



From learning organization to practically wise organization

Jennifer Rowley

Manchester Metropolitan University, Manchester, UK, and

Paul Gibbs

Middlesex University, London, UK

Abstract

Purpose – Although the notion of wisdom confronts the economic rationale of business organizations, this paper aims to argue that organizations are coming under increasing pressure not only to learn, change and adapt, but also to take actions that are ethically acceptable and respond to the expectations of multiple stakeholders, or in other words to act wisely. Accordingly this article seeks to progress the debate on the relationship between organizational learning, learning organizations and wisdom, in pursuit of a new version of the model of the learning organization, the practically wise organization.

Design/methodology/approach – First, the literature on the learning organization and organizational learning is reviewed with a view to the identification of useful models and concepts. The paucity of reference to wisdom in that literature is noted. The following sections develop the theme of practical wisdom and, the essence of the practically wise organization, respectively. Finally a model for the practically wise organization that is both a virtuous and a learning organization is proposed.

Findings – The paper finds that a practically wise organization is a learning organization whose learning architecture is based on the principles of practical wisdom. Such an organization manages the processes associated with the seven pillars of wisdom: understanding dynamic complexity; developing personal wisdom competency; deliberating towards ethical models; refreshing shared sustainable vision; group wisdom dynamics; deliberated praxis; and embodied learning.

Originality/value – The article is a first step towards extending the theory and practice associated with the learning organization and organizational learning to embrace the multi-stakeholder, ethically and morally informed perspectives embedded in the notion of practical wisdom.

Keywords Learning organizations, Corporate social responsibility, Business ethics

Paper type Conceptual paper

Introduction

This article was prompted by an invitation, embedded in a call for papers for a special issue of this journal, to envisage the future of or for, the learning organization. Our proposition is that such a future must embrace and interpret the concept of practical wisdom. Whilst acknowledging what might be perceived as the naïveté of transplanting philosophical systems of thinking founded in a pre-modern era into a post-industrialised, instrumental and secular world (Case and Gosling, 2007) and in no sense underestimating the challenge of this endeavour, we seek to make a contribution to the integration of wisdom into organizational learning theory. We argue that the



notion of the learning organization and associated concepts such as organizational learning have essentially been proposed in a value free vacuum, and take an instrumental perspective on the nature of learning, and avoid explicit articulation of the purpose and the outcomes of the learning. Further, wisdom is often absent from the dominant managerial discourse that is rational economic and technocratic. McKenna and Rooney (2005) suggest that this is not surprising as the managerialist discourse does not easily accommodate the transcendent (imaginative, creative and inter-subjective) and human (ethical) defining components of wisdom. The organizational learning literature prefers instead to privilege a loose association between learning processes and change and organizational development and, in turn, survival and future success (e.g. Garrett, 1987; Starkey, 1996; Pearn *et al.*, 1995). Here we start from the position adopted by Bierly *et al.* (2000) that in order to improve the understanding of the impact of organizational learning and knowledge on competitive advantage it is necessary to understand the role of data, information, knowledge, and most especially, wisdom. Indeed, we go further and propose that the concept practical wisdom is more appropriate than the more indistinct term wisdom. Practical wisdom is a pivotal concept as increasingly individuals, organizations and societies must understand and respond to the moral and ethical expectations presented to them by their various stakeholder groups. As discussed later in this article wisdom is a polysemantic concept and therein lies much of its richness. Nevertheless, for the purpose of initial orientation, we start this article with the definition of practical wisdom proposed by Aristotle. Practical wisdom, or *phronesis*, is:

a reasoned and true state of capacity to act with regard to human goods.

Organizations are operating in increasingly dynamic environments characterised by rapid change and uncertainty, such that they are making decisions in uncertainty. Traditional decision-making processes based on information, knowledge and learning are designed to reduce uncertainty in decision making, but in dynamic environments high levels of residual uncertainty mean that judgements must be made in uncertainty and risks must be taken. It is becoming increasingly necessary to develop practical insights into situations without relying on rules. Further, organizations are increasingly being called to account for an apparent lack of ethics and social responsibility associated with, for example, insider trading, illicit accounting practices, environmental dumping, and excessive executive compensation (Jones, 2005). Indeed many organizations understand the need to make statements about their “corporate social responsibility” (e.g. Jones *et al.*, 2005; Ricart *et al.*, 2005) and their commitment to both their own sustainability and survival and the sustainability of the communities and environments with which they interact. While cynics might view such policy statements as no more than the creative management of public reputation, they are an implicit acknowledgement of the expectations to which organizations feel that it is necessary to respond. Indeed, if over time there should be accumulating evidence that such statements are no more than insubstantial rhetoric; then they will have a negative rather than a positive impact on reputation. Accordingly, organizations are coming under increasing pressure not only to learn, change and adapt, but also to take actions that are ethically acceptable and sustainable, and which balance the interests of a range of different stakeholders. In other words there are increasing expectations that organizations should act wisely or with wisdom.

This article aims to make a specific contribution to the exploration of the nature of practical wisdom in organizations. Specifically, it seeks to progress the debate on the relationship between organizational learning and wisdom, in pursuit of a new version of the model of the learning organization, the practically wise organization. The next section reviews the literature on the learning organization and organizational learning in pursuit of useful models and concepts. It also notes the paucity of reference to wisdom in that literature. The following section returns to the notion of wisdom, and specifically develops the theme of practical wisdom and wisdom in the workplace and making some proposals concerning the essence of the practically wise organization. Next, the five disciplines of the learning organization are used to propose the processes that constitute the seven pillars of the practically wise organization, an organization that not only learns, but also is able to develop its capacity to act wisely. Conclusions lead into recommendations, which invite further research in this area.

