■ CHAPTER THREE ■

THE LEARNING ORGANISATION

"We're drowning in information and starving for knowledge."
Rutherford D. Rogers. Librarian, Yale. 1985
(McGill 1994:123).

3.1.   INTRODUCTION

Fritz (1994:4) asks the question why true change in organisations is so difficult. Companies often latch onto one new system or concept after the other, such as total quality, re-engineering, the learning organisation, etcetera. Fritz argues that change is hard to accomplish because of the way it is approached. Typically the focus of change efforts is on either *behaviour* or *systems* and not on the direct causal forces that determine how an organisation operates – its fundamental *structure* (Fritz, 1994:4).

On the level of systems and procedures, many companies adopted Total Quality Management (TQM) only to abandon it later. Not because of the concepts or systems, but because these systems are adopted in a dysfunctional organisational structure (Fritz, 1994). Fritz (1994:4) further believes that important questions about the values, philosophy and organisational structural architecture have not been asked. All change efforts will fail unless the change occurs on a structural level. It is often thought *what* has to be changed instead of examining the underlying reasons and causal factors that created or sustain the current conditions.

Fritz (1994:9) believes that *"structure is the most important and powerful influence there is within the organisation. If we don't deal with structure, we won't be able to change the organisation fundamentally"*.

This chapter will firstly investigate the relevant terms associated with the learning organisation concept before a definition is provided of the learning organisation as such, its characteristics and its acceptance of informal feedback from internal and external stakeholders as an agreed mode of learning.

3.2.   LEADERSHIP

Because dynamic leadership is so closely involved with learning and learning organisations, this research study has to briefly investigate and establish the term *leadership.*

Leadership is often seen as the captain of the ship with great vision, energy and inspirational abilities, whereas Fritz (1994: 14) argues that great leaders should also be architects and designers and should think structurally to determine the desired outcomes. However, the influence that the relationships within the structure have on each other is also important.

Charlton (2000:29) feels so strongly about leadership that he states that under-performance of organisations, nations, families and sporting endeavours can directly be ascribed to ineffectual leadership. Our future and quality of life are dependant on the quality of our leaders and, therefore, leadership is the key factor differentiating average from excellent. He goes on to say that:

> *"In essence, **effective** leadership is about enabling ordinary people to produce extraordinary things in the face of challenge and change and to **constantly** turn in superior **performance** to the **long-term** benefits of all concerned".*

Effective leadership involves choosing and implementing the right strategy, or translating intention into action and sustaining the momentum. The domain of leaders is the creation of the future. The following priorities and people skills were identified in order of priority by 49 business leaders in the London financial, professional and business service institutions:

- Ability to inspire trust and motivation
- Visioning
- Willingness and self-discipline to listen
- Interpersonal communication skills
- Presentation skills
- Confidence and self-knowledge

(Charlton 2000: 34)

Managers who have high credibility and real leadership qualities have employees who respond with high commitment to the organisation. They are in touch with their people.

According to Peter Senge (In: Starkey, Tempest and McKinlay 2004:464), people do not easily create the preferred learning organisation because of the lack of appropriate leadership. Gone are the days that organisations need the charismatic decision-maker. Building learning organisations needs designers, teachers and stewards with the ability to build shared vision, to bring to the surface and challenge prevailing mental models and, most importantly, to foster more systematic patterns of thinking.

> *"In short, leaders in learning organisations are responsible for **building organisations** where people are continually expanding their capabilities to shape their future – that is, leaders are responsible for learning" (*Senge In: Starkey, Tempest and McKinlay 2004:464)*.*

According to Bennis and Nanus (In*: Charlton 2000:53), "*The problem with underperforming organisations is that they tend to be over-managed and under-led. Managers do things right and leaders do the right things right. Both are important*"*. Leadership stands central to the way in which progress is created and to the way organisations develop and survive in an ever-changing environment. Charlton (2000:57) believes, like John Kotter from Harvard Business School, that leadership can be learnt if people are willing to pay the price of change.

Charlton (2000:60) goes on to define leadership as:

> *"The competencies and processes required enabling ordinary people to consistently perform and introduce fundamental change to the benefit of themselves and the organisation or country".*

He elaborates with the following competencies of leaders. Leaders:

- Capture people's attention through an inspiring vision of the future that provides focus, hope and direction for people;
- Constantly communicating this vision in creative, understandable ways, which motivates people to do more, provides synergy and combined effort;
- Have inspiring trust in themselves and what they are trying to accomplish and they trust other people;

- Diagnose inappropriate or ineffective actions and independently assume responsibility and become visible role models; and

- Need to create an empowering organisational environment where people are willing, able and allowed to learn and perform to their full potential.

Senge (In: Starkey, Tempest and McKinlay 2004:475) concludes by stating that according to his experience, today's successful leaders are *systems thinkers*. They focus on underlying trends and forces of change instead of day-to-day events and this they do almost completely intuitively.

Senge (In: Starkey, Tempest and McKinlay 2004:474,475) states that the managerial systems thinking of today provides the following key skills for future leaders. They are able to:

- See interrelationships, not things, and processes, not snapshots;

- Move beyond blame;

- Distinguish detail complexity from dynamic complexity;

- Focus on areas of high leverage; and

- Avoid symptomatic solutions.

3.3.   STRATEGY

What is strategy? Thompson and Strickland (2004:3) summarise this concept as follows:

> *"A company's strategy consists of the combination of competitive moves and business approaches that managers employ to please customers, compete successfully, and achieve organisational objectives".*

Without a proper strategy, managers have no prescription or road map for doing business, for competitive advantage or for achieving good performance (Thompson and Strickland 2004:4).

According to Fritz (1994: 62), a good strategy has several qualities:

- It has direction – it moves from one place to another;

- It generates more and more energy along the way and creates momentum;

- It relates the parts to the whole – actions are interrelated;
- It focuses the organisation and generates an economy of means; and
- It leads to important decisions.

Fritz (1994:83) argues that too much change in organisations follows from problems, difficulties or conflicts and leads to change that is temporary. Such change is also unplanned because we do not plan for problems to occur. Change must be anticipated and therefore Fritz argues that it is better to form contingencies based on desired outcomes and not based on problems. He further argues (1994: 87) that it is wise to create a system that continually aligns people with the governing ideas of the company, so that they care.

The insurance and risk consulting business, Marsh, has increased its internal communications budget significantly since 1999 according to their Director of European Communications, Bridget Juniper. Years ago, internal communications dealt with pumping out newsletters and bulletins. Currently, company boards see it as a much more strategic function and a vital part of how the business works. This is especially true in a service organisation where people are your brand (Johnson 2001:30).

Steyn and Puth (2000:29) state that strategy is:

- The art and science of affording maximum support to adopted policies;
- An organisation's pro-active response to an ever-changing environment;
- An indication of an organisation's positioning for the future – the *what* rather than the *how*;
- The thinking and logic behind the actions; and
- Doing the right thing rather that doing things right.

According to the above-mentioned researchers, strategy is also about direction, movement, purpose, a pattern. It is proactive, determines success and provides a framework. Strategy formulation concerns the relationship of an organisation to its environment. Once the strategy has been stated, strategic planning can start. During strategic planning, decisions are taken on how to turn strategy into reality (Steyn and Puth 2000:30). According to Radford and Godstein (2002:254), strategic communication management means influencing outcomes and affecting results by:

- Quantifying perceptions of various audiences through research;

- Using these perceptions in developing targeted messages for distinct groups;

- Creating the capacity to reach large, diverse constituencies with precision and speed;

- Managing communication messages through pre-emptive activities to influence news and views on various corporate issues; and

- Verifying results based on action taken or by quantifying shifts in public opinion.

In broad terms, strategy entails asking: Where are we now? Where do we want to be? How do we get there? Research provides facts for persuasion.

According to Thompson and Strickland (2004:12), the faster an organisation's external and internal environment changes, the more frequently its strategic plans have to be revised. Nowadays strategy life cycles are growing shorter and shorter. Strickland (2004) further emphasises that strategy is a way of life. No strategy is sustainable without improvement. Strategy needs *action* and action necessitates implementation and execution of strategy. This is done by means of *communication*. Dulek (2004) supports this by saying that when implementing strategy, too much emphasis is placed on the analytical side and too little on *shared meaning*. Shared meaning is only developed through proper communication.

3.3.1. Communication strategy

Tibble (1997:356) warns that substance is often missing in so-called 'communications strategies'. He suggested the following context for strategy:

Figure 7: The context for strategy
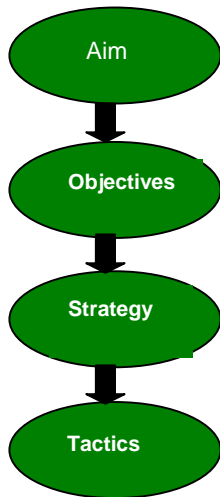
SOURCE: Tibble (1997:358)

Tibble (1997:358) goes on to describe strategy as *"the rationale for all our actions which work to achieve our client's objectives, by providing a master plan to guide and explain all our activities"*. An effective strategy provides:

