

**LEARNING ORGANISATION: RELEVANCE AND
RESULTANT BENEFITS FOR THE AUDITOR-GENERAL
OF SOUTH AFRICA**

Rajesh Mahabeer

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KwaZulu-Natal, Westville Campus, in Partial Fulfilment of the Degree
Master of Commerce (MCom)**

Supervisor: Professor Kriben Pillay

30 November 2009

DECLARATION

I, Rajesh Mahabeer declare that

- The research reported in this dissertation, except where otherwise indicated, is my original research.
- This dissertation has not been submitted for any degree or examination at any other university.
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Signature:

Rajesh Mahabeer

30 November 2009

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ABSTRACT

This dissertation explores the concept of the Learning Organisation and its relevance to the Auditor-General of South Africa (AGSA). In evaluating the relevance of the Learning Organisation concept, the AGSA's problems will be highlighted and how the concept may possibly assist the AGSA in dealing with its problems. For example, one of the major problems facing the AGSA is the attraction and retention of appropriately qualified and experienced personnel. There is a scarcity of auditing personnel in South Africa. The adoption of the Learning Organisation concept may enable the AGSA to attract and retain the desired personnel, as inherent in the concept are characteristics such as employees being encouraged to learn, that appeal to progressive personnel. The dissertation will also explore the concept of the Learning Organisation as an enabler that may assist the AGSA to cope with change that pervades the AGSA's internal and external environment, which include the high incidence of fraud and corruption that is often found in public sector organisations in South Africa. The dissertation also seeks to explore whether the Learning Organisation concept will enable the AGSA to deal with complexity, which is created by an ever changing, dynamic world and stay relevant and cost efficient. All of these objectives can be collectively termed possible benefits that may flow to the AGSA should the AGSA adopt the Learning Organisation concept at a mature level.

The purpose of this dissertation is not to develop a model of the Learning Organisation for the AGSA, but rather to obtain a sense of how the concept could possibly assist the AGSA in overcoming the challenges it faces. The dissertation will give an initial perspective of the theory (and some theoretical developments), introduce the reader to the AGSA, identify the major problems that the AGSA is facing, estimate the level of maturity that the AGSA is as a Learning Organisation and understand how the Learning Organisation concept may assist the AGSA in overcoming its problems if adopted at a mature level.

The dissertation will be conducted based on research of academic literature, research of AGSA literature, observations, semi-structured interviews and structured questionnaires. Key disciplines that may enable the AGSA to grow into a mature Learning Organisation will be highlighted.

Some possible disciplines that may be relevant are as follows:

- Systems thinking
- Groups and teams

- Shared vision
- Leadership style
- Communication

The dissertation will highlight some practical difficulties and obstacles that may impact on the Learning Organisation concept being adopted by the AGSA and areas for further research.

Initial research has highlighted two important fundamental principles, which will be referred to later, as follows:

- It is very difficult to change people's minds, and therefore adoption and implementation of the Learning Organisation concept will be challenging
- Organisational Learning is never a finite process; it is on-going and never completed

Bearing these two fundamental principles in mind, the dissertation will be approached with the intention that it will add value to the AGSA and other organisations.

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LIST OF ABBREVIATIONS

ACCA	-	Association of Chartered Certified Accountants
AFROSAI	-	African Organisations of Supreme Audit Institutions
AGSA	-	Auditor-General of South Africa
ASB	-	Accounting Standards Board
BBBEE	-	Broad Based Black Economic Empowerment
CA	-	Chartered Accountants
CFO	-	Chief Financial Officer
COBIT	-	Control Objective for Information and Relative Technology
CSA (tool)	-	Control Self Assessment Tool
EE	-	Economic Empowerment
EWP	-	Employment Wellness Programme
ICT	-	Information & Communication Technology
IFAC	-	International Federation of Accountants
INCOSAI	-	International Conference of Supreme Audit Institution
INTOSAI	-	International Organisation of Supreme Audit Institution
IPC	-	Individual Performance Contract
IRBA	-	Independent Regulatory Board of Auditors
ISA	-	International Standards of Auditing
ISACA	-	Information Systems Audit and Control Association
ISQC	-	International Standards on Quality Control
MFMA	-	Municipal Finance Management Act
MQF	-	Management Qualification Framework
PAA	-	Public Audit Act
PFMA	-	Public Finance Management Act
SAI	-	Supreme Audit Institution
SAICA	-	South African Institute of Chartered Accountants
SCoAG	-	Standing Committee on Auditor-General
SSM	-	Soft Systems Methodology
TA	-	Trainee Accountants

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

In this chapter, a brief background to the topic, which is the concept of the Learning Organisation and how it could possibly assist the AGSA in overcoming the challenges it is facing, will be covered. An initial perspective of the theory and some theoretical developments will be covered. The reader will be introduced to the AGSA and the major problems that the AGSA is facing. Some characteristics of the Learning Organisation concept will be listed. This is followed by a statement of the problem to be addressed, the objective of the study, and limitations.

