Making the organisation learn:
demystification and management action

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A tribute

This article has been written as a tribute to Russell L. Ackoff, one of the foremost thinkers in management science and one of its greatest teachers. He has persevered for over 30 years to refine organisational theory from the perspective of systems science and, more importantly, to make it reliably applicable to management tasks. Many of the twentieth-century's greatest systems scientists have collaborated with him, from the field of cybernetics to that of the learning organisation. The origins of many enduring management ideas can be traced back to Ackoff's original work, although this is not always recognised. He has demonstrated in his long and distinguished career the wisdom of Kurt Lewin's famous dictum: 'There is nothing so practical as good theory.'

Always impatient with the fads, panaceas, and quick fixes that abound in management literature, Ackoff has devoted his time and energy to building the foundations for valid constructs. In the rush to find a place on the bandwagon, we must not forget that the concept of the learning organisation originated in the application of systems science to understanding organisational effectiveness. The relevance of Ackoff's work to the world of development can be readily seen in his insistence on dealing with social justice as a core parameter in system purposefulness. Indeed, his systems science definition of development merits serious attention.

Models and metaphors in management

The assumptions underlying any management practice may be viewed in both a cross-sectional and a longitudinal timeframe. Preoccupation with the former leads us to a 'flavour of the month' orientation. The longitudinal view helps us appreciate the evolution of thought and to regard ideas as products of their time, rather than the quantum leaps

they are often portrayed to be. Indeed, if all the management mantras that make such claims were put together into a single organisational entity for everyday practice, the organisation would probably shudder to a stop. Management is the only 'science' that produces 'theories' at a rate that can only be called cheaper by the dozen. It must be obvious that this facility (a 'core competency'?) comes from the department of bandwagon marketing. 'New formula' products in management literature have grown impressively in the last 25 years. Alas, growth cannot be equated with development.

The learning organisation (LO) is a brand. It has, undoubtedly, a huge brand equity value. It has replaced total quality management (TQM) at the top of the top-ten charts worldwide. The downfall of TQM was accompanied by reluctant revelations of its failure rate, which has been estimated to be as high as 65–70 per cent. In other words, for every one showcase 'success', there were two failures not mentioned. Should we be surprised if the backlash from LO brings in similar unpleasant statistics? Even as the issue of *Development in Practice* on which this Reader is based is being read, the counting of burnt fingers has begun. The pattern is remarkably similar for all management 'revolutions'. TQM and LO are merely the two most recent illustrations. The pattern seems to conform exceedingly well to the brand lifecycle model in marketing!

What makes a management system succeed?

How do we explain the failure rates (as well as the successes) of TQM and LO? The usual polarisation of views – faulting the product or faulting its usage – does not help. Here is another way of explaining failure and, in the process, ensuring a higher probability of success. We will consider a *three-way compatibility test*, proposing that the test be applied to any management system being brought into an organisation. Figure 1 depicts the framework.

Management structure refers to the critical mass of decision makers who influence the organisation's strategic perspective and policies. There may be more than one 'level' of critical decision makers and, therefore, of decisions. The extent of congruence in the thinking across two or more centres of decision making appears important.

Management system refers to the formal, codified set of procedures that determine the processes of decision making. There may be more than one formal system at work in the organisation. The extent of congruence across key areas of decision making by two or more systems appears important.

Operational Environment

Model
compatibility

MANAGEMENT
STRUCTURE

MANAGEMENT
SYSTEM

Organisational
purpose and
tasks

Culture
compatibility

Practice
compatibility

MANAGEMENT
VALUES

Management values refers to deep, enduring convictions about what is right or wrong, good or bad, and acceptable or unacceptable conduct in management practice. There may be more than one area of management practice with a recognisable value basis (e.g. a 'caring' value in staffing and an 'efficiency' value in project management). What appears to be important are (a) the extent of consensus on the value among the majority of managers, and (b) the congruence across two or more areas of management practice in the value 'system'.

The three types of compatibility may now be examined.

1 *Model compatibility* begins with the (often unstated) model of the organisation, i.e. assumptions of what an organisation is, how it functions, and, therefore, how to make it work. Ackoff (1994, 1999) refers to three main types of assumptions about the organisation: the mechanistic-deterministic, the animate-organismic, and the social-systemic, and there might be other ways of classifying our notions of the organisation. 'Models' of organisation are often reflected in the metaphors we employ in management communications – keeping the wheels turning, the warp and weft of operations, the house, the tree, the body, the family, and so on.