- Leadership of thought and activity processes for the communications programme;
- The context and a guiding principle for all communications activity; and
- The link between the *why* and the *how* – the logic that binds objectives and tactics together.
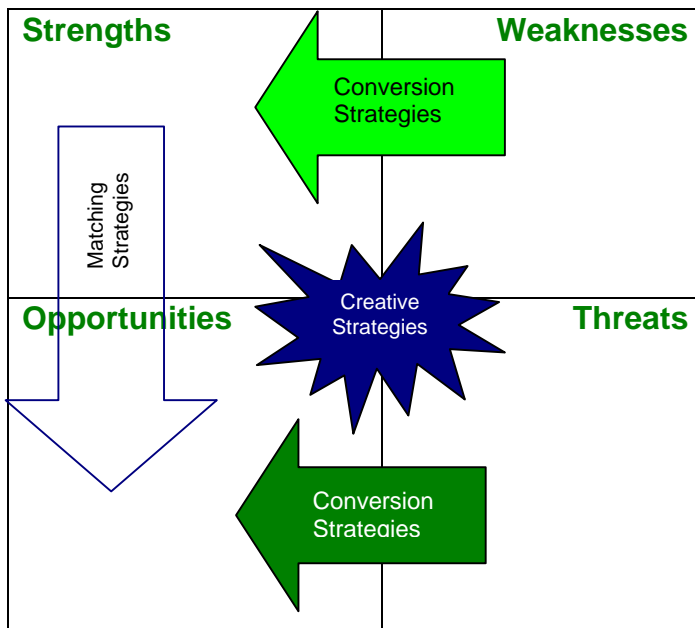
Figure 8: The process of strategy
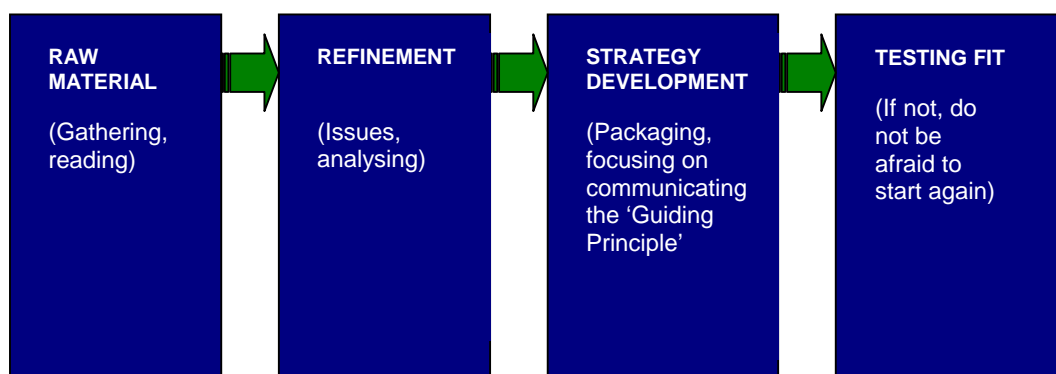
SOURCE: Tibble (1997:359)

Tibble (1997:359) (see Figure 9) also suggests the more dynamic *SWOT Analysis Plus* that forces one to migrate issues. Final strategy lies in the way one envisages converting weaknesses to strengths, threats to opportunities and matching strengths to opportunities.

Figure 9: **SWOT Analysis Plus**

SOURCE: Tibble (1997:359)

Steyn and Puth (2000:31) differentiate between *goals* (the broad outcomes the organisation wants to accomplish) and *objectives* (specific outcomes within the framework of the broader goals.

3.3.2. The mirror and window perspectives

Steyn and Puth (2000:19) take the mirror and window perspectives further from the original description by Van Riel. While fulfilling the mirror and window functions, the corporate communication professional achieves the organisation's mission.

The mirror perspective

This function refers to the monitoring of relevant environmental developments. The consequences for and impact on the organisation's strategies and policies are anticipated. This is also called the *boundary spanner role*. Organisations often gather and receive a lot of information that they do not necessarily use in the formulation of their strategies. According to White and Mazur (In: Steyn and Puth 2000:19), this is because it is not gathered and interpreted at one collection point.

The window perspective

This function refers to the preparation and execution of a corporate communication strategy and policy. Corporate communication practitioners take the organisation's messages to the outside world.

Steyn and Puth (2000:34) argue that strategic management requires strategic decisions while effective decision-making requires having access to vital information about the environment. Management must not only keep an eye on environmental changes, but must also be able to predict these changes. Information gathering requires research that may range from informal research (conversations, etcetera.) to formal research (focus groups, surveys, etcetera.). The organisation should also be receptive to the inputs - such as the opinions - of its internal and external stakeholders.

Strategy follows strategic thinking, while strategic thinking provides the framework for the strategic and operational plans. Strategic thinking also has the following characteristics:
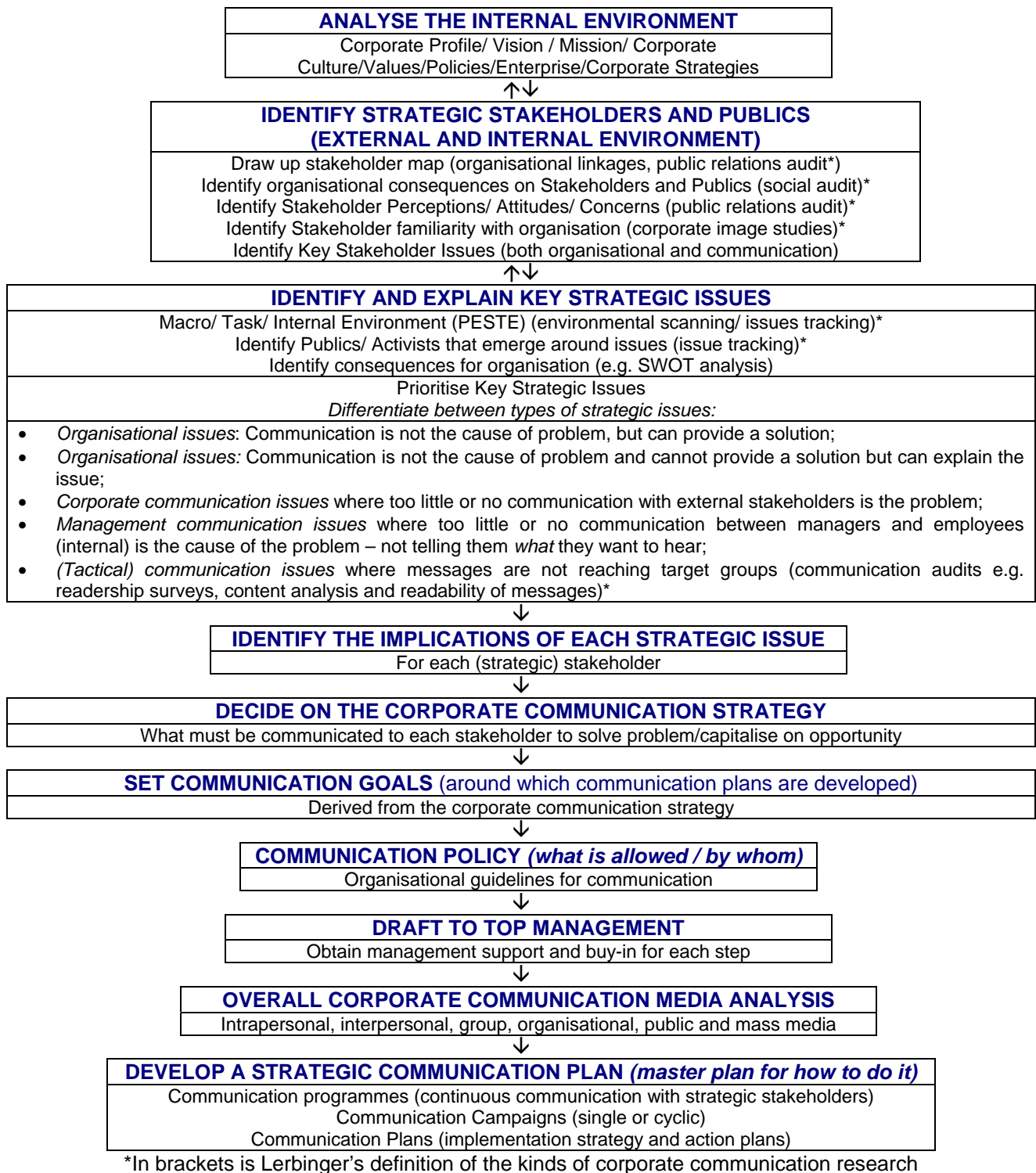
- It is different from planning;
- It is similar to painting a picture and forms the 'big picture';
- It has an external and long-term focus;
- It is pro-active;
- It changes the organisation's look or direction;
- It requires looking at the organisation in a different way; and
- It considers the qualitative aspects of the business as well.

(Steyn and Puth (2000:35-38)

Steyn and Puth (2000:53) further argue that the corporate communication strategy should reflect the organisation's corporate strategy. Corporate strategy formulation is therefore a prerequisite for formulating and developing a sound corporate communication strategy. It provides focus and creates synergy between the corporate and communication strategies.

Steyn (2000:428) suggests the following steps and model for formulating a corporate communication strategy for an organisation:

Figure 10: Steyn's model for developing a corporate communication strategy

ANALYSE THE INTERNAL ENVIRONMENT

Corporate Profile/ Vision / Mission/ Corporate
Culture/Values/Policies/Enterprise/Corporate Strategies

↑↓

**IDENTIFY STRATEGIC STAKEHOLDERS AND PUBLICS
(EXTERNAL AND INTERNAL ENVIRONMENT)**

Draw up stakeholder map (organisational linkages, public relations audit*)
Identify organisational consequences on Stakeholders and Publics (social audit)*
Identify Stakeholder Perceptions/ Attitudes/ Concerns (public relations audit)*
Identify Stakeholder familiarity with organisation (corporate image studies)*
Identify Key Stakeholder Issues (both organisational and communication)

↑↓

IDENTIFY AND EXPLAIN KEY STRATEGIC ISSUES

Macro/ Task/ Internal Environment (PESTE) (environmental scanning/ issues tracking)*
Identify Publics/ Activists that emerge around issues (issue tracking)*
Identify consequences for organisation (e.g. SWOT analysis)

Prioritise Key Strategic Issues
Differentiate between types of strategic issues:

- *Organisational issues*: Communication is not the cause of problem, but can provide a solution;
- *Organisational issues:* Communication is not the cause of problem and cannot provide a solution but can explain the issue;
- *Corporate communication issues* where too little or no communication with external stakeholders is the problem;
- *Management communication issues* where too little or no communication between managers and employees (internal) is the cause of the problem – not telling them *what* they want to hear;
- *(Tactical) communication issues* where messages are not reaching target groups (communication audits e.g. readership surveys, content analysis and readability of messages)*

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IDENTIFY THE IMPLICATIONS OF EACH STRATEGIC ISSUE

For each (strategic) stakeholder

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DECIDE ON THE CORPORATE COMMUNICATION STRATEGY

What must be communicated to each stakeholder to solve problem/capitalise on opportunity

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SET COMMUNICATION GOALS (around which communication plans are developed)

Derived from the corporate communication strategy

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COMMUNICATION POLICY *(what is allowed / by whom)*

Organisational guidelines for communication

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DRAFT TO TOP MANAGEMENT

Obtain management support and buy-in for each step

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OVERALL CORPORATE COMMUNICATION MEDIA ANALYSIS

Intrapersonal, interpersonal, group, organisational, public and mass media

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DEVELOP A STRATEGIC COMMUNICATION PLAN *(master plan for how to do it)*

Communication programmes (continuous communication with strategic stakeholders)
Communication Campaigns (single or cyclic)
Communication Plans (implementation strategy and action plans)

*In brackets is Lerbinger's definition of the kinds of corporate communication research

SOURCE: Steyn (2000:428)

3.4.   LEARNING CULTURE AND THE LEARNING ORGANISATION

The ability and freedom to ask questions and enquire in an organisation is often a good indicator of the extent of that organisation's culture for learning. Traditional organisations see those who ask questions as 'trouble makers', while those who answer them have been rewarded for their competence and knowledge. However, the notion of the learning organisation teaches us the opposite. This type of organisation is characterised by openness to inquiry, experimentation and the sharing of knowledge. Learning is conscious and intentional.

