

The Learning Organization: A Strategic Approach to Today's Global Business Environment

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ABSTRACT

Today's global business environment is highly competitive, challenging, and unpredictable. Many start-ups and new entrants in today's business environment fail. Many organizations that have enjoyed years of success have collapsed. Traditional structures and leadership approaches are ineffective in guiding today's organizations effectively. Organizations that survive and thrive in today's tumultuous business environment must be adaptable, flexible, and strategic. They must incorporate high degrees of learning through all levels of the organization. They must become learning organizations. This paper highlights the importance of organizational learning in today's challenging business environment. Commitment to organizational learning results in building a learning organization. Learning organizations are characterized by certain core disciplines, exemplary leadership, strong leadership development initiatives, and progressive strategic planning processes.

Keywords: *Learning organization, leadership, leadership development, strategy, strategic planning*

INTRODUCTION

Today's global business environment is extremely competitive and dynamic. Products that were once in high demand are now obsolete. Services that were once highly sought after are no longer necessary. The majority of start-up companies with aspirations to enter new markets and outperform competitors fail. Well-established companies that have dominated industries for decades fail. Blockbuster Video, Circuit City, and Kodak serve as a few examples. Only 15% of the companies on the S&P 500 list in 1957 remained on the list in 1997 (Lawler & Worley, 2006). Business strategies that worked yesterday won't work today, and it is clear that business strategies that work today may not necessarily work tomorrow.

"All organizations are experiencing a business environment characterized by rapid change" (Lawler & Worley, 2015, p. 1). The primary driver of change within the business environment is the development of technology and artificial intelligence. Technology has redefined the rules of business, and entire industries have appeared and disappeared as a result of new and enhanced technologies. Disruptive technologies continue to emerge, and major developments in artificial intelligence are right around the corner (Watson, 2011). Change isn't going away anytime soon. Change is a part of the business environment indefinitely.

Most organizations approach change as an initiative or a project to be managed, similar to a one-time task that has a defined beginning and end. However, change is continuous and organizations must build systems and structures that are change-friendly and can readily adapt to the environment as needed (Lawler & Worley, 2006). Change is sewn into the very fabric of organizations today. For organizations to effectively anticipate, respond to, and lead change, they must attain new knowledge, skills, and abilities. Therefore, organizations must build a system-wide culture of learning. They must become learning organizations.

THE LEARNING ORGANIZATION

The speed and magnitude of change that exists in today's global business environment results in a complex terrain that is challenging to navigate. Organizations can't operate with a business as usual attitude. They must continually acquire new knowledge and have the capacity to incorporate new knowledge into their strategy to remain viable. Organizations must become learning organizations. Learning organizations are characterized as "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. 3). Building a learning organization is not a destination, but a lifelong journey.

Five Disciplines of the Learning Organization

There are five key disciplines that comprise the heart and soul of a learning organization. These disciplines are not independent of one other. They converge and fuse together to create the requisite infrastructure of a learning organization. The five disciplines include personal mastery, mental models, shared vision, team learning, and systems thinking. These disciplines are based on the premise that people and organizations can change and become more effective through open communication, empowerment, and building a culture of collaboration (Senge, 2006).

The first discipline of the learning organization is personal mastery. Organizations don't operate independent of people. People are the lifeblood of an organization. An organization can't learn unless the individual members of the organization learn. For an organization to become a true learning organization, the individual members must first learn themselves and achieve personal mastery (Senge, 2006).

A key element of attaining personal mastery is for individuals to define a personal vision. To define a personal vision, one must find his purpose. A personal vision is not merely a set of goals and objectives, but a deep-seated belief and understanding of one's passions and purpose. Being true to one's purpose is one of the greatest intrinsic motivators. "The ability to focus on ultimate intrinsic desires, not only on secondary goals, is a cornerstone of personal mastery" (Senge, 2006, p. 137).

Personal mastery embodies two key attributes. First, individuals must continually recall, clarify, and commit to what is important. In the midst of significant change and disequilibrium, it is easy to become disillusioned and lose focus on what is truly important. Next, individuals must engage in continual learning specifically related to how to see current reality more clearly. Individuals must honestly assess where they are in relation to the desired destination (Senge, 2006).