The learning organization and organizational learning

This section seeks to summarise the key themes in the debate about the concepts of the learning organization and organizational learning as a foundation for moving forward to the concept of the practically wise organization. This summary is not intended to be a comprehensive review of the literature on organizational learning, but is rather designed to surface key aspects of that literature that inform the development of propositions later in this article. Through this analysis it will become evident that the early literature in this field focussed primarily on learning with little reference to knowledge, and that even in recent literature there has been little attempt to link wisdom and organizational learning, or to embed it in the notion of the learning organization. Another not inconsiderable challenge is the contested nature of the concept of the learning organization, and insidious doubts about the effectiveness of one of the key planks of organizational learning, double loop learning, to produce organizational knowledge.

Although, as will be discussed later, there is some ambiguity about the notion of, in particular, the concept “learning organization”, there is general agreement that the two concepts of organizational learning and learning organization are tightly interrelated. Ortenblad (2004) probably captures the complexity of this conceptual relationship when he says that organizational learning can be viewed both as one aspect of the learning organization, and also as an idea in its own right. At the heart of the concept of organizational learning is the notion that organizations and not just individuals can learn, and thereby change and adapt to survive and succeed. Senge *et al.* (1999, p. 33) defines organizational learning thus:

The practice of organizational learning involves developing tangible activities: new governing ideas, innovation in infrastructure, and new management methods and tools for changing the way people conduct their work. Given the opportunity to take part in these new activities, people will develop an enduring capacity for change. The process will pay back the organization with far greater levels of diversity, commitment, innovation and talent.

Senge’s definition suggests that whilst organizational learning is about superior performance, it also impacts on commitment and contribution.

Small and Irvine (2006) suggest that the two main components of organizational learning theory relate to the concepts of double loop learning and the learning organization.

Argyris and Schon's (1978) model of organizational learning introduces the concepts of single and double loop learning. Single loop learning is concerned with responding to changes in the environment without changing the core set of organizational norms, while double loop learning, on the other hand, occurs when organizations respond to changes in their environment by challenging and redefining underlying assumptions and organizational norms. Double loop learning is tightly coupled with the organization's ability to adapt its learning processes, or to control how it learns. Yet, some commentators have started to question the efficacy of double loop learning (Henderson, 1997, Blackman *et al.*, 2004). Interestingly, Blackman *et al.* (2004) suggest that double loop learning may frequently create mistakes and fail to detect possible interesting lines of thought. They argue that there are very real problems with the conversion of subjective experience into organizational knowledge, and that in order to focus on this process it is important to understand the two different types of knowledge proposed by Popper (1979):

- (1) knowledge or thought in the subjective sense, consisting of a state of mind or consciousness or a disposition to behave and to react; and
- (2) knowledge or thought in an objective sense, consisting of problems, theories and arguments as such (Popper, 1979, pp 108-9).

There is evidence in these concerns about the effectiveness of double loop learning that it may be necessary to pay greater attention to the relationship between objectivity and subjectivity. Nonaka and Toyama (2007) also observe that one of the drivers for a better understanding of strategic wisdom is the need in strategy creation to understand the interaction between subjectivity and objectivity. Such discussions hint at the need to recognise the link between knowledge and behaviour, and subjectivity that arises from context, themes that we revisit later in our discussion of practical wisdom.

Next we turn to the other key concept in organizational learning, the learning organization. Although the concept was probably introduced by Garratt in 1987, the seminal and much quoted work is Senge's (1990) book *The Fifth Discipline* and Senge is viewed as the guru of the learning organization (Jackson, 2001; Smith, 2003). The learning organization is seen as the type of organization that is best suited to double loop learning. It is generally viewed as being an ideal, or a norm that is to be aspired to and approached, rather than realised (Cavaleri, 2004). Concerns have been expressed about the theoretical underpinning of the concept (Cavaleri, 2004; Moilanen, 2001; Small and Irvine, 2006) and it is generally accepted that the tools and frameworks associated with the learning organization are designed more to support consultancy and practice, rather than to support the development of theory and science. At the core of *The Fifth Discipline* is the identification of the widely quoted five disciplines of the learning organization: systems thinking; personal mastery; mental models; building shared vision; and, team learning. However, even in the early days of this concept, many other authors sought to express their understanding of the concept of the learning organization. The flavour of some of these perspectives can be captured through the following definitions:

Facilitates the learning of all its members, and continuously transforms itself (Pedlar *et al.*, 1990).

Facilitates participative and innovative development with and between people and institutions commercially, technologically and socially (Lessem, 1991).

Forms the strategy, structure and culture of the enterprise into a learning system (Stahl *et al.*, 1992).

Encourages double loop learning, in which learning informs and changes organisational objectives and impacts on strategic directions (Argyris, 1990).

In addition, other authors started to develop related concepts such as the learning laboratory (Leonard-Barton, 1992), the knowledge creating organization (Nonaka, 1991; Nonaka and Takeuchi, 1995), and the knowing organization (Choo, 1996, 2006). A recent contribution, for example, from Goh (2003), suggests the following as building blocks of a learning organization:

- clarity of mission and vision;
- leadership commitment and empowerment;
- experimentation and rewards;
- effective transfer of knowledge; and
- teamwork and group problem solving.

This enthusiasm for, and indeed the central significance of, learning and knowledge to the future of organizations has led to much development of the original concept of the learning organization. Even within the context of interpretations of Senge's seminal work, Ortenblad (2007) has been able to identify 12 different interpretations of what Senge means by the learning organization but also to demonstrate that the five disciplines remain as one important interpretation.

