

# Learning Organization

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## Abstract

The aim of this paper is to present a systematic review of knowledge and access to the current management. This topic is assessed as the present approach to management especially from the perspective of the newly applied discipline, usually known as Knowledge Management, which forms the basis for building a Learning Organization. Firstly, the paper is focused on a brief introduction to Modern Management theory. Overview of approaches and ideas of Modern Management creates a information base and generates the opportunity for comparison of the current management. The main part of this paper is dedicated to discussion of the current developments in management, especially Knowledge Age and Learning Organization concept. Conclusion of this paper is devoted to converging views on the Knowledge Age.

## Key words

Modern Management, development of Modern Management, Learning Organization, Systems Thinking, Personal Mastery, Mental Models, Building shares Vision, Team Learning, metanoia, Knowledge Age, industrial age, unpredictable times

## 1 Modern Management

Modern Management is the term for a set of systematically developing management knowledge since the second half of the 20th century and it is often classified by five basic managerial approaches:

1. procedural approaches,
2. system approaches,
3. quantitative approaches,
4. psycho-social approaches,
5. empirical approaches. [1]

These approaches represent the expression of a coherent set of opinions on Management discipline. Interpretations of individual approaches are different, however, in practical application are often a complement to each other. For consistency of this management discourse, mentioned management approaches can be briefly describe by these features:

- ad 1) The process approach deals with the comprehensive, harmonized functioning of the organization, the orderliness of its management functions/processes, namely: planning, organizing, staffing, leading, coordinating, reporting and budgeting.
- ad 2) The system approach is based on a comprehensive behavior of management sub-processes and their coordination. This approach applies the principle of mutual integration of business entities in the transformation process.
- ad 3) The quantitative approach involves the application of formalized methods with algorithmic activities and procedures.
- ad 4) The psycho-social approach is focused on a set of activities related to the selection and placement of workers in the company, their leadership, motivation and stimulation.
- ad 5) The empirical approach is based on analysis and generalization of practice management knowledge. [1]

## **2 Development of Modern Management**

Based on the previous text, knowledge of Modern Management is not ideologically homogeneous. Therefore, this knowledge requires a critical mind and purposeful creative choice in practice. This realistic assessment concept and integration of knowledge is applied in the current management, often referred to as management under conditions of continuous and critical changes. As stated in the book [1] by the authors Leo and Olga Vodáčkovi, changes in the company environment progressed much more slowly in the past, thus it was possible to adapt to them systematically. National and world economy is depended on a number of dynamic changes caused by the influence of a turbulent environment as follows - competition is increased, there is excess supply over demand, the rate of innovation cycles and new knowledge in science and technology are increased, the importance of strategic alliances is increased as well. All these factors exert a pressure on the constant changes and the company have to respond adequately to them. Frequency of each change is very rapid and problematically predictable. Based on these facts, the current management in terms of management control, thinking and acting requires:

- a) proactive approaches needed for creating business opportunities
- b) careful attention focused on the changing external and internal environment of the organization,
- c) effective and efficient speed of response to positive and negative impulses,

- d) rapid and significant changes in business activities,
- e) art of innovate activities as needed,
- f) creating sharing and evaluating information and knowledge capital of organizations,
- g) integration,
- h) establishment of new political and economic cooperations,
- i) synergy. [1]

The current trend in the Management uses knowledge of all approaches and thoughts, integrates a combination of classical and modern approaches to management, thereby creating and evaluating an effective knowledge base of organizations. The purpose of this development is to improve or strengthen the competitive position by ensuring long-term sustainable competitive advantages. [1]

The current managerial negotiation is based on the ability to work with information and knowledge. According to the book [1], not only theory but especially practice of the Modern Management in recent years shows that managers and their organization controls can gain a competitive advantage through professional working with data, information and knowledge – it is about their quality and also obtaining them in advance before relevant competitors.

It follows that the importance of the time factor and acquiring knowledge for the organization constantly grows. New discipline usually referred to as Knowledge Management deals with the issue of improving the knowledge base of organizations.

### **3 Concept of the Learning Organization**

The concept of the Learning Organization is a part of the new discipline of knowledge. As stated by Senge [2], the thing which will significantly differentiate learning organizations and the traditional controlling organizations is a degree of acquisition of certain basic disciplines. Furthermore, the Learning Organization is in this book described as the organization where people continually expand their capacity to achieve required results, where new and creative ideas and ways of thinking are supported, where a space for collective aspirations is create, and where people are continually learning how to learn together.