1.2 THEORETICAL BACKGROUND

The Learning Organisation means different things to different people. The researcher's understanding of the Learning Organisation is that it is an organisation where learning is encouraged and that this individual learning is eventually shared amongst colleagues, resulting in team learning, which may then convert to institutional knowledge. This institutional knowledge may convert into new products and services and better organisational efficiency and effectiveness. These new products and services may lead to future growth of the organisation. A Learning Organisation stimulates people to learn and therefore fulfils the basic psychology of human beings. Human beings naturally like to learn. This makes the Learning Organisation a better place to work in.

The need to discover what is different about a Learning Organisation led Art Kleiner (1995) to orchestrate the writing of *The Fifth Discipline Fieldbook* by Senge in 1994. According to Kleiner (1995:1) it is important to be a Learning Organisation for the following reasons:

- Because organisations want superior performance and a competitive advantage
- Improving customer relations
- Avoiding decline
- Improving quality
- Understanding risks and diversity more deeply

- Increasing innovation
 - Promoting employees personal and spiritual well being
 - Increasing the employees and organisations ability to manage change
 - Enhancing understanding
 - Creating an energised committed work force
 - Expanding boundaries
 - Engaging with the community
 - For independence and liberty
 - For awareness of the critical nature of interdependence
 - Because the times demand it
- (Kleiner 1995)

As can be seen from Kleiner's (1995) conclusions, there are many reasons why organisations should be Learning Organisations. However, not all organisations are Learning Organisations and if they are, they may not be at a level of maturity where the full benefits of being a Learning Organisation are realised. Kleiner (1995:1) captures the fundamental need to be a Learning Organisation when he says that a different way of doing business and managing change in organisations are needed. The need to do things in a different way was brought about by the impact of globalisation, change, innovation, competition and the need to create a sustainable advantage in order to survive in the long term.

The key question is: why does one need to continuously learn? People learn because it is part of human nature to learn, so that the environment can be improved (Ilmanen, Kalmer and Krause, 2006:10). This human psychology is at the core of all development and growth. We also learn because of the impact of change in the environment, competition and the need to innovate.

As mentioned above, a key driver to organisational learning is change. Change is a constant in life and in the world, which consistently challenges historical and current individual and organisational practices and beliefs. Change, planned or unplanned, is created in some way by the people in the organisation.

To cope with change requires thinking and acting in a fundamentally different way. The researcher submits that in order to cope with change, systems thinking need to be applied. Systems thinking is a technique "to see the world as a complex system" where "everything is connected" to everything else. (Jackson, 2000: 125). According to Senge (2006: 73), "system thinking is the fifth discipline of the Learning Organisation concept". The other four are "personal

mastery, mental models, shared vision and team learning”. These and other disciplines of the Learning Organisation will be explored and their relevance to the AGSA will be evaluated.

For organisations to be successful in the new world economy, they have to be flexible and particularly effective in introducing and adapting to change. Successful organisations are forced “to rethink the way(s) in which they operate and do business” (Van Wyk, 2005:1) and are referred to as Learning Organisations (Senge, 1990:15).

There are many definitions of a Learning Organisation. These will be covered in detail in chapter 2 under literature review.

The learning organisation may be defined as an organisation that actively encourages its employees to learn by creating processes and structures that supports and promotes learning so that new knowledge is created and that this new knowledge is shared amongst all employees and at some stage this new knowledge may convert to innovation and or performance improvements.

In conceptualising the Learning Organisation, it is arguably Peter Senge’s The Fifth Discipline (1990, 2006) that popularised the concept of the Learning Organisation. The five disciplines that Senge (2006: 6) propositions are:

- Systems thinking
- Personal Mastery
- Mental Models
- Building Shared Vision
- Team Learning

These concepts will be discussed in detail later. However, Senge suggests that these five disciplines “should develop as an ensemble” (2006: 11). He says that it is more difficult to integrate “new tools” than to use them separately. He adds that by integrating these disciplines the results will be substantially better. It is for this reason he regards systems thinking as the fifth discipline. Systems thinking enables a person to see the whole, that is, the big picture. It allows integration to take place in one’s thinking or understanding of a situation. Because of this, systems thinking will enable the integration of the disciplines, “fusing them into a coherent body.