Over the years a number of authors have commented on the ambiguity of the concept of the learning organization (e.g. Burgoyne, 1999; Garvin, 1993; Leitch *et al.*, 1996) and have suggested that the five disciplines do not provide much guidance on how to start the process of creating a learning organization. Some argue that such ambiguity is not helpful to either practitioners or theory building (Jackson, 2000; Ortenblad, 2007). On the other hand, it has also been suggested that such ambiguity or vagueness is beneficial because it allows engagement with, and interpretation and adaptation of the concept to suit different organizations (e.g. Hawkins, 1994; Pedlar *et al.*, 1991; Pearn *et al.*, 1995; Watkins and Golembiewski, 1995). In 2000 it was possible for Rowley to argue that the link between learning and knowledge was not generally acknowledged in the literature on learning organizations, such that little attention was paid to that which is being learned, i.e. knowledge (Rowley, 2000). Cavaleri (2004, p. 162) echoes the same point:

... there is little evidence ... that knowledge is of great importance to efforts directed toward becoming a learning organisation.

However, he balances his discussion by noting that this was a reciprocal relationship, because first generation knowledge management failed to appreciate that organizational learning is a critical component of knowledge processing. The growing literature on knowledge management (KM) too frequently welcomed indiscriminate knowledge creation, without exploration of its role in learning processes. Fortunately, work on other aspects of organizational learning, such as that

associated with the learning laboratory (Leonard-Barton, 1992), the knowledge creating organization (Nonaka, 1991), and the knowing organization (Choo, 1996, 2006) started to recognise the significance of knowledge in organizational development and learning. More recently, there have been some key contributions to the debate on the relationship between the knowledge management and organizational learning paradigms which suggest that there are grounds for a more integrated perspective on knowledge and learning, which could form a platform for advancing to wisdom. Taking a theoretical and philosophical perspective, Cavaleri (2004) suggests that both KM and organizational learning are grounded in the philosophy of “pragmatism”. Firestone and McElroy (2004, p. 182), from the KM practitioner’s perspective suggest that:

The LO is the normative aspect of OL. It is the form of organization that according to some is best suited for double-loop OL, in the process sense, to occur. KM, however is that management activity or process whose objective is to enhance double-loop knowledge processing in the organization by creating a sustainable innovation system. So it too is normative and its objective is to enhance double loop organizational learning processes which it calls knowledge processes.

In conclusion, there would appear to be considerable debate surrounding both of the key elements of organizational learning, double loop learning and the learning organization. This perhaps suggests that the time is ripe for a different perspective.

Practical wisdom

There is a growing literature that has started to recognise the importance of wisdom to organizations. Juxtaposing concerns about the limited success of knowledge management initiatives in organizations (e.g. Bierly *et al.*, 2000) and the complexity and hyper turbulence of organizational environments and their consequences for strategic leadership, organizational theorists have started to seek something beyond knowledge and are looking to better understand the role of organizational and managerial wisdom (Boal and Hooijberg, 2001; Gosling and Mintzberg, 2004; Hambrick, 1989; Prusak and Davenport, 2003). Very recently there has been an upsurge of interest in wisdom and specifically practical wisdom (phronesis) in the context of strategy (McKenna *et al.*, 2006; Nonaka and Toyama, 2007; Statler *et al.*, 2006). These papers agree that:

... the rationalistic approach to strategy has resulted in strategic theories that exist apart from the realities of business because they obscure the most significant reality – that strategy is a dynamic process created and practiced by human beings (Nonaka and Toyama, 2007, p. 372).

They suggest that whilst rational judgement is necessary, wise management also requires a capacity for counter-intuition, vision and humanity (McKenna *et al.*, 2006). In the wider economic context, Rooney and McKenna (2005, p. 307) suggest that the discourse on knowledge-based economies is limited by an inadequate conception of knowledge that does not embrace the axiological dimension of knowledge that leads to wisdom:

a wisdom-based renaissance of humanistic epistemology is needed to avoid increasing social dysfunction and a lack of wisdom in complex technological societies.

These recent contributions would suggest that it is timely to return to Aristotle's notion of practical wise judgement because its appropriation and use in more recent literature does not always retain its original meaning and purpose. In addition, there is a need to explore how wisdom can be considered at both the individual level and in its application across a learning organization.

A coherent discussion of how practical judgements made privately can be communicated in public can be found in Aristotle. Aristotle generally restricts his discussion of practical wise judgement to personal actions, although he does advocate the use of *phronēsis* by the community leader to achieve actions that are for the community's collective benefit. Using *Pericles* as an example of a man of practical wisdom, Aristotle (2000, 1140a: 9-10)[1] writes that "they [who have practical wisdom] can see what is good for themselves and what is good for men in general: we can consider that those who can do this are good at managing households or states". Further, in discussing the relationship between personal and political wisdom, Aristotle (2000, 1141b: 23-4) argues that they are both of the "same state of mind, but to be them is not the same". Political wisdom he defines as having to do with "action and deliberation, for a decree is a thing to be carried out in the form of an individual act" (Aristotle, 2000, 1141b: 27-8). Moreover, since the object of rhetoric is judgement (1377b: 21) and since we judge necessarily within a framework of emotion (Aristotle, 2000, 1378a: 1) Aristotle provides an account of emotions and how they alter judgements. This he does in *Rhetoric* (Aristotle, 2000, 1378a: 20-23). In engaging with emotion, Aristotle introduces the realization that people are not "moved to act" simply on the basis of rationality. Emotional appeal is often needed to initiate others to act in accord with the wishes of the rhetorician. The analogy is clear if we replace the rhetorician with the manager in the context of the learning community of an organization.

