

Senge's Learning Organization:  
Democratic Transformation or Neoliberal Practice?  
Identifying the Contradictions and Conflicts

by

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## **Abstract**

Peter Senge's "The Fifth Discipline" offers hope for the democratic transformation of modern corporations into learning organizations. This vision sees corporations as true citizens of the world, deeply aware of the effects of their decisions on their members, communities, and society at large. Senge acknowledges that existing structures stand in direct opposition to the principles of the learning organization and provides a theoretical framework to enable the required transformation, but does not adequately deal with them in practice.

This thesis explores the power structures of the traditional corporation in order to identify the contradictions between the democratic principles of the learning organization and the neoliberal practices of the corporation. This demonstrates how the learning organization discourse is ultimately being interpreted and used to increase productivity from workers to the continued exclusive benefit of the professional managerial class, the de facto rulers of the modern corporation.

Through the Foucauldian lens of governmentality, the power relations in large, publicly-traded corporations are laid bare, thereby showing where the true power is held in the organization. This provides an analysis of who will control how the learning organization is practiced in this context.

Finally, you will be provided with a precise explanation of the structural reasons that the implementation of the learning organization's democratic ideals can and do fail in modern corporations. Ultimately, the failure of Senge's "Fifth Discipline" to deal with these structural barriers leads to the learning organization being used as a management tool rather than as a fundamentally transformative practice that encompasses democratic reform.

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## Chapter 1 - Introduction

The learning organization is touted as a democratic place where every voice is legitimately heard and where new ideas are welcomed (Senge, 2006). It is a living extension of the collective creativity of its members and has the internal flexibility to successfully meet all challenges. Individuals belonging to the learning organization are theoretically encouraged to challenge anything and everything, from procedures to the organization's structure to its assumptions about what it does and why it does it (Senge, 2006).

Peter Senge's vision of a democratic corporation, as presented in "The Fifth Discipline", is one that understands that it is part of a larger system and that its actions affect others in profound ways (2006). It is a corporation with a conscience and a deep connection to the social and environmental systems in which it operates (2006). Senge describes how this new learning organization and its individual members need to think and act in order to achieve an egalitarian state. He also describes how traditional organizations think and act, illustrating the profound differences between the two models. Learning organization theory provides principles to guide this transformation of traditional organizational structures to more holistic, organic, organisms.

However, in practice, traditional corporate structures will naturally resist the necessary transformation required by the learning organization. This thesis explores these existing power structures in order to identify the contradictions between the democratic principles of the learning organization and the neoliberal practices of the modern corporation. This shows how the learning organization discourse is ultimately being interpreted and used to increase productivity from workers to the continued

exclusive benefit of the professional managerial class, the de facto rulers of the modern corporation.

Any attempt to realize the full potential of the learning organization must acknowledge pre-existing structures, with all the attendant assumptions and relationships. Senge acknowledges that “the way organizations are is a product of how we think and how we interact; they cannot change in any fundamental way unless we can change our basic patterns of thinking and interacting” (Galagan, 1991, p.38). He also provides a theoretical framework that can be used to challenge these underlying assumptions through the application of his five disciplines. However, he does not acknowledge the depth of the problems encountered when changing structures that are naturally resistant to change.

There are many conflicts involved in marrying the democratic principles of the learning organization to a traditional organizational structure. Management theory and practice tends to work with existing structures rather than challenging them. The learning organization, although grounded in traditional management practices, theoretically moves beyond this boundary and purports to transform the structure within which it is working. In order to assess the viability of this fundamental shift, we need to understand the existing power dynamics of the modern corporation and analyze how they either support or oppose the democratic principles of the learning organization. This will provide a realistic picture of the barriers to realizing Senge’s vision.

This question is relevant to anyone who is interested in fundamental corporate reform. Corporations are widely distrusted today (Bakan, 2004) due to financial scandals, questionable environmental standards, and substandard labour conditions.

They also have unprecedented influence on how we live, particularly in the western world. Many of us rely on them for our livelihood. We undoubtedly purchase a plethora of goods and services from multi-national organizations. They can affect the long-term health and sustainability of our communities and often use local resources to generate profits for their investors.

With the advent of globalization and free trade agreements, corporations have far reaching powers that can override local government decisions in the name of the free movement of goods. This is raising concerns at many levels as the effects of decisions motivated by short-term profits are seen at the community level, including environmental devastation, substandard working conditions, child labour, and an increase in the income gap between the richest and poorest citizens. These issues are now being brought to the public's attention through the instant medium of the internet, allowing consumers to punish those who act in unethical ways even if it happens in remote areas of the world. Local communities are starting to weigh the economic benefits of certain corporate activities against the long term environmental and social costs. This leads to the active lobbying of government to implement and enforce higher standards, often raising the short-term costs of corporate activities.

Grass roots groups like the anti-globalization and fair trade movements are informing citizens and governments of the negative effects of allowing corporations to have free rein in the global marketplace (Bakan, 2004). Also, as a direct result of the Enron and Worldcom scandals, boards of directors are now being held to a higher standard of public accountability to government and shareholders. The corporations that will not only survive, but thrive, in this new environment will be the ones that

successfully integrate core community values into their decision-making structures. They must also practice in ethically acceptable ways, not just financially, but environmentally and socially. This will build trust with investors, suppliers, communities, consumers, internal stakeholders, and governments. The hope of the learning organization is that it will also lead to sustainable, long-term, benefits to all concerned.

An important question is whether corporations really want to change, or if they even understand the need to do so. Despite all the factors mentioned above, many of them continue to see their way of operating as the only right way, and they continue to be highly profitable doing so. Corporate executives tend to ignore protests and public campaigns, seeing the participants as left wing crackpots or a vocal minority (Bakan, 2004). They view any demand by workers or unions for better wages or working conditions as unwarranted and ignorant. Government regulations are seen as necessary evils and they actively pursue ways to do the absolute minimum in order to save costs and increase profits (Harvey, 2007). In many ways, corporations are incapable of changing how they interact with the world since their mindset, embedded in their structure, culture, and practice, prevents them from doing so.

One of the ways to effect change in corporations is to offer them a business case for doing so. This is what Senge offers in the “Fifth Discipline”. He points out that corporations that maintain these traditional ways of thinking and doing are often closed off from innovation, which in turn threatens their competitiveness and long term profitability (2006). This gives corporations a self-serving reason to adopt the principles of the learning organization. Unfortunately, many business enterprises usurp the

language of the learning organization and implement it in ways that push employee productivity without providing additional benefits to anyone that is not in the traditional power structure.

Senge's work emerges from the greater body of management literature. He is connected with the MIT Management School, which gives him credibility in the management world. Given that today's organizations are largely managed by a professional class, any transformational theory needs to be heard and adopted by these managers. This means that it needs to be part of their specific body of knowledge. The learning organization's grounding in management theory is both its greatest strength and its greatest weakness. Any theory presented to a manager from other fields of study on how and why the corporate world needs to change will likely be dismissed as unworkable. On the other hand, presenting them with a management model that clearly outlines the problems with the current structure and that offers a vision for a new one will be taken more seriously. The downside is that managers are likely to interpret and implement it without recognizing the level of transformation required, especially since their training discourages this type of introspection.

Management theory throughout the 20<sup>th</sup> century has been primarily focused on solving the problems of the time, within given economic and political parameters. It is extremely rare to find techniques and practices emerging from this particular body of work that actually question the thinking of the day. Senge deliberately questions the corporate framework, challenging managers to test their personal and professional assumptions (Senge, 2006; Galagan, 1991). This is a major shift and one that managers are largely unprepared for. They are trained to assess and improve procedures,

processes, and practices. They are not trained to challenge and reform cultures or mindsets. As a result, the practice of the learning organization within large corporations will largely follow existing neoliberal principles rather than representing any deep transformation in the way the enterprise thinks and acts.

The overall focus of this paper is the power dynamics that exist in traditional models. It will also identify how these dynamics affect the learning organization in practice. The lens used will be governmentality, as proposed by Foucault. This approach allows us to examine the relations of power to determine if the learning organization ultimately reinforces or rebels against the neoliberal structures of the corporation.

We could examine the learning organization through alternate lenses. For instance, Anna Alexiou offers a feminist perspective on the learning organization (2005). Alexiou states that:

Learning organization discourse itself fails to create the space for the representation of multiple voices contributing, in part, to its very own overarching 'normalizing' pressure that consequently works neither to serve the interests of women in the short term, nor the larger feminist agenda of equality for all women in the long term. (2005, p.18)

This is a valid observation and criticism of the learning organization. However, this discussion is not going to include the myriad of relationships that exist in the power structures of the organization, such as the roles of women and minorities. Instead, the concentration will be on the power dynamics of the larger groups – workers, managers, shareholders. For one, any examination of these groups within groups would be too extensive for the purposes of this discussion. For another, it is necessary to understand the larger structural issues first. The hope is that the lessons learned can be applied in a

manner that will benefit all groups within the organization equally. Democracy is an inclusive, not exclusive, principle.

Foucault's approach looks at the specifics of how power is manifested within structures. This provides a means for predicting how the learning organization will reify itself within the structures of modern corporations. This allows us to identify where the theory and the structure compete for power. We can then see where the real battle for a democratic learning organization takes place. It essentially identifies the battlefield and who is directing the armies.

This brief introduction has highlighted some of the issues that need to be examined in order to understand how the learning organization will be practiced within traditional organizational structures. Senge does not offer concrete ways to challenge these inherent contradictions and barriers, which leaves a significant gap in the practice of the learning organization. The following chapters provide a detailed background and analysis of the learning organization.

Chapter 2 provides an overview of Senge's learning organization and its connections to organizational learning theory. This establishes it as management theory and outlines the changes that need to be made within any organization that embraces the concept.

Chapter 3 places the learning organization within the broader context of management theory. The focus is on demonstrating how management theory is entrenched in political, economic, and social thinking. The concentration is on those theories that still govern management theory today, including Taylorism, Fordism, Human Capital Theory, and knowledge capitalism. These are presented in their

historical context and are shown to lead directly to the formation of the learning organization as a response to the current business environment. This establishes the learning organization as a management theory and connects it to current political philosophies.

Chapter 4 will focus on two primary areas. One is an examination of the critiques of the learning organization, with a particular emphasis on where and how they fail to fully embrace democratic principles. This identifies some of the principal contradictions between the learning organization in theory and practice. The other purpose of this chapter is to suggest and establish an analytical framework. Using the concept of governance or governmentality, we establish the right questions to ask to further analyze the primary relationships within the organization and how they ultimately enable or cripple the learning organization.

Chapter 5 provides the answers to the questions provided in the previous chapter, offering insight into the naturally contradictory relationships between traditional and learning organizations, focusing on the major groups involved. We examine who governs corporations, and how, in the context of the current corporate environment. This plays a key role in understanding where the most profound change is needed. It also allows us to see whether organizations have fully embraced the learning organization or have merely used it to advance their own self-serving agendas.

Chapter 6 provides the conclusions.

At the end of this document, you will have been provided with a precise explanation of the broad reasons that the learning organization can and does fail in modern corporations. It will also provide an analysis of the inherent structural

contradictions that block the democratic promise of the learning organization. The failure of Senge's "Fifth Discipline" to deal with these structural barriers means that the learning organization will largely be used as a management tool to improve profitability rather than as a fundamentally transformative practice that encompasses democratic principles.

## Chapter 2 – The Learning Organization

This chapter will explore the principles of the learning organization as outlined by Peter Senge in “The Fifth Discipline”. Its connections to organizational learning, with emphasis on the work of Chris Argyris and Donald Schon, will be illustrated. The focus will be on the differences in practice and mindset between traditional organizational models and the learning organization. This will provide with a sense of how deep a transformation is required by corporations embracing the concept of the learning organization.

In “The Fifth Discipline”, Peter Senge states that learning organizations are “organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together” (Senge, 2006, p.1). This concept of the learning organization continues the work of Chris Argyris and Donald Schon in the field of organizational learning. A basic review of the concept of theory-in-use models, as developed by Argyris and Schon, will help provide a more comprehensive picture of the learning organization.

Argyris’ and Schon’s theory-in-use concept is foundational to the learning organization. Theory-in-use is “composed of action strategies, intended consequences organized in causal sequence” (Argyris, 2004, p.8). In an organization context, this would be all the operational processes and procedures, along with their expected outcomes. There are also tacit values, assumptions, and goals that underlie these action strategies, such as profit maximization or long term resource sustainability, that govern

the action strategies used in an organization's theory-in-use, known as the theory in action (Argyris, 1978; 2004).

Within the general concept of theory-in-use, there are two primary Models – Theory-in-use Model I and Model II (Argyris, 2004). They represent different ways of applying theory-in-use action strategies to organizations. Each model uses either single loop or double loop learning as an intrinsic part of their makeup. They also have a unique mindset, either defensive or productive, that is associated with them as a natural offshoot of their structure.

Single loop learning is what we use when making decisions or correcting errors within a predefined environment or set of circumstances (Argyris, 1978; 2004). For instance, if the locks on your car are frozen, you might automatically use lock deicer. If it doesn't work, you will find an alternative – in effect you are changing or modifying your action strategy. However, you may never question why the lock freezes in the first place. This type of learning is evident in companies that rely heavily on procedure manuals and that have strict guidelines about what should be done when. A good example would be call centres that use scripts to guide their employees through any possible interaction with existing or potential customers.

The issue that arises with single loop learning is that innovative problem solving and creativity are implicitly discouraged, although this may not be the intent. Exceptions to the rule are generally treated as anomalies rather than indications that something might be fundamentally flawed. In general, although the process or procedure may be changed, the underlying theory in action is not questioned or changed as a result of single loop learning (Argyris, 2004). This inhibits organizations from

reacting proactively and creatively to changes in their environments, meaning the political, economic, and social world in which they operate.

Single loop learning is tacitly encouraged in Theory-in-use Model I strategies. The Model I values that rule the organizations are: “(1) be in unilateral control over others, (2) strive to win and minimize losing, (3) suppress negative feelings, and (4) act rationally” (Argyris, 2004, pp. 8-9). This encourages a defensive mindset where the primary objective of the organization is to defend its position, no matter what (Argyris, 2004). This blocks creativity and innovation within the organization – when a policy is assumed to be correct, any issues that arise are assumed to be the fault of how they are applied rather than the policy itself. This stifles any means of changing the policy in a way that actually addresses the root cause of the problem.

Many modern business organizations are built solely on Model I practices, particularly the larger, more traditional ones. There are often disconnects between the theory in action of the organization and its theory-in-use in this type of model. A common example is corporations that will have a stated commitment to work-life balance for employees while simultaneously short staffing to reduce expenses and maximize shareholder profits.

There is a sense of helplessness on the part of the workers to change this – they see that things don’t change, that nobody listens to their suggestions, and soon stop sharing ideas that might make things work better (Dixon, 1999). In fact, since any questioning of the strategies and thinking attached to this model are vigorously defended (Argyris, 2004), anyone who does so would probably lose status and credibility. This

defensive mindset also encourages individuals to hold their ideas privately, meaning that they are never challenged or tested by exposure to other perspectives (Dixon, 1999).

This is not to say that Model I strategies should never be used – they work very well for highly routinized processes within an organization. However, even in a routine procedure, you need to have the flexibility to challenge the assumptions underlying the process if it is necessary, particularly with technology rapidly changing the way we work in the modern world.

The key to breaking the cycle of single loop learning is double loop learning. This is “the detection and correction of errors where the correction requires changes not only in action strategies but also in the values that govern the theory-in-use” (Argyris, 2004, p.10). Changing the process only accomplishes so much – if the assumptions behind the process do not change, the outcomes will still be the same. If a company is committed to maximizing short term profits, it will be next to impossible to introduce processes that support long term resource sustainability as senior decision makers will naturally impede any move that might negatively impact those short term profits.

This is a natural, rather than an intentional, offshoot of the conflicts inherent in a Model I environment with single loop learning cycles (Argyris, 1978; 2004). In double loop learning, this conflict would be identified and managed and could even result in changes to the organization’s mindset and values. In order to move to a Theory-in-use Model II environment, organizations must encourage and foster double loop learning. The governing values for a Model II organization are: “(1) producing valid information, (2) informed choice, and (3) vigilant monitoring of the effectiveness of the implemented

actions to assess its degree of effectiveness” (Argyris, 2004, p. 10), with an emphasis on enquiry and testing (Argyris, 2004).

Challenging the theory-in-use is actively encouraged, allowing creative solutions to be suggested and implemented. There is also the implicit assumption that any underlying value or goal can be questioned and challenged. The end result of this is “organizations that do not encourage competitive infighting, unilateral control, and commitment to the dictates of organizational defensive routines” (Argyris, 2004, p. 11). Using Model II encourages a productive mindset where reasoning is open to challenge and everyone works to avoid self-deception with regards to their core values and beliefs (Argyris, 2004). Questioning is welcomed and met with reasoned debate rather than defensiveness. This is the starting point for Peter Senge’s learning organization.

Senge starts by examining how modern organizations work. He claims that most have organizational learning disabilities that inhibit creativity and innovation. These disabilities are attributable to the inability to see beyond individual roles or positions, the inclination to blame others for problems, and the focus on solving problems rather than their root causes (2006). He asserts that failing organizations instinctively “more strongly defend their traditional ways of doing things rather than to question them – let alone develop the capacity to change those ways” (Senge, 2006, p. 26). This represents the defensive mindset that is so prevalent in Model I organizations (Argyris, 2004).

Senge believes that many traditional organizations have non-systemic ways of thinking and that because they “don’t see the structures underlying [their] actions, [they] focus on symptoms where the stress is greatest. [They] repair or ameliorate the symptoms. But such efforts only make matters better in the short run, at best, and often

worse in the long run” (Senge, 2006, p. 113). Senge uses the example of the Cold War arms race, which was still in progress when “The Fifth Discipline” was first published, to illustrate this concept. From the American viewpoint, an increase in Russian armaments was a direct threat to its security that had to be met by manufacturing more arms. On the Russian side, more American armaments were a direct threat to their security that had to be met with the manufacture of more arms.

