking sciences. This creates the foremost problematic organizational strategic equations that should be resolved, not as a traditional science, but as sciences of future emerging uncertainty.

### **7.7 Conclusions established from the Evidence drawn from using 'Theory U' as emerging strategic thinking**

Theory U: Leading from the future as it emerges has seen more organizations embracing its principles and practices. This is then combined with their strategic thinking through incorporating it as a:

Strategic leadership tool.

As an organizational learning technique.

As an organizational change and transformation model, and  
Innovation programme.

The future is no longer about the size of the organization, its age, its geographical location, and coverage.

The future is about how quickly organizations change and transform to needs of their customers, markets, and micro and macro-environments.

'Theory U' provides organizations with a future orientation framework.

Theory U' affords several advantages for future readiness for organizations by means of converged infrastructure.

'Theory U' provides faster service and product provisioning.

Theory U' provides better resource utilizations through continuously learning.

#### **7.7.1 Empirical evidence of strategically enacting 'Theory U' in organizations**

'Theory U' increases customer satisfaction and retention.

'Theory U' increases customer acquisition.

'Theory U' increases the revenue from new products.

Reduction time to market for new products or services.

### **7.8 Recommendations**

#### **7.8.1 Recommendation for strategic separation of intention (strategic choice theory) and emergence (organizational learning theory) and Theory U (leading from the emerging future)**

I recommend the use of all three theories together as follows:

Strategy formulation should be a cognizant and rational process of thoughts, formed in a controlled system through enactment.

The strategy formulation process should be the leading concern of the chief executive officer.



The initiatives of the strategies must bring into line all the internal capabilities of the organization.

The organization must align its strength and weaknesses to its external environment.

The organization's future emerging opportunities and threats should be observed and developed.

Organization must have values and ethics that should be documented while the most significant ones are given full strategic attention.

### **7.8.2 Recommendations from different schools of strategic thinking**

Organizations should make use of the design school's processes of judgement.

Organizations can use the rigorous analysis procedures of the planning school's processes.

The entrepreneurial school's processes offer an organization the greatest intuitive thinking.

Organizations today must strategically think before they embark on any actions. This directs in practice, how thinking and acting progress together so that formulating, and enactment are not stringently chronologically.

The deliberate strategic choices that are occasionally formulated must embrace the processes of organizational learning.

Discovery should be embraced in the strategic thinking patterns of actions concerning the emerging future which must also provide an encirclement of on-going learning processes.

A mixture of deliberate strategic design and on-going organizational learning should predominantly be contained in unpredictable and turbulent environments.

Organizations must practice trial and error, which is based on past experiences of their major elements in the strategic process. This leads to improved enactment of intended strategies.

Organizations today must put great emphasis on emergent strategies and learn processes.

Organizations must constantly develop measures to respond to environmental turbulences and then recommend incremental strategic plans with low-level turbulence.

It can quickly be discontinued when environments stabilizes.

Organizations must embrace change through random events which should be selected for long-term survival as a competitive advantage. This is recommended when unplanned events emerge concerning the organization competitive position and the chance variations affecting their strategy as organizations evolve into an unpredictable future.

Organizations must embrace on-going developments to their intuitive approaches which need not only depend on current predictions or systems control. This leads to purposeful strategies that can quickly realize the desired outcomes, without dwelling on the mode of strategies which emerge as non-deliberate in everyday practical organizational life. This describes the practical strategy for managing through originality, mindfulness, and presently absorbed in the involvement of the worldview, that precedes any mental models or mind reflections or symbolic representations.

The strategic management literature continues to differentiate strategic thinking as the deliberate realization of intention, and strategy as patterns of action emerging in processes of muddling thoughts, and trash thoughts. However, can making strategic decisions be mind-numbing based on copying, or less disparaging focused on learning? Emergent strategic thinking is understood as unsystematic and ascending via chance, which is a rather very messy process often categorized as completely the opposite of rationality.