The second discipline of the learning organization is the use of mental models. Mental models are the deeply held internal images of how the world works. These mental models are unique from person to person. They are based on the life experiences and assumptions that have been reinforced throughout a person's lifetime. These mental models are very hard to change, and they are very limited in scope (Senge, 2006).

Open-mindedness is a valuable tool that can help prevent individuals from getting stuck into rigid mindsets or mental models. Furthermore, looking outside of one's past experiences and challenging one's assumptions can lead to increased creativity and ingenuity. "New insights fail to get put into practice because they conflict with deeply held internal images of how the world works, images that limit us to familiar ways of thinking and acting" (Senge, 2006, p. 163). Open-mindedness allows individuals to evaluate their mental models and serves as the catalyst for developing new mental models for the future.

The third discipline of the learning organization is shared vision. A shared vision is not simply an idea, but an internal force in peoples' hearts that binds them together by a common aspiration. Shared

vision creates buy-in and motivates people toward achieving the mission and vision of the organization. “Shared vision is vital for the learning organization because it provides the focus and energy for learning” (Senge, 2006, p. 192). Shared vision should serve as a guide in strategic planning and decision making (Marquardt, 2011).

Some would argue that shared vision should be the first of the five disciplines of the learning organization. “The first step and probably most important step in becoming a learning organization is building a solid foundation based on a shared vision of learning” (Marquardt, 2011, p. 62). Nanus (1995) also emphasized the importance of shared vision. “There is no more powerful engine driving an organization toward excellence and long-range success than an attractive, worthwhile, and achievable vision of the future, widely shared” (p. 3). A compelling shared vision can have a positive impact on the long-term financial performance of an organization (Blanchard, 2010).

The fourth discipline of the learning organization is team learning. Over the past decade, much emphasis has been placed on teams in organizations. There are many different types of teams in organizations today including project teams, product development teams, cross-functional teams, and many others. Teams in today’s organizations are often self-directed teams. Self-directed teams are autonomous and function without a formal leadership structure. They are empowered to make important decisions that affect the organization (Noe, Hollenbeck, Gerhart, & Wright, 2016). Members of self-directed work teams engage in team learning (Senge, 2006).

Team learning can be extremely challenging. Any time a group of diverse individuals with different backgrounds and life experiences come together, finding consensus can seem daunting. However, the collective brain power of a diverse group of individuals can generate creative and innovative solutions to many organizational problems. Significant learning occurs in teams. Three critical dimensions of team learning include the need to think insightfully about complex issues, the need for innovated, coordinated action, and the need to continually foster other learning teams (Senge, 2006).

The fifth and final discipline of the learning organization is systems thinking. “It is the discipline that integrates the disciplines, fusing them into a coherent body of theory and practice. It keeps them from being separate gimmicks or the latest organizational change fads” (Senge, 2006, p. 11). Systems thinking considers the complete organization as one living organism as opposed to a series of individual functions. Furthermore, systems thinking is an essential part of a learning organization, as it recognizes the interdependence of all organizational units and activities beyond the mere cause-and-effect attributes that are prevalent in more traditional management thought (Fillion, Koffi, & Ekionea, 2015; Marquardt, 2011).

“As our world continues to change rapidly and become more complex, systems thinking will help us manage, adapt, and see the wide range of choices we have before us” (Meadows, 2008, p. 2). Systems thinking provides a comprehensive and holistic approach to the current and future challenges that face organizations. “The systems approach helps us to understand relationships that exist across space, time, and domains” (Cornish, 2005, p. 50). For organizations to transform themselves into learning organizations, these five disciplines must be embraced, pursued with passion, and mastered.

Two New Concepts that Enhance the Five Disciplines

Fillion, Koffi, and Ekionea (2015) proposed the addition of two new concepts to Senge’s five core disciplines of the learning organization. They believe that these two new concepts help synthesize learning organization theory with practice and provide additional guidance to those building learning organizations. The two new concepts are knowledge generation and sharing, and organizational behavior.