Senge also notes that the ability to learn faster than competitors can be the only sustainable competitive advantage. This point of view, as also appeared in the publication [1], is currently summed up in a recommendation to learn faster and better than major competitors. Senge in his book illustrates and explains the growing and currently enormous importance of the knowledge gained from the learning process. For advanced knowledge organization is still easier to ensure other necessary financial and material resources. The knowledge capital is the best guarantee of future prosperity. Learning society is based on a systematic and long-term learning process, or in other words on permanent reproduction and expansion of knowledge. Typical feature of the learning society is a continuous learning and using of new knowledge, skills, abilities to activate people and their assumptions. Learning is

the base for the continuing improvement of work and prosperity. It is a way of a purposeful transformation of organization which is worked on the employees and their successes, mistakes, failures and faults. The organization is taught as much as it is able to identify and correct its mistakes.

Learning is not just about individuals. The purpose of learning is primarily strong-minded professional and skill development of the organization as a whole. The way how to achieve this is a cooperation of individuals and sub-teams, both in the actual process of learning and especially in its application. [2]

Mainly five mutually integrated factors contribute to the process innovation of a Learning Organization, as mentioned in the book [2]:

- **Systems Thinking** Factor of Systems Thinking requires the processes of learning to be observed the requirement of integration and interdisciplinarity. Systems Thinking is also referred to as the most important fifth discipline and represents an integration framework for a learning society. The component of Systems Thinking integrates all disciplines into one unified complex of theory and practice and provides the methodology how to understand and influence the development of the organization as a living system. The resulting effect of integration of all the factors is significant apart from the sum of isolated effects of each discipline. Further, the author compares System Thinking to the new shared corporate language - learn a new language means cooperated learning of this language. There is not more efficient way how to master the language than start to using it. And this is exactly what happens when a team starts learn the language of Systems Thinking.
- **Personal Mastery** Factor of Personal Mastery reflects the ability of gaining the dominance over the people or things and their control (master). Personal Mastery is the factor of a constant work on the specification of a personal vision, development and lifelong learning. In order that Personal Mastery is became a discipline or in other words is integrated into the workers personal lives, it requires the fulfillment of two prerequisites - continuous brightening what is important and continuous acquisition of the ability to see the current reality. The mutual comparison of vision and a clear picture of the present raises, as Senge says, a creative tension. Creative tension is a central principle of the Personal Mastery which develops endurance and patience, qualities that are crucial in the business world.
- **Mental Models** Factor of Mental Models could be characterized as deeply ingrained assumptions, generalizations or ideas that create personal view of the world. The starting point of this discipline is working with mental models and uncovering of individual worldviews, naming and re-evaluation. Tools of Mental Models could be refered to a large amount of various information networks which are created for the consistent interaction between employees and climate of discussions about business problems and mutual ideas assessment. Continuous self-inquiry is the base of Mental Models discipline.

- **Building shares Vision** Factor of Building shares Vision reflects the idea of encouraging organizations to common goals, values, mission, purpose and identity. Element and a prerequisite of the real sharing are the common images of the future which express a true sense of community and involvement. A shared vision has for a learning organization a vital importance because it gives focus and energy for learning. If people have truly shared vision, they are interconnected by a common goal and their shared vision is created by their joint efforts and desire to engage in any meaningful activity. The vision shared in the company changing personal relationship to the company - the company is no longer called their company, but the company is becoming known as our company. A shared vision is the first step to allow people, who previously did not trust, start to cooperate. Shared mission, shared vision and shared values of the organization creates the basic level of a reciprocity sense. Furthermore, shared vision encourages the bravery to follow a risk and experiment which are the basic skills for a current turbulent environment.
- **Team Learning** Factor of Team Learning explains how much the cognitive abilities of teams exceeds the ability of individuals due to the fact that the members of the team have a suggestive dialogue and discussion by which they come to an affirmative decision. Team Learning in an organization shows three critical dimensions. At first, it is necessary to start a close thinking about complex issues in a spirit two heads are better than one. Secondly, inventive and coordinated action or creation of a working trust are needed. The last dimension is the role of team members in relation to other teams - learning team affects other teams and inspires them by Team Learning procedures and skills. Team Learning is a collective discipline, which includes the capacity for dialogue and debate. The purpose of the dialogue is exceed the level of knowledge of each participating individual to create a source of shared thinking. It is essential to the dialogue that reveals the differences and disagreements, also the ability to think about one another as colleagues, or colleagues with different views in order to find the best affirmative decision. [2]