It was Peter Senge (Fritz 1994:111) who popularised the learning organisation concept in his book *The Fifth Discipline.* Without the individual there cannot be organisations, but at the same time the organisation cannot be separated from individuals. However, individuals can be separated from the organisation. According to Fritz (1994:112), individual entities in organisations connect and lead to a greater system of relationships where the organisation has its own personality and orientation to the world with its own set of values.

Transformation in organisations has to do with "deep" issues such as organisational culture, vision and mission, trust, leadership, innovation, creativity, personal growth, spirit, commitment, buy-in and change. It is often said that the only thing certain in today's organisations is change. Change is, therefore, constant and the only way to survive is to constantly adapt and change, to reinvent, to innovate. This is what the learning organisation is about.

People, staff members and, even more so, executive management, come and go, but the organisation should be able to withstand the test of time if it can adapt to the demands of the time. Fritz (1994:112) sums it up when he says:

> *"Yet the organisation can renew itself and become young again, regaining its vitality and drive. It can become rejuvenated – but only if it can learn. Organisations that can't learn can't change. Organisations that can learn, can transform themselves into new entities capable of greater heights of achievements".*

This is in essence what the learning organisation is all about.

Fritz (1994:113) further argues that the learning organisation does not only consist of individuals that have the drive and desire to constantly learn, but is an entity that has the capacity, instinct and inclination to learn where learning is everyone's business. It is seen as having the potential to create something new and better than what already exists. The learning is self-generating and is not necessarily for survival purposes.

Fritz gives the example of filming companies and, in particular, Steven Spielberg's, where people have to learn to work and learn together for a common goal – a new film each time. There is a natural relationship between learning and creating and when learning is tied to a desired result, it becomes an essential part of the process that produces that result (Fritz 1994:114).

Senge (In: Starkey, Tempest and McKinlay 2004:463) differentiates between generative learning and adaptive learning. Generative learning is about *creating,* while adaptive learning is about *coping*. The total quality movement in Japan illustrates the movement from adaptive to generative learning. With continuous emphasis on experimentation and feedback, the total quality movement formed the first wave in building learning organisations. We have move away from '*what the customers said they want'* to the *latent needs* of customers. This latent need can be described as what customers might truly value, but have never experienced or asked for. Generative learning requires a new look at business.

Often learning takes place in order to solve problems. This in turn stimulates action that is designed to eliminate the problem. However, Fritz (1994:117) argues that organisations that centre their management style on problem-solving cannot be learning organisations because:
- The learning is not self-generating but is generated by problems;
- The knowledge learned is directed towards solving the problem and not to reaching other desired options as well;
- The motivation for learning shifts from one problem to another as their importance changes constantly;
- The problem goes away when the learning and action were successful, leaving no room for future learning;

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- Often the wrong things are learned, such as how to stop something instead of how to make it happen; and

- A false impression is created that learning should only take place when there is a crisis.

Staff can have the impression that their learning takes place on a tactical level, that all they do is 'learn' more about the same things over and over without learning about its relevance to the organisation on a corporate strategic level. Learning has to be translated into the desired end goal of the organisation.

- **Learning to gain competitive advantage**

Fritz (1994:119) argues that although learning organisations have a competitive advantage over other types of organisations, this cannot be the basis for a learning organisation as it limits the type of learning that can occur. Competitive advantages also come and go.

Charlton (2000:197) states that developing a learning culture is a strategic imperative because an organisation's ability to learn, to develop and refine both new products and competent people, is a primary source of its sustainability and growth.

- **Learning to ensure survival**

Fritz (1994:120) argues that learning for the above-mentioned reason will also be short-lived and once the crisis has been cleared up, the reason to learn vanishes. Learning for survival is one of the umbrella reasons for learning, but cannot be an end in itself.

- **Learning in order to expand**

According to Fritz (1994:121), the best time to consider increased capacity is when you don't need to. Expanding is not limited to increasing staff numbers, but can also come from streamlining. Although learning to expand is useful to, for example, adopt new systems, it will not alone motivate a learning organisation.

- **Learning to create desired results**

The best reason for organisations to learn is to reach tangible goals (Fritz 1994:125). These goals might be specific business goals that are related to a product or may be more general. Our desire to create something that matters is what encourages learning the best. It enables us to grow, develop and mature.

Fritz (1994:125), therefore, argues that *"organising an organisation around results that matter most to the people involved, can lead to an organisation that has the capacity and inclination to learn".* This learning is self-generating because people want to master the skills and competencies that will enable them to reach their aims and is often collective as well as individual. Fritz further believes that a prerequisite for becoming a learning organisation is that the organisation has to make a commitment to change its fundamental way of life – a change of total orientation.

Fritz (1994:129) makes it clear that learning organisations are not about acquiring more and more facts, theories, models and knowledge, but that the strength of the learning organisation lies in the individual learning experience of a few people, which is then multiplied into a more general and collective learning.

Fritz (1994:133) provides us with two major guidelines in order to make learning in organisations easier:
- Keep the desired goal of the learning in mind; and
- Communicate the desired end result to others.

He goes on to state four major ways in which an organisation can benefit from communicating clear learning goals to fellow staff members:
- We elicit help in the form of conversation and support;
- We become clearer ourselves;
- We are able to create clear standards of measurement that we can use in evaluating our progress; and
- We gain the perspective of other people's viewpoints.

Learning organisations are dependent on expansive, reliable and efficient communication processes to support the movement of knowledge between the different parts or units of the organisation. This is to ensure that the relevant knowledge finds its way to organisational units that need it (Henderson and McAdam 2003:776).

According to Fritz (1994:147), many of today's change methods do not attempt to modify the *way* we think, but simply *what* we think. New concepts, philosophies and jargon only become disruptive.

3.4.1. Listening

Murphy (1987:59) is of the opinion that we should listen to context and listen to content and then we will listen more effectively. He suggests that we listen to employees' specific suggestions and comments and that we listen effectively to clients' and customers' needs and tune into body language and written communication as well. This will lead to hearing a full range of information that is not otherwise as obvious.

Murphy (19987:158) says that letters are often a symptom of a more deeply rooted problem or concern and that no matter what your intended message, putting it in writing says that you care.

Cunningham (1994:21) believes that strategic learning has become part of an organisation's competitive advantage. Top managers are starting to realise that unless their organisation is learning faster and better than before, they will be disadvantaged. Cunningham (1994:46) critises the term *learning organisation* or *learning companies* and organisational learning because of its assumption that there is an "it" called an organisation that can learn itself. Learning is to him rather a process that individuals within the organisation undertake. The researcher regards this as a rather narrow view as the term *learning organisation* indeed indicates the organisation's ability, culture and whole image, vibe and acceptability to learn, change and adapt constantly. Naturally this *learning organisation* consists of people. Cunningham (1994:48) prefers the term *learning business,* arguing that the term business can be applied to activity on a larger scale.

People share ideas and information freely in a learning business. New information and learning can be gained from something as simple as a newspaper article or from something more complex such as knowledge gained from attending a conference that is shared with fellow colleagues. People in this kind of organisation are keen to share ideas learned. In the Western competitive school system, pupils are discouraged to help one another. Helping with essays, for example, constitutes cheating. This is in contrast with the Japanese model where pupils are expected to help those who struggle and are expected to care for their colleagues (Cunningham 1994:77).

Any data that enters the system should go through the following linear process before it can really be helpful in acquiring new strategic insights for the organisation that could lead to corporate strategic re-alignment.

Data $\rightarrow$ Information $\rightarrow$ Knowledge $\rightarrow$ Wisdom

(Cleveland's hierarchy quoted by Cunningham 1994:94)

Many organisations change and change again just to find out that despite several changes, no learning took place. Organisations must learn key processes that will enable them to really make a difference, not just to make changes. Organisations have to get smarter and therefore have to *learn*. The critical issue is not what to change but what and how to learn from it (McGill 1994:5). Change is therefore not learning. However, good learning could cause real change.

Learning organisations continually expand their capacity to create new patterns of thinking and to function as a team. This is an ongoing process and never an end in itself. These organisations, not only generate new ways of thinking, but apply new knowledge in such a way that work gets done. It is skilled in creating, acquiring and transferring knowledge and modifying its behaviour to reflect its new knowledge and insights. Learning is therefore also not training. Learning entails empowering people to apply and try knowledge out for themselves and also allow them to occasionally make mistakes. Mistakes can cause real learning to take place (McGill 1994:10).

Learning organisations only learn to the extent that individual members of the organisations learn. The whole is built up of the sum of the parts in this kind of organisation (McGill 1994:10).

3.4.2. Characteristics of learning organisations

According to McGill (1994:12-17), smarter organisations have cultures and values that promote learning. They also have the following characteristics:

- They are open to experience;
- They encourage responsible risk-taking;
- They are willing to acknowledge failures and learn from them;
- Their strategy is based on a recognition and acceptance that learning is the only source of sustainable strategic advantage;
- Their structural characteristics are permeability, flexibility and network intimacy (the lines between management and employees and customers, and even competitors are blurred;
- Their information systems are accurate, timely and available to those who need it and in a format that stimulates usage;
- They do not select people necessarily for what they know, but for what they are able to learn and reward them accordingly; and
- Smarter organisations learn from others and their leaders are learners themselves.