Aristotle introduces *phronēsis* in his earlier books *Posterior Analytics* and *Problems* but discusses it in most detail in Book VI of *Nicomachean Ethics*. Here he discusses the nature of truth and places practical wisdom alongside art, knowledge, philosophic wisdom and comprehension as the five forms of knowing. He concludes that "practical wisdom, then, must be a reasoned and true state of capacity to act with regard to human goods" (Aristotle, 2000, 1140b: 20/21), and is a form of rationality which deals with opinion. Moreover Aristotle argues that the experience of the practically wise gives their opinions equal validity with that of demonstrated (empirical) fact. Thus in times of uncertainty where there is insufficient evidence to construct deductive argument the trust that the organizational members have in their leaders and in each other enable action grounded on the plausibility of what is readily knowable and endorsed by the authority of trusted colleagues rather than reliance on apparently undeniable facts.

The ability to make practical judgements is based on deliberation and practical reasoning mediated through experience and a discernment of the decision situation. We deliberate about things which could be different, where we have a choice, and we may involve others "to aid us in deliberation on important questions, distrusting ourselves as not being up to the task" (Aristotle, 2000, 12b: 10/11). The deliberation of what might otherwise be is a type of plausible reasoning, a reasoning according to Aristotle that is in the syllogistic form of deductive logic. Deliberation is not about ends but "what contributes to ends" (Aristotle, 2000, 1112b: 12) and is a process of inquiry,

although not all inquiry is deliberative (Aristotle indicates mathematics as a not-deliberative inquiry). Moreover, once we have made our choice, Aristotle leads us through the *Rhetoric* to the “use of persuasive speech to lead to decisions” (Aristotle, 2000, 1939b1: 8).

The emphasis on practical action as a way of being in Aristotle’s the *Ethics* begs the questions regarding community acts. This aspect of political advocacy is rectified in the *Rhetoric* where many of the themes developed in the *Ethics* are re-contextualised. In the *Rhetoric*, Aristotle addresses the more public and political aspects of moving people emotionally and rationally into action. Aristotle (2000, 357a: 2/5) states the “[D]uty of the rhetoric is to deal with such matters as we deliberate upon without arts or systems to guide us ... the subject of our deliberations are such as to seem to present us with alternative possibilities, about things that could not have been”, a role for the practically wise. Thus the rhetoric’s purpose is about the art of making practical judgements and communicating them convincingly, requiring an understanding of oneself and others as social, political and cultural beings.

The continuity that is evident between the *Ethics* and the *Rhetoric* is revealed through the nature of argument and the character of the rhetorician. In the first line of the book Aristotle (2000,354a: 1) states, “(R)hetoric is the counterpart of dialect” and then he states explicitly that rhetoric “is an off-shoot of dialectic and also of ethical studies” (Aristotle, 2000, 1356a: 25/26). These two themes illustrate firstly, how the practically wise know not only the particulars of the situation upon which they are making a judgement but that they cannot be “practically wise without moral excellence” (Aristotle, 2000, 1144b: 31) and these virtues ought to be brought to bear on the subject of the deliberation. This requirement is also found for those who practice rhetoric. For Aristotle the good character of the rhetorician “may almost be called the most effective means of persuasion he possesses” (Aristotle, 2000, 1356a: 14).

The nature of practical judgement is not one that is revealed solely through a heuristic of decision making. It is not simply a logical analysis or a synthesis but a response to being engaged, purposively, within a specific context. More is required from the wise practitioner, the *phronimos*. Practical wisdom requires an ability to act appropriately, often in ways that help define the future which may be incomprehensible, incommensurate or just dogmatically blocked by others’ ways of being. Such ability sets the practically wise apart from those able just to make practical judgements without the virtuous comportment. Through phronetic insight the *phronimos* is able to select one set of premises. The choice is an act of phronetic insight designed to effect change in others through communicating, compelling or persuading others through the use of examples or through practical syllogism[2] and manifested in action at the right time in the right place to achieve its goals

The ability to move others to action in times of uncertainty is, for Aristotle, a function of the character and the weight, both emotionally and rationally, of the argument. We believe this concept offers direction for management in their need to communicate with their stakeholders not just in terms of the content of the message but significantly through the credibility that they as moral people hold. This requires that leaders are practically wise as well as managerially competent and raises the issues of the nature of wise competencies and of cultures that encourage wise decisions.

The essence of the practically wise organization

For organizations to survive it is clear that they need to produce knowledge and innovation as well as act on new and radical perspectives on society. Created and maintained in the service of the economy and functioning as the technological underpinning of industrial capitalism, organizations have a tendency toward market utility with its implicit notion of causal certainty rather than, as we propose a form of action that acknowledges the uncertainty of their reality; practical wisdom. It is here that we find the *locus* of the “crisis of the corporation,” where social environmental and economic value merge to create a new responsibility for owners and employees alike in this age of super-conductivity, complexity and change.

This notion of practical wisdom confronts the neo-liberal notion of the function of business. It is about a community *ethos* in which the needs of others both internal to and external to the organization render the practices of the organization moral. It has a culture of concern for others such that individuals are inducted into a culture of deliberative action, to a praxis of practical wisdom where they learn by practical experience to becoming expert in making judgements initially within their specific domain based on the relative data but then in a more general sense in become expert at understanding the implication of data and acting in line with, and are encouraged by, the actions of their mentors. It is manifested through a collaborative form of learning organization whose mission recognises the corporate social responsibility of the organization and of its members, where error is tolerated provided it leads to learning and where winning at all costs is not acceptable. Indeed it is an organization whose sustainability (in every sense) is cherished by it employees and by its stakeholders.