However, some writers like Kerka maintain that the definition of a Learning Organisation remain elusive (Kerka, 1995:1). Garvin, (1993:71) observed that a “clear definition of the Learning Organisation is unclear”.

According to Calvert, Mobley, and Marshall, (1994:38) Learning Organisations have the following characteristics:

- They provide continuous learning opportunities
 - They use learning to reach their goals
 - They link the individual’s performance with organisational performance
 - They foster inquiry and dialogue, making it safe for people to share openly and take risks
 - They embrace creative tension as a source of energy and renewal
 - They are continuously aware of and interact with their environment
- (Calvert et al. 1994)

Some other key characteristics are as follows:

- “A learning organisation takes a proactive approach, by formulating a course of action to enhance systems-level learning, which incorporates a multi-faceted strategy” (Gephart & Marsick, 1996:43). The organisation’s strategy must be clear as to how it encourages learning. This strategy must then be rolled out by the leadership and pursued with vigour by people in the organisation
- “No continuous learning practice is effective unless it is adopted as part of a system” (Bennet, & O’Brian, 1994:42). To enjoy the most benefits, learning should be well structured and form part of the organisational culture
- “Successful organisations create systems and processes which support key activities and weave them into the fabric of day-to-day business operations” (Garvin, 1993:86). For the organisation to benefit, individual learning must eventually be shared with other people within the organisation. This form of learning is collective learning, also referred to team learning and must eventually convert to institutional learning, also referred to organisational learning, so that eventually everybody in the organisation can benefit from this learning
- “Becoming a learning organisation implies a proactive shift from letting events unfold toward putting in place a course of action to enhance systems-level learning. Instead of a single prescription for success, learning organisations use many different approaches” (Gephart & Marsick, 1996:47). Learning should not be prescribed in a way that it limits

the process of learning. People learn in different ways, using different methodologies. This must be encouraged if an organisation wishes to have people learning.

Kleiner (1995:1) characterises a Learning Organisation as follows:

- It's more fun to go to work in Learning Organisations
 - Learning Organisations give people hope that things can be better
 - Learning Organisations provide a playground for creative ideas
 - Learning Organisations provide a safe place to take risks with new ideas and behaviours and the challenge needed to stretch beyond perceived limits
 - In Learning Organisations, everyone's opinions are valued and peoples' contributions are not determined by their position in the organisation
- (Kleiner 1995)

Other factors that characterise a Learning Organisation are as follows (the main source is Senge, 1990, 2006):

- Leaders must be coaches
- Leaders must be willing to change
- Leaders must be willing to learn
- Employees must be open to the notion of learning
- Employees must talk to one another across the functional areas
- Employees must not see the organisation in terms of their functional areas only, but they must see the organisation as a whole. The Learning Organisation fundamentally requires seeing the connections between the departments
- The discipline of systems thinking is one of the important ideas of Organisational Learning (Senge, 1990:376). Senge believes that systems thinking is seeing the whole instead of the parts, an ability which includes recognising the consequences of your actions on other departments and the future
- Building a shared vision, which is critical in building a Learning Organisation
- Communication is one of the most important processes (Rosengren, 2000:36)
- Pro-activeness by employees is essential, and employees must have enough information about the business development (Ilmanen, et al., 2006:81)
- Learning can be initiated in situations of turbulence (chaotic situations) or crisis (unexpected events that spiral an organisation into survival mode) as well as a result of a lack of resources (lack of people, for example)
- Training and job rotation are helpful activators of Organisational Learning

1.3 BACKGROUND TO THE AUDITOR-GENERAL OF SOUTH AFRICA

The AGSA is the supreme audit institution of the Republic of South Africa, established in terms of Chapter 9 of Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). The function of the AGSA is regulated by the Constitution and the Public Audit Act, 2004 (Act Number 25 of 2004).

The AGSA is a non-profit organisation and one of the larger audit institutions in South Africa, with its auditees (organisations that are audited) coming only from the public sector. The AGSA plays a significant role in the Republic by being the independent auditor of public sector organisations. They express an independent opinion on the financial affairs of public sector organisations in South Africa, thus engendering public confidence through accountability by those charged with the stewardship of public organisations.