The following five core learning behaviours exist in smarter organisations:
- Openness;
- Systemic thinking (think of the whole rather of the parts, but see connections);
- Creativity;
- Personal efficacy; and
- Empathy.

(McGill 1994:17)

Learning organisation systems are based on the belief that information is valuable and helpful to the organisation. The belief is that it is better to deal with reality (in whatever form) than to deny or distort it to fit what the organisation desires. In these organisations, feelings, intuitions and testable hypotheses are regarded to be as important as quantitative 'facts' (McGill 1994:129). However, open systems that generate timely, accurate and accessible information are not without risks – of which one could be the potential embarrassment of management.

McGill (1994:249) emphasises the role of systematic thinking that is characteristic of

knowing, understanding, thinking and problem-solving organisations.

Handy (1995:46) argues that learning organisations are the ones with a learning habit. Without the habit of learning, they will not dream the dream, let alone have any hope of managing it. During times of ongoing change it is almost certain that what used to work well in the past will not work at all in the near future.

According to Ryan (1995:290), learning communities are places where:

- Relationships are tended to and cared for;

- Vulnerability and diversity are welcomed;

- Curiosity reigns;

- Experimentation is the norm;

- Inquiry is practiced with compassion; and

- Questions can go unresolved.

The people within learning communities have the following characteristics:

They:

- Communicate with each other honestly and openly;

- Offer themselves and others honour and respect;

- Value and seek feedback;

- Are challenged to see themselves and others with new eyes;

- Encourage each other to sense, see, listen to, and speak of the whole system; and

- Are free to be completely themselves – with no masks.

(Ryan 1995:290)

Moss Kanter (1994:71) states that modern organisations that are winning the game are more focused, fast, flexible and friendly – the four 'f's' of success. She also added a fifth 'f' – fun, by which she meant *satisfaction*. Change is always seen as a threat when it is done to people, but it can be an opportunity when it is done by people.

Learning organisations are built upon an "*assumption of competence*" supported by four other qualities or characteristics: curiosity, forgiveness, trust and togetherness. By *assumption of competence* is meant that each member of staff can be expected to perform to the limit of his or her competence with minimum supervision (Handy 1995:46).

Curiosity

Competence alone is not enough to foster a learning habit – it must be accompanied by *curiosity*. Curiosity goes hand in hand with asking questions and searching for answers and often requires experimentation. This process is encouraged in learning organisations.

Forgiveness

Forgiveness is essential and means that unsuccessful experiments must be viewed as part of the learning process instead of being viewed as failures.

Trust

According to Handy (1995:47), none of the above can function if there is no trust. People will not be allowed to show their competence unless they are trusted to do so.

Togetherness

Curiosity, experimentation and forgiveness need to be shared with other people. One person cannot handle the challenges of modern businesses. Those who collaborate and share their knowledge learn faster and create synergy. Shifting clusters or teams that share a common purpose are often part of modern organisations. Trust improves togetherness. The learning organisation is held together by shared beliefs and values and is therefore not necessarily a comfortable place for its leaders. It is a sort of upside-down place (Handy 1995:48).

The process is described by Handy (1995:49) as *The Wheel of Learning* that has four quadrants which, ideally, rotate in sequence as the wheel moves. The quadrants are *questions* that prompt a search for *ideas*, which are tested in *tests* to see if they work. The results are then subjected to *reflections.* Maintaining constant movement of the wheel requires great leadership. There are five concepts that can help to keep it turning. They are subsidiary, clubs and congresses, horizontal fast tracks, self-enlightenment and incidental learning.

Subsidiary

The concept means in essence giving away power to those who are closest to the action. Subsidiary must be managed by defining the boundaries of the job as well as the boundaries and limits of discretion. This implies the scope for initiative and personal responsibility.

Clubs and congresses

The learning organisation must provide opportunities for talking, meeting and greeting. Such opportunities are decreasing in modern organisations as more and more workers work out of their briefcases and communicate only electronically. It is important that they come together to reach consensus on the meaning of success and to develop trust and togetherness.

Horizontal fast-tracks

In Japan, fast tracks for high performers are rare. They rather rotate their best people through a variety of jobs in different parts of the organisation. Rewards are based on results more than on particular grades of jobs.

Self-enlightment

With this, Handy (1995:52) means that each individual is made responsible for his or her own learning. If you own the question you will have the motivation to turn the wheel.

Incidental learning

However, self-enlightment needs to move on to incidental learning. This means that every incident must be treated as a case study from which to learn. Opportunities must be created for such incidents to occur as they do not occur automatically. For example, regular review meetings can help groups to revise recent events and learn from them. It is the task of the leader to help to turn the wheel by vision, encouragement and example.

"It has been said before that people who stop learning stop living. This is also true of organisations" (Handy 1995:53).

3.4.3. The learning square

In the so-called knowledge economy, organisations increasingly seek to create and use

knowledge through learning to become learning organisations. In practice what is needed to become a learning organisation has become increasingly unclear as writers keep on adding to the ever-growing lists of characteristics of learning organisations.   Lindley (2002:115) proposes the learning square to address this problem.

The learning square proposes four interlinked domains to guide managers to develop new activities and strategies and to measure learning performance. The four domains are:

- Multidimensional goals;
- Shared vision;
- Continual learning; and
- The use of tacit knowledge.

Multidimensional goals

Goals stand central to an organisation's existence and success. Without goals there is no purpose and no ability to compete. According to Lindley (2002:116), goals should be grounded in three dimensions – internal, external and time. Internal goals are primarily within the organisation, for example, the goal to improve knowledge with external goals would include outside benchmarking or making use of external knowledge. The time dimension includes understanding the importance of the organisation's history and realising that today's actions will strategically impact on tomorrow's existence.

Shared vision

Without a shared vision amongst stakeholders and members, a firm is unlikely to succeed. Lindley (2002:116) suggests that the goals of individual members should be aligned with the goals of the organisation (corporate goals) and vice versa. This will increase the ability to achieve these goals.   Shared vision should be extended beyond staff to external stakeholders such as customers, suppliers, shareholders, local communities and even pressure groups.

Continual learning

Continual learning, improvement, adaptation and change are at the heart of the learning organisation.

This should be a continuous effort and learning from customers and competitors is an important part of continual learning.   Effective methods to capture information about competitors and customer relationship management software are important aspects of a

marketing strategy (Lindley 2002:116).

Using tacit knowledge

By this, Lindley (2002:116) means all relevant knowledge that is gained or held by individuals that has not yet been shared with a wider group in the organisation. The fact that information is documented does not mean that it has been shared. An important element of competing through continual learning is to use the skills and tacit knowledge of staff operating at the interface of the organisation and its environment.

It is here where the value of informal communication feedback comes to mind. A salesperson that visits customers could – through informal feedback collection from them – be the first to sense changes in the marketplace. Buyers will be the first to sense changes in suppliers' attitude, etcetera.

Effective companies will therefore make sure that systems are in place to ensure that individual learning and tacit knowledge (often through informal feedback) is evaluated, shared and put to use. This includes tacit knowledge from customers, suppliers and others. Gathering customer suggestions, requests and complaints are important means of systematically gathering informal feedback. More formal means include customer focus groups and supplier forums.

Lindley (2002:117) suggests the learning square as a visual method of measuring learning square performance.

Figure 11: **The learning square**

Multi-dimensional goals

Shared vision

Using tacit knowledge

Continual learning
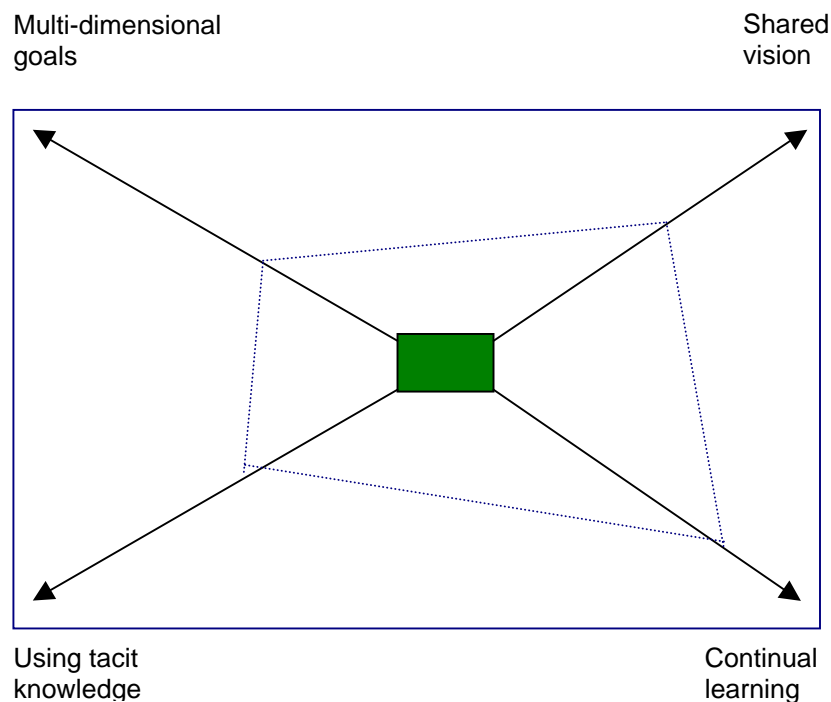
SOURCE: Lindley (2002:117)

As performance improves, organisations will move from the inner square (which represents a zero performance level in each domain) towards the outer square. Opposite movement occurs when performance deteriorates. By producing a performance profile (see dotted line) measurements can be made. For example: Encouraging and using individuals' tacit knowledge can stimulate an increased shared vision because the individuals have an increased feeling of involvement.

Similarly, continual learning may contribute to multidimensional goals that are more capable of achieving shared vision than single-dimensional goals. Kofman and Senge (1995:32) believe that the learning organisation must be grounded in three foundations:

- A culture based on transcendent human values of love, wonder, humility and compassion;
- A set of practices for generative conversation and coordinated action; and
- A capacity to see and work with the flow of life as a system.

In learning organisations people always enquire about the systemic consequences of their actions.