The situated nature of practical judgements necessarily foregrounds the importance of the socio-economic structure of an organization in which skills can be learnt, practiced and improved to render the judgement maker expert in practical judgments.

The wise organization must create time for the virtues that allow wise, practical judgements to be made. An organization has a temporality where it remembers the past, accepts responsibility for it and uses that to devise a new space for itself in the future whilst acting now. Such an organization lives the knowledge it creates and accepts responsibility for what it has created and uses this as experience upon which to build a culture, its ethos. The ethos of wisdom is one that encourages learning for without learning it cannot flourish. Aristotle’s practical wisdom is the part of a virtue that makes it a virtue. The learning in a wise organization is that which is reflective as well as propositional. It does not depend exclusively on rationality or utility but on a sense of being, of making good practical judgements interpreted in the situation with the future consequence at its core. It is the ability to make “right” judgements, driven by qualities such as compassion, honesty, empathy, responsibility, or commitment. As Aristotle indicated, an excess of courage is rashness and foolhardiness not bravery.

Our proposal then is for an organization that is practically wise which requires that it understands the universal issues that it faces and is able to act on them.

It embraces the uncertainty of its future through building competence in developing the experience of those who make judgements and recognizes that wise judgements are made by those with an ethical disposition. This disposition is learned through the experience of others within the organization and manifests itself in the virtues of those sanctioning decisions. In this way the learning organization acts responsibility morally and substantially for the betterment of its environments and stakeholders. It develops

a sustainable strategy which struggles, ultimately, for the betterment of all those involved. This is not a naïve position for practical wisdom has at its core in Aristotle's ethical and political writings; it is in fact very much in the world and conscious of others in how it acts. It seeks to make good moral judgments about its future within the political context it finds itself. It is a holistic concept where policies and practices are based on deliberate action, where the consequences of that action are considered in the medium and long term, and where self interest is that of humanity. A practically wise organization is one in which people learn to make the right decision to act in the light of the consequence envisioned at the right time. Such an organization is a workplace with its structure, culture, atmosphere or climate and prescribed way of conducting business is a dwelling[3] place, a place where people feel at home although not tranquilised. It has an ethos where people work, learn and teach each other to make better good judgement for the benefit of all stakeholders.

The seven pillars of the practically wise organization

In this section, we revisit the elements of the five disciplines of the learning organization with a view to using this model as a basis for a model for a practically wise organization. The five disciplines of the learning organization are used as a basis because the model, although much discussed and ambiguous has prompted much reflection on learning in organizations; a similar model for wise organizations might act as a catalyst for discussion of wisdom in organizations. In addition, we believe that a practically wise organization must also be a learning organization, or in other words, that wisdom is achieved through learning and practice or Aristotelian praxis. On the other hand, the value-free concept of learning as previously discussed in the organizational learning literature is not sufficient. Finally, as with the learning organization, we propose the practically wise organization as an aspirational state built on the experience of practically wise judgements. In positioning our proposal for a practically wise organization in the organizational learning literature our intention is to sow the seeds of a significant paradigm shift in the theory and practice of organizational learning.

By reviewing each of the five disciplines of the learning organization is reviewed in turn, we propose the seven pillars of the wisdom organization:

- (1) Systems thinking is seen as an integrative discipline drawing together the other four disciplines. Systems thinking is associated with seeing the bigger picture and understanding the interrelationships of a system. A wise organization needs to understand and act on the interdependency and complexity within the organization, but it needs to extend this understanding to its interactions with its environment, in order to encompass an understanding of the interdependency and complexity of relationships between all stakeholders groups. This understanding takes into account the dynamic nature of organizations and their environments, the disruptions, tensions and conflicts of interests that such change provokes. For the wise organization we therefore suggest the pillar: understanding dynamic complexity.
- (2) Personal mastery is the discipline of continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively. A key aspect of personal mastery is not only learning, but also understanding the value of our learning to others. The contribution of the

individual is a vital component of the wise organization. The ability or capacity to exercise individual practical wisdom requires mastery of practice. Individuals need to practice seeing other's perspectives, assessing complex and dynamic situations, taking long-term perspectives and taking responsibility for their actions; by seeking to exercise wisdom they will become more adept at wise actions, decision, and behaviours. In a practically wise organization personal aspirations remain important, but the nature of the aspirations need to be directed towards making an ethically balanced contribution, rather than towards only achieving individual gain. This means seeking and developing individuals whose virtue is not solely in their ability to perform, but also whose disposition to others enables them to understand the consequences of their own and the organization's action. For the wise organization we therefore suggest the pillar: developing personal wisdom competency.

- (3) Mental models are the assumptions and generalizations that influence how one understands and interprets the organization. This discipline is associated with surfacing, challenging and responding to our mental models through reflection and enquiry, thinking and awareness. The transition from a learning organization to a practically wise organization requires a re-assessment of mental models to ensure that they embrace an ethical ethos and an understanding of the role and impact of organizations and their actions that extends beyond the economic imperative. This process may be facilitated by organizational commitments to corporate social responsibility, but will not be embedded unless there is space for individuals to revisit and continually revise their mental models. This requires that organizations create a "dwelling place" in which there is time and space for deliberation, and that they proactively find ways of avoiding the increasing compression of activities. For the wise organization we therefore suggest the pillar dimension: deliberating towards ethical models.
- (4) Building shared vision is associated with working together towards a common sense of purpose to create a picture of the future. Wise organizations, like learning organizations need to have processes and cultures that empower and engage people and that encourage them to align their ethical models and personal mastery with a common view around the sustainable future for the organization. In a dynamic environment, this is not a once and for all process, but a continuing state through which visions are reviewed, shared, accepted, and evolved. Particular challenges are associated with responding to the dynamic environment and the ethical ethos that characterise a wise organization. Further, the nature of the vision for a wise organization must be underpinned by ethical standards and aspirations and balanced consideration of the interests of multiple stakeholders and stakeholder groups, and must hold sustainability at its core. For the wise organization we therefore suggest the dimension: refreshing shared sustainable vision.
- (5) Team learning as a discipline recognises teams as the fundamental learning unit. It is within teams and through the process of dialogue and discussion that learning and collective thinking and action can be promoted. Similarly, in a practically wise organization there is a need to consider the capacity of the