Knowledge Generation and Sharing

Some organizations only achieve partial success in becoming learning organizations. Organizations that become the most effective and successful learning organizations achieve a high level of maturity through knowledge generation and sharing. “To that end, the new business strategies should be closely linked to the way at which the organization develops, enriches, and uses its knowledge in relation with the business objectives, the strategies of each organizational resource, the business operations, and the resource operations” (Fillion, Koffi, and Ekionea, 2015, p. 92). New knowledge is required to effectively respond to a changing environment. Knowledge generation occurs at high levels in a team environment. Framing ideas and knowledge through the lens of diverse perspectives and experiences adds richness to learning and results in better and more balanced outcomes (Lazar & Robu, 2015).

Knowledge is power, and therefore sharing knowledge is sharing power. Sharing power in organizations is known as empowerment. Empowerment is a powerful conduit that facilitates building a learning organization (Senge, 2006). “As the individuals engage in KS [knowledge sharing], both the sender and the receiver will cognitively process the exchange within the broader strategy, structure, and culture of their organization to help them find meaning” (Massingham, 2015, p. 199). Empowering leaders at all levels of an organization to share knowledge will lead toward maturity on the journey of building a learning organization (Lazar & Robu, 2015).

Organizational Behavior

Organizational behavior, an interdisciplinary concept grounded in the social sciences, examines how individuals and groups interact within organizations (Schermerhorn, Osborn, Uhl-Bien, & Hunt, 2012). Organizational behavior supports reinforcement theory, a concept from the field of psychology based on the premise that an individual’s behavior is conditioned by the environment and the rewards and consequences that follow certain behaviors. “We therefore learn to modify our behaviors according to the responses of the environment to our actions” (Fillion, Koffi, and Ekionea, 2015, p. 94).

This learning takes two forms. Vicarious learning is an indirect form of learning that occurs through visual and auditory observation. Vicarious learning occurs when one observes a behavior, practices the observed behavior, reproduces the observed behavior, and assesses personal satisfaction with the behavior. Experiential learning is a form of learning that occurs through concrete experiences and reflection upon those experiences. Experiential learning is a four-stage cycle that is fulfilled through concrete experience, reflective observation, abstract conceptualization, and active experimentation (Osland, Kolb, Rubin, & Turner, 2006). The brain processes experiential learning through more parts of an individual’s cerebral cortex which results in higher levels of learning (Zull, 2004).

While both forms of learning are valuable, experiential learning is indeed the form of learning required to build a learning organization (Fillion, Koffi, and Ekionea, 2015). Therefore, organizations must provide opportunities for experiential learning in meaningful ways. Organizations must honor an individual’s learning process by providing the opportunity and time for people to learn at work. They must also encourage collective experiences and allow room for error as people experiment with new ideas and concepts (Fillion, Koffi, and Ekionea, 2015).

It is undeniable that learning organizations experience holistic transformation. This transformation leads to higher levels of success that can be measured both qualitatively and quantitatively (Marquardt, 2011; Blanchard, 2010; Senge, 2006). On the path to building a learning organization, transformation can only occur through growth and maturity in key areas. These areas include leadership, leadership development, the way by which leadership and leadership development converge to create exemplary leadership in a learning organization, and strategic management and planning.

LEADERSHIP

Words have different meanings to different people. The word *leadership* is no exception. The word *leadership* is one of the most misunderstood terms in the business world. “Scholars and practitioners have attempted to define leadership for more than a century without universal consensus” (Northouse, 2016, p. 2). Leadership is a complex subject that has many different approaches, aspects, and angles. Nonetheless, leadership is essential to building a successful learning organization (Marquardt, 2011).

There are many different leadership approaches that have been developed over time. Some have come and gone, and some are still relevant in today’s global business environment. A few of the most popular approaches currently include situational leadership, transformational leadership, authentic leadership, and servant leadership. Each leadership approach has its advantages and disadvantages, and any approach may be more or less effective under certain conditions. Individual leaders must determine their own leadership approach while maximizing its benefits and carefully monitoring its drawbacks (Northouse, 2016).