It is because of this reason that the systems approach is so relevant to the learning organisation.   Learning organisations are therefore generally more generative and adaptive than traditional organisations. What people in these organisations *know*, is less important than what they can *learn*.   To build a learning organisation demands an investigation that goes to the core of the organisation's culture.

According to Kofman and Senge (1995:36), learning is too important to be left to chance. It is also not adequate to offer only training in the hope that this will lead to new methods and insights. No, it will rather be necessary to redesign work and introduce the principles of the learning organisation into mainstream management practice.

According to Thompson (1995:85), organisational learning is increasingly recognised as critical to an organisation's ability to create ongoing economic value for its shareholders. It is therefore no longer a vague management concept that is often not implemented in practice, but rather an economic reality in our societies.

3.4.4. Principles that help create the right atmosphere for learning

Byrd's (1995:478) principles that help create the right atmosphere for learning organisations correspond in general with what has been said by other writers. According to her these principles are:

- There is freedom to create;
- A 'we cannot do it all ourselves' mindset exists;
- Learning is linked to the success of the organisation;
- Managers are seen as resources and process facilitators and not experts;
- Individuals manage their own careers;
- Open systems provide knowledge freeways; and
- Success is shared.

Freedom to create

According to Byrd (1995:479), her organisation's (Informix Software, USA) lack of formal structures makes for chaos at times, but this chaos often serves as a creative lever to move the organisation forward. Having fluid structures allows the organisation to respond quickly to customer preferences and market dynamics.

Ad hoc or structured teams that share existing knowledge and create new knowledge do most of the work in the organisation. Departments, as well as individuals, feel personally responsible for the processes they create and the results achieved.

We cannot do it all ourselves

Partnerships are often critical to the success of learning organisations. Business through partnerships helps to leverage the knowledge and expertise of others in order to help your own organisation learn and develop.   The concept of leverage is at the heart of partnerships.   However, partnering requires exceptional good relationships and business ethics.   Integrity and trust, one of the core characteristics of the learning organisation, stands central to creating partnerships.

3.4.5. Learning is linked to the success of the organisation

Byrd (1995:481) concludes that learning in Informix occurred in a similar way to the learning that occurs with young children – on the job through experimentation. Employees learned on a daily basis through interaction with other employees, customers and partners. Most of the learning that occurred was self-motivated and driven by a business need. More formal training programmes that served to teach employees about business processes, product features or the tools they need to do their jobs, supplemented on-the-job learning.

Henderson and McAdam (2003:783) conclude in their study that communication within organisations is a key factor in influencing how well organisations learn and consequently, how well they perform. Well-structured, reliable and efficient communication processes support learning and create opportunities through which knowledge can be processed throughout the organisation.

Managers are seen as resources and process facilitators and not experts

In Informix it is not uncommon to see younger persons managing older more technically experienced persons. Managers are not always expected to be the experts in the group. However, it is expected of them to design processes and motivate teams of highly skilled workers towards achieving goals. This structure creates more flexible and democratic workgroups.

These kinds of managers are also less intimidating to all employees than the traditional "know-it-all" manager.

Individuals manage their own careers

Career paths at Informix are not clear and not directly related to time, but rather loosely defined and built on opportunities provided by rapid growth. Employees move freely between and within departments to learn new skills. Managers merely help to facilitate the direction of their employees' careers and provide guidance, learning opportunities and formal training programmes. Employees are motivated to be pro-active in plotting and following their career path.

Open systems provide knowledge freeways

Byrd (1995:485) indicates that it is interesting to note that the changes brought forth by technology almost parallel the changes called for to create learning organisations. For example, the move from large mainframe computer systems to smaller desktop computers and localised servers followed the same pattern as the move away from formal top-down bureaucracies to flatter, leaner structures. The linkage of computers across the organisation with other organisations and with the rest of the world opened up substantial new opportunities for knowledge to be gained.

Success is shared

As stated earlier in this document, the sharing of success is one of the critical requirements of learning organisations. Even a successful financial performance should be shared with employees. This makes them feel accountable for the company's success and feel personally rewarded. It makes them feel valued for their contribution to the success.

3.4.6 Organisational conditions for building a learning organisation

Thompson (1995:96) provides the following critical success factors and conditions for building a learning organisation:

- Senior management's commitment to making learning capability a part of its ongoing competitive advantage;

- A compelling vision for the aspiring learning organisation with which people can identify and feel part of;

- A clear blueprint for change;

- Identified, achieved milestones and the celebration of them;

- Committed leadership that models desired changes and drives fear out of the organisation;

- Immediate action against leaders that resist change;

- Management commitment through investment of time and resources;

- A performance management system that links compensation to achievement of the desired vision;

- Encouragement and acknowledgement of experimentation, collaboration, innovation and new paradigm thinking;

- Urgency without quick fixes;

- *Multiple feedback structures*; and

- Multiple learning channels and opportunities.

Morris (1995:322), however, feels that learning organisations need to move through the stage of being a learning organisation to committing to a development strategy. This means that the type of learning organisation needed is *"one that consciously and intentionally develops its people and constantly transforms itself"*.

According to Thurbin (1994:199), an organisational climate with the following characteristics will encourage growth of a learning organisation:

- Experimentation and risk-taking are valued;

- Informal groups and professional practice groups form and operate in an open way;

- Information and knowledge on best practices are valued, collected and communicated within the enterprise. Moving knowledge from the tacit to the explicit is rewarded;

- Control and reward systems encourage managers to declare their perspectives and confront their concerns; and

- Change is welcomed and is seen as learning in progress.

3.4.7. Leadership in learning organisations

Rolls (1995:103) states that a learning organisation is a place where people continually re-perceive their world and their relationship to it through learning. By doing so they discover how they create their reality and their future. It stimulates open debate and questioning to remain flexible in the long term and shows a willingness to identify and challenge its existing paradigms, and it rewards thinking and not just doing. This kind of organisation provides opportunities for growth and accepts and even encourages mistakes if it leads to learning.

The cornerstone of the learning organisation is its ability to *repeatedly become*. The leadership of learning organisations has to create the optimal conditions in which employees have the supporting psychodynamics and infrastructure that allows them to move from "change fragile" to "change agile". The leader helps to shift minds and facilitate members' experimentation and learning from experience. He or she nourishes relationships and creates a work intimacy that unleashes the human spirit. The learning organisation is also seen as a place where everyone can be a source of useful and new ideas, where learning flows up and down in the organisation and where new ideas are valuable.   These so-called *transformational leaders* provide the conditions under which employees can unfold, transform, grow and flourish in uncertainty (Rolls 1995:103).

According to Rolls (1995:104), the five disciplines of transformational leaders correspond with the five disciplines of organisational learning first described by Peter Senge in his book *The Fifth Disciple*. It became a whole new way of thinking about organisational learning and is evaluated and described by several writers like Frydman *et al*, Rolls, Lindley and more. The five disciplines, as describe by Frydman *et al*. (2000:4) are:

- *Personal mastery:* Learning to expand our personal capacity to create the results we most desire.
- *Mental models:* Reflecting upon, continually clarifying and improving our internal pictures of the world and seeing how they shape our actions and decisions.
- *Shared vision*: Building a sense of commitment in a group by developing shared images of the future we seek to create as well as the principles and guiding practices by which we hope to get there.

- *Team learning:* Transforming conversational and collective thinking skills so that groups of people can reliably develop intelligence and ability greater than the sum of individual members' talents.

- *Systems thinking:* Utilising a way of thinking about and a language for describing and understanding the forces and interrelationships that shape the behaviour of systems.

Organisational learning is the process by which an organisation might transform itself and its members. Rolls (1995:104) suggests the following model with some of the competencies that leaders need to manage a learning organisation. It is based on the above-mentioned disciplines of Senge. Also included in this model are the corresponding needs of the employees – the fellowship expectations:

Table 2: A model of leadership competencies and followership expectations

The five disciplines	Leadership competencies	Followership expectations
Systems thinking	Expansionist thinking Understanding of connectivity Intuition Perspective Integration	Understanding the whole
Personal mastery	Compassion Self and other acceptance Shared power Authenticity Nurturance of spirit Moral leadership Sensitivity Humility Mastery Growth orientated Risk taking Self directed Tolerance Value ambiguity Learning commitment Trust Spirituality Ego subordination	Encouragement Acceptance Empowerment Trust Self discovery Someone worth working for Dignity Autonomy Fulfilled potential Growth Supported choice Independence Space to make mistakes Support in transition Learning Responsibility Self/other connection Ownership of results

Mental models	Insight	Innovation
	Introspection	Meaning
	Challenge assumptions	Challenge assumptions
	Innovation	
Shared vision	Principles	Sense of purpose
	Personal/organisation value alignment	Personal/organisation value alignment
	Inspiration	Motivation
	Goals	Clarity
	Vision	Co-develop vision
	Vitality	Engagement
	Mobilise commitment	Commitment
Team learning	Cooperation	Co-design
	Dialogue	Self expression
	Listening	Contribution
	Creativity	Creativity
	Promote harmony	Social unity
	Encourage relationship	Relationship

SOURCE: The work of the Transformational Leader: A model of leadership competencies and followership expectations (Rolls 1995:104).

Rolls (1995:105) argues further that leaders who have successfully undergone deep personal change, are transformational and are able to create and manage learning organisations. Without these leaders it would be difficult to build a high performance-learning organisation. The learning organisation must be market-driven and customer-focused. In this framework employees have more accountability and authority as well as the task of self-empowerment. There is more inclusivity and new roles for partners and peers in assessment, mentoring and recognition.

The organisation can only transform for survival if its inhabitants (employees) transform for the organisation to transform. This is instigated with the help of change agents (transformational leaders) with unique characteristics. They create meaning for their followers (Rolls 1995:108).

Marshall *et al.* (1995:121) describe the following tools and strategies for increasing individual and organisational learning:

- *Benchmarking:* By exploring best practices and leveraging the learning process;
- *Continuous improvement:* To always question the status quo in order to do better. This concept allows people to get feedback that is absolute necessary for learning;
- *Modelling*: Identifying an ideal and copying it;
- *Dialogue:* By exploring issues from the base of their assumptions and allowing underlying beliefs to surface, prior to decision-making;
- *The Double Column Technique*: By documenting the actual dialogue in meetings and then allowing people to comment by writing down what they were actually thinking as the conversation unfolded. By means of this feedback, assumptions and beliefs can be addressed; and
- *Action-Reflection Learning:* The process says that learning does not stop when action is taken. That is when learning actually begins.