organization to make wise decisions and undertake wise acts at the group level in alignment with the organization's shared vision. Further, the close interactions within groups are crucial to individual learning towards wisdom, as is particularly necessary to support the processes associated with developing personal wisdom competency and deliberating towards ethical models. For the wise organization we therefore suggest the pillar: group wisdom dynamics.

The five disciplines of the learning organization has provided a useful basis for starting on the process of identifying the key pillars of a wise organization. However the notion of a learning organization has a dominant cognitive paradigm, with managerialist undertones, and little explicit reference to ethics and value systems. It is possible to adapt the five disciplines to inject a stronger ethical orientation, but at the heart of the concept of practical wisdom is the notion of judgements and acts, neither of which feature explicitly in the five disciplines. Wisdom can only be demonstrated through engagement in action, and a wise judgement or action is context dependent. We therefore propose an additional dimension to the wisdom organization: deliberated praxis.

Further the "cognitive" orientation of the learning organization model omits consideration of connative and affective aspects of the experience of organizations, and, more generally, people in societies. Although the notion of learning often involves learning through experience, the development and growth of wisdom has an even stronger emphasis on experiential development. In a practically wise organization, learning and development is simultaneously an outcome of and a precursor to action or praxis. Accordingly we propose a seventh pillar of a practically wise organization: embodied learning.

In conclusion then, we propose that the aspirational state of being a practically wise organization wise involves attention to the following seven processes, or pillars of the practically wise organization. The practically wise organization will be continually seeking to develop the processes associated with:

- understanding dynamic complexity;
- developing personal wisdom competency;
- deliberating towards ethical models;
- refreshing shared sustainable vision;
- group wisdom dynamics;
- deliberated praxis; and
- embodied learning.

Conclusions

This article has proposed the concept of the practically wise organization, the article thereby seeks to make a contribution to the exploration of the nature of practical wisdom in organizations, and to progress the debate about the relationship between organizational learning and wisdom. Starting from the stance, that a practically wise organization is both a virtuous and a learning organization, this article has used the five disciplines of the learning organization as a platform for proposing to the seven pillars of the practically wise organization.

The practically wise organization is sustainable in dynamic, complex environments in which the interests of multiple stakeholders must be accommodated. It understands the universal issues that it faces and is able to act on them. It embraces the uncertainty of its future through building competence in developing the experience of those who make judgements and recognises the importance of an ethical ethos to wise choices and actions. It captures knowledge and learning created by a deliberate engagement with its environment and becomes skilful at the engagement through experience, practice and judgement. This is achieved, we argue within a learning organization whose learning architecture is based on the principles of practical wisdom with the moral reasoning that implies. In this we argue that good decisions are not just short-term goal, achieving decisions, but ones that sustain the integrity of the organization based on the moral value of the organizational ethos. This calls for an organization where experience counts; such an organization is a dwelling place whose ethos instructs, and directs, achievement and the identity of its employees. It is a place where time is not valued as a commodity, but as a facilitator of deliberation and action. Finally it is a place where knowledge grows not in some form of human capital, but as wisdom.

Recommendations for further research

This article has taken a specific perspective on the integration of the concept of wisdom within organizations. Whereas others have discussed wisdom in the context of leadership and strategy the context here is organizational learning. Notwithstanding these contributions, wisdom has received relatively limited attention in the management and organization literature. Accordingly, one of the purposes of this article and many of the other recent contributions on wisdom has been to support the formulation of questions, as the first step towards greater understanding. Arguably one of the most important questions about practical wisdom in organizational life is whether wisdom in this context is concerned with specific value sets that are seen to be ethical or socially responsible, or whether a more prosaic conceptualization is appropriate. Nonaka and Toyoma (2007, p. 378), for example, suggest that:

Phronesis is the ability to understand and bring fruition [to] that which is considered good by individual customers in specific times and situations.

A recent study of student's conceptions of wisdom shows a similarly pragmatic approach to wisdom. Respondents saw wisdom as being associated with knowledge, experience and practical action, and sometimes with understanding and responding to the wider context, but rarely with ethical stances or positions (Rowley and Slack, 2008).

Analysis of the organizational learning literature prompts a few other key questions about wisdom in organizations:

- Is the wise organization an aspirational state, and indeed maybe even an intermittent state? Practical wisdom involves judgement in risky and changing situations; failure is inevitable but so is learning. A key aspect of wisdom may be an understanding of how individual, groups and organizations deal with failure in general, and failures in the exercise of wisdom, in particular.
- Is it really possible, as has been the intention with the learning organization, to design a collection of tools and techniques to be used by consultancies in wisdom development? Indeed, more fundamentally, is it possible for consultants, with their often-limited temporal engagement with an organization to contribute to

wisdom development, or is wisdom development the work of managers and leaders?

- What role can models of wisdom development and growth, and wise organizations, have in provoking reflection, debate, theory making and practice?