It is important to note that assumptions about the nature of the organisation exist both in the minds of the managers and in the construct of a management system. Every management system has (often unstated) assumptions of what an organisation is and how it functions. For instance, the production-management system which employs operations-research techniques appears to take a

mechanistic view of the organisation, as does the discipline of job analysis. In contrast, the systems of management by participation (MbP) or management by objectives (MbO) would seem to be closer to an animate view of the organisation. Interestingly, a system to enhance the engineering process in an organisation may also invoke an animate-organismic model. For instance, a software development organisation may monitor its engineering processes by a system called the capability maturity model in which the underlying assumptions of 'maturation' are certainly organic.

Is it possible for those in the *management structure* within an organisation to have one model of the organisation in their minds, and for the *management system* to have another model as an underlying premise? It most certainly is. And it can happen in the non-profit NGO setting as much as in the corporate context. The most common discrepancy in the former is between an animate-organismic viewpoint in the management structure and the mechanistic-deterministic assumptions in methods employed in project management, for instance in PERT/CPM, ZOPP, LogFrame, etc.

The problem is compounded when two or more management systems in the organisation have conflicting models of the organisation – for instance, between the mechanistic assumptions in job analysis and the synergistic assumptions in team-based project management.

2   *Culture compatibility* begins with the concept of culture as *perpetration* of patterns of behaviour – making them characteristic, predictable, and enduring.

By definition, a value represents a 'central' belief in our cognitive organisation, ensuring a strong internal consistency across thinking, emotions, and conduct. When an organisation articulates its value positions (e.g. in vision and mission statements), it is saying what it would *like to believe* its character to be. On the other hand, the management structure determines the decision-making process that results in the actual behaviours of people in the organisation (Padaki 2000a). It is a common observation (even in our own lives) that the same person may display two quite contrasting orientations in the roles played in two different management structures in two different organisations (e.g. empathetic in one, impersonal in the other, or risk-taking and collaborative in one, playing safe and non-cooperative in the other, and so on).

Is it possible for the stated management values in the organisation to profess one pattern of conduct, and for the predispositions in the management structure to be at variance with it? It most certainly is. For instance, in an NGO with a project-based management structure (determined, in turn, by the funding pattern), there may be a natural predisposition to empire building by project staff. This is a negation of the values of resource conservation, putting the community before oneself, collaborative efforts to overcome poverty, and so on.

3 *Practice compatibility* begins with recognition of the fact that every management system – made up of methods, tools, and techniques – has underlying assumptions of what *ought to be* the way to do things in the organisation. Many of these assumptions are about how people *ought* to relate to others in carrying out their roles. A management system is invariably a product of its time and, therefore, a carrier of a value system. The emergence of 'participative style' as a leadership prescription, the stress on delegation and joint goal setting in MbO, and the importance given to 'internal customer focus' for continuous improvement in organisational processes have all had certain value premises embedded in them.

On the other hand, there exists in every organisation an established (perpetrated) culture. The culture includes values that determine orientations, norms of conduct, and ways of relating with others. Is it possible for the value premises in a management system to be in conflict with the prevailing orientations and norms of conduct? It most certainly is. For instance, the MbO system for monitoring performance stresses bilateral accountability and a coaching leadership process, calling for democratic values and managerial responsibility for developing others. If the prevailing values in the group are strongly authoritarian, accompanied by low transparency in decision making, there are likely to be two parallel systems at work – the formal, 'paper' system of MbO, and the informal, 'real' system of managing the group. The dysfunctional outcomes of such parallel systems must be noted.

Problems of incompatibility can also occur with two or more management systems making demands on people with underlying value conflicts – for instance, seeking collective effort through team-based project management structures, and reinforcing individualistic effort through the reward mechanisms.

Finally, it must be recognised that the compatibility we seek in the three-way framework is with reference to the given organisational purpose – the particular tasks in its mission – in a given operational context. Marked uniqueness in the nature of the task or the operational environment may certainly influence one or more of the three points in the framework. However, the internal consistency within the framework will still be a necessity.
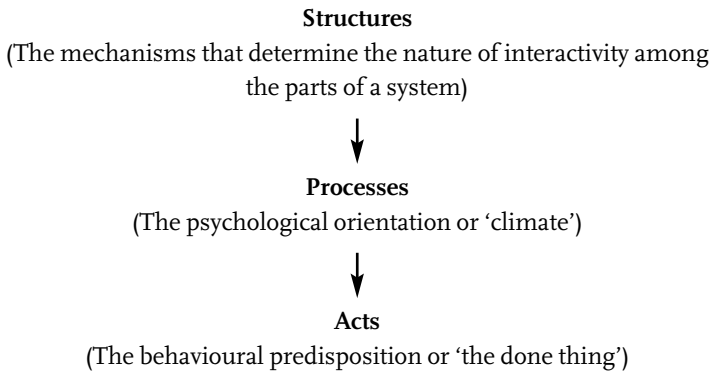
Locating the learning organisation

Three questions arise from the three-way compatibility framework. First, is there an organisational model that is inherently superior – more valid, closer to the 'truth' – than other models? Second, is there an ideal 'mix' in the three-way framework that is good for all organisations? And finally, how can the learning organisation be located within the framework? We may begin with the first, but it will be seen that after we start that it is not necessary to address the questions separately.