According to Frydman *et al.* (2000:182), there are seven characteristics of organisational learning leaders (OL leaders):

- OL leaders are pragmatic visionaries – they tend to see their work in a larger context and have inner knowledge of how forces are shaping up and how they will affect the future;
- OL leaders have a centrality of values – core values play an important role, for example a strong focus on people;
- OL leaders are master strategists and tacticians – they must articulate a travelable path to the future;
- OL leaders' essence is the skilful devolution of power – they will find ways to intelligently give power away. The ability to read and respond appropriately to different situations;
- OL leaders are stewards of learning – they encourage others to learn. The role of a leader is to give people freedom and enable them to think, contribute and participate;
- OL leaders are learners themselves – they are always open to learn themselves in spite of their extraordinary gifts for vision and strategy; and
- There is no single path for OL leaders – they follow different approaches to organisational learning. There are multiple ways for bringing learning into the organisation. OL leaders of today are leaders of a transition. Leaders need the capacity to reflect on the feedback that they receive and the ability to learn from their reflections.

3.4.8. Strategies for learning

Henderson and McAdam (2003:775) emphasise that the management of knowledge, employees and internal communication are all identified in current literature as instrumental in terms of organisational survival and growth.

Dilworth (1995:244) provides us with specific strategies that aspiring learning organisations could follow to enhance their learning:

Cross-functional teams or task forces

This challenges team members to work outside their own field of knowledge and fosters individual and team learning at the same time.

Job rotation

Job rotation can be a potent way to promote continued learning. It can broaden employees' knowledge in ways that open up new approaches if it is applied across business processes in a systematic manner.

Work-outs

This is an organisational development strategy that was invented by General Electric in 1989 and is closely related to the notion of action learning. During this process employees, either as natural teams or people that have never worked together before, are brought together in groups and put through an intensive problem-solving experience for three days. As many as 50 persons undergo the experience and are broken up into smaller groups to work on specific issues. The most important outcome of this process is the empowerment of attendees and the improvement of business processes.

Action learning

This is an important ingredient of learning organisations. Although it is a term developed by Kurt Lewin in the late 1940s, the pioneer of action learning is Reg Evans of England (Dilworth 1995:249).

Evans' model centres around the belief that *settings* or the environment and *problems* to be considered have an important link to group composition decisions and the depth of the learning experience. He further states that team learning gains fullest expression when both the setting and the problem are unfamiliar. Action learning sets of five senior managers from different industries are formed. They visit and diagnose an industry other than their own, share observations among themselves and arrive at new understandings.

Succession planning

This is more confined to senior managers. The foundation of this process is that when an individual earmarked for a specific task is absent, the next in line physically covers the role and has equal accountability for outcome. On a strategic level, it breeds an unusual depth of operating strength, sense of cohesion and depth of capability.

Career pathing

It is closely associated with job rotations but it takes on a more global character and is a marriage between the evolutions of processes with the just-in-time readiness of the workforce to deal with those processes.

Mentoring programmes

The Japanese have turned this into an art form. Senior level managers are assigned a group of junior managers whom they nurture and whose development they monitor.

"Sempai-Kohai"

This is a different way of mental modelling that the Japanese apply in mentoring relationships. The mentors learn from the protégés while the protégés learn from them. Learning, therefore, takes place through the act of mentoring.

Employee exchange programmes

These programmes allow cross-peer coaching to occur as a natural and planned result of the experience. Each exchange starts with understudying the other at their work site.

Distributive learning

It uses a well-developed computer network where employees can tap into instructional resources from a workstation. Instant learning feedback occurs and sharing of solutions with other individuals in different organisations or locations is possible. It is useful when addressing multicultural issues.

Formal training

It continues to play a role but becomes much less of a factor in organisational learning.

Town meetings

It provides opportunities for mixing people who do not know each other, or who would normally not work together and can take the form of an inspirational address by leaders about corporate goals and building a sense of unity. Employees are provided with the opportunity to ask questions.

Celebrations of success

According to Dilworth (1995:252), this can be seen as a key aspect of the learning process. It helps to drive out fear and teaches employees to concentrate on actions and processes that can most assist in corporate success.

Self-directed teams

This is the essence of the learning organisation. Sometimes such teams jump up on their own and then later dissolve naturally again. When self-directed teams take hold of an organisation, it becomes a prime way to conduct business and advance learning.

E-mail interconnections

In the learning organisation electronic interconnections become much more generalised with communication that flows across hierarchical lines and lateral boundaries and even extends to customers and suppliers. E-mail suggestion networks to top management can, for example, play a vital role in opening up organisational learning.

Cross-peer tutoring

Cross-peer tutoring becomes a natural occurrence in learning organisations and often leads to a sharpening of skills.

According to Weintraub (1995:424), research in adult education shows that adults are more likely to learn in an informal manner. He names feedback analysis, coaching and walk-throughs as informal learning interventions that can help foster informal learning. Walk-throughs involve a role-play of a process or business activity. Obstacles are encountered along the way and are dealt with, with the help of a facilitator.

In the sense of Weintraub's informal learning, direct similarities can be drawn with informal feedback as a type of informal learning. In this sense Weintraub (1995:427) also argues that learning vehicles such as help-screens, online tutorials, database searches, electronic bulletin boards, electronic mail, computer conferences, electronic performance support systems, help lines, phone mail and conference calls can facilitate informal learning if they are developed and used in a fashion that promotes informal learning.

3.5.   THE APPLICATION OF SYSTEMS THINKING IN ORGANISATIONAL LEARNING

Frydman *et al.* (2000:24) are of the opinion that current management practices such as restructuring, reengineering, ISO 9000 and Total Quality Management (TQM) did not quite make it and are believed to be insufficient. Where TQM deals with improving processes, systems thinking gives one the tools for looking at the whole and all of the interrelationships. Systems thinking can help one examine whether or not the process that one is trying to improve should exist in the first place. The organisational learning notion tends to bring people back into the equation.

Learning is going to be the competitive advantage of the future, because if one can learn faster than one's competitor, one will survive. The more one begins to understand the systems that affect what one is dealing with, the better one will be able to anticipate results and changes. If the different forces are known and respected, one has a good chance of selecting the most advantageous leverage points. This will assist decision-making that will have the most positive impact on the organisation.

Frydman *et al*. (2000:26) go on to say that: *"Organisational learning is a way of thinking about how to create the future".* The writers identify mainly three additional arguments why they believe that organisational learning is the next logical evolutionary step for businesses to take.

- **Argument one: The world is changing**

The ability to learn is an important advantage in the changing environment. Action will be based on the new learning. We are seeing the rise of labour and the birth of the knowledge worker who is able to learn faster and apply that learning faster in order to gain a competitive advantage. Competitive advantage of the future will be and already is obtained through people. Business increasingly demands a greater integration of individual goals and business goals. The interdependency of these goals will be intensified by further globalisation.

With regard to change, Henderson and McAdam (2003:776) further emphasise that if organisational change is to be effective, the communication process must include tools that encourage openness, dialogue and honesty.

- **Argument two: Igniting the resource within**

It is argued that business strategy is best developed by integrating the technology of the business with the capability of all the people in the organisation (Hamel, In: Frydman *et al*. 2000:31). Strategy should be developed by one's own potential (people) within the organisation. Develop the potential that is already there. The tools and methods of organisational learning become a vehicle to make that happen. This learning can help to create shared vision and to surface the existing potential.

- **Argument three: The value of simulation as infrastructure for collective learning**

The potential of computer-generated simulations in the business world must not be underestimated. It enables businesses to play with variables in a safe environment and learn the consequences of their actions without taking a major risk. It also forces one to set parameters and assumptions as well as to define what the inputs are and what the outputs should be (Frydman *et al*. 2000:31).

"We ought to build more simulations based on systems thinking principles and we ought to incorporate that learning into the way we run businesses" (Frydman *et al.* 2000:31).

3.6.   KNOWLEDGE MANAGEMENT

Organisations have started to appreciate the important role of knowledge in the emerging competitive environment since the mid-1980s. Leaders of progressive organisations are pursuing ways to create and generate value from knowledge assets within their organisations. From very early times, wise people have secured their existence by transferring knowledge from one generation to the next (Wiig 1997:7).

Companies have traditionally been valued according to their tangible assets such as property and equipment. Although these are still important, *intangible assets*, such as knowledge, brand equity and relationships with the customer, are important aspects of modern organisations. Organisations that are driven by knowledge are the ones that will succeed (Bagshaw 2000:180).

Knowledge is an organisational asset that is hidden until the knowledge worker releases it. A policy for knowledge management is needed, because a great wealth of tacit knowledge exists inside people's heads, embedded in the way they do things. It is vital that this knowledge is shared because rediscovering this kind of knowledge after an individual has left can be a long and expensive process. One advantage of the informal over the formal is in dealing with the unexpected. No regulations are advanced enough to cover every eventuality (Bagshaw 2000:180).

According to the World Bank (2004:01), the emergence of the global knowledge economy has put a premium on learning and lifelong learning in particular. Ideas and know-how are a source of economic growth and development. Opportunities for learning through people's lifetime are critical for countries to compete in the global knowledge economy. Lifelong learning is therefore education for the knowledge economy.

Gouillart and Kelly (In: Ströh and Jaatinen 2001:163) argue that becoming a truly learning organisation requires the building of knowledge architecture and the creation of knowledge management processes and a technical infrastructure to support this.

The main function of the communication manager could be seen as the establishment of the knowledge management process and the provision of networks and structures that enable the collection and dissemination of information. This information also needs to be translated into knowledge through dialogue. The learning process can create openness and builds knowledge resources – one of the main preconditions for sustainable change.

Davenport and Prusak (1998:2) state that *knowledge* is neither *data* nor *information*, although it is related to both. In an organisational context, data is described as "structured records of transactions" while information can be described as *"data that makes a difference"*. Unlike data, information has meaning, while knowledge derives from minds at work.

