Organization Development and Change in 21st Century
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Lecture – 28
Organization Learning – Relevance and Possibility

Today, we are going to start our last module of this course: Organization Development and Change in 21st Century. This module has 4 lectures and the focus of all the 4 lectures is basically on some specific context; contexts like non industrial setting or small enterprises. There we will be discussing the plethora of OD interventions which are relevant for a specific purpose or a specific context.

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So, this session is about Organization Learning, knowledge management and innovation. You can appreciate that organization learning and innovation are some of the most important capabilities of organization. The new form of industrial revolution which Peter Senge has explained, says that in the new form of industrial revolution; knowledge creation and learning are going to be the cornerstone of competitive advantage.

In the long run, competitive advantage can be sustained by the firms which can learn faster and better in comparison to their counterparts. So, we are going to look at organization learning and innovation in this module. Knowledge management is a tool or a mechanism

which facilitates the organization learning and also facilitates the nurturance of innovation in organization.

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Learning: Natural Process in Living System

- Learning is the permanent change in behavior or skills.
- Learning is the process of acquiring new understanding, knowledge.
- Learning is also acquiring values, attitudes, and preferences.
- Learning has all three; behavioral, cognitive and emotional aspects.
- Learning is essential process in adaptation, development and evolution.
- Learning is knowledge creation process. Knowledge may remain with the learner, may or may not validated or it may be shared and get validated and progress further through other social interactions or reflections.

Before we start talking about organization learning or learning organizations, let us look at what learning is. So, learning is a natural process in living systems, all living systems demonstrate some type of learning. It is defined as a permanent change in behavior or skill. Learning is also a process of acquiring new understanding, new knowledge. Learning is also acquiring values, attitudes and preferences.

Learning happens at three levels: behavioral level, cognitive level and emotional level. Learning is an essential process in adaptation, development and evolution. You might remember our discussion about the living system and one of the features of living system is feedback. All living systems receive feedback from their environment. What do they do with the feedback? Feedback helps them to learn something new and it is through the learning process, they adapt to the environment.

So, learning is essentially a knowledge creation process. Knowledge may remain with the learner, or may or may not get validated or it may be shared and get validated and progress further through other social interactions and reflections. So, you can see that learning and knowledge creation are intertwined processes. Learning if remains to the individual level; the knowledge created in that process may also remain at the individual level but, when knowledge created through the individual learning process is disseminated, when shared;

it becomes the property of collective system, that collective system can be a family, team or whole organization.

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Relevance and Possibility of Organizational Learning

- We have discussed in the previous sessions that organizations have to innovate, adapt and develop.

- Hence they also have to learn.

- Organizations have to learn because they have to adapt, improve, develop and grow.

So, we need to realize that relevance and possibility of organization learning has to be understood clearly because, learning and knowledge creation are the cornerstone of competitive advantage for any organization. We have discussed in the previous sessions that organizations have to innovate, they have to adapt and they have to develop. And, wherever there is a process of adaptation and development, learning is inevitable and knowledge creation is inevitable.

Organization have to learn because they have to survive in this process, survive in the market and they have to grow in the market. In fact, in order to survive, organizations have to constantly grow or constantly innovate in the market because there are always environmental factors including competition which can make the organization redundant, which can make the product and services offered by organization less competitive in comparison to others.

Organization Learning: Its Importance in Post COVID 19

There can be no more crucial time than current one to recognize the importance of organizational learning when the whole world is dealing with pandemic and most of the organizations are struggling to restart their operations.

- Four out of five members of workforce are affected by lock down caused by COVID 19 across the world.

- Huge losses are expected across different industries. This far exceeds the effects of the 2008-9 financial crisis.

- The sectors most at risk include accommodation and food services, manufacturing, retail, and business and administrative activities wherein employees are facing "drastic and devastating" increases in layoffs and reductions in wages and working hours.

This lecture is getting recorded when the world is facing the global pandemic. There can be no more crucial time than the current one to recognize the importance of organizational learning when the whole world is dealing with this pandemic. Most of the organizations are struggling to either remain in the business or to restart their operations.

Just to understand the scale of the pandemic, some data points might be useful. For example, four out of five members of workforce around the world globally is affected by the lockdown caused by COVID 19 pandemic.

Huge losses are expected across different industries and these losses will far exceed the effects of 2008-2009 financial crisis. The sectors most at risk include accommodation and food services, manufacturing, retail, business, administrative activities where employees are facing "drastic and devastating" increases in the layoffs, reduction in the wages and working hours.

So, this is a time of crisis and this is the time where organizations have to learn very fast something which they have not learned earlier. So, there is no precedence of dealing with this kind of pandemic. Most of the organizations have to learn how to survive in this phase and how to come out of the recession and come out of this lockdown.