The simple answer to the first question appears to be: yes, there is indeed a one best model of organisation. But which is the model that has stood the test of time and proved its validity, rising quietly and firmly above the fads, panaceas, and quick fixes in the management supermarket? There is clearly one candidate for this distinctive position. It is the perspective of general systems theory which makes us view the organisation *as an open system* with all the accompanying features: interactivity among the parts, the need for purposefulness to define its fit in the environment, the extent of robustness in its functioning, the need for system intelligence, and so on (Ackoff 1974; Ackoff and Emery 1981). Indeed, the concept of *proactive orientation* defines an organisational state of continuous learning that is the same as a learning organisation.

The contribution of general systems theory to our understanding of organisational effectiveness and, therefore, to management methodology has increased steadily. Looking back over 50 years of management theorising, it can be seen that the small number of concepts and practices that have stood the test of time – while dozens of fads have fallen by the wayside – have all been consistent with the basic tenets of systems thinking. Here is not the place to dwell on the basics of systems theory – there is an abundance of introductory literature on the subject. Padaki (2001) has shown the relevance of 'a system of system concepts' in development programmes and NGO management.

The central ideas in the open system view of the organisation are often missed, even if there is a general inclination towards systems thinking. It is often not recognised, for instance, that the entire discipline of *organisational development* (OD) has developed steadily over 50 years because of the solid theoretical foundations in systems science. Contrary to popular (and unhelpful) notions of OD being a set of esoteric training techniques to 'change people's mindsets', the methodology of OD begins with the acceptance of organisational variables as powerful determinants of the typicalities of attitudes and behaviours (Padaki 2000b). The classic S-P-A model, derived from Kurt Lewin's Field Theory, may be depicted as:

Structures
(The mechanisms that determine the nature of interactivity among the parts of a system)

↓

Processes
(The psychological orientation or 'climate')

↓

Acts
(The behavioural predisposition or 'the done thing')

The 'process sensitivity' that OD attempts to create in a group is to get people to understand how the behavioural predispositions in the organisation are of their own making, i.e. the consequences of structures and systems set up by themselves. However, it must also be appreciated that the entire discipline of OD rests on certain value premises – in particular, the cluster comprising democratic, egalitarian, and humanistic values. Even if not fully observed in practice, a critical mass of decision makers in the organisational system must at least find these values acceptable before any OD-like process is undertaken there (Padaki 1997, 2000b). All of this is in contrast to the application of systems science with a mechanistic model of the organisation. (Even the terms employed are a reflection of this, e.g. 'business process re-engineering', 'industrial dynamics', etc.)

Next, it must be clear that certain management systems are naturally compatible with systems thinking and the accompanying value premises of OD. Others simply will not work. Too many of the available tools and techniques are mechanistic in nature, assuming

that different parts of the organisational whole can be 'improved' in isolation, without recognising that the system's performance is the product of the *interactivity among its parts*. Treating the parts in isolation leads predictably to *sub-optimisation* in the system – the performance of one part at the expense of some other parts. It is not easily appreciated that it is quite possible simultaneously to improve the performance of each part of a system separately and still reduce the performance of the whole.

> *Nowhere is the fallacy of the mechanistic model more evident than in the performance appraisal system. Techniques and incentives to stimulate individual effort are based on the underlying (and unquestioned) assumption that the output of the team is additive in nature, i.e. the sum of the outputs of individuals. If there is a universal distrust of performance appraisal it is because of the intuitive understanding among the people concerned that the performance of the system is really quite systemic.*

Since the concept of a learning organisation is essentially a derivation from systems thinking and, further, a specialised extension of theory and methodology in OD, it must be clear that its location in the three-way compatibility framework is likely to be as shown in Figure 2.