A fascinating recommendation, concerns whether strategic decisions should flow after strategic thinking actions or whether strategic plan should flow after external patterns: since there are always new patterns arising, should there be an obligatory devise to a strategic plan? This highest strategic thinking challenge to date is, must strategies continuously be deliberate, or should they emerge, (organizational learning and 'Theory U') as this causes patterns to impartially form from out of the strategic leaders' actions? Strategies start to emerge based on a series of decisions. Patterns begin to form over time. Mintzberg (2007:4) recommends that deliberate strategy should be about systems control and emergent strategy should be about organizational learning. Through this learning development, employees learn their way into strategic actions and decision making. Devoid of strategic leaders, strategies may possibly form, even understanding that this is occurring. Finally, organizational learning must be by trial and error, which is gradual or incremental in organizational changes, where particular projects set precedents that create new emerging patterns.

Since strategic leaders continuously search for control of the strategic process, I cannot say that emergent strategies purely imply no control. In its place, practical strategies should combine

the deliberate and emergent. This currently implies some thoughtful choices between the process of emergence plus 'Theory U' and the process of deliberate control.

The current recommendation is that strategy formulation must be deliberate. The intended strategy must be deliberately formulated or planned by strategic leaders. This should be the result of strategic planning, strategic leadership, vision, or the externally imposed strategies. Its development must be related to the practical use of chosen tools, techniques and frameworks that will support accurate strategic analysis and evaluations. The strategy enactment should be recommended as both deliberate and emergent. These form equal forces in the strategic process. It is very difficult to conceive the total absence of intentions that could be anticipated in only emergent strategies. Emergent strategy should be perceived as identical to strategic learning.

The final recommendation I reach at this juncture, is that the dominant strategic discourses have not made considerable progress concerning whether strategy thinking should be intentional or emergency. Strategic leaders nowadays claim that strategies are always emerging and that they never just form, do not just occur anyhow, are not random or chance occurrences. In its place, strategies can emerge in the relationship of several intentions.

### **7.8.3 Recommendations on organization as systems in this world or in the mind**

Systems thinking is a dominant strategic thinking discourse that recommends a predominant manner of speculating or thinking in organizations.

This is a critical problem in strategic thinking that does not receive adequate attention. This research project provides the evidence that thinking of an organization as a system is beneficial. Systems thinking has been dominating the discourse on organizational dynamics and strategic management. Literature widely recommends the hypothesis that all organizations exist in the form of systems.

I recommend three reasons for claiming that it is contemporary that strategic leaders think of organizations as systems.

Strategic leaders should think in terms of systems, which means that thinking focuses on determinative causality, which is cannot embrace through rareness or creativeness.

Strategic leaders are recommended to perceive their system as a whole separated by means of a boundary, from their environment and which consists of various fragments continuously interacting to make the whole and themselves. These fragments are only necessary for establishing the whole. This means that strategic leaders should think of an employee as a fragment of a system, which cannot be excluded from the theory of human agency. Strategically thinking like this has all its positive and negative aspects, since all that is truthfully in the human mind can never be fully or impartially understood and has the propensity of choice and spontaneity.

Strategic leaders should have enormous conceptual skills for separating a system from its environment or its context. This permits the creation of an all-inclusive system where both the inside and outside system are apprehended. This instantly infers that strategic leaders become an energetic observer. The *locus* of strategic leaders as observers outside their system was first recommended by Bateson (1972). Later, the second-order system thinking made attempts to broaden their boundaries of thinking to integrate observers. Conversely, this future thinking can lead to numerous infinite strategies or into retrogressively strategic arguments.

System thinking provides coherent ways of modelling modern organizations into a whole, or as a global phenomenon, which enables the strategic leaders to be at the centre of the organization and as it permits them to examine the circumstances which are at micro- level across the whole organization and to make decisions in a rational manner. All this involves a balance between the observer and the organization problems, between the solution, the sender, receivers and between decision and outcomes.

On the other hand, the position of strategic thinking regarding organizations as systems is perceived by some strategic leaders as a concept of rejecting any form of meaning connected to systems thinking, undeniably the word *system* then becomes taboo in their organizations. This progression then hinders their interpretations of organizational events.