From learning to
practically wise
organization

Other questions, many of which are interdependent, include:

- (1) What is the purpose or outcome of organizations being wise, and therefore what is the justification for the discussion of practical wisdom in organizational behaviour?
- (2) What constitutes wisdom in an organizational context?
- (3) What is the relationship between wise individuals in an organization and a wise organization[4]:
 - Can an organization be wise?
 - To what extent does the organizational context impact on individual's capacity or opportunity to be wise?
- (4) What are the reasons for believing that organizations should seek to be wise?
- (5) What are the challenges in seeking to become a wise organization?
- (6) How is or can wisdom be recognised, and is it possible to "measure" wisdom?
- (7) Are there examples of "wise organizations", and if so how can they be identified?

369

Notes

1. All references refer to the Barnes collected works for Aristotle.
2. It is not suggested that all the deliberations of those with practical wisdom is syllogistic in nature but that this is a central feature of the way in which practitioner approach the their practice.
3. The nature of dwelling is well developed by Heidegger (1975), in "Building dwelling thinking", he claims that: "to dwell, to be set at peace, means to remain at peace within the free sphere that cares-for each thing in its own nature. The fundamental character of dwelling is this caring-for (Heidegger, 1975, p.149).
4. We thank reviewers of a previous version of this article for their comments, which have inspired this list of questions.

References

- Argyris, C. (1990), *Overcoming Organisational Differences: Facilitating Organisational Learning*, Allyn & Bacon, Boston, MA.
- Argyris, C. and Schon, D. (1978), *Organisational Learning*, Addison-Wesley, Reading, MA.
- Aristotle (2000), *Nicomachean Ethics*, Cambridge University Press, Cambridge.
- Bierly, P.E. III, Kessler, E.H. and Christensen, E.W. (2000), "Learning, knowledge and wisdom", *Journal of Organisational Change Management*, Vol. 13 No. 6, pp. 595-618.
- Blackman, D., Connelly, J. and Henderson, S. (2004), "Does double loop learning create reliable knowledge?", *The Learning Organization*, Vol. 11 No. 1, pp. 11-27.

-
- Boal, K.B. and Hooijberg, R. (2001), "Strategic leadership research: moving on", *Leadership Quarterly*, Vol. 11 No. 4, pp. 515-49.
- Burgoyne, J. (1999), "Design of the times", *People Management*, Vol. 5 No. 11, pp. 38-44.
- Case, P. and Gosling, J. (2007), "Wisdom of the moment: pre-modern perspectives on organizational action", *Social Epistemology*, Vol. 21 No. 2, pp. 87-111.
- Cavaleri, S.A. (2004), "Leveraging organizational learning for knowledge and performance", *The Learning Organization*, Vol. 11 No. 2, pp. 159-76.
- Choo, C.W. (1996), "The knowing organisation: how organisations use information to construct meaning, create knowledge and make decisions", *International Journal of Information Management*, Vol. 16 No. 5, pp. 329-40.
- Choo, C.W. (2006), *The Knowing Organization: How Organizations Use Information to Construct Meaning, Create Knowledge, and Make Decisions*, Oxford University Press, New York, NY and Oxford.
- Firestone, J.M. and McElroy, M.W. (2004), "Organizational learning and knowledge management: the relationship", *The Learning Organization*, Vol. 11 No. 2, pp. 177-84.
- Garrett, B. (1987), *The Learning Organisation and the Need for Directors Who Think*, Gower, Aldershot.
- Garvin, D.A. (1993), "Building a learning organization", *Harvard Business Review*, Vol. 71 No. 4, pp. 78-91.
- Goh, S.C. (2003), "Improving organizational learning capability: lessons for two case studies", *The Learning Organization*, Vol. 10 No. 4, pp. 216-27.
- Gosling, J. and Mintzberg, H. (2004), "The five minds of a manager", *The Weekend Australian Financial Review*, Summer, pp. 64-5.
- Hambrick, D.C. (1989), "Guest editor's introduction: putting top managers back into the strategy picture", *Strategic Management Journal*, Vol. 36, pp. 844-63.
- Hawkins, P. (1994), "Organizational learning: taking stock and facing the challenge", *Management Learning*, Vol. 25 No. 3, pp. 433-61.
- Heidegger, M. (1975), *The Question Concerning Technology and Other Essays*, Harper & Row, New York, NY.
- Henderson, S. (1997), "Black swans don't fly double loops: the limits of the learning organisation?", *The Learning Organization*, Vol. 4 No. 3, pp. 99-105.
- Jackson, B. (2000), "A fantasy theme analysis of Peter Senge's learning organization", *The Journal of Applied Behavioral Science*, Vol. 36 No. 2, pp. 193-209.
- Jackson, B. (2001), *Management Gurus and Management Fashions: A Dramatistic Enquiry*, Routledge, London.
- Jones, C.A. (2005), "Wisdom paradigms for the enhancement of ethical and profitable business practices", *Journal of Business Ethics*, Vol. 57 No. 3, pp. 363-75.
- Jones, P., Comfort, D. and Hillier, D. (2005), "Corporate social responsibility and the UK's top ten retailers", *International Journal of Retail & Distribution Management*, Vol. 33 No. 12, pp. 882-92.
- Leitch, C., Harrison, R., Burgoyne, J. and Blanter, C. (1996), "Learning organizations: the measurement of company performance", *Journal of European Industrial Training*, Vol. 20 No. 1, pp. 31-44.
- Leonard-Barton, D. (1992), "The factory a learning laboratory", *Sloan Management Review*, Vol. 34 No. 1, pp. 23-38.
- Lesser, R. (1991), *Total Quality Learning: Building a Learning Organisation*, Blackwell, Oxford.