Regardless of their approach, leaders in learning organizations must lead at a high level. They must exhibit exemplary leadership. According to Kouzes and Posner (2012) exemplary leadership incorporates five practices. First, exemplary leaders model the way. Leaders who model the way are grounded by guiding principles that result in shared values that transcend the organization. Furthermore, leaders set the example by aligning their actions in a manner consistent with the organization’s shared values. They also ensure the organization’s actions are in alignment with those shared values (Kouzes & Posner, 2012).

Second, exemplary leaders inspire a shared vision. They inspire imagination, creativity, and excitement about future possibilities. This passionate inspiration spreads throughout all levels of the organization, and results in shared dreams and shared visions of what the future might look like. Third, exemplary leaders challenge the process. They courageously fight against the status quo and champion change. “Every single personal-best leadership case involved a change from the status quo. Not one person has claimed to have achieved a personal best by keeping things the same” (Kouzes & Posner, 2012, p. 19). They generate small wins along the path of change and learn from their successes and failures (Kotter, 2012; Kouzes & Posner, 2012).

Fourth, exemplary leaders enable others to act. They realize leadership doesn’t occur in a vacuum. Leadership must be shared. Exemplary leaders build trust, foster collaborative relationships, and empower others to make decisions and lead according to the organization’s shared values and shared vision. Finally, exemplary leaders encourage the heart. They recognize and celebrate excellence every time they see it. Exemplary leaders create a culture that rewards excellence, resists mediocrity, and builds a spirit of community (Kouzes & Posner, 2012).

Clearly exemplary leadership is needed to successfully build a learning organization. The five principles of exemplary leadership complement and strengthen the five disciplines of a learning organization. Exemplary leaders serve as “lead learners.” They understand the value of lifelong learning and view personal, professional, and leadership development as a way of life.

LEADERSHIP DEVELOPMENT

A learning organization must constantly change and evolve. The same is true of its leaders. Leaders in a learning organization can’t remain stagnant. Leaders must continually develop their leadership through gaining new knowledge and skills to address the complex challenges that face organizations today and tomorrow. Not every leader can effectively lead in a learning organization. It takes an exemplary leader who is committed to lifelong learning to lead in a learning organization.

There are several leadership development tools that can assist leaders in assessing their leadership approach and provide insight into ways leaders can work toward becoming exemplary leaders. A particularly useful tool to assist leaders in assessing the effectiveness of their leadership approach is known as the 360-degree evaluation. The 360-degree evaluation is a systematic feedback process that provides insight into a leader's performance from people at all levels of the organization. Many people within the organization participate in a leader's 360-degree evaluation including the leader's supervisors, subordinates, and peers. Studies have shown that this feedback in combination with self-assessment and self-reflection provides an accurate assessment of a leader's behavior (Humphrey, 2016; McCauley, Van Velsor, & Ruderman, 2010).

Leadership Practices Inventory

To help leaders evaluate their current effectiveness in fulfilling the five practices of exemplary leadership, Kouzes and Posner (2012) introduced the Leadership Practices Inventory (LPI). The LPI is a practical, easy to use 360-degree assessment instrument that provides valuable feedback to leaders regarding their current effectiveness in fulfilling each of the five practices of exemplary leadership. The LPI process begins with the leader completing the leadership self-assessment, and then continues by having a sample of the leader's supervisors, subordinates, and peers complete an assessment of the leader. The assessment is completed online, and participation is completely anonymous. A feedback report is then provided to the leader summarizing the results from their self-assessment and all of the supervisor, subordinate, and peer assessments.

Kouzes and Posner (2012) also provide an LPI Participant Workbook that assists leaders in understanding their feedback report and helps leaders reflect on their areas of strength and weakness. Through the process of completing the workbook, leaders are encouraged to honestly reflect on their behaviors and actions as leaders in relation to the five practices of exemplary leaders. Self-reflection can motivate a leader to action and can result in improved leadership outcomes (van Seggelen-Damen & van Dam, 2016).