Mr. Terence Nombembe, Auditor General of South Africa, said: “the AGSA exists to strengthen our country’s democracy by enabling oversight, accountability and governance in the public sector, thereby building public confidence. That is our constitutional mandate”. (Annual Report of the Auditor General of South Africa, 2007/8:3).

Mr. Nombembe added that “I am pleased to affirm my commitment as head of the institution charged with the (external) auditing of all spheres of government and promise to fulfil the constitutional mandate of the Auditor-General of South Africa in an even greater measure” (Budget and Strategic Plan of the Auditor General of South Africa, 2009-2012:1).

1.4 STATEMENT OF THE PROBLEM

1.4.1 Problem Definition

The environment in which the AGSA and its auditees operate is subject to rapid change. They are not insulated from the workings of the world and they have to interface outside their boundaries, making them open systems. This environment can be described as a complex system, which is characterized by “many interacting entities which exhibit properties such as self-organisation” (Klein, 2004:2). Self- organisation is when groups of people form a group on their own in order to deal with a problem.

The AGSA has to adapt to change in an environment which is a non-linear system and largely unpredictable. “Chaos and complexity theory attempt to reconcile the essential unpredictability of non-linear dynamic systems, with a sense of underlying order and structure” (Levy, 2000:73). Organisations find themselves in chaos from time to time. The dynamics in organisations are so complex that to find an obvious logical reason for a particular problem is impossible. It is therefore important to recognise that there are interdependencies amongst the various sections of an organisation and change in one section can have an unpredictable impact on other sections of the organisation. Stacey, (1995:480) states that “nonlinearity and positive feedback loops are fundamental properties of organisational life”. The AGSA has an environment which is non-linear in nature, as there are inter-dependencies amongst the various sections.

Internal and external challenges lead to problems in the AGSA being unable to fully meet its constitutional mandate. Therefore, the AGSA has to look at tools such as the Learning Organisation concept in order to face its challenges. The AGSA has to find ways of speeding up learning by encouraging its people to take control of their own learning apart from organisational input. The AGSA has to encourage its people to develop attitudes and behaviours that promote learning and understanding and promote a culture of individual and team learning. Thereafter, the AGSA must ensure that learning and experience are institutionalised by incorporating these in its policies, procedures and practices.

People within the AGSA have to learn in order to cope with change, meet the needs of stakeholders and to stay relevant. In its core activity of auditing, the profession changes at a rapid pace, with new accounting and auditing standards being introduced regularly. In its support services, such as human resources, ICT etc, change is also rapid. In its external environment, for example, the workings of its auditees (public sector organisations that the AGSA audits), change is also rapid.

Therefore, people at the AGSA must be encouraged to learn individually, share their acquired knowledge and eventually this new knowledge may convert to innovation and process improvements. The AGSA would need to support and promote learning by creating the appropriate processes and structures.

Initial research indicates that the AGSA demonstrates some characteristics of a Learning Organisation, but at a low level maturity. By a low level of maturity is meant the extent to which these characteristics are prevalent in the wider AGSA environment. Therefore, the AGSA has the fundamental characteristics to become a Learning Organisation at a mature level.

1.4.2 External Challenges Facing the AGSA

As the auditor of government organisations in South Africa, the AGSA's external challenges are largely informed by the challenges faced by its auditees (the organisations that the AGSA audits). Some external problems faced by the AGSA are:

- The activities of its auditees that are regarded to be inappropriate, for example, the high incidence of fraud and corruption which the AGSA reports on in their audit reports
- Poor quality of financial statements presented for auditing
- Lack of leadership participation during the auditing process
- Poor governance/oversight
- Non-compliance with legislation
- Inappropriate HR practices
- Inappropriate information system practices
- Inefficient use of resources by auditees
- Non-performance of auditees in terms of service delivery
- Lack of appropriately qualified staff, particularly financially qualified staff such as Chief Financial Officers
- Ever increasing expectations from stakeholders, such as parliament and the public
- The pervasive effect of change on auditees and the auditees inability to deal with change appropriately, which is evident from the inability of auditees to cope with service delivery, etc
- The growth in the country and the ever increasing spend on the country by the national government, for example, the billions of rand being invested in the upgrade of public roads
- Technological change such as in Information Technology (IT) and auditees not always having appropriately qualified staff
- The abuse of IT systems to conduct fraud
- The risk of fraud and corruption not being detected during the AGSA's audit, possibly resulting in the AGSA expressing an inappropriate audit opinion on the financial position of the auditee
- Late or non-payment of audit fees
- Undue pressure from audit committees for auditors to issue clean audit reports
- Some auditees cannot afford the audit fees as they are technically insolvent
- Expectation of services from auditors not related to their audit mandate

Whilst the above challenges are the responsibility of the auditees, they impact on the AGSA, as it has to express an audit opinion, which is often unfavourable, due to the above challenges. The other external problem facing the AGSA is the general lack of skilled audit personnel in the country. This means that the AGSA has to compete for resources with private audit firms. The shortage of skilled audit personnel in the country results in the AGSA having to outsource some of its work to private audit firms.

