

## Chapter 12

# Ethical Healthiness: A Key Factor in Building Learning Organizations

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### ABSTRACT

*This chapter proposes that learning improvements in organizations are not just a matter of techniques or aptitudes but are concerned with feelings, attitudes, and, above all, the moral habits of their members. This work suggests complementing currently established conceptions of knowledge management and organizational learning through the explicit inclusion of ethics and ethical learning in organizations. The study describes the explicit need to consider ethics and ethical learning competence among agents in a learning organization context. It then points out the differences between ethically healthy organizations and ethically unhealthy organizations. Finally, the authors argue that the ethical healthiness of an organization is an essential, structural, and necessary condition to achieve a comprehensive learning process in learning organizations on both a technical and human level.*

### INTRODUCTION

Against a background of global economic crisis, organizations need to be able to understand what is happening outside their environment in order to create a competitive advantage. Yet what is probably more important is that new business organizations need to learn faster, whilst maintaining and improving knowledge, producing creative solutions based on this knowledge and on their skills, along with new technologies to develop a customer responsive culture which is more economic and efficient.

In order to achieve this, CEOs and human resource (HR) policies should potentially contribute to knowledge development by creating authentic learning organizations. These organizations enable a learning environment for all members to consciously transform organizations and their contexts into situations “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 to see the whole together” (Senge, 1990, p. 3).

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Moreover, we propose in this study that learning improvements in organizations are not just a matter of techniques or aptitudes, but are also a matter of feelings, attitudes, and, above all, of the moral habits of their members. In this chapter, we strongly suggest complementing currently established conceptions of knowledge management and organizational learning with the explicit inclusion of ethics and ethical learning in organizations, to build up ethically healthy organizations where the process of learning is easier than in ethically unhealthy organizations.

Our purpose is to show that organizational ethical healthiness is an essential facilitator of learning organization processes in the context of the global economic crisis.

This chapter is divided into five sections. The first section analyzes organizational learning and the concept of learning organizations. The second describes the explicit need to consider ethics and ethical learning competence among agents in a learning organization context. The third section distinguishes between ethically healthy organizations and ethically unhealthy organizations as concepts that help us to better understand the ethical quality of an organization. The fourth section puts forward the argument that the ethical healthiness of an organization is an essential and intrinsic element of the learning process in learning organizations. Finally, some conclusions and future lines of research are suggested in the last section.

## LEARNING ORGANIZATIONS

For many years we have been hearing that we live in a “knowledge society” (Toffier, 1990; Bell, 1973; Drucker, 1968). Today it is widely accepted that the concept of knowledge is based on two primary elements: information (explicit knowledge), and know-how (tacit knowledge) (Simmonds et al., 2001; Nonaka, 1991).

Information is considered to be knowledge that can be transmitted without loss of meaning and truth, once the syntactical rules required to interpret it are known. In other words, information is meant to generate a kind of knowledge that can be “encapsulated”, or formally expressed for universal understanding. In classical terms, this knowledge was named *episteme*, “an abstract generalization of universal knowledge shared and circulated among the members of a practice. Being considered the “legacy” of a practice, it is taught and preserved, so it is possible to distinguish between criteria and opinion” (Bañón 2013, p. 28). Thus, knowledge as information implies knowing what something means, and that it can be written down (Grant, 1996; Nonaka, 1994). In this sense, defining knowledge as information whose validity has been established through evidence sets it apart from opinion, speculation, beliefs, and other types of unproven information (Liebeskind, 1996).

On the other hand, know-how, as tacit knowledge, is a much more complex concept than information. It can be defined as the practical skills or experience accumulated over time that allows one to do something efficiently. Therefore, it has a personal quality, which involves both cognitive and technical elements, and is more difficult to formalize and transmit because it is not easy to write down (Grant, 1996; Nonaka, 1994). Knowledge appears thus as the key element in defining the (individual and organizational) learning process because it can be understood as the result of transforming information into knowledge (Nonaka, 1994).

However, if we understand learning as a process, can we distinguish individual learning from organizational learning? Can different types of learning be distinguished according to the subject of the individual or organizational learning involved? According to Weick (1991), “individual learning occurs when people give a different response to the same stimulus” while

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