Reflective leadership is paramount for a learning organization. The LPI is an excellent source for leadership self-reflection. Leaders must take the time to reflect on their leadership behaviors and their leadership approach. Leaders must perform honest self-assessment periodically, and request feedback from supervisors, subordinates, and peers to ensure that their actions are being perceived as intended. Furthermore, reflection often provides the flame that fuels leaders' dreams and desires. "Connecting with one's dreams releases one's passion, energy, and excitement about life. In leaders, such passion can arouse enthusiasm in those they lead" (Goleman, Boyatzis, & McKee, 2013, p. 115).

Determining Your Leadership Point of View

To help leaders solidify their personal approach to leadership, Blanchard (2010) developed a guide to help leaders determine their leadership point of view. As leaders work through this guide, they clarify their personal approach to leadership and prepare to share their leadership approach with everyone in the organization. While this isn't as formal and commercialized as the LPI developed by Kouzes and Posner (2012), it causes leaders to engage in critical self-reflection, which can be a powerful tool in leadership development.

There are eight elements to a leadership point of view. Each element is a guiding question that a leader must wrestle with and formulate a personal response to. The elements of a leadership point of view are:

1. Who are the influencers (key people) in your life who have had a positive (or, in some cases, negative) impact on your life, such as parents, teachers, coaches, mentors, or bosses, and what did you learn from these people about leadership?
2. What key events in your life have had an impact on how you lead others? Think back to events and turning points during your childhood, school years, and early career. How did these events impact your thinking about leadership?
3. Think about your life purpose. Why are you here, and what do you want to accomplish?
4. What are your core values that will guide your behavior as you attempt to live your life “on purpose?”
5. Given what you’ve learned from past influencers, life events, your life purpose, and core values, what is your leadership point of view – your beliefs about leading and motivating people?
6. What can your people expect from you?
7. What do you expect from your people?
8. How will you set an example for your people?

These eight guiding questions aim at the heart of who a leader is and what factors contributed to making them who they are today. Developing a leadership point of view requires significant self-reflection and contemplation and therefore will take considerable time to develop. Nonetheless, the exercise can provide great insight into a leader’s development needs.

The real power of the leadership point of view exercise is found when leaders share their leadership point of view with their followers. “If you can teach people your leadership point of view, they will not only have the benefit of understanding where you are coming from, but they’ll also be clear on what you expect from them and what they can expect from you” (Blanchard, 2010, p. 290). When leaders share their leadership point of view with others, they show authenticity and vulnerability. These are two powerful characteristics that positively influence the culture of the organization.

LEADERSHIP IN A LEARNING ORGANIZATION

Leadership is complex. Building a learning organization is also complex. Therefore, leading in a learning organization is especially challenging. There are many different approaches to leadership and many different personalities involved in leadership. However, leaders in learning organizations are engaged in lifelong learning. They are consistently seeking to enhance and develop their leadership skills through the practices of self-reflection, 360-degree feedback, developing their leadership point of view, and lifelong learning. Exemplary leadership is at the heart of the learning organization, and leadership development provides the pathway to exemplary leadership.

Leadership in a learning organization looks much different than leadership in a traditional organization. “Leadership takes on important new meanings in learning organizations. In essence, the leaders are those building the new organization and its capabilities” (Chawla & Renesch, 2006, p. 34). Leadership in a learning organization is widely distributed through shared vision and empowerment. Leadership often transcends position and hierarchy in a learning organization. Therefore, it is imperative that a learning organization promotes leadership development, exemplary leadership, and continual learning for all leaders throughout the organization (Kouzes & Posner, 2012; Marquardt, 2012; Senge, 2006).

Leaders exert great influence in organizations. However, with influence, one must also take care to examine the sources and uses of power. “The concept of power is related to leadership because it is part of the influence process” (Northouse, 2016, p. 10). There are two forms of power in organizations:

position power and personal power. Position power is acknowledged by virtue of a person's title or position in the organization. Personal power is given to a person by virtue of their vast knowledge or expertise in a certain field or by their reputation and the relationships they hold with people in the organization (Northouse, 2016). Those entrusted with power have a responsibility to use it in an ethical manner. Learning organizations must ensure that all leaders engage in ethical leadership.