This created a vicious cycle from which there was no visible escape. The net result was an increase in armaments on both sides that made both countries (along with the rest of the world) imminently less secure than they had been before the arms race began (Senge, 2006). The pure madness of this thinking is evident to anyone on the outside, but if you are one of the opponents, the causes and effects are difficult, if not impossible, to see. The problem was seen as an arms buildup by the opponent only – the rationale behind the automatic response (to build more arms to match or surpass the opposing arsenal) was never questioned. Since this time, we have had the added example of the U.S. war in Iraq which was a military response to a perceived threat and a stated attempt to make the world safe from terrorism. The result has been a greater, not lesser threat, of terrorism. According to Senge, this type of insular thinking is built into modern organizations (2006).

Senge’s solution to breaking down these Model I organizational attitudes and systems in order to transform them into Model IIs is the application of the five disciplines – systems thinking, personal mastery, mental models, building shared vision, and team learning (Senge, 2006).

Systems thinking, which is the core or Fifth Discipline of the learning organization, requires that we look at whole systems, not individual components, in developing solutions to problems (Senge, 2006). Senge describes this as a theoretical framework and an intuitive world view (2006). This lens forces the organization to shift its thinking from seeing itself as an isolated organism to understanding that it is part of a larger system (Senge, 2006). Senge claims that “we are literally killing ourselves because of our inability to understand wholes” (Galagan, 1991, p.42). He describes how we have traditionally needed to respond to sudden dramatic events, rather than systemic challenges like global warming (1991). These are not fixable through individual action. Instead, they require the systemic solutions achievable through systems thinking (Galagan, 1991, Senge 2006).

In essence, this equates to double loop learning in a Theory-in-use Model II environment, one that challenges the core values and assumptions that govern the organization (Argyris, 2004). In effect, the learning organization is one that has systems thinking as the governing value of its theory-in-use. Systems thinking does not exist exclusively of the other four disciplines, but is dependent on having all four present and functioning properly (Senge, 2006). Likewise, the individual disciplines can not stand individually – they must be developed as a system in order to work (Senge, 2006). Systems thinking is both the goal and the foundation of the learning organization.

The remaining four disciplines play supporting roles in that they must be developed in order for systems thinking to become a core value of the organization’s theory-in-use. Using the Theory-in-use model, the learning organization would be a Model II organization that encourages double loop learning. The four supporting

disciplines would be a toolbox that would enable the transformation of a Model I organization into a Model II. The four supporting disciplines are personal mastery, mental models, building shared vision, and team learning (Senge, 2006). They are aimed at producing systems thinking at every level of the organization, down to the individual worker. At the individual level, personal mastery and mental models encourage members of the organization to challenge themselves and their core values (Senge, 2006).

Personal mastery means “people with a high level of mastery [who] are able to consistently realize the results that matter most deeply to them – in effect, they approach their life as an artist would approach a work of art” (Senge, 2006, p.7). Senge professes that this discipline is the spiritual foundation as “an organization’s commitment to and capacity for learning can be no greater than that of its members” (p.7).

Mental models is the process of discovering and challenging our own personal assumptions about people and the world (Senge, 2006). This includes the ability to have “conversations that balance inquiry and advocacy, where people expose their own thinking effectively and make that thinking open to the influence of others” (pp.8-9). This works to break down the defensive mindset evident in Model I organizations.

Building shared vision and team learning are aimed at collective commitment and collaborative learning in order to challenge groups to create something greater than would have been possible by individual members working in isolation (Senge, 2006). Building shared vision transcends the typical vision statement of most corporations and that embodies higher goals that reflect the shared vision of the organization’s members (Senge, 2006). Senge argues that visions are often the result of a particular leader’s

charisma (think Lee Iacocca or Conrad Black) or a major crisis rather than genuine commitment from the organization (2006). A more pervasive, long-term level of commitment is necessary for companies to truly translate their visions into reality.

Team learning's goal is to have "the intelligence of the team exceed the intelligence of the individuals in the team, and ... to develop extraordinary capacities for coordinated action" (Senge, 2006, p. 9). He invokes the ghost of Socrates by defining dialogue in the Greek sense as the cornerstone of team learning, involving a free flow of ideas between individuals without the obstacles of personal assumptions and prejudices (2006).

The five disciplines challenge the defensive mindset inherent in Model I organizations through a necessary shift of mind or *metanoia* (Senge, 2006). Senge states that:

At the heart of a learning organization is a shift of mind – from seeing ourselves as separate from the world to connected to the world, from seeing problems as caused by someone or something "out there" to seeing how our own actions create the problems we experience (2006, p.12).

The learning organization is the ultimate embodiment of Model II theory-in-use – an organization where "people are continually discovering how they create their reality. And how they can change it" (Senge, 2006, p.12). The five disciplines are the tools for getting there.

This chapter has outlined the fundamental differences between the mindset in a traditional corporate structure and the learning organization. This sets the stage for further analysis of whether this move from Model I to Model II environments is possible

through an analysis of the inherent conflicts between these two diametrically opposed outlooks.

The next chapter connects learning organization to management theory through a historical analysis of the dominant trends of the 20<sup>th</sup> century. This analysis demonstrates how management theory connects to political and economic theory. This is necessary in order to understand how the learning organization emerged and how it differs from other modern management discourses by challenging rather than reinforcing the thinking of the time. This begins to give us an appreciation of the conflicts that exist between existing philosophies and that of the learning organization.

### Chapter 3 – The Historical Context of the Learning Organization

Management theory, the learning organization, and corporate structure are tied by their common history and philosophies. They live in an interconnected web of social, economic, and political thinking that both underlies and is reinforced by their practices. This chapter traces modern management theory, emphasizing those that still influence political and economic thought in today's world, including Taylorism, Fordism, Human Capital Theory, and knowledge capitalism. The focus is on demonstrating how modern management theory is entrenched in political, economic, and social thinking. This historical analysis also illustrates the conditions in existence at the time of the formation of the learning organization. This establishes that the learning organization has developed in response to a need within the corporate world in a manner consistent with management theory in the 20<sup>th</sup> century.

Modern management practices are largely grounded in management science, which dates from the late 19<sup>th</sup> and early 20<sup>th</sup> centuries (Saul, 1993; Schon, 1983). The official emergence of this science can be traced directly to Frederick Winslow Taylor and his seminal work, "The Principles of Scientific Management" (Saul, 1993; Schon, 1983; Welton, 1991), first published in 1911, although Taylor had been giving public speeches and lectures on his ideas since the mid 1890's (Saul, 1993).

Taylor proposed that "the principal object of management should be to secure the maximum prosperity for the employer, coupled with the maximum prosperity for each employee" (Taylor, 1967, p.1). This goal, according to Taylor, was threatened by the natural laziness of man and his habit of "deliberately working slowly so as to avoid doing a full day's work" (1967, p. 3), something he largely blamed on the trades (1967).

He was quite irritated when he watched a worker run home at the end of his working day – he questioned how the worker could have the energy to do so if he had actually done all he could at work (Taylor, 1967).

The methods derived by Taylor focus on:

So arranging the relations between employer and employee that each workman will work to his very best advantage and at his best speed, accompanied by the intimate cooperation with the management and the help (which the workman should receive) from the management, would result on the average in nearly doubling the output of each man and each machine (1967, p.3).

Many of his proposed methods were the result of his infamous experiment where he offered a financial reward to a group of men to see how fast they could load pig iron in a short period of time, and then extrapolated that result to a full day's work, with adjustments for breaks and meals (Stewart, 2006; Taylor, 1967). What Taylor essentially did was break down each job into simple tasks in order to study each component and decide how to do it most efficiently. This methodology would speed production and increase profits, theoretically benefiting both employer and employee (Taylor, 1967). This idea that human labour could be treated as an equivalent to mechanical production was inherent in his work, which was reflective of the thinking of the day.

At the time, industrial capitalism was already in full swing, a system that involved the extensive use of labour as a means of production (Welton, 1991). Under this regime, workers were, for the first time, relying on outside work as their main source of income (Welton, 1991), while the owners of capital were engaged in “the initial stages of assembling the work force, instilling within it the appropriate discipline,

attempting to cheapen production costs by subdividing labour into lower paid, less skilled fragments and mechanising wherever possible” (Welton, 1991, p.14).

Taylor’s work responded to the needs of industrial capitalism by treating “work as a man/machine process which could be decomposed into measurable units of activity. ... The design of tools, the bodily movements of the worker, and the sequencing of production steps, could be combined in an optimum configuration, a ‘one best way’” (Schon, 1983, p. 237). There was another significant factor in Taylor’s new scientific management – a shift away from what he refers to as initiative and incentive management, where the workers hold the knowledge of how to best perform any given duty and where the manager must provide an incentive to the worker to elicit that best performance (1967). Taylor dismissed this interplay between worker and manager as inefficient and detrimental to profitable production (1967).

This view was fed by his conviction that workers did not have the capacity to manage their own work (1967). Taylor’s description of his pig iron experiment, for example, is derogatory and debasing towards the men who did the actual work:

This work is done by men with no other implements than their hands. The pig-iron handler stoops down, picks up a pig weighing about 92 pounds, walks for a few feet or yards and then drops it on to the ground or upon a pile. This work is so crude and elementary in its nature that the writer firmly believes that it would be possible to train an intelligent gorilla so as to become a more efficient pig-iron handler than any man can be. Yet it will be shown that the science of handling pig iron is so great and amounts to so much that it is impossible for the man who is best suited to this type of work to understand the principles of this science, or even to work in accordance with these principles without the aid of a man better educated than he is. And the further illustrations to be given will make it clear that in almost all of the mechanic arts the science which underlies each workman's act is so great and amounts to so much that the workman who is best suited actually to do the work is incapable (either through lack of education or through insufficient mental capacity) of understanding this science. This is announced as a general principle, the

truth of which will become apparent as one illustration after another is given (Taylor, 1967, p. 16).

Taylor proposed to shift the balance of power and knowledge to the manager through the application of management science. He gave managers “the burden of gathering together all of the traditional knowledge ... possessed by the workmen and then of classifying, tabulating, and reducing this knowledge to rules, laws, and formulae which are immensely helpful to the workmen in doing their daily work” (1967, p. 14). As he saw it, only management had the intelligence and education to understand how to manage work processes efficiently (1967). Taylor believed that adding managers would increase profits by increasing production and that this increased emphasis on productivity would keep the workers honest (Saul, 1993, Taylor, 1967).

This thinking is still evident in modern organizations where some managers routinely micromanage every process and procedure in the organization. Micromanagement has been described as “a classic exercise of surplus power through which management seeks to control all the actions of subordinates, preapprove all but the most trivial decisions, and control all information flow through hierarchical channels” (Owenby, 2002, p.56). This is a natural extension of a system where workers are seen as unfit to manage their own work and managers are somehow better suited to this task through the acquisition of a particularly specialized knowledge (Taylor, 1967).

As for the workers, Taylor dismissed the potentially dehumanizing effects of his methods by asserting that the higher wages the worker could command would be adequate compensation for the worker losing control over his labour (Taylor, 1967; Welton, 1991). After all, as stated earlier, what is good for the employer is good for the

employee. The fact that the benefits would accrue disproportionately to the employer is never mentioned – in the case of the pig iron experiment, he awarded his workers a 60% increase in pay for a 300% increase in work load (1967).

The managers themselves were part of a rising professional elite that was emerging as a major power player in western society (Bledstein, 1976; Saul, 1993). A new business school had been created in 1908 that was to become one of the most influential and prestigious management institutions in North America – Harvard Business School (Saul, 1993). The methods use by Harvard are Taylor’s methods, designed and implemented as such from the very beginning with Taylor a regular lecturer at the school (Saul, 1993).

Another significant development during this era was the emergence of the corporation as a separate legal entity without public obligations (Greider, 2004). Previously, corporations existed only by government charter for specific projects and purposes, such as the building of railroads (Greider, 2004). The new rules allowed the owners of capital to use the legal shield of the corporation in business activities and introduced a new concept of ownership through the purchase of shares. This helped to usher in the era of monopolistic or corporate capitalism, an era characterized by mechanization, labour subdivision, bureaucratic control, and the emergence of the professional elite (Welton, 1991).

Taylor’s theories appealed to the business leaders of the day as his reorganization of labour “rejected both the pessimistic view of the class struggle and the optimistic humanist view of such things as profit sharing” (Saul, 1993, p. 119). He essentially provided a reasoned, rational approach to very complex problems by providing solutions

through purportedly scientific models. He formulated a methodology that could be taught and used in a very technical way (Schon, 1983; Taylor, 1967), one that could be applied universally by managers who were properly trained in his methods (1967). Taylorism was embraced by the business community because it fit with the business climate of the time. Taylor provided the answers to the core “problem” of how to increase production while keeping costs down (1967), while remaining true to the underlying philosophy of the day. Throughout history, management theories have developed in response to current business problems or issues. The difference with Taylor’s response is that the approach is more technical, more defined, leaving less room for intuition and creativity (Saul, 1993; Schon, 1983), characteristics that define many modern management theories.

Although Taylor was not the first to formulate or voice these ideas, he “was certainly the first to embody them in a practice of industrial management and consultation, and he popularized them in a way that has had enormous influence in industry, in business, and in the administration of public agencies” (Schon, 1983, p. 237). Taylorism was merely an articulation of existing trends (Saul, 1993; Schon, 1983) and did not question or challenge underlying philosophies. To the contrary, Taylorism validated and reinforced the economic and political philosophies of that era.

A great deal of time has been spent to this point describing management science and the environment that existed when it first emerged as a dominant management theory. This may appear disproportionate, but it is necessary in order to further any discussion on the learning organization. The underlying trends that existed in the early 20<sup>th</sup> century are still in motion today, although some have morphed into new forms. The

influence of the professional elite, the continuing existence of a capitalist structure, and the application of scientific models to management continue to dominate modern business practices. Scientific management, as developed by Taylor, is still the predominant model used by managers today (Saul, 1993; Schon, 1983). Managers are taught by the major business schools to apply known principles and knowledge to businesses (Saul, 1993). Schon describes this training as the “application of basic science [to] applied science. Applied science yields diagnostic and problem-solving techniques which are applied in turn to the actual delivery of services” (1983, p. 24).

The underlying assumption is that any problem can be defined, examined, and solved using predefined parameters and models (Saul, 1993; Schon, 1983). This type of education not only ignores the real situations, but encourages professionals to dismiss anything outside of their knowledge and training (Saul 1993; Schon, 1983). They are not taught to challenge their core belief systems as this would counteract their inherent belief in the applicability of their techniques and knowledge. This is reminiscent of the defensive mindset described in the previous chapter.

The continuing influence and power of this managerial class, now educated in this manner, is entrenched in modern western society (Bledstein, 1976; Saul, 1993). Their power rests on the supremacy of technical knowledge in today’s world, a knowledge based on common training, socio-economic background, and the possession of specialized knowledge. This class believes in the superiority of technical knowledge and has created professional languages, rituals, and an aura of authority around this belief (Bledstein, 1976).

The general public has tacitly acknowledging this superiority. There is also an underlying assumption that anyone who works hard can attain entrance into this world (Shorris, 2000). Common themes in North American culture portray this thinking – living the American Dream, the ability to pull oneself up by one’s bootstraps, and the idea that anyone can succeed. Bledstein states that:

The more elaborate the rituals of a profession, the more esoteric its theoretical knowledge, the more imposing its symbols of authority, the more respectable its demeanour, the more vivid its service to society – the more prestige and status the public [is] willing to bestow upon its representatives. (1976, p. 94)

One of the other major influences on Taylorism was the capitalist system. This system is defined by Merriam Webster as “an economic system characterized by private or corporate ownership of capital goods, by investments that are determined by private decision, and by prices, production, and the distribution of goods that are determined mainly by competition in a free market” (2008). Taylor was working at a time when capitalism was shifting from industrial to corporate (Welton, 1991). This shift was largely centered on the move to corporate control of production and the rise of the professional class (Welton, 1991). It did not, however, change how human labour was viewed– it was still an essential element in the production process (Welton, 1991).

From then to now, there have been further shifts in the working forms of capitalism in western society that have affected the roles of worker and manager. In some ways, these changes are profound. In other ways, they are merely new iterations of pre-existing practices. Over the years, these shifts have triggered new management theories and practices to accommodate them, almost always geared towards the continued economic survival of business organizations.

There are two significant management theories that have emerged that are entrenched in industrial capitalism and Taylorism that should be noted as they are the ultimate culmination of those theories in very specific contexts. The first is Fordism, named after Henry Ford as the first to use assembly lines to produce manufactured goods (Clarke, 1990).

Ford's achievements go far beyond the introduction of assembly lines – he managed to take Taylorism to a new level and revolutionize the way America worked (Clarke, 1990). He recognized that the greatest profit would be gained if he produced a standard model made with standardized components with a standardized set of processes – hence his infamous quote “any colour you like, so long as it's black”. It is significant that Ford was developing his assembly lines during WWI, an event which had caused a major labour shortage (Clarke, 1990). He understood that standardizing individual work practices was not enough and that common parts and highly specialized machinery were also required (Clarke, 1990). Efficiency was the watchword of the day.

Ford knew that he needed to look beyond how individuals worked to how processes integrated with each other in order to design the most efficient way of doing things (Clarke, 1990). In fact, the main shift from Taylorism is that “Taylorism decomposes tasks and assigns them to individual workers, while Fordism recomposes the tasks by welding individual workers into a human machine” (Clarke, 1990, p.80). Fordism is built on the foundations of capitalism in the Taylorist sense. Workers are very much a part of the production process, once again mentioned on the same level as machinery. In fact, this attitude is even more deeply entrenched since workers are not even dealt with as individuals under Fordism. Ford took Taylor's principles and applied

them ruthlessly, and successfully, to manufacturing. This allowed America to produce cheaply and in mass quantities for the first time, ushering in the consumer age and changing the way the western world produced and consumed goods.