Wiig (1997:6) emphasises the importance of knowledge management by saying:

> *"To be competitive and successful, experience shows that enterprises must create and sustain a balanced intellectual capital portfolio. They need to set broad priorities and integrate the goals of managing intellectual capital and the corresponding effective knowledge processes. This requires systematic knowledge management".*

According to Davenport and Prusak (1998:5), knowledge is:

> *"A fluid mix of framed experiences, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers. In organisations, it often becomes embedded not only in documents or repositories, but also in organisational routines, processes, practices and norms".*

Clarke (2001:192) defines knowledge management as *"providing the means to generate, distribute and use knowledge in ways that add value to business activity and provide new opportunities for enterprise"*. For this to happen, a proper and appropriate knowledge strategy is required. According to Swan *et al*. (In: Barnes 2002:181), there is no single definition of knowledge management, but in general it relates to the unlocking and leveraging of individuals' knowledge so that it becomes available as an organisational resource.

3.6.1. Objectives of knowledge management

Wiig (1997:8) suggests that the objectives of knowledge management are:

- To make the enterprise act as intelligently as possible to secure its viability and overall success; and
- To realise the best value of its knowledge assets.

The overall purpose of knowledge management is to *"maximise the enterprise's knowledge-related effectiveness and returns from its knowledge assets and to renew them constantly"*. Knowledge management must understand, focus on and manage systematic, explicit and deliberate knowledge building, renewal and application. This occurs through the management of effective knowledge processes.

Clarke (2001:189) warns that knowledge management initiatives are unlikely to be successful unless they are integrated with business strategy. They also need to relate to the development of the core capabilities of the organisation. According to him, *"sharing the discovery and synthesis of intellectual activity involves the creation of knowledge communities of practice".* Strategic know-how and competence needs to be developed interactively and must be shared within sub-groups and networks. This is further emphasised by Feng Kwei Wang and Josh Plaskoff (In: Bellaver and Lusa 2002:118) when they say:

> *"To be effective, knowledge management and business processes must mesh and the design of the knowledge management architecture must reflect the mindset of the workers who operate within those business processes".*

These writers see knowledge management as a capability inherent in the organisation and comprising of the four elements: organisation, people, process and technology.

Organisation and technology are seen as the foundation, people and process as the pillars that maintain the structure and learning, information-sharing and information management, which supports the value-added process of transforming information to knowledge, as the inherent functionality of the building.

The knowledge management system, therefore, comprises knowledge workers (Feng

Kwei Wang and Josh Plaskoff, In: Bellaver and Lusa 2002:116).

A knowledge management framework can be visually presented in the following way:

Figure 12: Knowledge management framework
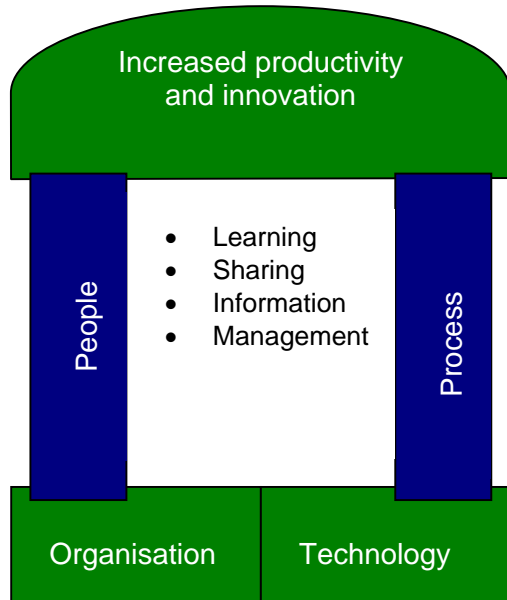
SOURCE: Feng Kwei Wang and Josh Plaskoff (In*: Bellaver and Lusa 2002:116).

Making people knowledgeable, results in innovation and the continued ability to create and deliver products and services of exceptional high quality. This requires effective knowledge capture, re-use and building upon prior knowledge. We had the industrial revolution, we have passed the product revolution, as well as the information revolution to arrive at the current *knowledge revolution*. This revolution focuses on new customer intimacy (Wiig 1997:8).

Knowledge, therefore, exists within people with the accompanying human complexity and unpredictability. In comparison with data and information, knowledge is also nearest to the *action* – the decision to which it leads. Knowledge may be described as a company's greatest sustainable advantage in a global economy.   It is sustainable because it generates increasing returns and continuing advantages. Knowledge assets also increase with use, in contrast with material assets. All healthy organisations generate and use knowledge as they interact with their environments and information is absorbed and turned into knowledge. This leads to action based on their experiences, values and internal rules (Davenport and Prusak 1998:52).

More (1998:353) mentions that organisational knowledge is a key asset and the leveraging of such knowledge is one of the few sustainable tools for competitive advantage in the global knowledge economy. Clarke (2001:190) further emphasises knowledge embodied in new products and services as becoming the source of sustainable competitive advantage as well as the primary source of wealth creation.

According to Truch (2001:26), the most valuable corporate knowledge is that which exists inside people's heads. It is no use dumping data in databases that will quickly be out of date. The solution, according to this writer, is to create "communities of practice" – non-permanent groupings of people with similar expertise and facing similar issues from different viewpoints. Developing your own "electronic yellow pages" – that is finding the right colleagues with the right knowledge by pre-determined parameters of expertise – makes a lot of sense. However, such communities of expertise can only work if they are volunteers and if the systems are non-compulsory.

According to Clarke (2001:192), knowledge is increasingly being recognised as the most strategically important resource and *learning* as the most strategically important capability for business. He emphasises the link between knowledge management and business strategy once more and suggests that highly developed learning is necessary in dynamic market environments in order to keep the knowledge current and up to date. An organisation's learning capability must keep pace with the changes in the competitive environment.

Jarrar (2002:325) also emphasises what he calls *informal internal knowledge*. It is seen as the most important area, but also the most difficult to manage because it mainly deals with tacit knowledge. Organisations usually use some kind of community-based electronic discussion and 'lessons learnt' databases to pass this kind of knowledge on from individuals to groups.

3.6.2. Knowledge management principles and characteristics

Davenport and Prusak (1998:24) name the following knowledge management principles:
- Knowledge originates and resides in people's minds;
- Knowledge sharing requires trust;
- Technology enables new knowledge behaviours;

- Knowledge sharing must be encouraged and rewarded;

- Management support and resources are essential;

- Knowledge initiatives should begin with a pilot programme;

- Quantitative and qualitative measurements are needed to evaluate the initiative; and

- Knowledge is creative and should be encouraged to develop in unexpected ways.

Zack (In*:* Clarke 2001:192) states that strategic knowledge has the following characteristics:

- It is unique – the more rare, the more potential the competitive advantage has;

- It is exploitable – it can be applied to current or potential products and services;

- It is valuable – that which the marketplace values;

- It is defensible – it cannot easily be imitated or substituted;

- It is dynamic – it is easily updated and transformed according to environmental demands;

- It has learning capabilities.

3.6.3. Knowledge and communication

According to More (1998:354), the literature on knowledge management excludes the vital consideration of communication within knowledge management processes. In emphasising communication More finds that dialogue is differentiated from debate (win-lose) or discussion (consensus). Communication can be seen as the container or conduit for knowledge data and information and in terms of the transmission of knowledge throughout the organisation. Communication, as a networking and collaboration tool, is important to knowledge creation and transmission. Workers discover through conversation what they know and share it with their co-workers in the process. In this way new knowledge is created. Knowledge work is creative, productive dialogue.

Kitchen and Daly (2002:46) stress the importance of internal communication in the successful implementation of change programmes. They stress that internal communication is not only a crucial variable in relation to achieving organisational goals, but it is also a precursor for organisational existence. The management of knowledge, employee and internal communication is identified in business management literature as instrumental for organisational survival and growth.

3.6.4. Knowledge markets

Organisational knowledge is highly dynamic and is moved by a variety of forces described by Davenport and Prusak (1998:25) as *knowledge markets*. Knowledge is the most sought-after remedy to uncertainty. Knowledge markets are systems in which participants exchange a scarce unit for present or future value. Knowledge is transferred in organisations whether or not the process is managed. Everyday knowledge transfers are part of organisational life. Unstructured and spontaneous knowledge transfer is vital to an organisation's success and managing knowledge should be everybody's business. According to More (1998:358), communication and effective organisational cultures embed knowledge management. Sharing dialogue allows new perspective to evolve.

Davenport and Prusak (1998:40) name three key factors that cause knowledge markets to operate inefficiently in organisations:

- *Incompleteness of information* – organisations often do not know where to find their own existing knowledge;
- *Asymmetry of knowledge* – organisations often have an abundance of knowledge on one subject in one department and a shortage somewhere else; and
- *Locality of knowledge* – the knowledge markets depend on trust and generally individuals trust those they know. People will rather rely on the 'knowledge' of their closest neighbour than deal with the uncertainty of trying to discover who else in the organisation may know more.

Davis (2003:24) warns that successful knowledge management initiatives require a compelling business case, in-depth planning and precise execution. According to Davis, failures are often because of poor post-implementation planning, neglecting people and processes and due to an inappropriate focus on technology.

Knowledge provides increased returns as it is used and the more it is used, the more valuable it becomes by creating a self-reinforcing cycle. Knowledge is generally expensive to generate but costs little to diffuse (Clarke 2001:190).

Davenport and Prusak (1998:62) suggest that the creative potential inherent to the complexity and diversity of ideas should be emphasised. Differences of opinion must be seen as positive rather than sources of conflict. Informal networks are able to extensively generate knowledge when each participant adds an incremental portion. Key knowledge exists anywhere in the organisation and therefore effective knowledge seekers almost always need to cross departmental boundaries and reporting structures to get what they need.

Santos-Vijande *et al.* (2005:187, 204) investigated the relationship between market orientation and organisational learning. They found that a learning orientation stimulates market-orientated behaviour and also affects the establishment of long-term relationships with strategic stakeholders. Organisational learning and market orientation is considered mutually dependent.

An ongoing learning orientation stimulates organisations to gather knowledge about their stakeholders and, therefore, increases trust and commitment. A learning orientation favours an operative market orientation and also stimulates the organisation's trust and effective commitment to its strategic customers and the continuity of its existing relationships (Santos-Vijande *et al.* 2005:205).