Not all the tools and techniques of systems thinking positively promote discussions and dialogues. This thinking risks thoughts getting stuck in empty abstract thinking, which merely reflects the messy reality of confined interactions. This can be a very ineffective manner of thinking around large predictable strategies in highly variable environments. However, organizations always present many evolving patterns of interaction, consisting of various activities between employees who are regularly employing numerous ways to achieve this

interaction with tools that they design, and these designs significantly increase their understandings of the means by which the jobs are linked to a system to produce one strategic purpose. Nonetheless, employees are not a system but are individuals who employ a system to their strategic actions. Therefore, the organization's societies, employees, and consumers cannot be perceived as systems.

#### **7.8.4 Recommendations based on the organizational characteristics and the nature of the environment**

Organizations vary in their characteristics and exist in diverse environments. The procedures of strategy thinking are being expected to vary according to each context. As a result, diverse strategic thinking techniques are required and dissimilar progressions for handling the strategies could create a sense in different situations.

At hand are three most important contextual influences.

Strategic leaders must be aware the characteristics of their organizations, is it small or large? If organizations are small these few individuals can properly give comprehensive directions of their strategies, which is most cases is the chief executive officer.

However, this may be very difficult in enormous organizations. If the organization is enormous, it too becomes very complex, like having different business units.

Strategic leaders should know the nature of their environment.

If their environments are stable, understanding is easier. Decisions are mostly likely influenced by the future nature of the environment.

If there are relatively dynamic and uncertain environments, their past is less of a predictor. Strategic leaders should search for a view of the future rather than further back into the past.

In complex environments, understanding is more difficult and complexity influences dynamic thinking. This happens in most high-tech industries.

#### **7.8.5 Recommendations for strategic organizational change**

Strategic leadership is the means of managing organizational change. Organizational change is inherent in all strategic thinking. This affects the feasibility of all strategies in practice.

Strategic leaders need to consider these significant concerns when diagnosing the context of their organizational change.

Why is such strategic thinking important in this context? Leaders should be fully aware of the time available for the change. The safeguarding of some of the critical features of an organization will possibly be desirable, specifically the competencies that affect the changes. Today the diverse strategic leadership experience, their views and their opinions within an organization can support the strategic thinking process. Strategic leaders must be able to consider the availability of resources and to adjust cost to finances and time accordingly.

### **7.8.6 Recommendations on strategic leadership**

Leadership is the process of influencing an organization or work group within an organization in its efforts concerning the achievement of its objective or purpose. Without effective strategic leadership, employees in an organization will be unclear about their purpose and lack the motivation to deliver it. Strategic leadership is a result central to strategic thinking.

There are three crucial references that are particularly significant:

Strategic leaders should always be envisioning the future strategies, the current strategic thinking needs to make certain there exists a clear and captivating vision of the future. The strategy must be clearly communicated to be accomplished by both the internal and external stakeholders. If this is overdone, it can lead to confusion.

Strategic leaders must align the organizations to deliver that strategy. This consists of having an organization that empowers its employees. They must be committed and motivated. Leaders should build and foster relationships of trust and mutual respect throughout their organization.

Strategic leaders ought to embody organizational change since they are perceived by others as being closely related to the future strategy and strategic thinking, both inside the organization, and with regard to other stakeholders and outside observers. A strategic leader is then highly significant in the thinking process and should be the role model for the creation of future strategies.

Strategic leaders must have good work ethics that produce results. They should be committed to the employees. They must be able to select the right priorities and probably be very flexible. They have to wholeheartedly encourage and support the whole strategic

thinking initiatives and should encourage employees in new ways of thinking. They should increase diversity for their employees. They should provide a clear picture of the future and always aim to develop all employees' skills.

Finally, strategic leadership always includes others in everything in the organization.

### **7.8.7 Recommendations for styles of strategic leadership**

At present, there is no greatest style of strategic leadership. Likewise, there is only evidence that suggests successful strategic leaders are capable of adjusting their styles of leadership to the context they face. This is known as transformational and situational leadership.

Theory E is change-based on the pursuit of economic value and is typically associated with top-down management, the emphasis being on change so that structures and systems, financial incentives, often associated with portfolio changes, downsizing and consequent job layoffs.

