Chapter 85
The Role and Value of Diversity to Learning Organizations and Innovation

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ABSTRACT

Learning organizations are environments promoting individual and team learning capabilities. Learning organization concepts, embraced by a growing number of organizations throughout the world, are strategies for competing in dynamic economic environments. Globally, leaders across varying industries continue to strive to build learning organizations that improve effectiveness and possess an ability to continuously evolve. Learning organizations depend on effective communication, a chief component of leadership influence. They also require thinking from as many perspectives as possible, in order to change and grow in response to anticipated and existing external pressures. These perspectives emerge from the variety of experiences coming from diverse individuals, and leaders must recognize these as critical resources in organizations' ability to learn, manage change, and facilitate innovation. This chapter explores learning organization variables, arguing that diversity and leadership communication are important co-factors in successfully implementing learning organization principles leading to innovation.

INTRODUCTION

With the publication of the book *The Fifth Discipline*, Senge (1990) introduced the business management community to the concept of the "learning organization:" an organization "that is continually expanding its capacity to create its future" and is "engaged in a deep learning cycle" (Senge, 1990, p. 14). The learning organization concept incorporated ideas pertaining to organizational learning from "pioneering work conducted by Chris Argyris at Harvard University and Donald Schon at MIT" (Morgan, 1997, p. 88). Argyris was also influenced by Schein's (1997) works, "one of the founders of the field of

organizational psychology" (Hesselbein, Goldsmith, & Beckhard, 1996, p. 59), and author of *Organizational Culture and Leadership* (Schein, 1997), as well as the ideas of Arie De Geus, "coordinator of worldwide planning at Royal Dutch Shell" (Fulmer, Gibbs, & Keys, 1998, p. 8), who explored learning from an institutional perspective. Senge (1990), influenced by their collective ideas about organizational management, organizational culture and organizational learning, made those ideas accessible to business managers and leaders by combining them into one concept: the learning organization. *The Fifth Discipline* "popularized the notion" (Yeo, 2005, p. 369) that learning is fundamental to contemporary organizational survival and growth, and that organizations' future viability clearly depends on their ability to learn. The present work extends this understanding to include the role of "innovation" in learning organizations. Innovation is often defined in terms of an ability to find new solutions to given challenges, or improving process by finding *different* ways of approaching a situation, rather than "improvement" that incrementally changes the efficiency of a process or product (Davila, Epstein, & Shelton, 2006; Salge & Vera, 2012). Although innovation is often viewed as an outcome of creative organizational processing (Rogers, 1962), innovation can only occur through the type of learning occurring during the presence of diverse perspectives, and at the organizational level, an appreciation, if not celebration, of that diversity. Perhaps more directly, Khan (1989) notes that innovation is greatly dependent on the organizational culture. As such, learning organizations are inherently more innovative than organizations not possessing learning organization elements.

The Learning Organization

Since its introduction as a construct in the 1960's (Weldy & Gillis, 2010) and its later popularization by Senge (1990), the learning organization concept has captured the interest of organizations needing to use learning to compete in an increasingly global economy (Argyris, 1991, 1994; Drucker, 1997; De Geus, 1988; Fulmer, Gibbs, & Keys, 1998; Garvin, 1993; Kontoghiorghes, Awbrey, & Feurig, 2005; Senge, Kleiner, Roberts, Ross, & Smith, 1994). Over the ensuing years, technology advances and the resultant shift to information based knowledge economies has heightened the demand for organizational leaders to seek faster and better ways to leverage their existing intellectual capital (Hannah & Lester, 2009; Lu & Ramamurthy, 2011). The exploitation of technology to amass and share knowledge, enabling "useful knowledge to travel better across the boundaries of individual working groups" (Senge, Roberts, Ross, Smith, Roth, & Kleiner, 1999, p. 417) led to the practice of Knowledge Management (KM), a strategy for leveraging intellectual capital and managing change, one that aligns with the ideals of the learning organization (Karkoulian, Messarra, & McCarthy, 2013).

The knowledge management concept first evolved in 1993 from management consultants' attempts to develop ways of differentiating organizational knowledge from data and information (Prusak, 2001). It is an important feature of the learning organization, one that is "primarily concerned with the content of knowledge within the organization and how that knowledge can improve organizational performance" (Osborne, 2004, p. 44). The ability to transfer its knowledge between individuals and groups allows organizations to become systems of learning that are "aligned with improvement and innovation goals" (Gephart, Marsick, Van Buren, & Spiro, 1996, p. 36), and where the acquisition of existing, and creation of new knowledge is an ideal embraced by the organization (Morgan, 1997).

Knowledge is a source of power (Karkoulian, Messarra, & McCarthy, 2013) that provides an organization with its "lasting competitive advantage" (Nonaka, 1991, p. 96). The pursuit of this advantage acts as a catalyst for leaders, fueling their need to seek ways to change their organizations into "knowl-

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