Another significant theory that emerged in the 1960s was Human Capital Theory, as presented by T.W. Schultz, a Nobel prize-winning economist (Bouchard, 1998). This represented yet another way to view the human factor in a capitalist context. The difference was that he was no longer focused on people as passive workers, but as actively controlling their own education, knowledge, skills, and ultimately, their employability (Bouchard, 1998).

From the early to mid 20<sup>th</sup> century, economies were shifting from production-based to knowledge-based and human labour was being supplanted by human knowledge as the new factor of production (Welton, 1991). This new knowledge worker is required to quickly learn new processes and be flexible enough to work anywhere, anytime (Olssen, 2006). “This kind of flexibility requires skill and competence of a potentially short-term nature, features which did not characterise Taylorism or Fordism” (Olssen, 2006, p. 221). Labour is now seen as an “active, rather than a passive factor in production” (Olssen, 2006, p.219) as opposed to industrial capitalism where labour is just another input in the production process (Olssen, 2006; Taylor, 1967; Welton, 1991). This makes each worker “an autonomous entrepreneur responsible ontologically for their own selves and their own progress and position” (Olssen, 2006, p.219).

Human Capital Theory is a set of assumptions that describe the roles and responsibilities of workers in this new world. These assumptions, in very broad terms, are that training safeguards against obsolescence, training leads to better work skills,

educational institutions have a responsibility to provide appropriate training, employees need to continuously upgrade and improve their skills, training increases employability, training can make up for skill shortages, and employment or unemployment result from how well workers manage their own training (Bouchard, 1998).

On the surface, this appears to give individual workers more autonomy and control over their work lives, but in reality it shifts the responsibility of training and learning exclusively to the worker (Bartell, 2001; Olssen, 2006). Workers are now “selling” their knowledge, which puts the onus on them to ensure that they are current, removing any obligation on the part of corporations or governments to provide access to learning opportunities (Olssen, 2006).

This is not very different from the principles of Taylorism and industrial capitalism. Workers are now selling their intellect instead of their labour (Henriksen, 2001; Olssen, 2006), but they are still a factor of production and they are still being monitored and controlled by management, giving them minimal control over their work life (Chalofsky, 2005; Olssen, 2006). In fact, workers are now filling the role of “knowledgeable subjects” (Olssen, 2006, p. 221). Human Capital Theory ultimately reflected what was happening and gave validity to this idea that workers were solely responsible for their own employability.

At this point, two alternate streams of thought should be introduced to this discussion – lifelong learning and liberalism. Some have argued that lifelong learning, with its focus on self-directed learning (Knowles, 1980), is often a pawn of the knowledge economy (Moore, 2006; Olssen and Peters, 2005; Olssen, 2006; Rogers, 2006). Lifelong learning, however, is a much more egalitarian concept that contradicts

the idea that technical training is the only valid education, and espouses the tenets of learning for active citizenship (Rogers, 2006).

One of the earliest lifelong learning theorists was John Dewey, who originally published “Democracy and Education” in 1916. He was concerned with educating people to be active citizens in a participatory democracy (2004) and feared that the top-down teaching methods in use were not teaching students to engage with their learning (Dewey, 2004). He argued that schools were methods of controlling and socializing our children so that they would behave in prescribed ways when they were adults (Dewey, 2004). He also argued that this type of education reinforced social classes and promoted specialized, narrow knowledge (Dewey, 2004).

Dewey also proposed that a purely technical education was not adequate in a democratic society and that:

A society which makes provisions for participation in its good of all its members on equal terms and which secures flexible readjustment of its institutions through interaction of the different forms of associated life is in so far democratic. Such a society must have a type of education which gives individuals a personal interest in social relationships and control, and the habits of mind which secure social changes without introducing disorder. (2004, p. 95)

In other words, education could be used to enhance democratic participation by all citizens and to break down class barriers in a peaceful manner. For Dewey, this required support from the state to ensure that all citizens had equal access to opportunities for personal development and learning (2004).

It is interesting that this work was published in approximately the same time frame as Taylor’s. The two philosophies are incompatible on many levels – Taylor did

not think that most people had the intelligence to think for themselves and attributed all worker dissatisfaction to disputes over what constituted a fair day's work (Taylor, 1967). His contention was that applying scientific analysis to this question would eliminate all arguments and hence all labour unrest (Taylor, 1967). Educating the workforce to think would have been seen as an unnecessary cost. Also, the rise of the managerial class was building, rather than destroying, economic barriers between workers and professionals.

Paulo Freire, although a proponent of a much more radical approach to changing societal structures than Dewey, is also an advocate of universal learning for democratic participation. In "pedagogy of hope", Freire clearly states that the role of the progressive educator, "in offering her or his 'reading of the world', is to bring out the fact that there are other 'readings of the world', different from the one being offered as the educator's own, and at times antagonistic to it" (2004, p. 96). Freire had a strong opposition to the "banking" theory of education, where all the real knowledge resides in the head of the educator, and students are charged with learning that material. He contends that it reinforces social power structures and makes the content being taught more important than the context (2004). Freire states that "in any discussion or conceptualization of content, in a critical, democratic outlook on curriculum, is the importance of never allowing ourselves to succumb to the naïve temptation to look on content as something magical" (2004, p. 95).

Both Dewey and Freire provide a glimpse into the goals of lifelong learning for democracy. Even this brief overview should make it clear that traditional top-down educational methods will not work in this context. If the educator no longer "holds" all

the valid information, methods of transferring that knowledge will not meet the new goals of education. It also implies a new, non-passive role for the learner.

Malcolm Knowles, in “What is Androgogy?”, introduces the concept of the self-directed learner (1980). This concept is central to lifelong learning, regardless of its practice. The role of the educator moves from teacher to facilitator and learners are expected to take an active role in determining what and how they learn (Knowles, 1980). It also implies a duty on the part of the facilitator to open the paths to self-fulfillment, whatever they may be (Knowles, 1980; Freire, 2004).

It is easy to see how an educational method that promotes self-directed, active, learning could be used by capitalist interests to obtain better educated knowledge workers. The difference is that lifelong learning does not dictate what individuals should learn. In the knowledge economy, learning is very much directed by corporations and what they see as useful to them (Moore, 2006). Education has essentially become a business (Peters, 2003). However, the goals of lifelong learning are much broader and loftier – they are centered on the education of the citizen so that can participate fully in a democratic society.

The 20<sup>th</sup> century has also been dominated by an underlying struggle between liberal and neoliberal thinking (Olssen and Peters, 2005; Olssen, 2006). In “Neoliberalism, higher education and the knowledge economy”, Mark Olssen and Michael Peters present a table that highlights the differences between liberal and neoliberal ideals in the context of post-secondary educational institutions (see Table 1).

Table 1 – Neoliberalism vs. Liberalism in Universities

	Neoliberal	Liberal
Mode of operation	Private	Public
Mode of control	'Hard' managerialism; contractual specification between principal-agent; autocratic control	'Soft' managerialism; collegial-democratic voting; professional consensus; diffuse control
Management function	Managers; line-management; cost centres	Leaders; community of scholars, professions, faculty
Goals	Maximize outputs; financial profit; efficiency; massification; privatization	Knowledge research; inquiry; truth; reason; elitist; not-for-profit
Work Relations	Competitive; hierarchical; workload indexed to market; corporate loyalty; no adverse criticism of university	Trust; virtue ethics; professional norms; freedom of expression and criticism; role of public intellectual
Accountability	Audit; monitoring; consumer-managerial; performance indicators; output-based (ex post)	'Soft' managerialism; professional-bureaucratic; peer review and facilitation; rule-based (ex ante)
Marketing	Centres of excellence; competition; corporate image; branding; public relations	The Kantian ideal of reason; specialization; communication; truth; democracy
Pedagogy/Teaching	Semesterization; slenderization of courses; modularization; distance learning; summer schools; vocational; Mode 2 knowledge	Full year courses; traditional academic methods and course assessment methods; knowledge is for its own sake; Mode 1 knowledge
Research	Externally funded; contestable; separated from teaching; controlled by government or external agency	Integrally linked to teaching; controlled from within the university; initiated and undertaken by individual academics

Source: Olssen and Peters, 2005, p. 329

Capitalism, in both industrial and knowledge-based economies, espouses neoliberal philosophies as demonstrated above. It promotes hierarchical structures with managers overseeing the production of workers (regardless of whether it is a good or service being produced). Organizations are marked by control mechanisms that constantly measure output against previously determined benchmarks. Training is technical in nature and for specific purposes. It is also available on demand, at the supposed convenience of the learner. This thinking dominates the management theories that have been built on this system – Taylorism, Fordism, and Human Capital Theory are examples of this.

More modern theories have concentrated on involving workers in the daily problem-solving that had been left exclusively to management in automated factories – many people are familiar with work circles, Total Quality Management, and the principles of Gemba Kaizan made popular by Toyota in Japan. It has been an era of measuring performance and standardizing processes using terminology like benchmarking and best practices. At heart, these are all methods of ensuring that employees remain productive in the new economy.

It is noteworthy that managers are still in control of the overall measurement and process design – they have not given up any real power in the new structures. For the most part, instead of measuring output in terms of units produced, the new measurements are designed to evaluate efficiency and effectiveness. In essence, there has been no real transformation in the hierarchical structure of the organization, but rather a difference in the type of business that the organization is conducting. The shift from manufacturing and selling consumer goods to selling consumer services has necessitated workers to think for themselves, but only within the parameters and rules set by the organization's management.

This brings us to the late 20<sup>th</sup> century. Our economies are still capitalist-based, with both industrial and knowledge components, and neoliberal thinking dominates North American political arenas. We also have competing philosophies of liberalism and lifelong learning that take a more egalitarian approach to work and education. The stage is now set for the emergence of the learning organization.

It should now be evident that the Model I organization introduced earlier is a classic, neoliberal, capitalist construct. It is hierarchical, pervaded with a defensive

mindset as a natural result of its control by the professional elite, inundated with rules and procedures, and is likely consumed with measuring efficiency and effectiveness. It has also been a highly successful type of enterprise for over a hundred years, so why change? If the learning organization is a typical management theory, it should be a response to actual changes in the social, economic, and political fabric.

As mentioned previously, the advent of the knowledge worker increased the need for employees to be more flexible in their work. This was partially due to the shift from production to service delivery which demanded more responsive actions from organizations to their customers. Production based operations often have few direct relationships with the final user or customer. This removes them from the immediate need to respond to customer issues or demands. For example, if you purchase a toaster, you probably picked it up at a retail store – it is unlikely that you bought it directly from Black & Decker or Proctor-Silex. Any immediate issues with the product will be resolved between you and the retailer, not the producer. This creates a natural buffer between the maker of the product and the end user. It also lengthens the time frame between customer complaints and resolution of product defects at the plant. Now, economies have shifted in a way that puts the producer of the service in direct contact with the customer. It is much more difficult to have a middle man when the product is something that is done by a real person, especially when it is delivered in the presence of the customer. This put the onus on management to quickly and accurately analyze trends in order to predict those demands and identify potential threats.

The widespread introduction of the computer to businesses in the 1980s greatly aided in this endeavour. In 1984, an article in Science News lauded the “celebrated

advantages of computers for work, such as fast and precise information exchange and increased participation in problem-solving and decision-making” (Bower, 1984, p.122). All of a sudden, information could be stored and shared in vast quantities. It also mechanized some of the more menial, repetitive tasks in the back office. The question then became how to fully harness the power of this new technology to the organization’s best advantage. Were existing structures adequate to the task? It was evident that a new focus on how best to use the information available was required in order to be successful in this environment – could they do it? Is this the reason the learning organization came into being?

It would be worthwhile to reiterate the Model I and II values stated in the previous chapter at this point for the purpose of this analysis. Model I values are: “(1) be in unilateral control over others, (2) strive to win and minimize losing, (3) suppress negative feelings, and (4) act rationally” (Argyris, 2004, pp. 8-9). Model II values are “(1) producing valid information, (2) informed choice, and (3) vigilant monitoring of the effectiveness of the implemented actions to assess its degree of effectiveness (Argyris, 2004, p. 10) with an emphasis on enquiry and testing (Argyris, 2004).

Prior to the advent of the “Information Age”, organizations were largely Model I as already demonstrated. The business focus had now shifted from production to information for decision-making. This is an expected shift in values in a knowledge-based, computerized environment. Information can not be collaboratively shared and acted on in a tightly controlled environment where everyone defends their positions and holds everything close. In a Model I organization, you might even have managers

purposely withholding essential information in order to discredit another manager or to maintain control and power.

But why is it so important that organizations learn to share information?

Dysfunctional or not, corporations are still successful and highly profitable. One reason is that computers have created more tightly connected business areas. Computers are very system-driven. For example, if the accounting department purchases PCs and the sales department buys Macs, the system will never work as well as if everyone uses a common platform. Likewise, software needs to be uniform in order to facilitate the sharing of information. In order for the system to function properly, information must flow freely across divisions and departments. This facilitates improvements in efficiency and profitability, always the primary foci of business organizations.

In the name of improved efficiency, many programs were introduced throughout the 1980s – Just in Time (JIT), Total Quality Management (TQM), process re-engineering, lean production to name a few (Garrison et al., 2006). These are all geared towards timely service delivery at the lowest cost and require fast, accurate information in order to function properly. The days when a CEO received a monthly sales report two months after the fact are gone. One of the most famous examples of JIT at work is Wal-Mart. They ascribe much of their success to software systems that facilitate the sharing of information “via computer with major suppliers, ... Every time a box of Tide is rung up at the cash register, Wal-Mart’s data warehouse takes note and knows when it is time to alert [the supplier] to replenish a particular store” (Wal-Mart, 2008). They use this system to remain customer-focused, and therefore, successful (Wal-Mart, 2008).

It is significant that Wal-mart connects to outside suppliers as well as internal departments. For the first time, corporations are creating networks with producers, suppliers, and customers in order to create an unbroken supply chain from source to use. This potentially identifies inefficiencies in the system and allows corporations to work toward common goals. Although there is new emphasis on customer service and information, the onus is still on managers to analyze the data and make the decisions that affect corporate health. As long as they are entrenched in a Model I environment where information is in silos, they can not function in an optimal manner.

Peter Senge uses the beer game (2006) as an example of how the wrong decisions can be made when managers focus in on their own areas rather than reaching out to other segments of the organization, and even outside agencies, for answers. The beer game involves a small retailer, a wholesaler that supplies multiple retail stores, and a brewery. The groups are isolated from each other with contact only through orders and deliveries. The retail sector experiences a one time increase in weekly sales that results in backlogs at the wholesale and brewery levels. The backlogs persist as the brewery works to increase production. Because adequate deliveries are not being received, the retailer re-orders to make sure they are going to get the product they need on the next delivery, creating double orders at the wholesaler and hence at the brewery (Senge, 2006).

By the time the brewery starts filling the now over-stated backorders, inventory builds up at the retailer, drying up orders and causing the same problem at the wholesaler. Eventually, production has to be reduced at the brewery as sales orders dry up. It was not until the three parties review the results that they realize that there was

only one sales volume increase that had then been maintained. There had been no gradual climb, no peak, and no drop off. The retailer had begun by selling four cases a week and they were now selling eight (Senge 2006).

Despite numerous iterations of this exercise, the results are always similar (Senge, 2006). But Senge is careful to say there are no wrongdoers. Model I organizations like to blame someone when things go wrong. However, in this case, Senge concludes that:

There are no such culprits. There is no one to blame. Each of the three players in our story had the best possible intentions: to serve his customers well, to keep the product moving smoothly through the system, and to avoid penalties. Each participant made well-motivated, clearly defensible judgments based on reasonable guesses about what might happen. There were no villains, but there was a crisis nonetheless – built into the structure of the system. (2006, pp.40-41)

The learning organization is a response to the increasing complexities of the modern service-based world in an information-rich environment. It is also entrenched in capitalist theory. For instance, the expectation that workers are responsible for their education and knowledge is reflected in Senge's principle of Personal Mastery. The overall goal is organizational efficiency and profitability, although perhaps with a more long term view. It is also focused on management and how they need to change in order to meet the challenges ahead of them. However, there are hints of more democratic ideals underlying the theory that take it beyond a traditional management theory.

One of the major “problems” of the knowledge economy is how to be as productive as possible when you are relying almost exclusively on the intellectual capacity of human beings. In production based economies, productivity can be controlled by the pace of machinery. Even the workers involved are part of a

mechanical process and their pace is dictated by the speed of a machine or series of machines. It is much more difficult to control productivity and profitability when you are dealing solely with the human factor.

A recent article in CMA Management outlines the results of a survey of Canadian companies that identified the top ten engagement drivers for employees. The conclusion was that employees need to feel connected to the company they work for and need to believe in the work they are doing in order to truly engage in it and be as productive as possible (Pekar, 2008). The ten drivers were:

1. Senior management is sincerely interested in employee well-being
2. Organization's reputation for social responsibility
3. Input into departmental decision making
4. Improved skills over previous year
5. Understand potential career track within the organization
6. Can impact quality of work
7. Organization's reputation in the community
8. Set high personal goals
9. Organization quickly resolves customer concerns
10. Workgroup has the skills to succeed

Source: Towers Perrin 2007 Global Workforce Study (Pekar, 2008, p.14).