The social-systemic model of the organisation appears best suited for the OD process and for building the learning organisation. Locating OD and LO in this way clearly calls for the recognition of a *paradigm* position.
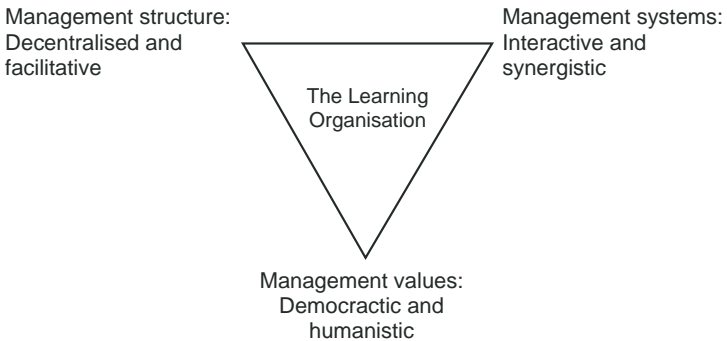
Figure 2: Locating LO methodology

Systems science

OD: Applied to organisational systems LO

A specialised methodology in *OD*
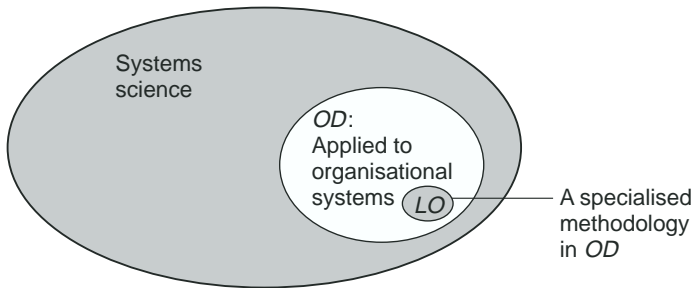
The specialised methodology in *LO* may include specialised tools and techniques, e.g. all of 'knowledge management' may be viewed as a natural subset of *LO*.

Indeed, many organisations 'trying out' LO practices might not be aware of the paradigm shifts needed to make them work. If the three points of compatibility in the triangle in Figure 3 are rooted in two (or three) different paradigms, we can expect dissonances. These dissonances can be dealt with either by processes of healthy confrontation or by self-deceptive reactions, worsening dysfunctional states in the organisation. The contrasting features between the most commonly held paradigm and the required OD/LO paradigm are discussed below.

The relevance in development organisations and programmes

The relevance of the above concepts to management tasks in voluntary organisations or development NGOs is best examined around the three-way compatibility framework, outlined in the recommended model contained in Figure 3. The 'model' has been implemented successfully in several NGOs – international donor agencies, operational NGOs, and support or resource NGOs. The elaboration that follows is a generic case, drawn from the experiences in several organisations.

Figure 3: The social-systemic model of organisation

Management structure:
Decentralised and
facilitative

Management systems:
Interactive and
synergistic

The Learning
Organisation

Management values:
Democractic and
humanistic

Management structure

We begin by recalling a dictum in organisation theory that has stood the test of time: *form follows function*. How work is *organised* or *structured* must be decided by the circumstances in which the work is performed. Four main factors represent the variety of circumstances possible:

- the nature of the task (e.g. making bricks or making movies);
- the range of competencies required (e.g. physical, intellectual, social skills);
- the technology deployed (e.g. the extent of automation);
- the scale of operations (e.g. in volume and geographic reach).

These four factors must be viewed as being interdependent. For instance, a larger scale may need a different technology, which in turn may call for a different mix of competencies.

What are the characteristics of development work that may determine the optimum structures for an organisation? The most important features seem to be the following:

- work is project-based, carried out in designated project groups and subgroups;
- there is an emphasis on 'services' rather than on 'products';
- work patterns or schedules cannot be routinised ('no two days are the same');
- tasks are interdisciplinary (with strong within-group interdependencies in roles, representing specialist competencies);
- there are strong cross-group interdependencies from specialist functions (e.g. across projects);
- there are frequent and continuing transactions with the 'customer', i.e. the community and its groups or organisations; and, most importantly,
- *not everything is known about the development process. It is important to be learning while doing all the time.* This is the classic action-research condition, which is also a premise in OD.

> *These features demand work structures that are unique and fundamentally different from those prevailing in most other types of work organisation. Among other things, development work calls for genuinely team-based work structures.*
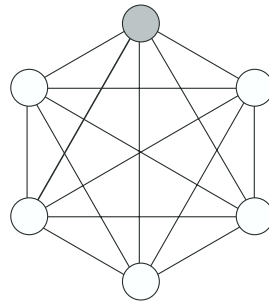
The term *team* is used here in the technical and not in the popular sense. The sentiment of 'teamwork' and the good intentions of 'team building' come to nought without the structural features that distinguish the team from any other grouping of people. Some critical differences between teams and groups are shown in Figure 4.
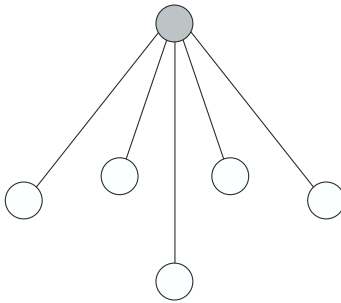
	Groups	**Teams**
1	Emphasis on personal leadership: – single-point decision making – expert leadership	Emphasis on leadership process: – multiple-point decision making – facilitative leadership
2	Individual / vertical accountability	Multi-lateral accountability
3	Group performance/output: additive – sum of individual work contributions	Group performance/output: Synergistic – the product of inter-activity among the roles
4	Interdependence medium-low	Interdependence high-critical
5	Emphasis on individual or personal skills	Emphasis on complementarity of skills