1.4.3 Internal Challenges Facing the AGSA

The following internal problem areas have been identified by the leadership of the AGSA:

- High vacancy rate resulting in shortage of staff
- Attracting and retaining high calibre staff
- Leadership effectiveness
- Change management
- The recognition and rewarding of employees
- Working in teams
- Communication
- Coaching and mentoring
- The organisational culture
- Diversity management
- Performance management
- Communicating audit findings in a simple, non-technical, easy to understand manner to stakeholders

The main internal challenges facing the AGSA are as follows:

- **High Vacancy Rate**

The auditing profession in South Africa has a severe shortage of personnel at all levels (trainees, partly qualified, and qualified). There are several reasons for this. The process of qualifying as an auditor in South Africa is onerous. At this stage, the only body recognised to train auditors by the Independent Regularity Board of Auditors (IRBA) is the South African Institute of Chartered Accountants (SAICA). The SAICA's current model is the specialist graduate route. This means that only a limited number of selected students have a chance to qualify as a CA. The country eagerly awaits IRBA's transformation initiatives. The Association of Chartered Certified Accountants (ACCA), an international body that trains auditors, has applied for accreditation with the IRBA. Should the ACCA be successful in their IRBA application, they will contribute to alleviating the shortage of auditors in the country. The AGSA also recognises

people trained by the Southern African Institute of Government Auditors (SAIGA). Their graduates are trained in both private and public sector auditing and the professionals coming from this stream are providing some relief to the AGSA. As at October 2008, the AGSA had 581 vacancies, which represents a vacancy rate of twenty-three percent.

- **Retention of Auditing Personnel**

The ability of the AGSA to attract and retain appropriately qualified and experienced staff is a challenge. There are several fundamental reasons for this. Some of these reasons are as follows:

- The general shortage of audit personnel in the country
- AGSA people moving to other government organisations and the private sector
- The AGSA being perceived to be a typical government department
- The competition for audit staff by the private audit firms.

- **Leadership Issues**

The AGSA has in recent years gone through several leadership changes. This brought about certain challenges and uncertainties to the environment. Some of these challenges include the leader's own style being introduced in the environment, which may sometimes conflict with the organisation's culture. A change in the leader's thinking, which may sometimes not necessarily consider the views of the employees. When there is a change in the leadership, they sometimes change the strategic direction of the organisation. The AGSA's leadership may not be aligned to the preferred leadership style of a Learning Organisation., that of mentor, coach and teacher. This would need to be researched and evaluated by the AGSA.

- **Working Capital Challenges**

This is a challenge to the AGSA as many auditees (local municipalities) are not paying their fees on time. This creates cash flow problems for the AGSA. This demonstrates the open system nature of the AGSA. Several interventions have been taken, including engaging politicians like ministers, premiers, director-generals etc. Despite this, collections remain a problem.

- **Risk Management Issues**

Risk in the internal AGSA environment is characterised by possible breach of the AGSA's internal controls. This could result in fraud and corruption. The AGSA has strong internal controls and a strong control environment. Any form of transgression is acted upon swiftly by the leadership. However, fraud and corruption can go undetected and therefore the AGSA may endure material losses.

- **Transformation**

The AGSA is an old established entity, which existed during the apartheid era and was then taken into the democratic era (post 1994). Although the AGSA has done much to transform, transformation remains a challenge. This is with respect to employment equity and allocation of orders to BEE firms for example.

- **Communication**

Communication internally and externally is a challenge. The internal challenges are that not everybody becomes aware of or understand important decisions. There is evidence that indicates that the AGSA has placed great effort lately to improve its channels of communication. The AGSA is committed to conveying its audit findings in a simple manner, so that its messages are understood and acted upon by its auditees.