What is Needed to Deal with Global Pandemic and Restarting the Operations?

- Solving Problems Systematically
- Experimenting with new approaches to work
- Learning from past experience of dealing with crisis
- Learning form other companies
- Transferring knowledge through out the organization

Garvin, D. A.(1993). Building a Learning Organization.
Harvard Business Review, 71(4), 378-391.

So, the question is: what is needed to deal with this global pandemic and restarting the operations? Organizations have to learn solving problems systematically, they need to adopt a scientific process, data driven process to solve their problems. There may not be a primary solution which is correct and effective as well. So, they have to experiment with new approaches to work, they have to experiment with new probable solutions. So, this is another very important aspect of dealing with this global pandemic.

Organizations have to also learn from past, which are the occasions, where they faced some kind of crisis and how they came out of that. There might be some learning in reflecting about those past crisis or past situations as well. Organizations also have to learn from other companies, in a given industry there must be some companies, some organizations which would be able to restart their operations much earlier and much faster than other organizations.

Across the industry, organization need to look at such examples and try to learn from them. These are very important points being identified by the experts, being talked about by the experts in the current times, but these are the same points which David Garvin talked about in 1993, in his famous article on Building a Learning Organization.

We also need to look at transferring knowledge throughout the organization. Some employees in the organizations might be at the interface, they might be more conscious, may learn the new processing system faster than others. It is important to identify the

learning points by the organization centrally, but also propagate those points and expand that learning throughout the organization.
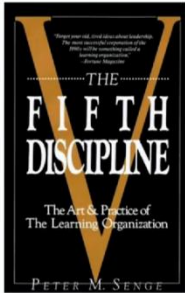
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So, the discussion about organization learning and learning organization was popularized immensely by a very famous and successful book called the Fifth Discipline in early 90's. This book was written by Professor Peter Senge, he is the senior lecturer at MIT in Boston. And, he says that there are five disciplines or five practices, theories or methods which organizations have to follow in order to develop the core learning capabilities.

So, there are three core learning capabilities identified by Peter Senge, first one is fostering aspirations, second is developing reflective conversations and third is understanding complexity. In the next part of this session, we are going to talk about some of these components in more detail.

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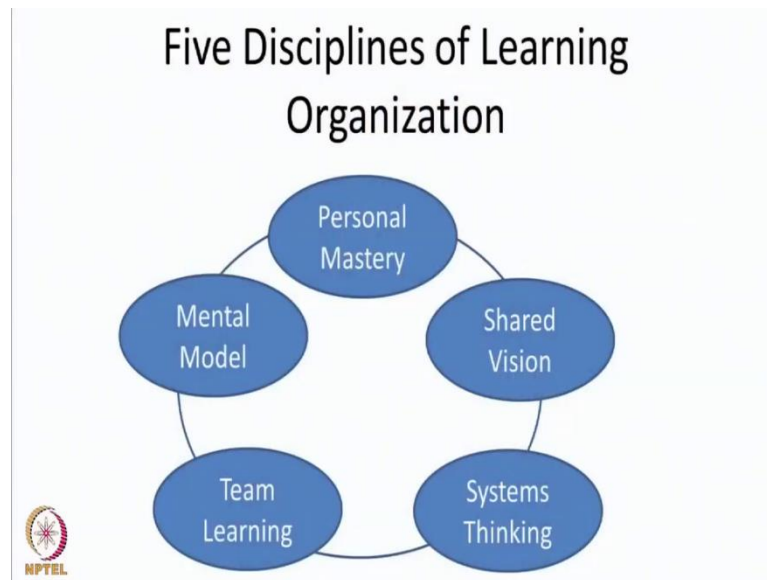
So, the five disciplines that learning organization talks about are personal mastery, mental model, shared vision, team learning and systems thinking. Now, we will try to understand all these five components one by one. So, personal mastery is the discipline of continually clarifying and deepening our personal vision, focusing our energies and developing patience to see the reality objectively.

Personal mastery involves embracing the creative tension arising out of the difference between what is the desirable state and where we are. In that creative tension, personal mastery emerges if we reflect consciously about what is needed to fulfill, that tension between what is required and what we are.

Mental models are deeply ingrained assumptions, generalizations, or even pictures of images that influence how we understand the world and how we take action. A correct understanding of who we are will enable us to visualize where to go and how to develop further. The organization has to be flexible in accepting changes to new mental models and a new image of the company. The most successful companies are those who can learn and adapt to new models to become faster than its competitors.

Second component or second discipline of this book is about mental models; what are the mental models? Mental models are deeply ingrained assumptions, generalizations or pictures or images that influence how we understand the world and how we take action. A correct understanding of who we are will enable us to visualize where to go and how to develop further.