It is seen that team-based structures and project-based work tend to go together. This is especially so in development work, where teams are formed and disbanded over project cycles. A person may belong to more than one team in varying capacities, with varying extents of involvement. A team may also have members coming in and going out throughout its life. In sum, while all teams are groups, not all groups are teams! Development work appears to require – and benefit from – team-based structures.

Management system

Of all the formal procedural systems that an organisation adopts, none is closer to its purpose than a sound performance-management system. The greater the concern for *accountability* in the organisation, the stronger the need to define organisational performance more correctly, with the desire to do something about enhancing it. Performance management, of course, is not to be equated with performance appraisal or project management, although helpful elements from both of these procedures may be incorporated into a comprehensive performance management system.

A performance-management system that stresses organisational learning for continuous improvement must have at least three sub-systems integrated within it, as three 'arms' of the system:

- *Arm 1:* a procedural system that views performance outputs in *interactive terms*, aimed at *systemic* corrections and improvements – resembling the project management PIME process, but going far beyond it to collective responsibility and action in bringing about the systemic changes.

- *Arm 2:* a procedural system that aids individual adaptations to the systemic demands – resembling performance appraisal, but going beyond the regulatory orientation in most appraisal systems to a distinctive developmental orientation.

- *Arm 3:* a procedural system that aids the reinforcement of attitudes and practices deemed helpful, and the correction and control of those deemed unhelpful – resembling reward (and punishment) systems, but going beyond them.

The primacy of the systemically oriented procedures in the first arm must be evident. If the larger organisational system is not facilitating improved performance, any amount of emphasis on individual 'appraisal' and 'rewards' can only be increasingly frustrating. On the other hand, the learning orientation created by Arm 1 of the system helps in making individuals *want to* attempt changes in orientation and practice.

Management values

Following the three-way compatibility framework, we will see that the combination of team-based structures and a systemically oriented performance-management system calls for an alternative value system in the people concerned. For the social-systemic model to work, the conventional notions of 'leadership' need to be replaced. For instance:

- from authoritative to facilitative leadership;

- from vertical, unilateral accountability within a work group to multilateral accountability, including the downward accountability of the formal leader to members of the group;

- from a manipulative orientation to a collaborative orientation towards people in the group, and so on. 'Management by participation' takes on a different meaning. It is appreciated as a desirable human process in itself, a value, rather than a management technique for better control.
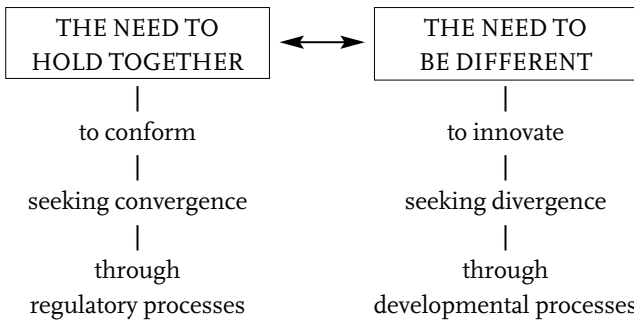
In OD consulting work with NGOs we often come across a dilemma within the organisation, which reflects a deeper conflict in the realm of values that has not been addressed, i.e. the need to be people-oriented (valuing participation, empathy, caring, etc.) versus the need to be task oriented (emphasising efficiency, achievement, targets, etc.).

Management often experiences considerable difficulty in dealing with this dilemma and may be divided sharply, polarised around the two positions. In almost every case it has been shown, first, that neither position is either correct or complete in itself and, second, that conflict occurs because of inconsistencies in the three-way framework.