1.4.4 Continuous Quality Improvement in the AGSA

In order to meet its constitutional mandate, the AGSA has to ensure continuous quality improvement in its environment and offerings. The needs of auditees and other stakeholders change on an on-going basis. The AGSA, like all other organisations, has a need to be relevant, effective and efficient.

1.4.5 Recognition, Relevance, Effectiveness and Role of the AGSA in the Public Sector

The AGSA may need to remodel its modus operandi and its strategic intent within a shorter time scale than has been the case in the past. This is due to the rate of change in the environment in which the AGSA operates. By re-visiting its vision, mission, goals, objectives, values, strategic intent and modus operandi at appropriate time intervals, the AGSA can ensure that it remains relevant, effective, efficient and recognised by its stakeholders and therefore meeting its constitutional mandate.

In order to be relevant, the AGSA has to be a Learning Organisation, so that it can cope with change, lead change, innovative and continuously improve. This will ensure that it is meeting the expectations of its stakeholders. Stakeholders place very high reliance on the audit opinion expressed by the AGSA on the various public sector organisations that it audits.

1.5 OBJECTIVES OF THE RESEARCH

In order to be relevant, the AGSA has to be effective. It also has to be efficient as it has to ensure that it conducts its audits cost effectively. The AGSA has to be engaged with continuous learning in order to cope with change. It also has to innovate so that it is able to cope with challenges that it faces, for example, the need to develop sophisticated methodologies in auditing, particularly IT auditing, in order to detect ever increasing complex fraud.

To ensure that the AGSA is effective and efficient in providing a quality auditing service, the following primary and secondary research objectives have been formulated:

- **Primary Objectives**

The primary objective of the study is to understand how the Learning Organisation concept may assist the AGSA in becoming more effective, efficient and relevant as an organisation.

- **Secondary Objectives**

To achieve the primary objective by:

- Becoming a mature Learning Organisation
- Being able to cope with change and lead change
- Being able to develop a fuller understanding of the challenges facing the AGSA's auditees
- Being able to offer more indications of root causes for their audit findings so that auditees are able to take corrective action

1.6 SCOPE AND CONSTRAINTS OF THE RESEARCH

1.6.1 Scope of Research

The research explores the Learning Organisation concept as a tool to make learning, innovation and continuous improvement possible.

It is not the intention of the research to develop a model of the Learning Organisation for adoption by the AGSA. It is intended to explore the principles of the Learning Organisation concept that may be relevant to the AGSA and to deduce what possible benefits may flow to the AGSA, should the AGSA adopt the concept at a higher level of engagement.

1.6.2 Constraining Factors

There are a number of factors that impacted on the quality and effectiveness of this research, including:

- Small sample size. Given the time limit, a small sample size was chosen, which may have impacted on the quality and validity of the research findings based on a qualitative methodology
- Response rate. The response was unpredictable
- Time constraints. The research had to be completed in a very short time span, and this would have impacted on the depth of the research

1.7 STRUCTURE OF THE DISSERTATION

The structure of the dissertation is as follows:

- **Chapter 1**

This chapter lays the foundation of the research. It provides background information in the form a preliminary literature review on the relevant subject matter and the organisation in which the research is to be undertaken. The problem to be researched is discussed in some detail and the research objectives as well as the scope and limitations of the research are briefly mentioned.

- **Chapter 2**

Chapter 2 covers the review of the relevant subject matter as found in various literature sources, including text books, journals, the Internet and other sources.

- **Chapter 3**

This chapter covers the methodology that was used to conduct the research and motivates why this particular approach was the preferred one.

- **Chapter 4**

This chapter contains the analysis of the answers obtained by using the research methodology and tools discussed in chapter 3. The results of the analysis will be briefly discussed.

- **Chapter 5**

This is the final chapter and contains the findings resulting from the analysis and discussion in chapter 4. Some recommendations will be made in respect of how the organisation can become more effective and efficient. The research objectives will be reviewed to establish whether or not they have been achieved, and areas for future research will be identified.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

When reviewing literature in respect of Learning Organisations, it became apparent that different scholars focus on different areas, such as systems dynamics, organisational strategy, organisational culture or human resources. This is most likely because the theory about the Learning Organisation concept include many different areas within the organisation development theme (Argyris & Schon, 1996:15).