- McKenna, B. and Rooney, D. (2005), "Wisdom management: tensions between theory and practice in practice", available at: kmap2005.vuw.ac.nz/papers/Wisdom%20Management.pdf.
- McKenna, B., Rooney, D. and Liesch, P.W. (2006), "Beyond knowledge to wisdom in international business strategy", *Prometheus*, Vol. 24 No. 3, pp. 283-300.
- Moilanen, R. (2001), "Diagnostic tools for learning organizations", *The Learning Organization*, Vol. 8 No. 1, pp. 6-20.
- Nonaka, I. (1991), "The knowledge creating company", *Harvard Business Review*, Vol. 69 No. 12, pp. 96-104.
- Nonaka, I. and Takeuchi, H. (1995), *The Knowledge Creating Company*, Oxford University Press, Oxford.
- Nonaka, I. and Toyama, R. (2007), "Strategic management as distributed practical wisdom", *Industrial and Corporate Change*, Vol. 16 No. 3, pp. 371-94.
- Ortenblad, A. (2004), "The learning organization: towards an integrated model", *The Learning Organization*, Vol. 11 No. 2, pp. 129-44.
- Ortenblad, A. (2007), "Senge's many faces: problem or opportunity?", *The Learning Organization*, Vol. 14 No. 2, pp. 108-22.
- Pearn, M., Roderick, C. and Mulrooney, C. (1995), *Learning Organisations in Practice*, McGraw-Hill, London.
- Pedlar, M., Burgoyne, J. and Boydell, T. (1991), *The Learning Company*, McGraw-Hill, London.
- Pedlar, M., Burgoyne, J., Boydell, T. and Welshman, G. (1990), *Self Development in Organisations*, McGraw-Hill, Maidenhead.
- Popper, K. (1979), *Objective Knowledge*, rev. ed., Clarendon Press, Oxford.
- Prusak, L. and Davenport, T. (2003), "Who are the gurus' gurus?", *Harvard Business Review*, Vol. 81 No. 12, pp. 14-16.
- Ricart, J.E., Rodriguez, M.A. and Sanchez, P. (2005), "Sustainability in the boardroom", *Corporate Governance*, Vol. 5 No. 3, pp. 24-41.
- Rooney, D. and McKenna, B. (2005), "Should the knowledge-based economy be a savant or a sage? Wisdom and socially intelligent innovation", *Prometheus*, Vol. 23 No. 3, pp. 307-23.
- Rowley, J. (2000), "From learning organisation to knowledge entrepreneur", *Journal of Knowledge Management*, Vol. 4 No. 1, pp. 7-15.
- Rowley, J. and Slack, F. (2008), "Conceptions of wisdom", under consideration.
- Senge, P. (1990), *The Fifth Discipline: The Art and Practice of the Learning Organization*, Century, London.
- Senge, P., Kleiner, A., Roberts, C., Roth, R. and Smith, B. (1999), *The Dance of Change: The Challenges of Sustaining Momentum in Learning Organizations*, Brealey, London.
- Small, A. and Irvine, P. (2006), "Towards a framework for organizational learning", *The Learning Organization*, Vol. 13 No. 3, pp. 276-99.
- Smith, M.K. (2003), "Peter Senge and the learning organization", *E-journal of Organizational Learning and Leadership*, Vol. 2 No. 1, available at: www.weleadinlearning.org/msapr03.htm
- Stahl, T., Nyham, B. and D'Aloja, P. (1992), *The Learning Organization: A Vision for Human Resource Development*, Eurotecte Technical Assistance Office, Commission of the European Communities, Brussels.
- Starkey, K. (1996), *How Organisations Learn*, International Thompson, London.

-
- Statler, M., Roos, J. and Victor, B. (2006), "Illustrating the need for practical wisdom", *International Journal of Management Concepts and Philosophy*, Vol. 2 No. 1, pp. 1-30.
- Watkins, K.E. and Golembiewski, R.T. (1995), "Rethinking organization development for the learning organization", *The International Journal of Organizational Analysis*, Vol. 3 No. 1, pp. 86-101.

Further reading

- Barnett, R. (2003), *Beyond All Reason: Living with Ideology in the University*, Open University Press, Milton Keynes.
- Bourdieu, P. (2006), *Outline of a Theory of Practice*, Cambridge University Press, Cambridge.
- Dreyfus, H. and Dreyfus, S. (1986), *Mind over Machines: The Power of Human Intuitive Expertise in the Era of Computer*, Free Press, New York, NY.
- Heidegger, M. (1997), "Plato's Sophist", trans. by Rojcewicz, R. and Schuwer, A., Indiana University Press, Bloomington, IN.
- Heidegger, M. (2000), *Letter on Humanism, Basic Writings*, Harper & Row, New York, NY.
- MacIntyre, A. (2003), *Whose Justice? Which Rationality?*, University of Notre Dame Press, Notre Dame, IN.
- Moss-Jones, J. (1992), *The Learning Organisation*, Institute of Management, Corby.
- Noel, J. (1999), "On the varieties of phronesis", *Educational Philosophy and Theory*, Vol. 31 No. 3, pp. 273-89.
- Senge, P.M., Roberts, C., Ross, R.B., Smith, B.J. and Kleiner, A. (1994), *The Fifth Discipline Field Book: Strategies and Tools for Building a Learning Organization*, Nicholas Brealey, London.
- Wiggins, D. (1980), "Deliberation, and practical reasoning", in Rorty, A. (Ed.), *Essays on Aristotle's Ethics*, University of California Press, Berkeley, CA, pp. 221-40.
- Wilson, V.J., McCormack, B.G. and Ives, G. (2005), "Understanding the workplace culture of a special care nursery", *Journal of Advanced Nursing*, Vol. 50 No. 1, pp. 27-38.

Corresponding author

Jennifer Rowley can be contacted at: j.rowley@mmu.ac.uk