The organizations have to be flexible in accepting changes to new mental models and new image of the company. The most successful companies are those who can learn and adapt to new models to become faster than its competitors. We must understand that reality is socially constructed. Mentality, many times is a precursor to reality. Mental model talks about the mentality and embracing the right kind of mentality, to create a desirable reality.

- "Building shared vision - In learning organizations, the vision should be created through interaction with the employees in the enterprise. Many leaders have personal visions that lack transferring them to a shared vision. The only way to create a shared vision is by compromising the organization's and individual's visions. People who do not share the same vision might not contribute as much to the organization. The effect of sharing the same vision is that employees do tasks because they want to do so instead of they are told to do so. It changes the relationship with the company, and it turns its performances in a learning mechanism.a practice of unearthing shared pictures of the future that foster genuine commitment and enrollment rather than compliance."[2]

Third discipline Peter Senge talks about is shared vision. Organizational leaders might have a vision, that vision might remain at their personal level, that vision may not get translated, may not get transferred to the people in their teams or in their organization. Organizations which aspire to be learning organizations cannot afford to have visions to remain limited to few of the leaders and do not get translated or transferred to a large number of employees and associates of the organization. In a learning organization, vision must be created through interaction with the employees.

Many leaders may have personal visions but if that lacks transferring to the collective level, organization may not develop a shared vision. The only way to create a shared vision is by compromising the organization's and individual's visions.

People who do not share the same vision might not contribute as much to the organization. The effect of sharing the same vision is that, employees do task because they want to do so instead of they are told to do so. It changes the relationship with company and it turns its performance in a learning mechanism.

It results into a practice of unearthing shared pictures of future and that fosters genuine commitment and enrollment, rather than compliance. Just by giving instructions, by ensuring compliance, no organization can afford, no organization can think about becoming a learning organization. Learning organization requires commitment of their people and that commitment requires a shared vision.

If they are driven by a shared vision, employees will contribute wholeheartedly to realize the potential of organization. Fourth discipline in learning organization is about team learning. To accomplish excellent functional team dynamics, team learning is very important. Team learning is something by which, personal mastery and shared vision are brought together. It is crucial for the workforce to consider its colleagues as team players instead of their rivals.

It is the first step to set up dialogues wherein, people dare to be vulnerable and express their real personality. The working environment must be safe, where honest mistakes are forgiven, otherwise no learning can be experienced. Teams are the basic constituents of the organization; now we see more and more organizations are adapting the organization design which is team based. Teams, not the individuals are increasingly recognized as the functional units of the organization. If teams learn, organizations can learn.

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Systems Thinking: Instead of focusing on individual issues, systems thinking reflects the observational process of an entire system. Managers have to understand that every action and consequence is correlated with another. Many times it happens that managers focus on individual actions, and therefore, forget about seeing the big picture. When the correlation is understood, it enables us to see interrelationships and patterns of change in particular situations. Managers will be able to determine cause and effect.

Fifth and perhaps, the most distinguishable aspect of Peter Senge's work is systems thinking. That simply means instead of focusing on individual issues, systems thinking is about reflecting about the whole system.
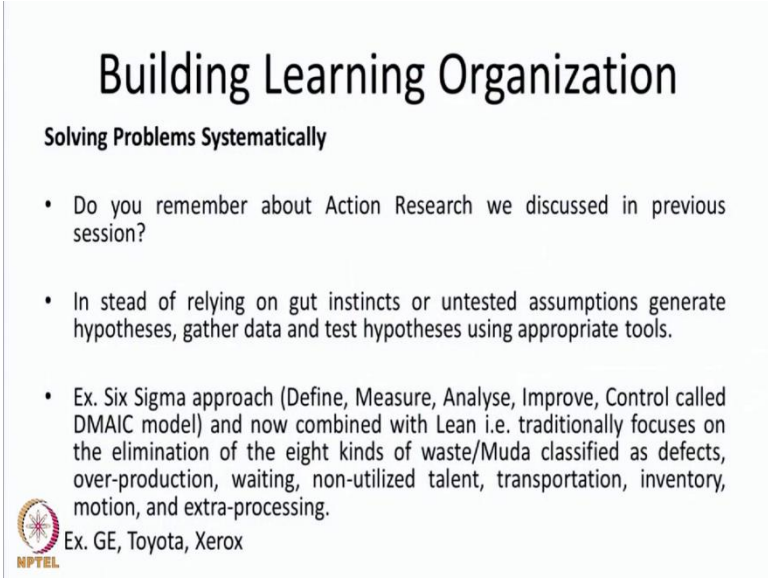
Considering the whole system in order to make a decision. Decision-making not solely based on individual benefits, individual performance management system, team performance or even the department performance, whenever a decision is to be made, individuals or employees in the organization must be capable of seeing the implication of

that decision at the organizational level or even beyond the organizational level. That is what Peter Senge calls systemic level. Many times it happens that managers focus on individual actions and therefore, forget about seeing the big picture.