Theory E is change-based on the development of organizational capability. The emphasis is on culture change, learning and participation in change programmes. Strategic leaders should encourage education which encompasses the persuasion of others in the need for learning and the means the organizational learning. Must influence their employees that learning today is imperative, and the new direction of the organization is the correct one. Since strategic thinking is always probable to different interpretations throughout their organizations. The strategic thinking mental frames must always be relevant to the diverse work groups and occupations, in order that the strategies are correctly enacted. Then gathering feedback on how this has been understood and communicated inside these work groups. They should make sure that there are always on-going dialogues on the progress so that there are positive reinforced behavioural recommendations that are in line with strategic thinking, then reward the achievements of the strategic goals and objectives.

Strategic leaders must inspire collaboration in their strategic style by setting collaborative plans and involving all those who are affected by this strategic thinking. This involves the documentation of strategic problems, sharing the strategic decisions-making processes, the setting of priorities, and partaking in the actions.

Strategic leaders must encourage participation in their style so as to preserve the direction of and power over the strategic thinking and learning, through the delegation of only critical elements.

Strategic leaders need to give direction, which involves the using of authority to establish clear strategies on how enactment will occur.

Strategic leaders should coercion in directing and imposing extreme difficult forms of strategic problems, giving them explicit use of power.

Strategic leaders must use different leadership styles in different contexts and sizes of organizations.

### **7.8.8 Recommendations for using 'Theory U' as a part of a strategic thinking approach to leadership**

'Theory U' offers forward-thinking approaches. It debates what is needed for the future of organizations as they face the third millennium, where their own survival is in the hands of their strategic leaders.

'Theory U' is devoted to further developing these new social technologies by integrating science, consciousness, and profound social change methodologies.

Strategic leaders using 'Theory U' must support their organizations developing an improved future agility.

Strategic leaders should provide maturity to drive the whole organization along the 'Theory U' journey.

'Theory U' must focus essentially on organizational outcomes.

Strategic leaders should use 'Theory U' to build the right infrastructure for innovation and learning.

Strategic leaders focusing on 'Theory U' must choose the right customers, employees, experiences and capabilities.

At present, there is an invisible shift in the world. This then creates numerous concealed barriers in leadership blinds spots.

Strategic leaders need to be currently focused on their strategic thinking. Strategic leaders must be future aware all the time.



Strategic leaders should be future focused on the emerging events.

Strategic leaders have to be future initiators.

Finally, 'Theory U' should be combined with emerging strategic thinking to enhance better future strategies.

### **7.8.9 Recommendations for handling strategic thinking conflicts and diversity of thinking.**

This forms the last successively dominant strategic discourse on organizational complexity and management dynamics. It has not received the attention of researchers and has been neglected. Nowadays, positive organizational performance depends upon harmonious interactions among its various memberships in the organization. This means that all employees must buy into the vision and the behaviours, which then reflect the matching values. This critical postulation provides the most extensive recommendation in this research project, which is that organizational success needs serious alignment of objectives and strategies, and human competencies that can sustain competitive advantage and the consistency of strategic enactment.

Unavoidable conflict then causes misunderstanding, undesirable politicking, confusions and the quest of individual agendas that are unfavourable to the organization. The conflict then becomes an undesirable distraction from positive functioning which will then entail new thinking action to resolve this conflict. Most of the management literature today recognizes and comprehends conflict as a very negative characteristic which causes antagonistic interactions concerning employees who are characterized by argumentativeness, aggression, anger, disagreements, bitterness, physical fighting and on occasion the whole cessation the organization.

The final recommendation is that of diversity. Diversity improves problem solving and upsurges creativeness. This should be done through increasing the number of organizational members, which, then increases the focusing on the all-inclusiveness of under-represented minority or majority groups, through proactive efforts incorporated in their diversity as a predecessor to affirmative action (Gillbert *et al.*, 1999). Analysis of the relationships concerning the increasing of diversity and organizational performance by Richard *et al.* (2004) leads to the recommendation that at top management level, heterogeneity can be a very positive

strategic asset in certain contexts. This diversity should be well exploited to advance the substance of long-term competitive edge. Strategic leaders should develop organizational capabilities that maximize all the benefits of diverse human capital.