In reality the two 'poles' are complementary, rather than opposed. Most important, *the complementarity can come only out of the internal consistency in the social-systemic model.*

> *The relevance of the social-systemic model is not only for the NGO itself; it is equally significant in its work with communities. It is too easy to persuade a community to set up organisations with notions of 'ideal structure' and 'ideal systems' that may actually be completely unhelpful to the mission.*

The learning organisation aids the complementarity, and vice versa. This should not come as a surprise, as both concepts have arisen out of the open systems view of the organisation. According to this view, the *purposefulness* and *robustness* of an organisational system can be related to a *vital organic balance* to be struck between two seemingly opposed processes:

THE NEED TO HOLD TOGETHER	←→	THE NEED TO BE DIFFERENT
to conform		to innovate
seeking convergence		seeking divergence
through regulatory processes		through developmental processes

The two complementary forces need to be brought under control and to be balanced in *all* management, in all types of endeavours. However, the task appears as a special challenge in the management of NGOs because of the newness of the experience. Too much conformity at the

expense of innovation can be just as dysfunctional as too much innovation without conformity.

Making it work

The proof of the learning organisation, it can be said, is in the acts of learning – not in the wishing. One of the most common complaints about LO is that it appears elegant and attractive in the introductory seminar, but then what? Methods to translate the ideas into actual practice appear vague or are not mentioned at all. As one chief executive put it: ' ... when I went home and was in my shower thinking about it, there was a feeling of disempowerment. It came from not seeing a path in a forest, beautiful as the forest might be, and the increasing anxiety that the elusiveness might be the nature of the beast.'

Some starting principles

The author has been part of the OD 'movement' since the 1960s. Because of its all-embracing nature, OD has welcomed many different models and methods into its fold over the years, even redefining the field of OD occasionally as needed. But the following represent some of the central *principles* in the practice of OD:

1   Satisfy yourself about the soundness of theoretical premises in any 'new' prescription. Methodology is best understood as*: theory + methods + tools + operating skills*. Remember, 'There is nothing so practical as good theory.'

2   Go for the substance rather than the brand. It is possible to build a truly *learning organisation* without ever using the term, just as it is possible to have global feedback for a performance orientation without calling it '360 degrees'. The assigning of labels often makes the effort cultist, falsely exclusive, and deprived of eclectic enrichment.

3   Demystify the system. It is extremely important for the client system to relate easily to the concepts and, therefore, the implications for action. Explorations in simple language must precede the adoption of any 'model' or 'framework'.

4   Empower the client system. The people themselves must conceive, design, plan, implement, and manage the operating system involved in the change process. All knowledge and 'expertise' must be transferred to the client system. It should be noted that the empowerment principle includes within it the complete transparency of the change agent and her or his agenda – an important point that could be developed into an essay in itself.

5 Find the 'gateway' most suited for the client system to initiate the change process, around which other interventions may be viewed systemically. There is no 'one best way' to get an organisation moving towards a more proactive state.

6 Constantly urge everybody to view the woods rather than the trees, the organisation's state of effectiveness as a whole, rather than a single function or one organisational unit. Organisational *performance* and organisational *purposefulness* must be the shared backdrop for all players in the entire change process.

A model programme of change

While no two organisations can ever be the same in their operational contexts and the gateways they need for a change process, a generic 'model' seems nevertheless possible for initiating such a process. First and foremost, it must be recognised that creating a learning organisation is a task which requires a process of organisational transformation. The flow chart in Figure 5 suggests four stages in the process.

Figure 5: Learning to Learn
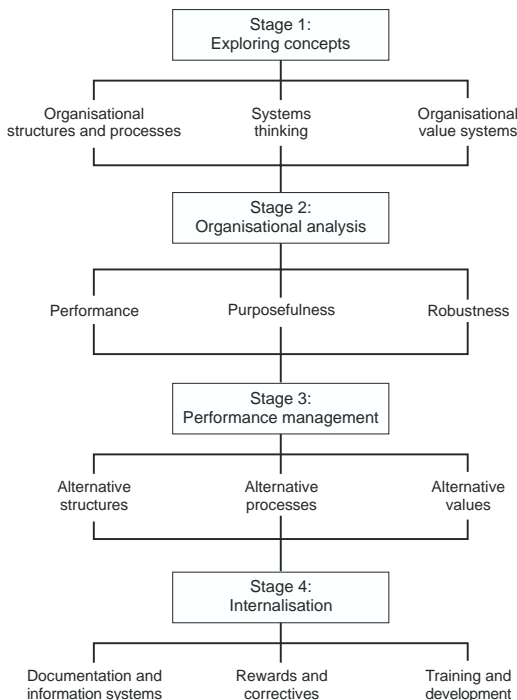
The sequence of tasks in each of the four stages appears important. The completion of each stage prepares the ground for the next one. In actual practice, some elements of a later stage may be undertaken towards the end of the previous stage. Brief descriptions of the task ingredients in the four stages follow.