The conclusion was that achieving higher levels of employee engagement through the above behaviours increased profitability for the organization. Pekar states that:

although there is no one "right model" for a high performance culture, employees will invest more to help the company succeed – if they see the return on their investment, whether that return be work/life balance, career opportunities, or a higher degree of pride in their organization. (2008, p.16)

This new way of working requires a new corporate structure, one that is more democratically oriented and has a culture that promotes trust (Matthew, 2007). Since the 1970s, there has been a proliferation of theories on how to engage employees in order to increase productivity – everything from work circles to empowerment to appreciative inquiry. Underlying all of these is the knowledge that workers do need to be fully committed to the organization in order for them to be as productive as possible. There is also a tacit understanding that their needs must be met in order for this to happen. Traditional structures do not have the flexibility and vision required to accommodate these needs. What the learning organization does is provide a framework for achieving this. Since productivity and profitability are at stake, organizations will eventually see the need to work differently.

Since the emergence of the learning organization, further developments have threatened the long-term viability of traditional organizations. A major force in the modern economy is globalization, which was ushered into the U.S. and Canada with the North American Free Trade Agreement (NAFTA) on January 1, 1994. Globalization is an extension of the neoliberal state which favours “strong individual private property rights, the rule of law, and the institutions of freely functioning markets and free trade” (Harvey, 2007, p. 64). The ability of corporations, as legal individuals, to participate in this free market without restriction is seen as a means to eliminating poverty and protecting individual rights and freedoms (Harvey, 2007).

The movement of capital across all jurisdictions is seen as crucial to the success of the state and “all barriers to that free movement (such as tariffs, punitive taxation arrangements, planning and environmental controls, or other locational impediments)

have to be removed, except in those areas crucial to ‘the national interest’, however that is defined” (Harvey, 2007, p.66). The goal is to increase efficiency, lower costs, and control inflation. Harvey also notes that government’s role is to create a positive environment for business and to help break down international barriers to competition. Labour and the environment are treated as commodities in the global market (Harvey, 2007) and subjected to profit-based analyses. Managers, the professional elite, are in charge of coordinating the movement of goods and services (Harvey, 2007), analyzing all aspects of the business to ensure that the most profitable combination of parts, labour, and capital are utilized, and reporting results to the shareholders.

The result has been huge multinational corporations that set up factories in third world countries where labour is cheap and environmental controls are minimal in order to produce low cost goods for consumption in the developed world (Peters, 2003; Ransom, 2001). The common term for this is free trade, often lauded by western governments as the best way to promote freedom, democracy, and prosperity (Harvey, 2007). The fact that democratic principles and ideals often contradict neoliberal objectives (Harvey, 2007) is never mentioned.

The ultimate irony is that while North American workers protest the outsourcing of labour to China and India, the demand for cheaper products is fueled by their purchases at home. Companies like Wal-mart are praised on the one hand for providing low cost products and reviled on the other for their treatment of workers and suppliers. Fed by neoliberal capitalist policies, globalization has fueled even larger corporate profits.

Any foreign action that attempts to control local resources is promptly condemned by western businesses as a barrier to competition. A recent example is the move by the democratically elected government in Venezuela to nationalize oil resources in order to keep profits in the hands of the citizens of the country. An article in the Washington Post in January 2007 highlighted the concerns of companies like Exxon, Chevron, and ConocoPhillips, all with heavy oil interests in the country (Pearson, 2007). In true neoliberal fashion, the US Energy Secretary spoke about the sanctity of contracts being abrogated while the White House press secretary expressed concern for the people of Venezuela for espousing a doomed policy of nationalism (Pearson, 2007). Shares were dumped, stocks plummeted, and the move was generally denounced as creating a risky business climate in the country (Pearson, 2007).

At the same time, grassroots opposition to globalization and neoliberal policies has subjected organizations to public criticism in previously unforeseen ways. Corporations are falling victim to their own success through decision-making that is oriented solely to short-term profits. They are being held accountable for these decisions by an increasingly well-informed public that votes with his/her wallet. Working conditions in foreign countries, greenhouse gas emissions, environmental transgressions, and financial manipulation can no longer be suppressed by the organization – they are front and centre on the internet, often complete with personal stories and pictures.

Short-term decisions are having long-term effects on organizational health. Recent issues with the safety of products made in China have prompted North American consumers to demand that they be held to the same standards as goods manufactured

here. The most well-known examples would be Mattel's massive recalls of children's toys in 2007 due to lead in the paint and the Menu Foods fiasco where tainted Chinese wheat gluten in a bewildering list of pet foods caused illness and death. And although the blame is usually laid on Chinese standards, the real issue is the corporations that control the production and reap the profits.

The Menu Foods case raised a number of interesting questions. For one thing, it highlighted how many brands are actually controlled by one organization. It also raised a very basic question – since Menu Foods is Canadian-based, and Canada is one of the primary wheat producers on the planet, why were they purchasing wheat gluten from China in the first place? This engendered questions about food security, not only for pets, but also for their owners.

Other social movements are having an effect on the way organizations do business, such the environmental and fair trade movements. In 2007, the Intergovernmental Panel on Climate Change issued its definitive report identifying human activities as a significant factor in global warming and warned of unequivocal climate change. The report states that:

The observed widespread warming of the atmosphere and ocean, together with ice mass loss, support the conclusion that it is *extremely unlikely* that global climate change of the past fifty years can be explained without external forcing, and very likely that it is not due to known natural causes alone. (p.8)

This counters the favourite theories of the corporate world – that global warming either does not exist (Michaels, 1998) or that it is caused by a cyclical change not caused by human activities (Khandekar, Murty, and Chittibabu, 2005). It is undeniable that corporations have a profit motive for ignoring the effects of global warming – if they are

forced to implement strict emission control policies, it will cost them profits and shareholder value. Two of the largest greenhouse gas emitters, the United States and Canada, have been dragging their heels on introducing adequate caps on greenhouse gas emissions, citing the pressure it would place on economic activity.

Canada, which was once a leader in this area, has performed an abrupt about-face on this issue with the election of Stephen Harper's conservative government. They have continued their vocal opposition to the Kyoto Protocol which placed strict caps on greenhouse gas emissions as being too costly to industry. At one point, an old letter was published in which Harper referred to Kyoto as "'socialist scheme' aimed at sucking money from well-producing nations" (Weber, 2007). This is an undeniably neoliberal position that opposes any regulation that interferes with the workings of the free market, believing that the cure would be worse than the disease (Harvey, 2007).

It is only a matter of time before public opinion will force the government's hand on this issue. Some organizations are going green, or at least have the appearance of doing so, in hopes of gaining market share with the increasingly large segment of the population that wants to support environmental sustainability. No doubt more will join the movement as it becomes clear that there are profits to be made. This will increase the need for innovative solutions that take long term effects and costs into account while maintaining profits. This will require a very different approach from corporations with their traditionally short term focus (Greider, 2004).

Fair trade advocates have been drawing consumer attention to how and where products are made for some time. The internet has enabled them to inform customers of corporate transgressions in record time, making it extremely difficult for organizations

to suppress the information. No company wants its customers to know that they use child labour or that they blatantly pollute the environment. The very fact that they continue to do so is a natural offshoot of the never-ending search for the lowest cost of production. A factory in China will not have the same labour, safety, or environmental standards, which will automatically make production cheaper.

For some time, consumers had not questioned, for the most part, where or how the products they bought were made. Fair trade puts the responsibility for this on each consumer (Ransom, 2001). The basic idea is that the people who produce the product should receive a fair wage for their labour (Ransom, 2001). They should also be able to work safely and their environments should be protected (Ransom, 2001). This ties to the organic movement as heavy pesticide use is being condemned more widely and consumers begin to question how far their food is traveling and what chemicals they are ingesting as a result of non-organic farming practices.

Corporations, especially the larger conglomerates, do not have particularly good environmental and social records. They have a reputation for doing whatever they can to get the maximum profit out of any resource in the minimum amount of time, with no regard for the devastated landscape left behind when they are done. This practice, often referred to as externalizing, is a natural offshoot of short term profit motives. The idea is that any costs that can be pushed out so that they are not incurred by the organization will ultimately increase profits and therefore shareholder value (Bakan, 2004; Harvey, 2007). This self-interested practice encourages decision-making mechanisms in the organizations to ignore any costs that can not be directly attributed to the costs of production and service delivery.

The practice of downloading costs only worsened with globalization. Corporations could now set up factories around the world with relative impunity, minimally adhering to much laxer environmental and labour laws. But this practice is now coming back to haunt them. Many organizations have recognized that public opinion has changed towards corporations (Bakan, 2004). Public distrust is running at an all time high due to financial scandals like Enron and WorldCom (Bakan, 2004) and growing as new problems come to light. Corporations are no longer immune to public accountability and will be forced to take this into account in their future decision-making.

The learning organization is a potential antidote for these problems. It proposes a new mindset that would encourage organizations to take a broader view, to take responsibility for the consequences of their decisions, and to take a longer view (Senge, 2006). If the need for this shift was necessary in the early 1990s, it is even more so in today's climate of social activism and a growing concern for the environment.

There are, of course, other factors that are helping to create the perfect storm for modern businesses - the realization that the neoliberal promise of wealth for all through free market capitalism (Bakan, 2004; Harvey, 2007) has in fact significantly increased the income gap between the world's richest and poorest citizens; a shrinking of the workforce as baby boomers age and retire, taking their skills with them; and the growing recognition that world-wide democracy has not magically appeared as a result of, and may actually have been hampered by, neoliberal policies.

The need for organizations to take a new view, to do business differently if they are to remain profitable is evident (Bartell, 2001; Chalofsky, 2005; Greider, 2004;

Senge, 2006). The learning organization is a response to that need, to help keep corporations competitive in the long run (Owenby, 2002). Whether this can be accomplished and how profound those changes might be remains to be discovered. The learning organization has undoubtedly grown out of a neoliberal capitalist system, but it offers some interesting possibilities. How deep are the proposed changes? Part of its philosophy is that assumptions should be questioned. But what assumptions and how deeply?

Can the egalitarian principles of lifelong learning work in the learning organization? Can the learning organization, in essence, shake off its neoliberal roots and become something else, a place where “people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together” (Senge, 2006, p.1)?

The next chapter explores the critiques of the learning organization to gain understanding of how and why the learning organization sometimes fails. It also offers a framework that will answer the question of whether the learning organization can be successfully implemented in corporate structures through an examination of the existing power relations and how these affect the ultimate practice of the learning organization.

## Chapter 4 – Questioning the Principles of the Learning Organization

This chapter focuses on two primary areas. The primary purpose of this chapter is to establish a framework that can be used to further examine the relationships within the organization and how they will enable or cripple the learning organization. Through the use of concept of governance or governmentality, we establish the right questions to ask. The answers define who will control the transformation required by the learning organization and how this influences how it manifests itself in practice. The other focus is a discussion of what it means to be a democratic organization, including an examination of the critiques of the learning organization, with a particular emphasis on where and how they fail to fully embrace democratic principles. This identifies some of the contradictions between the learning organization in theory and practice.

The overall question is whether we can realize the potential of the learning organization within neoliberal power constructs. This leads to a series of questions - what structural roadblocks will exist in realizing this vision? How can we examine the learning organization without assuming that its neoliberal heritage will ultimately prevail? A major force in any organization is its relations with workers, managers, shareholders, communities, and governments. The competing objectives of these very diverse groups are constantly being reconciled to ensure the long term survival of the enterprise. This is particularly true in the learning organization with its commitment to stakeholder involvement and community values. Therefore, the identification of these competing structures with the overall organization is the key to assessing the practical issues involved in implementing the learning organization.

Many studies have pointed to the structure of the traditional organization as one of the major roadblocks to the learning organization. Its power relations, culture, and social expectations dictate what is done and how. These will naturally stand in opposition to the democratic ideals of the learning organization. Since the learning organization is built within this structure, the existing power relationships must be examined and recognized as significant obstructions to the learning organization. Ignoring inherent structures and cultures will impose limits on how deep the transformation is, which will negatively effect the realization of its democratic goals in practice. The hope is that if these loftier goals can be achieved, the learning organization can be used to advance social goals and create a more progressive workplace for all (Coopey, 1995; 1998; Bass, 2000; Dovey, 1997; Driver, 2002; Easterby-Smith, Snell, & Gherardi, 1998; Elkjaer, 2001; Hendry, 1996; Huzzard, 2001; Salaman, 2001; Snell, 2001; Snell & Chak, 1998).

The proposed approach is based on Foucault's method for exploring the multiple power relationships within governing structures. His assertion is that the question of intent is unanswerable (Foucault, 1980) and that:

What is needed is a study of power in its external visage, at the point where it is in direct and immediate relationship with that which we can provisionally call its object, its target, its field of application, there – that is to say – where it installs itself and produces real effects. (1980, p.97)

This is a way of examining power structures by focusing on how those structures actually affect those within and without it rather than questioning the legitimacy of the structure itself (Foucault, 1991a; Simons and Masschelein, 2006). This allows for an analysis of “the exercise of power by focusing on the development of governmental

rationalities and related governmental technologies” (Simons and Masschelein, 2006, p.418). His analysis of neoliberalism is particularly relevant to the learning organization, given its historical foundations. Foucault’s description of neoliberal governmentality, where “people are not addressed (anymore) as social citizens ... but as entrepreneurial selves and entrepreneurs of the self” (Simons and Masschelein, 2006, p.419), is particularly applicable to the social structures of knowledge capitalism.

It would be simple to dismiss the learning organization as a neoliberal construct and attribute any problems that arise as the result of this one underlying philosophy. However, the learning organization’s popularity with managers does not automatically make it something that is less valid (Salaman, 2001). This would be an unsophisticated way to look at the many competing assumptions at work in any given organization. Since organizations do not work in isolation, they are subject to both internal and external pressures from community, government, and employees.

Foucault’s methodology acknowledges that there can be multiple manifestations of the same discourse and that these individual iterations reveal the broader patterns governing them. Foucault has identified a specific set of criteria to identify a discourse – formation, transformation, and correlation (1991a).

Formation is defined as:

[The] existence of a set of rules of formation for *all* its objects (however scattered they may be), *all* its operations (which can often neither be superposed nor serially connected), *all* its concepts (which may very well be incompatible), *all* its theoretical options (which are often mutually exclusive). There is an individualized discursive formation whenever it is possible to define such a set of rules. (Foucault, 1991a, p.54)

In previous chapters, the learning organization has been presented as a set of guiding principles that apply to every member of the organization. Despite inevitable differences in how these principles will be interpreted and applied by individual organizations, the five disciplines remain the same and comprise a set of rules that govern the organization. As such, the criteria of formation is fulfilled.

The second criteria is transformation. This refers to:

The set of conditions which must have been jointly fulfilled at a precise moment of time, for it to have been possible for its objects, operations, concepts and theoretical options to have been formed; if I can define what internal modifications it was capable of; finally if I can define at what threshold of transformation new rules of formation came into effect. (Foucault, 1991a, p.54)

As has been demonstrated previously, the learning organization is the result of many converging factors and discourses. Its formation was the result of the collision of knowledge capitalism, neoliberal policies, and the effects of technology. It also answers the challenges presented by globalization and major social issues such as the environment. It is possible to determine exactly when the concept of the learning organization was created, and more importantly, why and how.

The final criteria is correlation. This is defines as:

[A] set of relations which define and situate it among other types of discourse (such as biology, chemistry, political theory or the analysis of society) and in the non-discursive context in which it functions (institutions, social relations, economic and political conjecture). (Foucault, 1991a, p. 54)

The learning organization has been shown to be connected to a number of discourses and to non-discursive objects as required by Foucault. The learning organization is connected to management science, knowledge capitalism, and

neoliberalism. It is also connected to corporations, workers, managers, shareholders, communities, and governments. In fact, the learning organization can not exist without these interconnected structures.

The learning organization, then, fulfills the criteria of a discourse as proposed by Foucault. The next step is to form a framework for examining the learning organization in practice. Since the learning organization lives within the traditional corporate structure, the general approach will be a critical examination what this looks like in practice. This will be done using a Foucauldian lens in order to identify the contradictions inherent in marrying the two structures.

The specific lens will be that of governmentality, a concept that Foucault uses to describe the relations of force that are used for control (Olssen, 2006). This will allow us to focus on the power relations inherent in a traditional corporation to identify those that challenge the principles of the learning organization. Since Foucault does not limit the label of government to the state, but extends it to any institution that directs human behaviour (1997), including the “government of children, government of souls and consciences, government of a household, of a state, or of oneself” (Foucault, 1997, p.81), we can apply this analysis to the corporation as a power construct that manages people at work.

Foucault states that the art of government is:

Essentially concerned with answering the questions of how to introduce economy – that is to say, the correct manner of managing individuals, goods and wealth within the family (which a good father is expected to do in relation to his wife, children and servants) and of making the family fortunes prosper – how to introduce this meticulous attention of the father toward his family into the management of the state. (1991b, p.92)

He goes on to say that this system of government is concerned with the “right disposition of thing” (p.93), by which he means:

men, but men in their relations, their links, their imbrication with those other things which are wealth, resources, means of subsistence, the territory with its specific qualities, climate, irrigation, fertility, etc; men in their relation to that other kind of things, customs, habits, ways of acting and thinking, etc.; lastly, men in their relation to that other kind of things, accidents and misfortunes such as famine, epidemics, death, etc. (p. 93)

Foucault draws attention to the ship as a metaphor for government and asks what this means to those governing (1991b). This is also a common metaphor applied to organizations with its vision of a business being led through the many challenges facing it, often in a racing environment. He proposes that governing a ship means:

To take charge of the sailors, but also the boat and its cargo, to take care of a ship means also to reckon with winds, rocks and storms; and it consists in that activity of establishing a relation between the sailors who are to be taken care of and the ship which is to be taken care of, and the cargo which is to be brought safely to port, and all those eventualities like winds, rocks, storms and so on; this is what characterizes the government of a ship (pp. 93-94).