Ethical Leadership

Since leadership is widely shared in a learning organization, there must be assurances that the shared vision and shared values of the organization are represented at all levels of leadership. Leaders in a learning organization must be on the same page with vision and values. Furthermore, those who practice leadership in a learning organization must subscribe to and support a culture of ethical leadership. The idea of ethics can't be divorced from leadership (Marturano, 2016). Leaders in a learning organization must be ethical leaders.

There are four cornerstones that create the foundation of ethical leadership. These cornerstones include truth-telling, promise keeping, fairness, and respect for the individual. Truth-telling consists of open and honest conversations along with a belief in full disclosure. Promise keeping consists of follow-through on promises made to employees and the organization. Fairness consists of treating people equitably with regard to rewards of the organization. Respect for the individual consists of viewing and treating others carefully and with dignity regardless of the situation. These four cornerstones serve as the foundation of ethical leadership (Clawson, 2006). Learning organizations are built upon exemplary and ethical leadership.

STRATEGY AND STRATEGIC PLANNING

It can be easy for organizations to become complacent when they experience success. All too often organizations only consider their strategy when they experience a problem or a crisis. For organizations to achieve success and sustain superior financial performance, they must be adaptable, flexible, and pursue continuous learning and growth. Strategic planning should be an ongoing process in a learning organization (Roth, 2015). "We should experiment and engage in a continuous learning process that propels us into uncharted territory" (Hax, 2009, p. 3). Learning organizations engage in strategic planning even during times of success.

Organizations often experience unexpected issues, challenges, or even crises. It is better to anticipate potential issues and plan for them rather than be put in a position that requires a hasty response. One global organization experienced over 70 years of growth and success until it unexpectedly experienced a crisis. In 2004 the LEGO Group experienced a financial crisis that resulted in a multi-billion dollar loss for the year. In response to the crisis, LEGO Group embarked on a multi-faceted strategy that included a renewed focus on its core competencies, several right-sizing activities throughout the company, enhanced supply chain management, and outsourcing significant production to a third party (Larsen, Pedersen, & Slepnirov, 2010).

LEGO Group's initial strategy seemed like a logical response to its financial crisis. Outsourcing production was a common cost-cutting strategy that many organizations have successfully used. Initially, the outsourcing partnership seemed like a great idea, but it was short lived. "The result of attempting to manage and overcome the complexity of the production network by outsourcing it to external providers was actually only a more complex global manufacturing footprint" (Larsen et al., 2010, p. 7). While the

outsourcing strategy ultimately failed, LEGO Group learned quite a bit from the failure which resulted in an even stronger strategy that stabilized the company once again. Failure was the turning point in LEGO Group's eventual turnaround (Larsen et al., 2010).

Failure is a natural part of a learning organization's lifecycle. Failure often leads to some of the best opportunities for organizational learning. Leaders in a learning organization use failure as a catalyst for learning and growth. Learning organizations strategically plan for the unexpected. They strategically plan for a crisis. An effective strategic planning tool used by learning organizations is scenario planning (Bowman, 2016).

Scenario Planning

Today's global business environment is marked by rapid change and ruthless competition. It is critical for organizations to study and analyze trends to make sense of today's circumstances and to forecast future demands. "We cannot understand our current circumstances or assess future developments without the perspective that history and our own memory of the past can give us" (Cornish, 2004, p. 146). Studying past and current trends along with forecasting future trends provides valuable insight into possible changes that may be necessary to maintain a sustainable organization (Roth, 2015).

Scenario building has become a widely used approach to inform strategic planning efforts in organizations. Scenario building is a powerful strategic planning tool that helps organizations navigate a challenging and unknown future. Scenarios allow for a speculative view of the future with the purpose of becoming better informed and prepared. Scenarios allow an organization to plan for the future that could be. Scenarios provide incentives to grow, to inspire the company's workforce, to position a company on the cutting edge, to create entry barriers, or even to break down competitors' barriers (Bowman, 2016).