Diversity management is recommended as being a new paradigm for HRM. Other paradigms include resisting discrimination and encouraging fairness, the positive access and legitimacy to all and the consciously learning and organizational effectiveness. Strategic leaders are recommended to make the preconditions for shifting mental maps and correcting human minds, through the following, as listed below;

Strategic leaders must truly embrace a variety of views and permit different perceptions in their diverse workforce.

Strategic leaders need to identify the problems that diverse perspectives present.

Their organizational culture must generate an anticipation of very extraordinary standards and organizational performances from everybody.

Their organizational culture should encourage individual development through the better designing of jobs and the provision of training.

Strategic leadership should encourage frankness to sustain current organizational debates and constructive conflict.

Strategic leaders must make all employees feel valued.

Strategic leadership should always provide a well-expressed vision which is vital to ensuring that work deliberations remain engrossed on accomplishing these strategic goals.

The organization must be democratic and non-bureaucratic.

Strategic leadership should make superior utilization of all their workforce talents.

Strategic leadership must continually increase their marketplace understanding through organizational learning.

Improve the extensiveness of understanding of their leadership positions.

Improve creativity in the workplace.

Improve the quality of work team problem solving through providing prescribed inductions programmes for new recruits, assist in the criteria for selection and advancement of all employees and having a policy on equal opportunities for all.

This last chapter has put forward recommendations for the most valuable alternative ways to engage in strategic thinking. Strategic thinking should be based on some approach focusing on a new emerging science of uncertainty rather than of certainty. Secondly, we need organizational challenges of the emerging future to be resolved or else circumvent the current debates on the separation between strategic intention and strategic emergence. Thirdly, a contemporary useful alternative should emphasize strategic leaders to conceptualize their organizations as holistic systems. Fourthly, this future alternative thinking would circumvent the traditional dual rationalize and formative reasons. Fifthly, the emerging future strategic thinking should be grounded on a realistic understanding of conflict and diversity of human beings rather than on systems.

## **7.9 Future research questions**

While conducting this research project nine very interesting future research questions popped up, suggesting the importance of continual research, these are listed below;

If strategic thinking is not scientific, what thought processes can generate such knowledge?

If future organizations are not systems and cannot be practically thought of as systems, how else should we think about them?

If employees in the future are no longer autonomous, then what will they be?

If organizations are not systems and employees are not autonomous, how should we think about the strategy processes, mostly the interrelated opposites of intention and emergence and the macro and micro procedures?

If the strategic thinking of predictability, rationalization and formative causality becomes incomplete in our understanding of learning in organizations, then what other theory of causality is more convenient?

Is strategic thinking is predominantly about solving future emerging problems or does it improve practical learning and understanding of many kinds of organizational theories?

How will strategic leaders think strategically in a future that provides no theoretical answers? How can we capture their out-of-the-box strategic thinking?

Is it possible that organizations can treat conflict and diversity thinking as a new paradigm and a new resolution for improving strategies in the workplace? If so what future role will these debates play when it comes to participation in organizations?

What role will upcoming strategic management philosophies and power play in strategic thinking?

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## APPENDIX A: DECLARATION OF LANGUAGE EDITING



Director: CME Terblanche - BA (Pol Sc), BA Hons (Eng), MA (Eng), TEFL  
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### DECLARATION OF LANGUAGE EDITING

I, Christina Maria Etrechia Terblanche, hereby declare that I edited the research study with the title:

**RETHINKING ORGANIZATIONAL LEARNING USING THEORY U: AN ONTOLOGICAL APPROACH TO STRATEGIC LEADERSHIP**

for **Tonderai Fundira** for the purpose of submission as a research study for examination. The changes were affected in track changes and comments and the consideration of the changes was left up to the author.

Regards,

CME Terblanche

Cum Laude Language Practitioners (CC)

SATI accreditation nr: 1001066

Full member of PEG