3.6.5. **Intellectual capital and knowledge management**

Marr *et al.* (2003:771) describe the link between intellectual capital and knowledge management by saying that knowledge management is recognised as the fundamental activity for obtaining, growing and sustaining intellectual capital in organisations. The successful management of intellectual capital is, therefore, closely linked to an organisation's knowledge management processes. Successful implementation and usage of knowledge management, in turn, ensures the acquisition and growth of intellectual capital.

According to these writers, the creation of knowledge and intellectual capital in organisations is closely associated with the epistemological (the science of study of knowledge) viewpoints of individuals. In other words, how individuals view knowledge in general, has an impact on the organisation's holistic view of knowledge management in turn.

There has to be an alignment between the epistemologies of individuals and the corporate

epistemology in which they operate. It is also vital to determine the roles that knowledge play in creating value for the organisation and how it changes the organisation through organisational learning (Marr *et al.* 2003:773).

Marr *et al.* (2003:775) confirmed during their study that there was considerable misalignment of knowledge management systems in the minds of people frrom different companies. The greater the degree of mismatch between the person and the company, the less relevance the person attaches to the knowledge management system and the less likely it is to have a meaningful impact on the operation of the company.

Computers have made the speed of knowledge transfer more important. Social communication is a critical element of knowledge transfer that has been partly addressed by information technology in terms of shared document editing, news groups, chat lines and video conferencing. Nevertheless, there is still a certain quality to face-to-face communication that cannot be matched by modern methods. The knowledge leader will need to be a great storyteller because it is by telling stories that we are passing on complex tacit knowledge (Bagshaw 2000:180).

Gregory (a) (2003:48) is of the opinion that knowledge management is of particular value as a strategy for industries that focus on information. Bagshaw (2000:179) names six "C's" of knowledge workers:

- *Capability* – having knowledge and skills;
- *Capture* – of tacit knowledge, where it is and how to deliver it;
- *Codification* – of the available knowledge and making tacit knowledge explicit;
- *Connection* – to the networks of knowledge exchange;
- *Co-creation of new knowledge*; and
- *Conversion of knowledge* to action that adds value.

A well-known securities firm sends out an e-mail message to workers each morning with what they call 'useful information', that includes an upcoming event or valuable feedback from a customer. This is done in the form of a story.

In Verifone, where their workers are spread around the world, stories or desirable business behaviour are regularly circulated electronically amongst workers under the banner of *Excellence in Action* (Davenport and Prusak 1998:82).

According to Bagshaw (2000:181), most companies know the importance of knowing as much as possible about their customers. Although there is a lot of information on record, it is rarely collated into a sound knowledge base. Questionnaires are often composed of closed questions to make the collating of data easier. There is, however, much to learn from open questions that invite customers to tell their story. This may contain valuable information about the way that customers want a product to develop further. Scenario planning is a way of making a story about what will happen if the present trends and paradigms continue. This can be very effective in instituting organisational learning. One way to advance this is through dialogue.

3.6.6. Benefits of knowledge management

The benefits of knowledge management are:

- It contributes to increased competitiveness;
- It leads to improved decision-making and avoids 're-inventing the wheel' behaviour;
- It increases responsiveness to customers;
- It encourages employees to share knowledge;
- It improves support amongst colleagues because they value the knowledge and help they receive;
- It improves efficiency of people and operations;
- It leads to better products and services; and
- It leads to greater innovation.

(Jarrar 2002:323)

Truch (2001:23) also mentions the value that an organisation's data has, but emphasises that this value multiplies when it is converted from data into knowledge that people in the organisation can access and act upon. The real smart organisations use business intelligence tools in an effective way to improve the way their people work.

This writer also mentions the existence of business intelligence software that encompasses both meanings of the notion of intelligence. It holds vast quantities of inward flowing information and uses its artificial brainpower to analyse it and discover what needs to be known.

3.6.7. Internal and external cooperation

Hillebrand and Biemans (2003:735) distinguish between cooperation (internal and external cooperation) as means for companies to maintain their competitive edge.   Internal cooperation is described as occurring between the business functions within the organisation, while collaboration with other organisations is described as external cooperation.

Information that originates outside the organisation needs to be diffused in the organisation in order for the relevant people to attain consensus on its importance and implications and to translate it into appropriate action. Internal cooperation contributes to the establishment of a continuous learning cycle. In this cycle internal communication functions as a mechanism to interpret the results from external cooperation and initiates new efforts for external cooperation (Hillebrand and Biemans 2003:738).

3.7.   COMPETITIVE BUSINESS INTELLIGENCE

Shore (2003:1) mentions that decision-makers need more immediate access to more relevant information than ever before. They need a more intelligent view of the enterprise and how to exploit information as the basis for practical and positive action to reduce costs and losses, streamline business processes, increase profitability and comply with government regulations. According to her, an *Information Delivery Maturity Model* defines four levels of information delivery:

- Centralised access to data – data and raw material;
- Trustworthy information – information must be made useful and relevant;
- Relevant information as knowledge – apply rules and predictive analysis to make trustworthy data relevant to individual needs; and

- Intelligent action – deliver relevant information to empower decision-makers with the

right information.

Up to 80% of the world's information resides outside of databases and holds the majority share of important customer, process and competitive value. Many companies are realising the importance of managing and leveraging unstructured information sources throughout their organisations. This is breathing new life into the knowledge management industry. Organisations that do not have their house in order will be unable to compete in a knowledge-based economy that mandates empowerment of the workforce. The key is getting the right or relevant information to empower the individual and organisation as a whole. The information becomes intelligence or actionable knowledge (Auditore 2003:1and2)

Littlejohn (1994:134) warns against the theft of proprietary information both internally and externally, which remains a serious problem in the United States. Any organisation has a serious competitor that may be a potential risk. He sees competitive intelligence as a normal, legal business practice, but mentions that problems arise when competitive intelligence activities cross the line to enter into industrial espionage. Particular care should be taken with salespeople who have in-depth knowledge of products, pricing, promotion, marketing programmes and sales forecasts. They may be vulnerable to innovative companies that target such people and use the information to beat their competition in the marketplace with innovative products and promotional strategies. It is also dangerous when sensitive and proprietary information is discussed in elevators, in rest rooms and around the water fountain.

According to Hise (1996:59), more and more small companies are mining the internet for business intelligence and data. The customer feedback that they obtain in this way often sets them ahead of the pack. These companies are quietly proving that the internet is the new frontier for gathering business intelligence. Exploring newsgroups, mailing lists and websites on the internet, can open up unknown worlds of information and opportunity for them.

For those organisations that are willing to invest in time, the internet is an inexpensive way to get online with customers, suppliers and competitors and to use the arising opportunities for controlling damages, providing services and support and to collect feedback.   Using the internet's hard data as well as quick feedback from customers enabled investment firm Gary Martin to tailor their investment advice with up-to-the-moment detail (Hise 1996:60).   The cost-saving character of the Internet is a big plus factor.   By posting a question on newsgroups, the internet can supply one with a quick response of people who are willing to share their experiences of the company's products, services and general image.

3.7.1. Marketing intelligence

According to Tan Tsu Wee (2001:245), marketing research and strategic planning have become more essential in providing firms with the opportunity to stay ahead of competition.   The writer quotes Ettore's view of market intelligence as a process of knowing what the competitors do and staying one step ahead of them by gathering actionable information about the competitors and applying it to short- and long-term strategic planning.   It is a *"continuing and interactive structure of people, equipment and procedures to gather, sort, analyse and distribute pertinent, timely and accurate information for use by marketing decision-makers".*

A continuous flow of usable information is the essence of a good market intelligence system.   This includes both formal (routine financial reporting, etcetera) and informal information (market comments and opinions).   There is a lot of information buried in organisations' databases, file servers and on the internet.   Scanning the message boards of internet search engines and other groups may provide valuable insight and opinions of consumers.   This source of information is generally under-utilised by most market analysts and the information is often viewed as subjective and biased.   However, with the right message boards, the information can provide a *"community of intelligent opinions".* Intelligent use of the internet can provide a valuable and supplementary resource of marketing, competitor and business intelligence (Tan Tsu Wee 2001:248,249,250).

3.8.   GAINSHARING

According to Band *et al.* (1994:17), the term '*gainsharing'* was established by the father of scientific management, Frederick Taylor, who advocated sharing between an organisation and its workers. The first recognisable gainsharing plan was introduced in 1936. Although there are several varieties of gainsharing, each involves reward for gains in productivity and/or reductions in costs, irrespective of the organisation's year-end bottom line. It is much more than a system of innovative compensation. Gainsharing can contribute significantly to the improvement of quality (Band *et al.* 1994:19).

Arthur and Airman-Smith (2001:737) chose to concentrate on gainsharing as an organisational learning system. For purposes of this study, the benefit of gainsharing in terms of its general noteworthy *suggestions* by employees, as well as its effectiveness as a learning agent, is of specific significance. Employee suggestion schemes often provide the systematic involvement of employees in identifying and implementing productivity improvements. However, suggestions can be much more far-reaching and may have a significant impact as communication management issues.

Band *et al.* (1994:20) make the connection between gainsharing and organisational development that is, in turn, about learning and change. It is about the people, the core competence – the skills, knowledge and creative potential embedded in its workforce. Arthur and Airman-Smith (2001:738) argue that employees possess an untapped reservoir of effort and knowledge that could improve organisational processes and effectiveness. Gainsharing can be an organisational learning system that helps to generate first- and second-order learning at the individual and group level. It is a critical mechanism for transforming the content of individual knowledge into organisational knowledge.

3.9. CONCLUSION

Fritz (1994:112) indicated that organisations can renew them and become young again, become rejuvenated, if they develop the ability to continuously learn. Organisations that can't learn can't change. Informal feedback is a cost-effective and trustworthy way in which organisations can constantly learn. Learning is already a competitive advantage for organisations, because those who can learn faster will survive.

Information that leads to learning is often provided by communication managers who act as boundary spanners and who gather, select and relay information from the environment. The communication manager therefore stimulates learning. During the rest of this research study it will be investigated whether it make sense for modern learning organisations to actively provide proper channels and favourable environments to increasingly receive informal feedback input from all stakeholders and, therefore, to facilitate ongoing learning.