He concludes this analogy with a statement that the meaning of government is to:

Reckon with all the possible events that may intervene, such as births and deaths, and with all the things that can be done, such as possible alliances with other families; it is this general form of management that is characteristic of government. (Foucault, 1991b, p.94)

The corporation fits very well in this broader definition of government. It is ultimately responsible to its workers, its shareholders, and its community. It controls and directs the daily lives of millions of people around the world in the service of its survival. It lives within the constraints of legal and social rules. It is a form of government in the Foucauldian sense.

The analysis of government in this context becomes a series of questions that can be asked – how is it ruled, how strictly is it ruled, who rules it, what are its goals and objectives, what methods are used (Olssen, 2006)? We also need to determine where the learning organization protests against or reinforces the traditional corporate structures. For Foucault, it is the areas of protest, of contradiction, that create the greatest illumination on what the real power constructs are (Olssen, 2006).

Mark Olssen has successfully studied the workings of lifelong learning using the concept of governmentality (2006). Lifelong learning and the learning organization share similar principles – they both espouse democratic participation and see learning as something more than training and certification. Olssen clearly demonstrates how the language and culture of lifelong learning has been successfully usurped by neoliberal interests to forward the agenda of the learning economy by making the knowledge worker solely responsible for themselves (2006). He states that:

While lifelong learning implies an active as opposed to passive learner, when viewed in relation to neoliberal agendas it implies a shift in the control of authority for education from the collective to the individual, involving increasing responsibility of the individual for educational and work careers and the skills required and outcomes that ought to take place. Getting prepared is now more in the hands of the individual which entails greater risk in that the individual has to ‘co-finance his own learning’. (Commission of the European Union 2000, as cited in Olssen, 2006, p.224)

Lifelong learning was not meant to be a means to download corporate and government responsibility for education for work onto workers, but that is how it has been interpreted and practiced by neoliberal capitalist interests. In fact, this contradicts the idea that lifelong learning should be used to educate an active citizenry, one which can question and challenge government in a democratic society. A Foucauldian analysis

of the relationships between workers, governments, and employers in this context makes it possible to clearly see how the goals of lifelong learning have been manipulated by power interests to reinforce rather than challenge the governing philosophies.

This analysis can be applied to the practice of the learning organization. A determination of who controls the learning organization in practice will lead directly to an analysis of how that power will be exercised and reified. We can then determine who will win in the classic struggle between the democratic premises of the learning organization and the neoliberal capitalist philosophy of the corporation. This analysis will also provide us with an assessment of the structural barriers facing the learning organization in order to determine if it is even possible to achieve its democratic goals within large corporate structures.

The analysis will be applied to various groups within the learning organization – owners and shareholders, managers, and workers, as well as external groups that control or are controlled by the organization such as governments and communities. The power relationships will be examined to determine who holds the balance of power in traditional corporate structures. This will lend insight into which groups will be reluctant or unable to fully embrace the changes required by the learning organization, and why. The next section will focus on the democratic aspects of the learning organization, giving insight into the conflicts that exist between traditional and learning organizations.

The democratic principles invoked by Senge have far-reaching consequences for modern organizations. They not only attack the hierarchical structure of the corporation which does not allow for a one person, one vote method of management, they also attack

the corporatist structure of modern society (Saul, 2003). Neoliberal policies have given elite status to professionals and corporations (Harvey, 2007; Saul, 1993). Citizens have become less active and often do not see the use of voting since their interests are seldom acknowledged by their elected representatives. Governments are influenced by corporate needs, which are seen as societal needs since corporations provide jobs and theoretically drive the economy (Harvey, 2007).

Democracy is defined as “government by the people; especially : rule of the majority . . . , a government in which the supreme power is vested in the people and exercised by them directly or indirectly through a system of representation usually involving periodically held free elections” (Merriam-Webster On-Line Dictionary, 2008a). A democratic organization, then, allows each member to have an equal say in what is done, and how.

The debate over whether the learning organization follows democratic or traditional management principles is not new. The next step is to present the viewpoints of those on both sides of this discussion so that we can understand the issues that are often raised in relation to the learning organization’s practice.

Watkins and Marsick propose that “democratic beliefs push organizations towards participatory management, whereas a belief in the superiority of educated classes pushes organizations towards hierarchical, professionalized management” (1993, p.158). This describes the classic conflict between a true learning organization and a traditional enterprise. They describe the learning organization as one that subscribes to participatory management, an organization “characterized by total employee involvement in a process of collaboratively initiated, collaboratively conducted,

collectively accountable change directed towards shared values or principles” (as cited in Hughes and Tight, 1995, p.296). This would portray a learning organization that fully embraces the democratic principles of “The Fifth Discipline”.

On the other side of the debate, Tara Fenwick states that “if managers and educators are the architects of the learning organization, employees are colonized as its subjects” (1998, p.145). She goes on to say that “an ideology of ‘constant improvement’ tends to create a competitive track where the racing dogs never reach the mechanical rabbit” (1998, p.145). This atmosphere of constant change requires workers to always be on top of their game, learning new technologies in order to keep their positions (1998). This hardly leaves time or space to pursue personal learning experiences.

She also questions whether workers are really given the power to be critical of the organization itself. “Workers’ learning is to be innovative and critically reflective so long as the outcomes ensure the survival, indeed the prosperity, productivity and competitive advantage, of the employing organization. Learning that threatens the existence of the organization, such as liberated workers finding ecological and communicatively nurturing ways to achieve their purposes that begin with dismantling the organization, are not possible from the organization’s perspective” (Fenwick, 1998, p.149).

What Fenwick is saying is that the learning organization in practice essentially sticks to its neoliberal roots. Corporations often do not change their internal structures or fully apply the principles of the learning organization. Instead, they control the use of those principles and limit the theory to management. This is a foreseeable consequence

of applying a transformative theory to a structure that naturally resists change. It is not, however, inevitable. A critical examination of the many internal power relationships is necessary in any attempt to establish a more democratically oriented corporate structure (Owenby, 2002).

The learning organization has often been criticized for its treatment of workers and its neoliberal interpretation of learning as it applies to the learning organization. For instance, corporations have traditionally pushed workers to engage in learning that has direct benefit to the organization rather than allowing individuals to plan and engage with their own personal learning goals as proposed by “The Fifth Discipline”. This does not appear to have changed in many corporations that claim to have espoused the principles of the learning organization. Mojab and Gorman levy the criticism that:

The learning organization model takes for granted that the organization should own and control the results of the workers’ learning. ...[It] assumes that the more you have learned (or the more capacity you have for learning), the more of an asset you will be for your organization. (2003, p.235)

This makes the learning organization an extension of Human Capital theory in that the worker’s knowledge is being actively pursued by the organization (Bartell, 2001) for the purpose of extracting higher productivity (Mojab and Gorman, 2003).

Giesecke and McNeil echo this by describing the learning organization as “an organization skilled at creating, acquiring, and transferring knowledge and at modifying its behaviour to reflect new knowledge and insights” (2004, p.55). This reflects the common interpretation of the learning organization by management and reinforces the idea that workers’ knowledge in some way “belongs” to the organization. In this model, “present-day corporations routinely sacrifice the interests of their employees to further

corporate goals of profitability and competitive advantage in the new global economy” (Owenby, 2002, p.53).

Catherine Casey offers a critical look at how knowledge workers and organizations work in modern democracies (2003). She outlines how organizational structures oppose democratic ideals by requiring “workers’ integration not through democratic citizenship, but through conformity to elite-established rules and systems” (2003, p.621). Learning for democratic participation is actively discouraged in favour of skills-based training in service to the organizations (2003). She continues by stating that “the learning needs of the organization, as defined by management, override or occlude the attention to the needs of individual learning workers. Individual learning is legitimated solely according to criteria for its contribution to organizational learning” (Casey, 2003, p.624). The learning organization itself “includes strategic containment of worker knowledge” (p.625). Once again, this reflects organizations that have used the principles of the learning organization in a very superficial manner without realizing a new philosophical purpose.

The idea that learning can be used to increase productivity undoubtedly exists in any iteration of the learning organization to varying degrees. The difference is that in a traditional corporate model, the workers do not share in the benefits that accrue from their learning and expertise. In a democratic model, they would. Productivity and prosperity are not necessarily evil objectives in themselves. From a very left wing perspective, they only become immoral when the few (management, shareholders) benefit from the labour of the many (the workers).

Regardless of how the learning organization is reified, it will have a profit motive. The hope is that it will take a long-term sustainable view that benefits all of its members, its community, and its physical environment. If organizations continue to engage in practices that destroy the environment and disrespect the wishes of their local communities, they are not learning organizations in the democratic sense.

On a more positive note, Casey also offers a vision of a more democratic environment that “conceives the ability of individuals to combine their diverse skills and imaginations for the attainment of common, collectively negotiated goals” (2003, p.631). This requires a shift away from traditional management techniques and human resource learning (2003). This vision reiterates that of “The Fifth Discipline” and a democratically-oriented learning organization.

In general, learning organization theory has been accused of reinforcing capitalist, neoliberal practices while invoking democratic principles as its core (Fenwick, 1998; Gherardi, 2006; Mojab and Gorman, 2003). Based on how “learning organizations” often work in practice, this is an understandable conclusion. What we have typically seen is that the principles are applied in a manner that reinforces the existing structures and managerial techniques, as would be expected from the scientific application of a traditional management theory. However, if the corporation is fully reinvented in accordance with the principles of the learning organization, it can rise above its neoliberal roots and become a democratically oriented organization. This would involve a shift of real power from the managerial elite that rules the traditional corporation to a larger group that includes managers, workers, shareholders, and the community.

The purpose here is not to dismiss the detractors of the learning organization. Instead, the intention is to identify and discuss the structural causes of the contradictions between the theory and practice of the learning organization and determine if there is hope that they can be resolved. Ideally, a democratic learning organization will work for the benefit of its members, community, and the public, making it a desirable state (Greider, 2004). However, how it is reified in practice may be another story.

There is no doubt that imposing a horizontal, democratic structure in a hierarchical, vertical structure is a real challenge (Kelleher and the Gender at Work Collaborative, 2002; Owenby, 2002). The issues that arise in the practice of the learning organization can illuminate these inherent contradictions and conflicts. As an example, “structural contradictions are apparent when managers are punished for actions that conflict with the corporate values but also for failing to follow management practices of the traditionally vertical organizational hierarchy” (Owenby, 2002, p.58).

The profound philosophical differences between the traditional and the learning organization are now clear. The next chapter will apply the Foucauldian questions proposed earlier to detect and explain the broad power relationships within the traditional corporation. As stated earlier, it is crucial to understand where and how these structures compete with the learning organization to determine if they can be challenged and changed. If not, the learning organization will ultimately reinforce neoliberal thinking rather than challenging it.

## Chapter 5 – Analysis of the learning Organization

The first question that will be asked is how the learning organization is ruled and by whom. The analysis will be focused on for-profit, publicly traded corporations. Privately held and not-for-profit organizations would have to be the subject of separate analyses as the structure, governance, and group interactions will differ under each of those scenarios. As such, the answers may be profoundly different in small, owner-operated companies than in the large global structures that predominate in modern society. The purpose is to establish where the power resides in traditional corporate structures in order to ascertain where the greatest transformation is needed in order to realize the learning organization. This will also identify where the greatest resistance to change may exist. In addition, each group will be examined to determine how their specific characteristics are affected by their historical reality.

Formal external governance of the corporation exists at multiple levels for any given organization. First of all, corporations must be incorporated according to legislation at the state level in the U.S. and at the provincial level in Canada. Incorporation rules dictate the general structure of the board of directors, how often shareholder meetings need to be held, set out reporting requirements to the jurisdiction involved, and ultimately define the organization as a separate legal entity. Once an organization has been incorporated, it can operate in any other state or province.

In the case of publicly traded corporations, the U.S. Securities and Exchange Commission acts as the official watchdog over the stock market and aims to “protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation” (2008). A similar organization, the Canadian Depository for Securities, oversees the

market in Canada. These organizations require regular financial reporting from all publicly-traded companies and must be informed of any major changes of ownership such as takeovers or sales, or other events that will significantly affect expected earnings (U.S. Securities and Exchange Commission, 2008).

Corporations are also required to follow the general accounting standards as determined by federal regulations and must report and pay taxes at the federal, state/provincial, and municipal levels. In addition, there are numerous legislations which must be followed when operating a business enterprise – acts which govern the minimum requirements for labour standards, environmental standards, employment equity, and workplace health and safety standards in the jurisdiction of the operation.

Organizations are also subject to informal rules dictated by society, community norms, public opinion, and local media. For instance, a cosmetics company might be legally allowed to use animals in product testing, but may choose not to in order to avoid negative reactions from the public and some special interest groups. Also, the public can influence public policy through protests or lobbying. When this results in legislative changes, organizations are required to comply.

The board of governors and shareholders represent a mix of internal and external governance. The board of directors is an amalgam of members who represent the shareholders and those who represent the internal management of the organization. Shareholders have the right to vote their shares on any motion presented by management and can theoretically override organizational decisions. The board is meant to protect the interests of the shareholders and has legal authority over the management of the organization.

Internal governance also occurs on many levels in any organization. Formal lines of authority are usually reflected in the official organizational chart. Large corporations tend to have strong hierarchies with workers reporting to line managers reporting to supervisors reporting to vice presidents reporting to CEOs, as an example. This traditional structure originates in industrial capitalism as discussed in Chapter 3. By virtue of the hierarchical structure of the traditional organization, each layer of management has a level of control over the layer(s) below, in gradually decreasing degrees. Line managers have the most direct control over workers as they are involved in the day to day operations of the organizations. Lines of authority may differ depending on the position – some workers may report to multiple managers, some middle managers may report directly to the CEO, etc. But the general structure is the well-known image of the pyramid so often used in organizational charts. By definition, workers tend to be in the bottom layers of the organization.

Workers also hold power by virtue of the fact that their productivity is required by the organization. This can be seen in formal structures such as unions, which have the authority to speak on behalf of workers and to negotiate with management on any issues related to wages, job descriptions, and general working conditions. Individual workers can also use this mechanism to protest against perceived injustices in the organization. This gives workers more solidarity when dealing with the massive management structures in place today. Informally, workers also can and do work with individual managers to improve their work lives.

The preceding is a general overview of the levels of formal and informal governance in the learning organization. As you can see, there are many lines that

interconnect to form multiple points of contact. Each point of contact has the potential to bring very different viewpoints, goals, and assumptions together. The key to bringing all these groups to a common vision, as required by the learning organization (Senge, 2006), is to acknowledge these differences and embrace them so that the shared vision truly encompasses the best interests of all these groups, not just one or two.

The next section will take an in-depth look at each of these groups, including their history and general characteristics, in the context of today's reality. It is not enough to say that shareholders hold power in a corporation because they have the legal authority to do so – we must determine how this power is exercised in today's large, multinational companies. This is necessary in order to define where the power of governance resides in actuality in these corporations, and as a result, in the learning organization. This will also identify the contradictions inherent in the corporate structure that create tension between these groups. If we do not acknowledge this reality, we will ignore significant biases and will ultimately fail to establish a true shared vision in the learning organization. This is one of the goals of the overarching discipline of the learning organization, systems thinking (Senge, 2006).

The first group to scrutinize will be the shareholders of the organization. Shareholders are unique to corporations, both privately and publicly held. Publicly-held companies issue shares to outside investors in return for a share in the profits and a percentage ownership based on the number of shares issued. For instance, if you own ten shares and the company has issued one hundred shares, you would own ten percent and be entitled to ten percent of the earnings that are distributed to the shareholders at the end of the year.

The concept of allowing corporate shares to be traded on the open market in order to raise capital in exchange for a claim on the company is approximately one century old (Greider, 2004; Saul, 1993). This theoretically bestows to the shareholder the right to control how the organization is managed, based on their percentage of ownership. In Joel Bakan's "The Corporation", a leading businessman is quoted as stating that stock markets can be effective in stopping corporate abuse (2004). He asserts that:

Because so many people now own company stock, usually through their pension plans, shareholders can serve as a "good proxy for the public good" ... and use their power of ownership to protect society and the environment from corporate misdeeds. (Bakan, 2004, p.144)

This view of the shareholder as controller and watchdog of the corporation is widely touted in corporate circles. There is talk of being accountable to shareholders at almost every annual shareholders' meeting, a legal requirement of the corporation (Greider, 2004; Saul, 1993).

While this may be true in privately held corporations where the number of shareholders are few and they are likely to be directly involved in the daily operations of the business, it is not so in large publicly-traded corporations. Share ownership today is so diluted as to be meaningless when considered at the level of individual ownership (Greider, 2004; Saul, 1993).

As an example, a random search of the New York Stock Exchange website revealed the shares outstanding for five major North American corporations as follows: Coca-Cola Company – 2,310,977,000 shares (2008a); Exxon Mobil Corporation – 5,463,626,000 shares (2008b); McDonald's Corporation – 1,182,758,000 shares

(2008c); Tim Hortons Inc. – 187,282,000 shares (2008d); and Wal-Mart Stores, Inc. – 4,004,809,000 shares (2008e). Owning a few shares of any one of these companies would not grant any control whatsoever and gaining a big enough block of shares to exercise control would require vast amounts of investment capital.

In addition, many shareholders are not even aware that they own stock in any one company – they invest through brokers and pension managers who act as their proxy on any voting matters. Do you know where your RRSP or IRA funds are invested? While shareholders do have the right to vote their shares and could theoretically control the management of the organization, it would take a coalition of enormous numbers of shareholders to accomplish this. Because shareholders are often uninvolved in the operations of the company, they have no long term interest in it. They use share ownership solely as an investment vehicle and, as a result, they are interested in dividend revenues and share values. If stocks do not perform as expected, they will simply be sold or traded in favour of more lucrative ones.

This divorces the shareholder from the long term management of the organization since obtaining the highest profit in the shortest period of time is the primary objective. An organization that is incurring short term costs in order to ensure long term sustainability may find its share values decreasing as a result. The hands-off nature of share ownership becomes a serious liability to the organization in this case. It is possible that many shareholders would support a steady rate of return over sharp ups and downs, but they are probably unaware that the option even exists.