Stage 1: exploration The main purpose of this stage (as its name suggests) is for the critical mass of managers or decision makers in the organisation to explore ideas and concepts about human organisations. This is best done in a non-invasive, non-intrusive manner, for instance in seminars in which there is ample opportunity for all to express opinions and experiences without having to defend any particular position. It is useful to spread this exploration over a few sessions, spaced conveniently, rather than to compress too much in one sitting. It is also useful to provide as much time for discussion as for the seminar inputs. *Exploring* ideas and concepts also means employing a vocabulary and syntax that is simple, jargon-free, and that refers to people's common experiences. Some examples are given in Table 1.

The general theme for the seminar series in Stage 1 can be called *exploring organisational effectiveness.* Any reflection on conditions back home must come naturally, from the participants themselves, and not from the seminar leader. The minimum coverage in the seminar series would be:

- systems thinking, applied to organisations;
- understanding structures and processes in organisational systems;
- organisational value systems.

Stage 2: organisational analysis It is only at this stage that the group is encouraged to examine its own organisation along the lines covered in Stage 1. The methodology in Stage 2 will change from seminars to workshop exercises, relying largely on experiential methods. The theme might well be *purpose and performance.* As seen in the flow chart (see Figure 5), the objective in this stage would be to achieve a firm understanding of organisational health and dysfunction and, therefore, the options available to management to sustain long-term performance.

Stage 3: managing performance Here the group takes on the responsibility of conceiving, designing, and introducing helpful structures and systems for the transformational process. At this stage, rather than at the start, the group will readily see the interconnections across structures, processes, and values in the alternative set-up. For instance, overcoming sub-optimisation in the system will call for

Table 1: User-friendly approaches to exploring ideas		
Concept	**Unhelpful approaches**	**Helpful approaches**
Structures–Processes–Acts	Every individual functions in a behavioural field. The structural properties of the field determine transactional processes which, in turn, determine the behavioural predispositions of the individual. Structures may be defined as …	How many of us here have worked in more than one organisation? You can reflect on your own experiences working in two or more organisations … Did you find yourself behaving differently in the two jobs? In efficiency? Problem solving? Cooperating with others? Risk taking? Why do you think that happened? The same person, but two different 'personalities' …
Group dynamics	Individuals display certain response tendencies when they operate by themselves. These predispositions change at different system levels of functioning – in the interpersonal, small group, large group, and organisational settings …	In fieldwork, have you noticed that a person expressed an opinion to you when you met privately … but another opinion when the group met? Or the other way … the group expressed a 'consensus' opinion … and later, you found individuals expressing disagreement … Why does this happen?
System intelligence	All living systems need a boundary function that helps in arriving at a realistic match between realities in the external environment and realities in the internal environment. The ability to assess these two sets of realities in valid and reliable ways, including the positive and negative features of the external and internal environments …	How do we define the word intelligence? Let's have some ideas … Is there something common in all the ideas from the group? The ability to learn – how does that sound? Can organisations differ in their ability to learn? Where is the intelligence of the organisation located?

stronger interfaces across functions or units which, in turn, will require team-based structures rather than conventional pyramidal structures; the team-based structures will promote multilateral accountabilities and even a downward accountability from the formal leader to members of the group; obviously, the leadership process will also change – from expert leadership to a facilitative leadership. The theme for work in Stage 3 may be called *learning to change*.

Creating the conditions for a learning orientation through an alternative performance-management system has the advantage of working on 'deliverables' that matter to all, which can also be observed as actually improving. It is seen that the most reliable source of motivation for human achievement is … the experience of achievement. *A team-based performance-management system not only produces the learning orientation more reliably, it is also genuinely empowering.*

Depending on the size of the organisation and the complexity of operations, Stage 3 may be completed easily in a short time, or extended over a considerable period. Since the reality of any organisation is systemic interactivity, this is the stage in which participants will discover several interconnected organisational processes to be dealt with that had not been foreseen. 'Dry runs' certainly help. Patience and sensitivity to internal strains in the process of change are major requirements of the external facilitator. The hand-holding needs to be firm, but not inadvertently directive.

Several 'models' of comprehensive performance management exist. Again, it is not the 'brand' that matters, but we do need to ensure the essentials:

- alternative structures (team-based) for identifying and controlling system sub-optimisation;
- alternative processes for enhancing 'system intelligence' and the learning orientation, along with the operating systems;
- alternative values (and the soft skills) to accompany the processes.

The critical requirement in the operating system is the procedure for constantly examining performance *systemically*, reinforcing systemic conditions for achievements, and addressing systemic conditions for shortfalls.