The environment, both internal and external, in which organisations operate is subject to rapid change and is therefore becoming increasingly complex. Organisations experience turbulence and uncertainty due to change, which is brought about by globalisation and the competitive nature of business (French & Bell, 2000:22). Technological advances also drive change (Van Wyk, 2005:1). Learning helps organisations deal with current and future challenges. Without learning, organisations cannot create knowledge, innovate or improve its effectiveness and efficiency. Organisations, where people learn continuously are innovative and become market leaders in their segment. According to Senge (1990:4), “in order for organisations to excel, organisations must create an environment in which people can learn at all levels in the organisation”. It is through individuals learning that organisations learn to cope with change and the future.

New management principles are needed in order to be able to make better use of learning (Probst & Buchel, 1997:15). The concept of the Learning Organisation is a well known theory which organisations can use to gain competitive advantage in the market place.

Therefore, the theory and disciplines of the Learning Organisation need to be explored in the context of this research project to gain a better understanding of the topic and to support or dispute the findings of this research. In this chapter various definitions formulated for learning organisations will be considered to find one that is most applicable to the AGSA and can form the foundation for the AGSA to become a mature Learning Organisation. The underlying theory of Learning Organisations will also be explored and contrasted with organisational learning.

2.2 DEFINING THE LEARNING ORGANISATION

The authors (Bennett & O' Brein, 1994:80; Garrat, 1990:77; Garvin, 1993:80; Gouillart & Kelly, 1995:5; McGill & Slocum, 1994:136; Peters, 1992: 441; Senge, 1990:15) of various literatures define the Learning Organisation in different ways depending on the discipline where their expertise lie. However, as will be seen from the discussion in this section, each addresses certain common elements of learning, such as thinking about the future, embracing change, and building capacity to learn within fast-changing environments.

Garvin (1993:80) defines a Learning Organisation as a system that is dynamic and changing constantly, which strives to acquire and create knowledge to be innovative and improve performance. According Garvin, a dynamic system is symptomatic of an organisation that responds to and embraces change which then is used as a trigger to learn and improve.

Garvin (1993:80) offers another explanation of a Learning Organisation, as an organisation that is expert at creating, acquiring and transferring knowledge and therefore has the ability to direct its behaviour to use acquired knowledge for its advantage. Knowledge is created through learning by people at all levels in the organisation, however, knowledge creation must be directed in a way that the knowledge created is useful for the organisation. The Learning Organisation can be seen as a knowledge organisation.

A Learning Organisation makes people think in new ways and to use this new knowledge in a way that it enables not only getting the work done, but to also cope with and lead change. All organisations need an intervention to cope with change and the will to embrace change is a good starting point, but it is not enough. Organisations must have the tools to embrace and take advantage of change, which includes having the correct mindset to embrace change. (Garvin, 1993:71).

Garvin (1993: 91) recognises that a Learning Organisation learns in a way so that it can apply relevant learning to the advantage of the organisation. Therefore learning must be channelled in the right direction to be beneficial to the organisation.

According to Senge (1990:15), a Learning Organisation is an organisation that ensures that its employees are learning so that its future is secured. Such an organisation does not have survival as its primary goal, but rather how it can grow through innovation. Survival learning, or what is more often termed 'adaptive learning', must be joined by 'generative learning,' that is, learning

that enhances the capacity to create. Learning is generally accepted as the fundamental process to create new products, new services, new offerings and new methodologies, etc. An approach of mere survival might have been acceptable in the past, but in today's world, organisations have to create, be innovative, grow and be ahead of their competitors. In order to do this, organisations have to have people that are learning (Senge, 1990).

Senge (1990:340) fundamentally looks at a Learning Organisation as an organisation where people are learning to learn together as a team (team learning), which is one of Senge's five disciplines of the Learning Organisation. Team learning is when people form groups to learn in order to achieve the results that they want (Senge, 2006:218). The level of complexity makes it very risky, if not impossible, for one person to make major important decisions. As a result most important decisions are made by teams rather than individuals, which captures the importance of team learning.

Senge (2006: 3) ultimately defines a Learning Organisation as:

“Organisations where people continually expand their capacity to create the results they truly desire, where collective aspiration is set free, and where people are continually learning how to learn together. As the world becomes more interconnected and business becomes more complex and dynamic, work must become more ‘learningful’”.

Other definitions follow a similar trend to that set by Garvin and Senge. Some of the more relevant definitions are briefly discussed in the remainder of this section.

Bennett & O'Brien (1994:42) describe a Learning Organisation as an organisation that embraces change and encourages learning as fundamental of its culture. The correct organisational culture embraces and drives change, which in turn triggers learning.

