

Chapter 68

Ethics and Learning Organizations in the New Economy

Alexis Bañón

Polytechnic University of Valencia, Spain

Manuel Guillén

University of Valencia, Spain

Ignacio Gil

Polytechnic University of Valencia, Spain

ABSTRACT

In the context of the new economy, business organizations need to learn faster, and to maintain and to improve knowledge, producing creative solutions based on their knowledge, skills, and new technologies to develop a customer responsive culture in a more economic and efficient way.

In order to achieve this, CEOs and Human Resource (HR) policies should potentially contribute to knowledge development by creating authentic learning organizations. The authors propose in this study that learning improvements in organizations are not just a matter of techniques or aptitudes, but also a matter of feelings, attitudes, and, above all, of the moral habits of their members. The authors strongly suggest complementing currently established conceptions of knowledge management and organizational learning through an explicit inclusion of ethics and ethical learning in organizations.

INTRODUCTION

In the context of the New Economy, but especially in a moment of general economic crisis, organizations require the ability to understand what is

happening outside their environment in order to create a competitive advantage. And what is probably more important, new business organizations need to learn faster, and to maintain and to improve knowledge, producing creative solutions based on their knowledge, skills and new technologies to

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develop a customer responsive culture in a more economic and efficient way.

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).

Moreover, we propose in this study that learning improvements in organizations are not just a matter of techniques or aptitudes but, 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 through an 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 the processes of learning by learning organizations in the context of the New Economy and global 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 from ethically unhealthy organizations, as concepts that help to better understand the ethical quality of an organization. The fourth section lays down the argument that the ethical healthiness of the organization is an essential contextual facilitator for learning processes and for constructing

learning organizations. Finally, some conclusions and future lines of research are put forward.

1. LEARNING ORGANIZATIONS

For many years, we have been hearing that we live in a “knowledge society” (Toffier, 1990; Bell, 1973; Drucker, 1968). As is widely accepted today, 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 the knowledge that can be transmitted without loss of meaning and truth, once the syntactical rules required for interpreting it are known. 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 allows distinguishing it from opinion, speculation, beliefs, or 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 accumulated practical skill or experience through time that allows one to do something efficiently. Therefore it is a personal quality -that involves both cognitive and technical elements- difficult to formalize and to communicate because it is not easy to write down (Grant, 1996; Nonaka, 1994).

Knowledge appears then as the key element to define the learning process (individual and organizational) because it can be understood as the result of transforming information into knowledge (Nonaka, 1994), although other understandings conceive learning as an outcome (Nicolini and Mezgar, 1995; Dodgson, 1993).

But, if we understand learning as a process, can we distinguish individual learning from organizational learning? Is it possible to distinguish different types of learning according to the subject of the

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