Stage 4: internalisation Even through the dry runs in Stage 3 the organisation will recognise the back-up systems needed to function in the chosen, alternative manner, of which the three most important are likely to be:

- documentation and information systems to aid the synergies sought, whether or not termed 'knowledge management system';
- systems for reinforcing the value premises underlying the new practices, both rewarding and corrective mechanisms;
- training and development measures, including both the technical skills and the soft skills to help people adopt the new practices more effectively. It will be seen that training *follows* changes in structures and processes.

The paradigm shift

The above path leading towards a widespread learning orientation in an organisation calls for a fundamentally different way of viewing the organisation itself. If 'resistance to change' is viewed as 'human

nature', we are likely to rely too heavily (and too unrealistically) on trying to change people through incentives, exhortations, appeals, training, rewards, punishment and so on. The greater the preoccupation with change in people, the greater the likelihood of neglecting the reality of organisational variables that have perpetrated the resistance to change. With a reasonably good recruitment and selection process, it can be said that the capacity to learn and to aid organisational performance exists in all members of the organisation. We must then accept that the principal responsibility of management is to create the conditions within the organisation through which the same people will first *want to learn*, then *learn to learn*, and finally internalise the habit of *continuous learning*. On another front, the management systems developed (such as the performance-management system) will need to ensure that such learning takes a direction that is moving away from system sub-optimisation towards system synergy.

All this requires considerable preparation of the ground before any off-the-shelf tools are inflicted on groups of people marshalled into 'learning organisation workshops'. Every management group in every organisation can be expected to be functioning with a prevailing paradigm. If that paradigm contrasts markedly from the paradigm required for an OD process and, especially, for the methodology of a learning organisation, the change agent – whether internal or external – has the professional responsibility of taking a critical starting decision: either to ensure a paradigm compatibility for the intervention process or not to initiate the process. Should the change agent choose to work towards a shift in paradigm in the management group, then that, too, needs to be accomplished by the value premises that are part of the OD paradigm.

Table 2 juxtaposes two contrasting paradigms, the conventional approach to managing organisational performance and the approach of the learning organisation. The manifestations of the two paradigms in the specifics of management practice are too real to be wished away.

Table 2: Two contrasting paradigms in managing peformance	
Paradigm 1	**Paradigm 2**
• Core assumption: Organisation performance is the sum of unit performances … Hence the efforts to maximise performance – down the line to the individual unit or person	• Core assumption: Organisational performance is the outcome of interactivity among units … Hence efforts to optimise performance – up the line from individual units or persons
• Mechanistic/additive logic: units as closed systems	• Organic/synergistic logic: units as open systems
• Group structures: separated reporting relationships with formal leader	• Team structures: interactive reporting relationships across all, including formal leader
• Expert leadership: focus on work content	• Facilitative leadership: significance of work process recognised
• Emphasis on individual performance or contribution: primacy of 'job description' … rigidity in viewing individual roles	• Emphasis on team performance or contribution: primacy of team-level key tasks … flexibility in viewing individual roles
• Heavy reliance on individual attributes … emphasis on task-related skills	• Sensitivity to interactive and systemic realities … significance of process-related skills recognised
• HRM orientation, stress on individual performance … translated into procedural systems in recruitment, induction, appraisal, training, etc.	• OD orientation, stress on systemic performance … translated into work review, interface building and systemic goal-setting practices
• Heavy reliance on 'Performance Appraisal' – Resented/resisted/suspected – Periodic 'revisions' and 'refinements' through 'up-to-date' tools – Driven by HRM – Informal system prevails and finds ways to beat the formal system	• Priority given to creating conditions for high performance – Individual appraisal acceptable with fair playing field – Objective basis for individual review more important than tools – Driven by line management – Transparency: no gap between the formal and informal process
• Performance management equated with appraisal, i.e. individual performance review, but with extended features	• Performance management multi-dimensional and comprehensive: individual review and development as one sub-system
• Assumptions of pyramidal career-growth paths: appraisal and reward systems most critical HRM procedures	• Multiple career paths, delinked from 'management' connotations: induction, training and development, assessment centres become important
• Reward system reinforces individualistic orientation/values: negates interfaces, interactivity, teamwork	• Multi-tier reward system provides recognition to both team effort and individual effort: reinforces collaborative values
• Tendency for orientation to short-term gains: target perspective	• Facilitates long-term orientation: strategic perspective
• Elements interconnected: tendency for internal consistency	• Elements interconnected: tendency for internal consistency
Overall: organisation predisposed to unit maximisation, with consequent *sub-optimisation* at several levels	**Overall:** organisation predisposed to strengthening interfaces, with consequent *synergistic* performance at several levels

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