This creates a very real contradiction between the long term goals of the organization and the short term profit orientation of the stockholder. This is especially

important in the learning organization with its long term orientation (Senge, 2006). It may very well be necessary to sacrifice short term profits as the organization transitions to a financial model that considers environmental and social costs as it strives to become a better corporate citizen (Senge, 2006). This will necessitate a change in attitude and perhaps even a change in the nature of ownership. A corporation that is owned and controlled by its active members (workers, managers, community members) will naturally have a longer term profit orientation. Once again, this necessitates a structural change to the organization.

The next part of this analysis will be centered on the board of directors, also a legal requirement of the corporation. The board of directors is the representative of the shareholders of the organization, much as members of parliament represent the individuals they govern. In the early days, members of the board were major shareholders (Saul, 1993) and exercised real control over management. This is still true of small companies, but it is a different picture in publicly traded corporations.

As Saul (1993) notes, “the board of directors was never designed to be a control unit representing 173,000 shareholders. It was designed to be a gathering of all or most of the owners” (p.364). Largely because of the dilution of share ownership discussed earlier, board members are business leaders who see sitting on the board as a prestigious activity, one that comes with a substantial income and the opportunity to make important business contacts. Only too often, the board is a rubber stamp for management. At worst, they are silent partners in corporate wrongdoing.

The potentially negative role of the board of directors in the modern corporation is demonstrated by the stories of Enron and WorldCom. These two financial scandals

rocked Wall Street in recent years, shaking the public's confidence in corporate ethics and behavior (Bakan, 2004).

An investigation into the role of Enron's board of directors conducted by the Permanent Subcommittee on Investigations of the United States Senate in 2002 concluded that the board had:

Failed to safeguard Enron shareholders and contributed to the collapse of the seventh largest public company in the United States, by allowing Enron to engage in high risk accounting, inappropriate conflict of interest transactions, extensive undisclosed off-the-books activities, and excessive executive compensation. The Board witnessed numerous indications of questionable practices by Enron management over several years, but chose to ignore them to the detriment of Enron shareholders, employees and business associates. (p. 3)

In fact, Enron directors profited from the actions of management through exclusive contracts and share options (2002).

WorldCom, on the other hand, was a case of board inaction rather than collusion. The board did not appear to be aware of irregular accounting practices at the company (Hopkins, 2006), but this was largely because "it was so passive that it had little chance of discovering it" (Hopkins, 2006). They ignored their duty to protect shareholders and often acted as a rubber stamp for management (Hopkins, 2006).

In many ways, the goals of the board of directors in a traditional organization do not compete with management. They may not be working together for the betterment of society, but they are working together. Their role as watchdog for shareholders, however, has been compromised in favour of more self-interested activities.

In the learning organization, the role of the board of directors needs to return to one where the directors represent the shareholders' interests. They should be able

provide management with alternate perspectives on issues rather than merely agreeing with whatever is presented to them. Ideally, there would be decisions made that included the social and environmental factors as well as economic indicators. This requires individuals who are committed to the philosophy of the learning organization. Ultimately, the board does have authority over the activities of the corporation and should exercise this in a more ethical manner. The appointment of board members needs to be a far more rigorous process – any conflict of interest has to be acknowledged and dealt with. For instance, if the organization is involved in mass food production, it is a potential area of conflict if one of the board members is a major pesticide producer, especially if the decision to ban pesticides is imminent. Also, any economic transactions between the organization and any organization associated with a board member needs to undergo a higher level of scrutiny to avoid even the appearance of favouritism.

The potential for conflict will always exist between the personal goals of board members and those of the organization. Indeed, personal conflicts between members will exist as personalities inevitably clash. However, a commitment to the principles of the learning organization will assist both the board and management to manage these issues as they arise – the key is to recognize that they exist and move forward from there.

To this point, the analysis has centered on groups that have one point of contact with the organization. Shareholders engage in an economic transaction with the corporation while board members meet with management to discuss issues on a regular basis, but they are not involved in the daily operations of the organization. This leads

into a discussion of management and managers, arguably the most influential group within the organization, and their role in the learning organization.

Senge insists that leaders are essential to the success of the learning organization (2006). He does not see leaders in the traditional sense where they are “special people who set the direction, make the key decisions, and energize the troops” (p.320). He does not want heroes “who ‘rise to the fore’ in times of crisis” (p.320). His vision of leadership “centers on subtler and more important tasks.... Leaders are designers, teachers, stewards” (p.321).

This sits in direct opposition of the traditional view of managers. Managers are part of the professional elite that has risen to prominence in the 20<sup>th</sup> century as seen in Chapter 3. This group has attained privileged status in our society by virtue of its “claim to extraordinary knowledge [which] is rooted in techniques and theories derived from scientific research undertaken for the most part in institutions of higher learning” (Schon, 1983, p.288). The underlying assumption is that any problem can be solved through the application of those techniques. However, Schon also points out that “there is a high, hard ground where practitioners can make effective use of research-based theory and technique, and there is a swampy lowland where situations are confusing “messes” incapable of technical solution” (Schon, 1983, p. 42).

In the learning organization, managers need to see beyond the models of technical rationality and management science to include these areas of uncertainty and risk. But are they educated in a manner that facilitates this? A review of the teaching methods used to educate management will help to answer this question. Since the MBA is the qualification of choice for many companies according to the annual survey

conducted by the Graduate Management Admission Council on campus recruitment in the United States (2006), it is logical to examine some of the major business schools to accomplish this.

The most famous tool used by the Harvard Business School is the case method.

Their MBA website states that:

An HBS case is a detailed account of a real-life business situation, describing the dilemma of the “protagonist”—a real person with a real job who is confronted with a real problem. Faculty and their research assistants spend weeks at the company that is the subject of the case, detailing the background of the situation, the immediate problem or decision, and the perspectives of the managers involved. The resulting case presents the story exactly as the protagonist saw it, including ambiguous evidence, shifting variables, imperfect knowledge, no obvious right answers, and a ticking clock that impatiently demands action. (HBS, 2006)

The underlying premise is that there is a chance for innovative responses and solutions from the students. In reality, the results are known, the “right” answer is elicited, and there is no acknowledgement that the entire case is built from a purely management perspective, thereby simultaneously dismissing the views of any non-management workers involved and establishing the superiority of management thinking and training.

The London Business School goes so far as to claim that:

The central concept of its Masters Program “is that management can be taught as a unified body of essential knowledge that can be applied to an organization.” The statement deforms our understanding of what the school does by misrepresenting the word *knowledge*. There is no such thing as knowledge which is universally applicable to all organizations. Knowledge is concrete and particular. What they mean by “knowledge” is method. (Saul, 1993, p. 118)

The essential problem is that these methods teach students to apply known techniques and theories, but they do not teach the analytical skills necessary to develop

their own innovative solutions that go beyond these predetermined models (Schon, 1983). This gives the impression that these models hold the solutions to all possible problems and that knowing how to apply them imparts all the answers (Saul, 1993). This brings a “detached, abstract approach to the conduct of business” (Saul, 1993, p. 120). “There is nothing empirical about the process because it begins with a solution and a predetermined argument into which the problems must fit in order to arrive at a solution” (Saul, 1993, p. 121). The problem must “fit” the model rather than the other way around (Schon, 1983).

This method of training has resulted in “the gradual appearance of an evolved technocrat who almost inevitably has the character of an intellectual bully” (Saul, 1993, p. 133). These professionals, “when they are attacked over their management of [a] job, ... have a tendency to freeze hard on their positions, unable to compromise because they don’t have the roots with which to penetrate the matter” (Saul, 1993, p. 133). This perfectly describes the defensive mindset discussed earlier as the predominant characteristic of Model I organizations. What we are striving towards is a Model II organization, which means that we must recognize and deal with the inherent mindsets of managers, reinforced through their training and social status.

The status of professionals in our society stands in opposition to the democratic ideals of the learning organization. What we have essentially done is create a class society reminiscent of the old feudal systems of Europe (Saul, 1993). We have replaced hereditary rank with something that can theoretically be attained by any member of our society, which makes it appear democratic and egalitarian (Shorris, 2000). However, we have given substantial power to this professional class without acknowledging that to do

so reduces the power of everyone else. This has essentially taken democratic power away from the individual citizen in favour of powerful groups of professionals. Saul (2003) asserts that:

We exist primarily as a function, not as a citizen, not as an individual. We are rewarded in our hierarchical meritocracies for our success as an integrated function. We know that real expressions of individualism are not only discouraged but punished. The active, outspoken citizen is unlikely to have a successful professional career. (p. 34)

Carol Pateman takes this further and theorizes that “it is the participation of the minority elite that is crucial and the non-participation of the apathetic, ordinary man lacking in the feeling of political efficacy, which is regarded as the main bulwark against instability” (as cited in Welton, 1991a, p.28). In other words, it is in the best interest of all if the professionals retain their positions of authority.

There was a time period in which management, particularly middle management, was seen to lose some of the power they had attained. This was during the extensive downsizing undertaken by corporation in the 1980s and 1990s (Robinson & del Carmen, 1999). The common perception is that the middle ranks were decimated by these activities and that it cut a layer of unneeded fat out of the management structure of the corporation. However, the fact is that “managers as a percentage of all non-farm employees have actually increased by approximately 14% from 1991 to 1995, during a period of intense downsizing” (p.30). 15% to 20% of American corporate employees are still managers.

This demographic reflects the Taylorist position that managers are necessary to the corporation in order to properly control work processes and workers. This mindset is true within traditional organizations – managers are seen as the only ones capable of

making decisions on behalf of all members. This is entrenched in the structure through the use of formal hierarchies and lines of authority. Since the upper layers are largely professionals, the opportunity for non professionals to effect change is minimal.

This sense of elitism is part of the culture that is introduced through the educational institutions to future professionals. Those who attain accreditation in their chosen field feel that they are superior to those who do not, discounting any outside factors that might influence one's ability to do so. Business schools do not merely teach the material, they indoctrinate a new generation of professional managers who believe they deserve a place in this elite group of people. Once a professional has gained access to this promised land, which brings prestige, a plum position in a corporate hierarchy, monetary reward, and the ability to own all of the trappings of success – the huge house, the SUV, the BMW, the wide screen plasma TV – it is in his/her own best interest to perpetuate that system and not to rock the proverbial boat. To critically examine the structure that gives him/her their societal position and means of well-being would be to deny their training and all they have worked so hard to attain. It would be the equivalent of biting the hand that feeds.

There are three trends that are contradictory to the principles of the learning organization evident in this analysis: managers must acknowledge and challenge their elite status in the organization, managers must challenge their belief in one-size-fits-all solutions, and they must learn to hear the other voices of the organization and the community. These underlying biases must be recognized so that everyone can be equally heard in the learning organization. This is perhaps the largest barrier to the successful implementation of the learning organization. If management does not engage

in systems thinking and challenge their defensive mindsets, the learning organization will fail to live up to its fullest potential.

The largest group in any organization is the workers. As we have seen, workers were seen solely as a source of physical labour for much of the early 20<sup>th</sup> century. They were given repetitive tasks that required little in the way of intellectual thought (Welton, 1991). Now that the product they are “selling” has shifted from labour to knowledge, workers are still treated in much the same manner. Worker productivity is still the goal even though the nature of the output has changed. The major difference is that they must now educate themselves appropriately in order to be seen as valuable (Olssen and Peters, 2005).

Although the egalitarian promises of the learning organization holds the potential to fundamentally change how workers are treated and heard, the essential power structure of the organization must be acknowledged before this promise can be fulfilled. The previous discussion clearly demonstrated the hierarchy of the organization, learning or otherwise. Managers, who are largely professionals, are firmly seated in positions of authority over workers. In addition, the idea of management superiority is not only in the minds of the managers, but entrenched in the workers by virtue of our culture.

Saul notes that workers believe in the good intentions of the managerial elite and are “not equipped with either the obscure vocabulary or an understanding of the obscure structures necessary to [question them] successfully. And even if they do persist, the rhetorical replies of expertise can only be taken as reassurance” (Saul, 1993, p. 477).

Much of the criticism that has been levied at the learning organization is because it “applies to only a fraction of the workforce, specifically, management teams of

corporations and financial institutions” (Mojab and Gorman, 2003, p. 231). Fenwick speaks of managers as the “architects of the learning organization” (Fenwick, 1998, p. 145) and the employees as its subjects (Fenwick, 1998). This reflects the flawed practices of the learning organization, rather than the egalitarian principles underlying the theory. The deficit lies in the fact that the underlying structure is often unacknowledged.

Workers, and workers’ unions, have often been blamed (by managers) for failures in change initiatives in an organization. As anyone who has been part of one of these sweeping change processes can attest, it is difficult to participate fully when there is residual cynicism about what the results of that change will be, and whether your opinion is truly appreciated. Many workers, when informed of a new change initiative that will better their work lives, will go quietly about their work and hope to fly under the radar and try not to lose their positions in the process. Participation is often at a token level – enough to be seen as participating, but not fully engaging in the process either.

Howell, Carter, and Schied did a study where one worker described her growing involvement in process improvement, an initiative that would supposedly increase her job satisfaction and provide her with more input into the company’s success. She stated that:

We realized that our reward for a job well done was to be assigned several more tasks. So rather than focusing on one process we were now juggling several more tasks while still retaining responsibility for the monitoring of the newly automated process. The organization could now do more work with fewer workers. (Howell et al, 2002, p. 117)

In a profit motivated organization, initiatives are rarely championed by management unless cost savings or increased profits can be achieved. Workers understand that this often means more responsibility for them, with little in the way of increased compensation. It is no wonder that workers are resigned to any proposed changes being to their detriment in the long run and that they are pessimistic about any initiative touting improved conditions and prosperity. They understand that improvements to the bottom line will often come at their expense.

The difference in the learning organization is that, although profit must always be considered, other factors will also be recognized, including the worker's personal goals (Senge, 2006). If the learning organization is to be fully realized, workers also stand to reap the benefits.

Engaging workers in the learning organization must be seen as a critical piece if shared vision and systems thinking are to be realized. The entire organization must be seen in a very holistic, organic, way rather than as functional sections that make up a whole. Workers are often aware of dysfunctional practices within organizations but have no avenue or report them. Even if they do, the general attitude is that nothing ever changes, so why bother. Do your work and go home.

That being said, it is not enough to engage workers without acknowledging their role in the ultimate success of the learning organization. All members must have equal opportunity to be heard and to share in the benefits that accrue to the organization. This may necessitate alternate compensation packages or structural changes in how the company is managed. At any rate, these dynamics should not be ignored. In the

learning organization, systems thinking demands the examination of all assumptions (Senge, 2006), which means that everything is subject to scrutiny.

One of the keys to engaging workers is trust. John Coopey asserts that “the ideology and practices that constitute ‘management’ tend to undermine the foundations on which trust is built, and hence the processes through which people become committed to an enterprise” (1998, p.366). He argues that trust is necessary in order for the democratic ideals of the learning organization to be fully realized (1998). This is not a simple task – given the cavalier treatment that employees have received since the 1980s, the difficulties in developing this trust between organization and workers are enormous. Workers, as a group, are fairly jaded about any process that purports to give them more autonomy or control over their own work. Coopey further argues that the internal power dynamics are the biggest roadblock to the learning organization and must be recognized in order to achieve any measure of success (1995).

Robin Snell takes this discussion a step further by arguing that learning organizations need to value individual ethics and morals by offering them a space where their values are acknowledged and appreciated (2001). He identifies the core power struggle between the interests of the people and the dominant power bloc in organizations. His assertion is that in learning organizations, “the power bloc refrains from imposing one-dimensional criteria of merit, neatness and convenience onto the people, allowing them the space to recognize and value their own intangible contributions, hence fostering a sense of dignity” (p.327). This is not the traditional role of the power elite in corporations.

Overall, workers have more control over the profitability of modern organizations than they may realize, particularly in knowledge based service enterprises. Their engagement as a group, and as individuals, is key to the success of any organization. This necessitates a new relationship between managers and workers, one that builds on mutual trust and a sharing of benefits with all employees. We will now move to the role of external groups in governing the organization.

The role of the state and the public in corporate governance is constantly shifting in response to economic, political, and social conditions. In the western world, we are currently living in a world where globalization and knowledge capitalism rule our economies and neoliberal policies dominate our governments. At the same time, public awareness of global warming, environmental issues, and the inequalities caused by “free markets” is rising. This leads to an uneasy relationship between corporations that work to maximize profits, democratic governments that are charged with working for the public good, and an active citizenry.

In modern capitalism, corporations are rewarded for maximizing profits to shareholders (Greider, 2004). This encourages organizations to externalize costs wherever possible in order to improve the bottom line. In fact, corporate financial methods disallow the inclusion of external costs, including “intangible costs to society, the ruptures to family life ... and equitable relationships, the broader social injuries that will require expensive remedial action by society in the distant future but do not represent costs for the company’s present-day production” (Greider, 2004, p.39).

The neoliberal policies of western governments actively assist corporations by favouring free markets and trade (Harvey, 2007). This has been evidenced by massive

deregulation of industries and services formerly run by government, such as utilities, education, transportation networks, and in the U.S., health care. The assumption is that “each individual is held responsible and accountable for his or her own actions and well-being” (Harvey, 2007, p.65). U.S. and Canadian governments have consistently reduced corporate tax rates over the past two decades to stimulate economic investment and profits, further eroding social safety nets for the poorest sectors of society.

The globalization of markets is seen by both corporations and governments as “healthy since it improves efficiency and productivity, lowers prices, and thereby controls inflationary tendencies” (Harvey, 2007, p.66). Corporate interests are seen as in the public good and the right of other state authorities to block those interests is actively questioned (Harvey, 2007).