"Participating in the scenario building process improves a management team's ability to manage uncertainty and risk. Risky decisions become more transparent and key threats and opportunities are identified" (Ringland, 2002, p. 4). There is strong evidence indicating that the use of scenarios and scenario building in the strategic planning process is beneficial to organizations, both public and private. Scenario building helps identify potential risks and downfalls to proposed decisions. It helps organizations frame decisions and ultimately make better-informed decisions (Bowman, 2016).

Balanced Scorecard

In today's business environment, measuring the success of an organization often occurs through quantitative means – primarily financial metrics. Hax (2009) argued that financial metrics "only deliver an historical evaluation of how the business has performed in the past. It seldom captures the way the business is prepared to face the future challenges" (p. 125). While financial metrics are important both in trend analysis and future planning, qualitative metrics provide additional insight needed for comprehensive strategy formulation. It is imperative that organizations include qualitative metrics in addition to financial metrics to evaluate current success and plan future business strategy.

An effective strategic planning tool that incorporates both quantitative and qualitative perspectives is The Balanced Scorecard. "Balanced Scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals" (Narayanamma & Lalitha, 2016, p. 59). In addition to financial metrics, The Balanced Scorecard evaluates three important qualitative dimensions: the customer perspective, the business perspective, and the organizational

learning perspective. The customer perspective poses the question “How do we look to our customers?” The business perspective asks the question “What business processes are the value drivers?” The organizational learning perspective poses the question “Are we able to sustain innovation, change, and improvement?” Together these three perspectives along with financial measures provide a comprehensive assessment of organizational performance and necessary data for strategic planning (Hax, 2009).

Most organizations use The Balanced Scorecard as an assessment tool – a method to evaluate past and current performance. While vision and strategy are positioned at the center of The Balanced Scorecard, most organizations focus more on the metrics used to evaluate success rather than the strategy driving the metrics. A learning organizations, however, uses The Balanced Scorecard from an inside-out perspective. It first looks to the vision and strategy at the center of The Balanced Scorecard and works from there out to determine the most meaningful and effective metrics that will measure progress in achieving the organization’s strategy (Narayanamma & Lalitha, 2016; Hax, 2009).

CONCLUSION

Today’s global business environment is extremely competitive and dynamic. To meet the challenges of today’s obscure business environment, organizations must become learning organizations. A learning organization commits to five key disciplines: personal mastery, mental models, shared vision, team learning, and systems thinking. Furthermore, a learning organization commits to knowledge generation and sharing and actively guides organizational behavior (Fillion, Koffi, and Ekionea, 2015). Together these commitments foster collaboration, communication, and shared leadership throughout the organization (Senge, 2006).

Leadership is critical to building an effective learning organization. Leaders in a learning organization must exhibit exemplary leadership. Exemplary leaders commit to five practices: model the way, inspire a shared vision, challenge the process, enable others to act, and encourage the heart (Kouzes & Posner, 2012). Exemplary leadership contributes to building a successful learning organization. Exemplary leaders value lifelong learning and invest in perpetual personal, professional, and leadership development.

Leadership development should be a priority in a learning organization. A learning organization must have comprehensive leadership development provisions in place to facilitate growth and learning among leaders at all levels. Leaders in a learning organization must engage in self-reflection and self-assessment as part of 360-degree feedback initiatives that collect perceptions from supervisors, subordinates, and peers regarding a leader’s effectiveness (Kouzes & Posner, 2012). Leaders must develop their unique leadership approach, articulate their approach through their leadership point of view, and share it widely throughout the organization (Blanchard, 2010). Leaders in a learning organization must be ethical leaders.

Finally, a learning organization must always engage in strategy and strategic planning activities. They must always be prepared for unexpected challenges and crisis, and must continually learn from their successes and their failures. A learning organization gains valuable information by analyzing past and current trends. A learning organization can benefit from the use of scenario building in the strategic planning process. Scenarios offer organizations a view of potential future outcomes so that they can make better-informed decisions. The Balanced Scorecard is a strategic planning tool that evaluates both financial and qualitative strategy decisions. Ultimately, organizations that survive and thrive in the today’s global business environment will be true learning organizations.

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