When the executives and managers are not able to see the correlation between organizational outcome and individual outcome, they may not be able to make the most appropriate decisions. So, executives and managers must understand the cause and effect of their work at the systemic level. So, these are the five factors based on which, the learning organizations can be created. The discourse of Peter Senge is at the organizational level, that is why the title is learning organization.

But, in due course, two more terms have come up. These are organizational learning and learning in organization. Organizational learning is also a collective level process based on individual and group level processes. So, learning in organization means individuals, teams, departments and functions learning individually and together; so, organizational learning is the term used at the organizational level learning process.

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Building Learning Organization

Solving Problems Systematically

- Do you remember about Action Research we discussed in previous session?

- In stead of relying on gut instincts or untested assumptions generate hypotheses, gather data and test hypotheses using appropriate tools.

- Ex. Six Sigma approach (Define, Measure, Analyse, Improve, Control called DMAIC model) and now combined with Lean i.e. traditionally focuses on the elimination of the eight kinds of waste/Muda classified as defects, over-production, waiting, non-utilized talent, transportation, inventory, motion, and extra-processing.
  Ex. GE, Toyota, Xerox

Now, the question is what are the processes and activities through which learning organizations can be created? We again go back to the work of David Garvin; he suggested a few ways of building learning organizations. First of them is solving problem systematically. You might remember we discussed about action learning and we also

talked about action research. You might remember that action research is actually operating on the field on real life problem, but working as a scientist.

What does that mean? It means collecting data systematically, developing our hypothesis, making the OD. If it is about organization development, then making the OD intervention, collecting the data again and testing our hypothesis whether it is being supported by data or not.

If it is supported by the data, we can continue with that intervention; if it is not supported by the data, we need to think; we need to re-examine our assumptions, we need to re-examine the data or we might have to collect new data to identify what are the challenges and problems. And accordingly, we can redesign the OD intervention.

So, this is a scientific way of going about the OD intervention which we follow in action research and that is what probably David Garvin is talking about, when he is advocating solving problem systematically. So, instead of relying on the gut feeling or untested assumptions, we need to rely on the hypothesis development, data gathering, testing hypothesis by using appropriate tools.

Those appropriate tools can be various; they can be quantitative as well as qualitative. I will give two three examples here. Six sigma process is something which many of you must be familiar with. Six sigma process is used to standardize any process and it goes through five stages.

First, we have to define the problem; that problem definition has to be in the context of customers; meaning how customer experiences that problem? The customer can be internal as well as external. Based on that definition, we have to do the appropriate measurement. What are the indicators of efficiency or standardization of that process? Accordingly, we have to measure the specific aspects of that process, then data has to be analyzed.

Data analysis is done based on various quantitative methods, then improvement is identified. Improvement is introduced in the process and if the improvement is correct and if the data suggests that improvement is effective, then controlling the other processes and controlling the situation, controlling the extraneous variables to ensure that a standardized process is being followed.

Lean is another process. Lean management philosophy is based on reducing the waste. There are eight types of waste or muda lean philosophy talks about like defects, over production, weighting, non utilized talents, transportation, inventory, motion, extra processing etcetera. Six sigma and lean can be practiced together that is called lean six sigma. That has become a very important intervention to ensure that organization keeps learning and keeps innovating.

This is one example. There can be multiple examples of the systematic problem-solving approaches. There are some great examples like GE: General Electricals, which has implemented six sigma process in most of its companies, in most of its functions including HR function. There is also an example of Toyota, which has implemented lean six sigma in a very effective way. Toyota is considered one of the fastest learning organizations.

Another example is of Xerox, Xerox as an organization has ensured that a swide range of problem-solving and creative thinking tools are being taught to their employees. Tools can be as simple as force field analysis or fishbone diagram and it can be as complex as we use in the machine learning and other sophisticated statistics-based analysis.

What is important in all the three cases, GE, Toyota or Xerox? They have adopted different approaches for solving problem systematically, but after choosing one approach they have propagated that idea, propagated that approach across the organization. The greatest benefit of using one method across the organization or using one philosophy or approach across the organization is that people use same language.

When they use same language, they are able to understand each other better. Their understanding about the problem and the probable solution and ways of achieving those solution also become little more uniform and that helps in building synergy. So, there can be various OD interventions about systematic problem solving, but it is important to integrate them across the culture of the organization.