A recent example in Nova Scotia, Canada, involves the rejection of a proposal to mine gypsum at an ecologically sensitive site overlooking the Bay of Fundy. The New Jersey-based company has since sued the Canadian government for violating NAFTA by claiming that “the environmental assessment of this project uncovered anti-Americanism” (Meek, 2008). They are claiming that other Canadian projects did not take as long to review, were not subjected to the same level of scrutiny, and that the inclusion of community values as a factor was novel and unscientific (Meek, 2008).

This brings the third member of the trio into the picture – the citizenry. In the case above, the core values of the community were taken into account when making the final decision against the quarry. Citizens of Digby Neck stressed “the importance of a strong sense of place, a living connection with traditional lifestyles, harmony with the environment, combined with a strong sense of stewardship as a way of life” (Joint

Review Panel, 2007, p.14). This precedent setting review acknowledged a new hierarchy where environmental and community issues essentially trumped profits and economics. The conclusion was that the potential damage to the environment and local way of life would outweigh the expected economic benefits (Joint Review Panel, 2007).

This example exemplifies the traditional push and pull of government, society, and corporations. The corporation wanted to access a resource and exploit it for its own benefit, which would also produce short-term economic benefits in the local area. The proposed methods were the cheapest, quickest way to extract that resource while adhering to the minimum environmental standards enacted. The community recognized the threat to their future, such as the potential contamination of groundwater and the destruction of vulnerable flora and fauna, including some endangered species (Joint Review Panel, 2007). Government was lobbied to acknowledge these factors and to change the standards to ensure that these types of developments are not allowed without stringent controls.

The public can also directly influence corporate actions with their purchasing decisions (Bakan, 2004). This is often espoused by those opposed to increased government control (Bakan, 2004; Greider, 2004). There are a couple of major issues with this in the modern context. For one thing, those with the economic wealth hold the majority of the spending power, and therefore, the power in this scenario (Bakan, 2004). Since this group tends to be made up of the managerial elite, their ongoing hunger for possessions dominates the market. Also, the modern reality of increasingly large corporate conglomerates makes it next to impossible to completely boycott any given organization.

An illustration of this is Nestle Corporation. There have been ongoing boycotts against this company since the 1970s as a result of their aggressive marketing of baby formula in third world countries and for illegally using the Fairtrade marks on their products (Organic Consumers Association, 2005). Nestle sells many products from KitKat bars to Stouffer's products to Poland Spring waters (Nestle, 2008). It also sells Purina pet food brands (Nestle, 2008). Since this information is easily accessible on the corporate website, the concerned consumer can easily avoid the identified brands if they are serious about keeping their dollars out of Nestle's control.

But what of the brands that are sold by companies with strong associations or partnerships with them? A more thorough investigation found a reference to a joint venture between Nestle and General Mills. This was confirmed on the General Mills website (2008). This introduces a massive array of products that need to be added to the boycott list. Although it is not clear how large this venture is, the active consumer will want to at least be aware of the connection. General Mills brands include household favourites like Betty Crocker, Pillsbury, Cheerios, Fruit Roll-Ups, Haagen-Daaz, Hamburger Helper, Old El Paso, Yoplait, and Nature Valley (General Mills, 2008a).

The increasing futility of trying to purchase products that have been ethically produced and sold is evident in this very basic example. Since we have also earlier shown the ineffectiveness of shareholders as a controlling force on corporations, this counteracts corporate insistence that these two forces adequately replace governmental controls (Bakan, 2003).

This leaves government as the remaining external control on the actions of the corporation in modern society. We have seen that current neoliberal thinking acts as an

enabler to corporate practices rather than the opposite, but that this can be counteracted to a certain degree by public pressure. The question is whether government is adequately filling the role that has been relegated to them. In the absence of other external controls, government regulation is the only remaining external force that can effectively act on the corporation (Bakan, 2004). They can even revoke the charter that created the corporation and effectively end its existence (Bakan, 2004). However, this power is rarely used and was not even exercised on Enron (Bakan, 2004). The bigger problem is that government regulations tend to react to corporate practices rather than prevent them.

We are seeing more and more public backlash in this regard. Local communities are uniting to protect their resources against developers who want to come, strip the resource, and leave, offering the promise of a few jobs in the process. Many of them ascribe to a sustainable development philosophy where economic activity enhances and is enhanced by community core values and the focus is on the long term sustainability of the overall system, including the physical environment. This stance is often seen as anti-development by those who see profits and jobs as the only viable indicator of growth. Governments, at least at a local level, are beginning to respond to those pressures, but progress is slow.

One of the most effective powers of government is its ability to tax bad behaviour and encourage the opposite behaviour through tax breaks (Suzuki and Dressel, 2003). Germany has provided a good example of how this can work. They have increased taxes on private cars to subsidize public transportation, taxed water consumption, encouraged the sale of private wind power to the grids, and put regulations

in place that force corporations to take back their product when no longer useful and pay for its disposal (Suzuki and Dressel, 2003). This has encouraged the use of wind power, widespread recycling and water consumption, and has corporations thinking in terms of product life cycle beyond the point of sale. As a result, German manufacturers now build many products that are completely recyclable into new products (Suzuki and Dressel, 2003).

North American governments have concentrated their legislative efforts on labour laws, ensuring safety standards are met, and setting minimum standards for environmental protection. The Bush administration's rejection of the Kyoto protocol and repeated attempts to open pristine Alaskan preserves to oil exploration are but two examples of corporate-driven policies. There is an underlying belief that global warming is not based in scientific fact, despite the mounting evidence, and that they must secure a domestic oil supply to maintain national security.

In Canada, Harper's government has significantly undermined Canada's previous role as a key proponent of Kyoto, driven largely by corporate interests in the rising profits available through the production of Albertan oil reserves. Much of this is fueled by the tar sands project, a method of separating bitumen from other sediments through the use of hot or warm water (Energy Minerals Division, 2008). These sands sit just below the surface and are thus easily accessible through the use of open-pit mines. As such, they use fewer resources and cost less to produce.

The environmental impact of this process, however, is huge. Large amounts of water are needed to separate the bitumen, which is salinated in the process. It also requires natural gas to heat the water, increasing the greenhouse gas emissions

associated with the process. As a result, it is a net contributor to global warming while simultaneously using precious fresh water resources. Oil profits are now driving the overheated Albertan economy and, subsequently, Canada's. This fact is making the federal government reluctant to place caps on total emissions in the country as needed to curb global warming, citing the costs to business as a mitigating factor. On the opposite side, public interest groups are increasingly recognizing the need to curb these types of development and pushing governments to do what is necessary to ensure long term viability of limited resources rather than allowing corporate interests to reap all the benefits without any of the associated costs.

The underlying argument here is that governments do have the mechanisms to affect corporate behaviour, although they do not regularly use them effectively in today's society. The move towards changing that has begun, although it may be too late to prevent catastrophic failure in one system or another.

The triangle of corporation, government, and citizen has been portrayed as largely antagonistic in the traditional structure. They can work in partnership when they share common goals and vision for the future. However, given the neoliberal policies of the day and the reluctance of governments to move towards legislation that mandates changes in corporate behaviour in any meaningful way, the last mechanism for fundamental change must reside within the organization itself.

The argument that corporations must self-regulate is not new. In fact, it is part of the overall argument against government regulation presented earlier (Bakan, 2004; Greider, 2004). "The behaviour of corporations can be altered fundamentally only if organic changes are made within the corporation itself, new power relationships built

into the functional design, new understandings encoded in the operating culture” (Greider, 2004, p.206). This transformation would rely on “webs of mutual obligations and expectations established among the people and interests who are the company’s main contributors” (Greider, 2004, p.206).

The learning organization, through the discipline of systems thinking, sets out to do just that – transform the organization from within. It theoretically moves the organization from thinking in very narrow terms about its short term future to viewing the organization as part of an interconnected whole and working towards its long term sustainability (Senge, 2006). This will move the organization to consider all of the external forces and costs that have hitherto been ignored such as what happens when the resource runs out.

In theory, the learning organization would have a fundamentally different relationship with government and citizens. Instead of the largely antagonistic push and pull that exists today, the organization would be freely consulting with both groups in advance of any major actions and would be taking the best interests of all into account. Bakan (2004) notes that the role of government should not be abdicated in favour of trusting the benevolence of the corporation for the simple reason that corporations are not ultimately accountable to society, governments are. A democratic system can not rely on “market forces and nongovernmental organizations to promote socially responsible behaviour from corporations” (p.151).

At any rate, government should not be seen as a barrier to the learning organization. Learning organizations, by definition, will make decisions that benefit them, their employees, their communities, and the environment. They should not be

running into onerous government regulations preventing them from doing so since most regulations are enacted to prevent harm to citizens or property. However, if the learning organization is working to a higher standard, it may find itself at least temporarily at an economic disadvantage with other corporations.

Likewise, citizens will be consulted and included in the organization's shared vision, making them part of the decision making process. One caveat is that they will also need to be aware of the high levels of distrust that citizens have for corporations at this time (Bakan, 2004). Trust will need to be built over time before a truly consultative process can be put in place. Once this is done, the public could be the learning organization's greatest ally. This new consultation process will again challenge the leaders of the learning organization as they will need to move beyond the defensive, protective mindsets of the Model I organization and openly listen to external concerns. One of the learning organization's new roles with government will be to help them to enact new standards to ensure compliance from all corporations.

The major barrier will be other corporations that are not willing to change to meet the challenges of today's world. Any new regulations will be seen as barriers to trade and therefore economically senseless. This is where government will need to step up to the plate and represent the interests of the public.

One of the things that government regulation can do is push innovation. For instance, if the Canadian government did place caps on total emissions within the next five years, it would force the oil companies to look at their technologies and reform them, not only to reduce emissions but also to reduce costs. This process could even end up costing them less in the long run. The result would be cleaner processes and minimal

effects on the bottom lines of the organizations. Considering the vast government subsidies that the oil and gas industry has received in Canada (Canadian Broadcasting Corporation, 2006) since the early 1970s, subsidies that are still in existence, they should be able to cover any additional costs now that the industry is booming.

Learning organizations will be able to react to these types of changes by having more flexible, dynamic decision making. With the exception of those large unexpected events that occur on occasion, the learning organization should, in fact, be ahead of the curve on these types of issues.

The above discussion shows the interconnected power lines in the learning organization and the potential conflicts and contradictions in them. This has provided insight into what needs to be considered when transforming a traditional corporation into a learning organization. It should also be evident that the structure of the organization is a silent factor in this transformation. If this is not acknowledged and questioned, the learning organization will never reach its full potential.

The next section will focus on the goals and objectives of the learning organization. For this piece of the analysis, the concentration will be on each of the five disciplines. The purpose will be to identify the contradictions between where the typical organization is versus where the learning organization needs to go. Again, the goal is to identify the barriers to the successful implementation of the learning organization.

The learning organization demands that each member challenge their mental models (Senge, 2006). “Mental models are deeply ingrained assumptions, generalizations, or even pictures or images that influence how we understand the world and how we take action” (p.8). “The discipline of working with mental models starts

with turning the mirror inward; learning to unearth our internal pictures of the world, to bring them to the surface and hold them rigorously to scrutiny” (p.8).

Managers must use mental models to challenge their methods for problem solving and decision making. Care must be taken to look at what is being left out of the decision making process as the source of potential innovation and efficiency. Schon proposes that competent professionals use reflection-in-action when approaching situations that can not be solved through predefined models due to their uniqueness or uncertainty (1983). He equates this process to the “feel” that jazz musicians use to “make on-the-spot adjustments to the sounds they hear. Listening to one another and to themselves, they feel where the music is going and adjust their playing accordingly” (p.55).

This flexible approach to practice stands in contradiction to the methods of professional education that have already been reviewed. The fact is that good decisions, ones that encompass all the facts and factors, require a more intuitive and artful approach. While formal models can be successfully employed in areas like inventory and logistics (Schon, 1983), “they have generally failed to yield effective results in the more complex, less clearly defined problems of business management, housing policy, or criminal justice” (p.44). This means that management must be aware of the problems that they traditionally ignore in using “tried and true’ methods. Many would rather ignore this aspect and simply make the problem fit the model. Data that does not fit is explained away as anomalous (Schon, 1983). “Such strategies carry a danger of misreading situations, or manipulating them, to serve the practitioner’s interest in maintaining his confidence in his standard models and techniques” (p.45). In other

words, the data is made to fit the model which in turn reinforces the model as the correct approach.

In general professionals are not prepared for the type of self-analysis required by mental modeling through their education. If anything, they are taught to believe that they are right and defend that position no matter what (Saul, 1993; Schon, 1983), a position that is reinforced in traditional corporate hierarchies. The challenge will be to help managers to fully face their personal and professional assumptions. This will cause defensiveness, particularly with those who see this as a potential attack on their way of life through loss of prestige or power. The worst thing that could happen is that management pays lip service to the ideals of the learning organization, but does not follow through in practice.

Mental models do not apply only to management, but to every member of the organization. Special care must be taken when applying this principle to workers so that the underlying power structures are taken into account. Workers must be permitted to question and challenge any process, any assumption of the organization. They will have entirely different perspectives on what the organization should be doing and how they should be doing it, originating from direct contact with customers, suppliers, and the community.

Once again, management will play a crucial role in bringing workers' ideas to the table for discussion. If they automatically dismiss these suggestions as originating from someone less educated and therefore less qualified, many opportunities for efficiencies will be lost. On an individual level, personal ambition, family needs, community values, and the practically autonomous power of management in most

corporations will create contradictions within the learning organization that must be exposed through mental models. Ignoring these factors will compromise the successful execution of the learning organization.

Personal mastery also works at cross purposes with traditional organizational structures. Personal mastery is not about dominance (Senge, 2006). It is the ability of the craftsman to “approach their work as an artist would approach a work of art ... by becoming committed to their own lifelong learning” (p.7). Senge is referring to lifelong learning in a very broad sense, rather than in the narrow neoliberal context of learning as training (Olssen, 2006). Senge sees personal mastery as “approaching one’s life as a creative work, living life from a creative as opposed to a reactive viewpoint” (2006, p.131). It is “learning how to generate and sustain creative tension in our lives” (p.132).

“‘Learning’ in this context does not mean acquiring more information, but expanding the ability to produce the results we truly want in life.... Learning organizations are not possible unless they have people at every level who practice it” (Senge, 2006, p.132). This not only acknowledges, but encourages, the need for each person to be personally as well as professionally proficient (Senge, 2006). In order to embrace this concept, organizations must challenge the idea of learning as technical knowledge. Learning, defined as technical knowledge, is so much a part of modern life that it is difficult to separate it. From the time students enter high school, they are expected to chart an educational course that will provide them with a sustainable income. Each learner is expected to educate themselves appropriately for the purposes of employability.

This ties directly to knowledge capitalism where each worker is “an autonomous entrepreneur responsible for their own selves and their own progress and position” (Olssen, 2006, p.219). In this traditional view, organizational learning opportunities will be limited to those that enhance corporate productivity and innovation (Casey, 2003).

Learning organizations must be careful to encourage all types of learning for all its members. The tendency in traditional organizations is to only validate learning that offers direct benefit to the organization (Casey, 2003). This tendency opposes the democratic ideals of the learning organization and lifelong learning. Learning organizations must challenge the very idea of employees as human resources in order to shift to a more encompassing learning model (Casey, 2003). In order to do this, learning organizations must purposely view workers as human beings with outside lives and interests (Casey, 2003).

One of the basic tenets of lifelong learning is that everyone should have the opportunity to learn what they want to learn, when they want, how they want, and where. Built on this principle, innovations like distance learning have made it easier for people to access courses on their own time in their own home. However, contrary to the needs of the learning economy, there is no inherent assumption that this learning should be for the development of saleable skills. Applying lifelong learning to the learning organization requires that everyone be given the opportunity to learn how to develop their own talents, regardless of whether there is a perceived benefit for the organization or not. Chances are that the organization will reap the unquantifiable benefits of a happier employee.

The major challenge will be to ensure that all members of the organization have equal opportunity to partake in a variety of learning opportunities. Managers will need to recognize that they are generally favoured in this regard. Learning organizations will also need to build in a time component – if employees are overworked, they will not have time or energy to take courses or attend seminars. And informal learning should not be dismissed. If an employee once to take a dance class or learn to knit, they should be encouraged to do so. Internally, apprenticeships and mentoring are strong learning opportunities that require a commitment of time rather than dollars.

Shared vision is the next goal to be examined in the learning organization. The previous discussion about who governs the learning organization has alluded to the barriers to achieving this. Shared vision “involves the skills of unearthing shared ‘pictures of the future’ that foster genuine commitment and enrollment rather than compliance” (Senge, 2006, p.9). Once again, this applies to each and every member of the organization. The challenge for the learning organization is to give everyone the opportunity to help create this vision. Almost every organization has a mission statement, but these are generally formulated at the management level and often do not represent the actual practices of the company

In contrast, “a shared vision changes people’s relationship with the company. It is no longer ‘their company’; it becomes ‘our company’” (Senge, 2006, p. 194). Senge proposes that shared vision encourages employees to challenge their assumptions about how things should be done and to innovate to achieve the goals of the organization (2006). The end result will be a more efficient, more directed organization that is working to provide benefit to all its stakeholders.

If this vision level of commitment is to be achieved by every employee, they all need to have equal voice in formulating the overall strategy of the organization. The learning organization will need to consider the potentially contradictory values of the affected groups such as workers, managers, directors, shareholders, community, and government. This will require a level of collaboration that is foreign to the traditional organization as they take into account the effects of their decisions and strategies on groups that are not directly associated with the corporation. As stated earlier in the discussion around mental models, this will require a significant shift in how management seeks and uses input from other groups.