Mentioned factors are in the book [2] identified as disciplines of the Learning Organization. They are a complete theory and techniques that have to be studied, adopted and applicated in the organization. These techniques, as Senge says, are the result of research activities, experiments and inventions of hundreds of people. Based on this fact, these techniques are became a solid foundation for the further process of mastering the essential knowledge. Moreover, these five disciplines should be developed as a whole, which is very important. This is a very challenging task because it is naturally easier to apply each discipline separately than integrate all of them into a whole, however, the benefits are colossal, as Senge says. This is also the reason why the Systems Thinking is the fifth and the most important discipline. It is necessary to master the disciplines of a Shared Vision, Mental Models, Team Learning and Personal Mastery in the company to Systems Thinking could realize its potential. As Senge explains in his book, building a Shared Vision supports the

efforts and long-term goals. Mental models are focused on uncovering the deficiencies in the ways how the organization perceives the surroundings. Team Learning develops the ability of groups of people to look at things from a broader perspective than what an individual look constitutes. It is about the realization that the cause of the problems that impinge on us are our own deeds. In a Learning Organization, people have a constant overview of the broader context and implications of their actions, and therefore they have the ability to adapt their behavior immediately. Senge explains this as a movement in thinking, or metanoia. Senge adds that organizations are able to respond to sudden changes, which happen on the market, but are unable to notice the progressive changes which form these sudden changes. The ability to notice the progressive processes of change, which for the organization often mean a doom, is hidden in slowing down and focusing on our own activities. [2]

## 4 Converging views on the Knowledge Age

Processes of learning are in the organization the driving force of the creation of long-term competitive advantage. The bearer and implementer of the learning process are workers. Peter Senge's Fifth Discipline [2] states that learning individuals are not the guarantee of organizational learning, however, without the learning of individuals it can not be talked about organizational learning. Team learning is a collective discipline whose aim is to exceed the level of knowledge of each participating individual and create a consistent source of shared thinking.

The purpose of the tools and ideas within the Learning Organization is to destroy the illusion that the world is made up of a single forces between whom there is no relationship. If the organization is able to give up this illusion, it is shifted to the creation of a Learning Organization - an organization where people continually expand their ability to achieve the results which they truly want and where people continually improve their ability to learn together. [2]

Acclaimed trainer and leadership coach Stephen Covey dealt with the question of performance, satisfaction, prosperity and especially the predictability of organizations results in his publication [4] as well. Management is by him divided into two time period - the industrial and the knowledge age. Diametrical differences between these periods are seen in access to workers and the overall view of the use of business opportunities.

As Covey states, also the industrial age was about a sense of achieving predictable results, everyone owned the same car, manufacturing companies produced by the same tools. If the managers of the industrial age tried to eliminate the unpredictability, they pushed into the background what is the most important in unpredictable times - the ability to adapt. Access of the industrial age consisting of strict scrutiny led to the destruction of initiative and ingenuity which the organization needs to survive in a world, where extreme, unknown and very unlikely changes are dominating. The consequences of this approach are more than evidential - companies of the industrial age, one after another ends in the dustbin of history. For managers of the industrial age people meant in terms of effective management the same as machines. Thoughts and feelings of workers were not perceived as a source of inspiration and solutions. Much more effective in this regard is the paradigm of leadership in the

Knowledge Age, where people are valued for their unique contribution - the ability to learn, adapt, invent new solutions and to exploit business opportunities. In order to be able to manage in the Knowledge Age, paradigm of liberation, release, and different perspective is also necessary. And what is the most important, people are motivated by enthusiasm for the mission based on meaningful work. [4]

Also the well-known management theorist and philosopher Peter Drucker in his book [3] from 1973 states, management is an discipline based on the organized set of knowledge. However, this set of knowledge Drucker assessed more in terms of culture. Management is according to him a social function deeply rooted in culture, society composed of traditional values, customs and beliefs. The key role of management is the management of tasks and responsibilities for these tasks. Responsibility for the success or errors in organization is attached to managers. It should be noted again that the book was published in 1973 and reflects the best of Modern Management approaches, which was dedicated in the introduction of this paper. It could be observed in this book that even in this year the factors of vision success, commitment and integrity were essential. According to Drucker, these factors identified whether the organization was managed and led well. Druckers' views could be briefly summarized as the forecast of a knowledge economy also due to the fact that the quality of employees was considered as one of the most important factors of fixing the competitiveness of enterprises.

## 5 Conclusion

The aim of this paper was to present a systematic review of knowledge and access to a current management. Attention was paid mainly to the new applied discipline of Learning Organization and opinions of the Knowledge Age, because as it turns out, knowledge capital is the best guarantee for the future prosperity of the organization. The ability to learn faster than competitors can be the only sustainable competitive advantage in the future.

## 6 Bibliography

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