Team Learning, the last of the four supporting principles, builds on shared vision, personal mastery, and mental models (Senge, 2006). It involves “mastering the practices of dialogue and discussion” (2006, p.220). Dialogue requires that each participant truly listen to the others and suspend their own deeply-held assumptions (2006). Discussion revolves around debating which view will best support the decision at hand (2006). If team members engage entirely in discussion, which includes defending a particular view in the context of a particular problem, it is easy to fall into a defensive mindset and blindly defend a view that may not be the best option available.

Power relationships are particularly important in this context. Giving each member the opportunity to participate to the best of their ability will push the entire group to greater learning (Senge 2006). In essence, team learning creates an environment where collaborative learning can occur. This happens when “individuals engage in some kind of dialogic interaction in which one’s inventive suggestions are

responded to by the other, and so on in a manner that leads to a product that neither individual could have invented on its own” (Tomasello, 2000, p.41).

This could not occur if both participants were not open to the other’s ideas and suggestions. Once again, the power dynamics of the organization will play a role. A team that includes members from diverse groups in the organization will have to be aware of reporting structures and personality differences in order to work to best effect. For instance, if a team member wanted to challenge the ideas of someone that is technically their superior, they might take that into consideration before speaking up.

Any successful team should include members from multiple functional areas in order to obtain the widest range of ideas to extract the most innovative solutions. If you throw a group of accountants together, they are unlikely to find a solution that goes too far beyond their area of expertise, but teaming them with operations people and engineers can produce a more functional, useful model. And don’t forget the non-professionals. Nobody thinks to ask the administrative staff for opinions, but they may very well have valuable insight. As a society, we are identified by our jobs. In reality, we all know how to do many things that are outside that scope and can provide expertise in areas that we are not necessarily “trained” for.

One of the primary barriers to team learning is the tendency to work in functional silos in organizations (Argyris, 2004). This has its roots partially in the culture of professionalism that has pervaded our society since the early 20<sup>th</sup> century (Saul, 1993). Professionals tend to be educated in bodies of knowledge that include highly specialized language that is practically incomprehensible to anyone outside of that field (Saul, 1993). An example would be the explosion of IT terminology as network administrators

and systems experts have developed their own special code for communicating amongst each other. What they are talking about is probably no more complex than fixing a drain, but the language is designed to prevent outsiders from understanding it. The general explosion of acronyms is another issue – the same set of letters can represent very different things to separate groups. Does CPA mean Certified Public Accountant or Canadian Payroll Association?

Breaking down the silos that exist in a traditional organization (Argyris, 2004) will require the development of a common understanding. Nothing should be assumed to be understood. Each group will have their own assumptions, their own codes, and their own understanding of what is said. Every attempt will need to be made at the beginning to ferret out these language barriers and set the groundwork for a real collaborative effort.

Systems thinking is the final, governing, objective of the learning organization. It depends on the existence of the other four disciplines, while acting as the catalyst for them (Senge, 2006). This involves looking at the organization as connected to rather than apart from the world in which it operates (Senge, 2006). In order to gain flexibility and encourage innovation, the learning organization learns to connect with events outside and inside so that decisions can be made. The learning organization also needs to step back from short term thinking and decision making so that the larger problem can be seen (Senge, 2006). If you have a leak, and your solution is to put a bucket under it, you will have to keep emptying the bucket. Systems thinking would have you figure out where the leak is coming from so that it can be fixed and you can stop emptying the bucket.

Taking a longer view runs counter to the hero culture in many organizations (Saul, 1993; Senge 2006; Shorris, 2000). We tend to reward the big successes, often measured in annual profits or sales, rather than the non-problematic solutions (Senge, 2006). It is also necessary to see the interdependencies of the entire system (Senge, 2006). Senge uses the example of global warming to illustrate how the fix in one area can be to the detriment of another. The increase in CO<sub>2</sub> is directly proportionate to the rise in industrial activity, and economic activity. This is having profound effects on natural systems that will eventually have a negative effect on those activities (Senge, 2006).

The solution is to deal with the issue and try to prevent or at least minimize the effects of these changes to our ecosystems. Imagine where we would be if the large oil companies had concentrated their resources on finding cleaner technologies and alternate fuel sources instead of funding research to contradict the science of global warming advocates. Senge's vision of the learning organization is one that sees their entire process or business from beginning to end, even if those points are outside of the corporation (2006). For example, a television manufacturer would be concerned with how their parts are made, where they are made, how they get shipped, who services them, and ultimately, how they are disposed at the end of their life. This would make them aware and responsible for the wages of the labourers, the safety of the products, and the environmental effects from both the production process and the disposal of the product at the end of its life.

The traditional organization has a very short term view and is predisposed to ignore any factors or costs that can not be included on their financial statements. This

mindset must be challenged, particularly in management, in order to invoke systems thinking.

This analysis has identified systemic contradictions that can limit the transformation to the learning organization through the examination of the major relationships that exist in corporate enterprises. The power relations and political underpinnings live in the structure and are therefore difficult to recognize when working within the structure. It is the equivalent of trying to see all of Canada while standing in front of your house. This has provided us with a precise list of the barriers to the learning organization and a good idea of what it will look like in practice given the existing structures and cultures.

The next and final chapter provides the conclusions of this thesis, based on the analysis provided to this point. It will connect the historical analysis to the examination of the power relations in modern corporations and answer the question of whether the democratic principles of the learning organization can be successfully married to traditional corporate structures.

## Chapter 6 - Conclusion

It is now clear that managers are in control of the transformational process of the learning organization, at least in the initial stages. As stated in the beginning, the fact that the learning organization is grounded in management theory is both its greatest strength and its greatest weakness. In order to reach managers, who have virtually absolute control over every aspect of the organization, it is necessary to offer them a model that exists in their particular body of knowledge. On the other hand, the learning organization requires that managers discard the familiar methods and models in order to create a democratically oriented organization.

How managers interpret learning organization theory can largely predict how it manifests within the organization. If management sees the learning organization as a tool that can be used to increase competitiveness in an increasingly global environment and they have no understanding of the complex democratic underpinnings, the learning organization will be practiced within the existing corporate structure. This iteration will continue to espouse the tenets of knowledge capitalism by placing the full responsibility for training on the individual. There will be no change in the power structure with workers still controlled by management. This will likely be the outcome of marriage of the learning organization to traditional neoliberal structures.

On the other hand, if those same managers fully apply the principles of the learning organization, they will learn to listen to and welcome questioning from other stakeholder groups, will fully share decision-making power, will challenge the very structure that supports them, will include societal values in decisions, and will enable

each individual to pursue their personal learning goals on the premise that any learning is ultimately good for the organization.

A truly democratic transformation at the management level is unlikely to happen in traditional structures for a number of reasons. For one, it would require a wholesale conversion of all managers in any given corporation. Given the sheer size and bureaucratic structures of large international conglomerates, this seems improbable. Fundamental changes instigated by any individual manager will be quickly stifled by the rules and culture of the structure. Any manager who bucks the system is more likely to find themselves out in the cold, either physically or culturally. The organization is naturally self-protective and will do what it must to preserve the status quo, in keeping with Model I routines.

The learning organization has often been criticized for its focus on change at the management level (Fenwick, 1998; Mojab and Gorman, 2003; Owenby, 2002). Unfortunately, as the previous chapter clearly shows, no other internal group has the power to do anything beyond suggest changes. Governments are largely ineffective since they are unlikely to enforce changes that will potentially threaten economic prosperity. Management must be engaged in order for anything to occur. But, as we have also seen, they must also change themselves and their belief in the existing structures and traditions. This is the essential contradiction of the learning organization.

As we have seen, managers will determine how the learning organization is reified in practice. They will tend to reinforce the overall structure that exists by using the principles of the learning organization to further the economic interests of the powers that be rather than accepting the more democratic premises of the learning organization.

In addition, the competing demands of the diverse groups affected by organizational decisions and behaviour create a virtual web of networks and tensions that must be acknowledged in the learning organization.

The discussion about the effects of modern business structures and cultures is necessary so that we can plainly see their effects on how the learning organization is practiced. Based on the previous analysis, we can identify the specific characteristics of a learning organization as interpreted in a neoliberal capitalist structure. These characteristics clearly define a different type of learning organization, one that does not fulfill the promise of democratic participation for all its members.

One of the reasons that the theory of the learning organization is being adopted by corporations is because of its promise of competitive advantage through increased flexibility and innovation (Giesecke and McNeil, 2004; Senge, 2006). It is likely that organizations will see these results even if they do not fully apply the principles of the learning organization. It is true that a deeper transformation would enable a deeper commitment at every level of the organization, naturally leading to better results. However, in spite of this being in the best interests of the organization, the impetus to become full-fledged learning organizations will be stopped at the management level in the vast majority of large corporations due to the structural barriers and cultural values embedded in them.

We have already established what a traditional organization looks like in today's environment. Its hierarchical structure has formal lines of authority that mirror a number of prevalent philosophies. Managers, as members of the professional elite, are seen as the natural controllers of these organizations. Workers perform tasks that have

been broken down to make them easier and are directed by management in what they do and how they do it. To return to the models introduced in Chapter 2, these are Model I organizations.

These organizations are marked by departmental and divisional silos controlled by individual managers who defend their areas at all costs. Managers and workers alike are schooled to defend their positions and to assign blame to others if at all possible in order to avoid punishment. Being wrong is to be avoided at all costs.

In keeping with the demands of the knowledge economy, individuals are responsible for keeping themselves current on the technology and training that is required for their work, often at their own expense and on their own time. Educational opportunities tend to be extended to management rather than to all levels of the organization, but even then the time required may not be provided.

Companies in this model externalize costs wherever possible without considering the long term consequences to themselves or others. External forces such as governments and community action groups become nuisances that keep the corporation from making as much profit as they can. Often, actions that are taken by the corporation are not condoned by individual members, but are accepted as necessary in the pursuit of profit. Often, single members do not feel they have the authority to protest, and if they do, they are unwilling to risk their position and income to do so.

Shareholders, theoretically a controlling force, are actually almost completely divorced from the management of the organization and therefore have no goals beyond short term profits. Boards of directors are often entrenched in the culture of the organization and act as a rubber stamp on management actions rather than a restraint.

On the other side of the spectrum, the learning organization has a collaborative team environment that uses consultation and compromise rather than direction and control techniques to manage. All internal members, meaning workers and managers, are given equal opportunity to participate in the identification of areas that require improvement, to suggest solutions, and to help design the overall strategic vision of the organization. This type of organization has adopted the principles of a Model II structure, encouraging innovative thinking and creativity at every level of the corporation.

External groups are also included in the decision making process, such as suppliers, vendors, community groups, government, and customers. The company must look beyond its own borders and see the consequences of its actions on all stakeholders, whether they are immediately visible or not. Corporate values must reflect those of all its members and act in ways that are acceptable to them.

Learning opportunities in the learning organization are aimed at individual as well as corporate goals. Each member will determine how to release their own creativity on their own terms. This must extend to both workers and managers in order to fully realize the creative potential of the learning organization.

The traditional silos are largely broken down and information is shared freely to support good decision making and innovation. Professional elitism has been replaced with the recognition that everyone has a voice and a valid opinion. Status is now based on experience and performance rather than pure credentials.

Learning organizations should make a concerted effort to connect with their shareholders, regardless of how remote they are. They must inform them of the long

term plans of the company so that shareholders do not jump ship the minute short term profits fall even slightly. This is not to say that this will definitely happen, but it is often true that long term plans compromise short term profitability. It may also be that the organization will have a lower rate of return over a longer period of time, which will attract a different type of investor. Another strategy might be to offer shares to all employees and outside stakeholders to increase their commitment to the overall health of the organization. Directors could be chosen from the whole community of the organization rather than limited to business leaders.

In the middle is the organization that adopts the principles of the learning organization, but from a management-centric perspective. This will be the common iteration of the learning organization in practice in large corporations. This type of organization is also a Model II structure in many ways, in that they have encouraged double loop learning and broken down many of the silos that exist in Model I organizations. They will work towards eliminating defensive mindsets when it comes to examining internal processes, but they will not challenge the vertical structures or political philosophies of their organizations. They will also share a longer term vision than a Model I corporation. However, they will not transform into full learning organizations through the adoption of democratic principles. Workers will still be controlled by management. Learning will be encouraged only when it furthers corporate goals.

The overall transformation of the traditional corporation to a learning organization is a philosophical battle for control: liberalism versus neoliberalism; knowledge capitalism versus lifelong learning; and human capitalism versus

participatory democracy. Using a Foucauldian perspective, we have looked at how the organization is governed to determine the contradictions and power relations that underlie its policies and actions.

The conclusions of this analysis are:

- The hierarchical structure of the corporation has inherent power relationships that must be questioned and challenged through systems thinking and mental models. The view of workers as human resources puts them at the bottom of the hierarchy, controlled and directed by members of the managerial elite, automatically devaluing opinions from them. The overall structure stands in direct opposition to the ideals of shared vision and team learning.
- The culture of professionalism that pervades our society and the corporation impart superiority to managers based on specialized knowledge, training, and language. This encourages defensive mindsets and territorial attitudes. It also reinforces hierarchical structures by reiterating the managers “natural” authority over workers. The idea that knowledge is power means that individuals hoard critical knowledge in order to maintain power in the organization. This works against the principles of systems thinking, mental models, shared vision, team learning, and personal mastery.
- Corporations entrenched in neoliberal thinking view free market capitalism as the cure to all ills. The overarching idea is that a rising tide will float all boats (Harvey, 2007). Any restrictions, be they

environmental or social, are seen as unnecessary impediments to profitable operations, the holy grail of businesses. Short term profits will always trump other concerns, often in the name of job creation. There is no regard for long term costs that are external to the organization. This way of thinking contradicts the core of systems thinking. This is perhaps the first battle of the learning organization – moving from an inward thinking, short term oriented entity to a long term focused, externally aware system.

- Knowledge capitalism entrenches the idea that each citizen is responsible for his/her training for employability. It is their job to keep up with technology, to learn any new techniques that enhance their productivity, and to obtain official certifications to advance their careers. In addition, the worker now bears the financial brunt of learning as corporations and governments invest less and less in education. The discipline of personal mastery invokes a more egalitarian role for education and adheres to the principles of lifelong learning by encouraging education of the whole person. This moves the focus from technical training to pure learning and extends the opportunities to all members, not just the managerial elite.
- There is a very real danger that management will interpret and use the learning organization as a tool for competitive advantage only and not as a transformative agent. This is the Achilles' heel as it will result in practices that do not conform to the theory of the learning organization, which will promote skepticism towards the basic premises. If the

learning organization is seen to favour one group over another, which is inevitable if it is held to the management level, it will be dismissed as just another productivity-focused management theory. This will be the most likely result in large hierarchical corporate structures.

As a quick reference, we can build a model (see Table 2) that will help identify which type of organization we have created. This model offers general characteristics that differentiate the Model I organization from the two types of Model II structures identified earlier. For the purposes of this document, the latter will be identified as Model II – Management Centric and Model II – Democratic. Although there may be more hope to create Democratic models in small for-profits or non-profit organizations, the conclusion of this study is that large corporations will largely be Management Centric versions of the learning organization.

We have now identified some of the major distinctions between traditional and learning organizations, including the differences between the two breeds of learning organizations. Further research is required to test this model in corporations that have self-identified as learning organizations to see if these assumptions hold true and if the hierarchical structures of traditional corporations do indeed prevent them from fully embracing the democratic model.

Table 2 – Organizational Learning Models

Category	Model I	Model II – Mgmt Centric	Model II - Democratic
Political philosophy	Neoliberal	Neoliberal	Democratic
Ownership	Large shareholder base disconnected from management	Large shareholder base disconnected from management	Employee ownership, informed shareholder base
Goal Orientation	Short Term Profits	Long Term Profits	Long Term Profits
Board of Directors	Controlled by management, involved for prestige/self-interest, chosen from business community	Controlled by management, involved for prestige/self-interest, chosen from business community	Involved in long term strategy and decision-making, chosen from community leaders
Management Role	De facto controller of organization operations, decision makers, elite professional culture	De facto controller of organization operations, decision makers	Leaders and facilitators
Method of governance	Rigid rules, procedures, strict hierarchy of authority	Rules, procedures, hierarchy of authority (with ability to question procedures)	Flexible processes, loose chains of command
Inter-group dynamics	Strict silos by profession	Open systems that freely share information at management level, inter-disciplinary work groups/teams at professional level	Open systems that freely share information at all levels, work groups/teams that include all levels and disciplines
Decision Making	Top Down	Top Down, with input from all management levels	Collaborative, including external stakeholders
Workers	Work controlled by management, entrepreneur of self, labour for benefit of employer	Work controlled by management, entrepreneur of self, labour for benefit of employer	Self-managed work, labour for benefit of self as well as employer
Learning	Learning opportunities defined by management, individuals responsible for own career development and skills upgrading, learning assessed by perceived usefulness to organization, favour given to skills-based learning and certifications	Learning opportunities defined by management, individuals responsible for own career development and skills upgrading, learning assessed by perceived usefulness to organization, favour given to skills-based learning and certifications	Open learning environment, recognition of informal learning opportunities

In conclusion, the transformation of the traditional organization to a learning organization could be likened to asking a football team to play hockey. Football is a very structured game, with hierarchical lines of authority – the quarterback decides what to do and tells the other players, who then do it. It is very rules-based, and has been

compared to a war game. Everyone knows their role and anyone who steps outside those roles is criticized. Individual prowess is worshipped by the public. Hockey, on the other hand, requires players who understand the overall strategy, who can work and think as a team, and who can take opportunities as they open up. The captain is a spiritual leader, not a dictator (think Wayne Gretzky). The heroes of the game are those who work best with the team.

This essential contradiction can be traced to the nature of the game and the structure of the teams. This is also true of the learning organization. A more flexible organization necessitates the construction of a more flexible relationship between all the players. This is unlikely to happen in the tightly controlled environment of the football field – any player that tries to be more flexible will be quickly smothered. And if everyone but the quarterback complies, you end up with a quarterback controlling the plays in a hockey game.

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