A Learning Organisation is an organisation that has or builds capacity to ensure that learning takes place and that it is able to cope with change. Organisations must ensure that they employ people not only for their knowledge but also for their ability and willingness to learn. Learning is a continuous process and the organisation must encourage its people to learn continuously. (Gephart & Marsick, 1996:36).

According to Cohen & Sproull (1999:176), what an individual learns in an organisation is influenced by internal knowledge and information of the organisation. This kind of learning does not necessarily create new knowledge and therefore generally no innovation comes out of

it. However, it is an important form of learning that enables knowledge in the organisation to be transferred amongst its people. The knowledge gained is through institutional knowledge.

Learning is a continuous process, as the world changes at an alarming rate, people must learn continuously in order to cope with change, to innovate and be competitive. Learning is an infinite process and therefore people must not stop learning. Any organisation that stops learning will eventually fail. Nobody can ever be an expert in their field; they have to learn about their subject matter continuously (Peters, 1992:441).

Gouillart & Kelly (1995:5) state that an organisation succeeds by empowering its people with knowledge and creating the correct atmosphere for its people to learn. This will lead to an efficient organisation, with satisfied customers and greater profitability. People learn if the environment is conducive to learning.

McGill & Slocum (1994:136) call the Learning Organisation a smart organisation that learns from its customers, its suppliers and other stakeholders and uses this knowledge to improve service and products. The process of improving through experience, observation and reflection, and experimentation is characteristic of a Learning Organisation.

Garratt (1990:77) defines a Learning Organisation as an organisation that encourages its people at all levels in the organisation to learn. One of the key principles of the Learning Organisation is that people from all levels within an organisation should be learners, irrespective of their position or their level of education.

From the definitions briefly discussed, a Learning Organisation is therefore an organisation in which learning and learning processes are analysed, monitored, developed, managed and aligned, with improvement and innovation evident. Its vision, strategy, leaders, values, structures, systems, processes and practices all work to foster people's learning and development and to accelerate systems-level learning. The Learning Organisation thus leads innovation and is therefore generally a leader in their field. The researcher submits that this is possibly the kind of Learning Organisation that the AGSA should strive to be.

2.3 ORGANISATIONAL LEARNING VERSUS THE LEARNING ORGANISATION

Two concepts that are sometimes confusing because of similarities and differences are Organisational Learning and the Learning Organisation. Both are relevant when considering an organisation's ability to learn and adapt. However, it could be argued that Organisational Learning is more important from a strategic perspective, as it focuses on organisational wide processes to institutionalise learning. In this section, the nature of the two processes will be highlighted and then the concept of the Learning Organisation will be explored in more detail.

Organisational Learning is a collective term for activities such as learning activities performed in an organisation that is aimed at improving the activities that enables the organisation to improve performance (Love, 2000). Such learning is often focused on individuals or groups, but is not necessarily supported by processes aimed at ensuring transfer of this knowledge to work processes or to other groups within the organisation. While individual learning can contribute to organisational learning, on its own it is not enough to ensure adaptation in complex changing environments, as it does not necessarily mobilise the organisation to confront its strategic issues.

Some degree of learning takes place in all organisations, but to be a Learning Organisation requires that the organisation has people that are constantly learning. Senge (2006: 4) says that as business and the world becomes more interconnected due to globalisation, and therefore more complex and dynamic, it is no longer possible for one person to learn for the entire organisation. The days of a single heroic figure at the top of an organisation, like Bill Gates of Microsoft, are over. Therefore, everybody in an organisation must be a learner and the organisation must encourage its people to learn. Learning organisations are possible because people are naturally learners (Senge, 2006: 4). Organisations must not rely on a passive or ad-hoc process in the hope that Organisational Learning will take place as a by-product of normal work (Ilmanen *et al.*, 2006:37). Learning must therefore be encouraged and structured.

Organisational learning is systems level learning and is used to change the organisation on a continuous basis. Group and systems level learning is central to the organisational learning concept. Hedberg (1981) cited in Fiol & Lyles (1985:805), said that organisations do not have brains like its people, but they have cognitive systems and memories. Individual learning is central to the learning organisation concept (Wang, Yang and McLean, 2007:156). Wang *et al.*, (2007) confirm that there is an inter-dependent relationship between the Learning Organisation concept and Organisational Learning.

Mirvis (1993), cited in Love (2000:324), said that Organisational Learning is the process of quantifying learning activities. Therefore, for learning to have meaning and purpose, there must be structure. Learning can have a certain amount of freedom as well, as long as the learner understands the aims and objectives of the organisation that he/she is serving.

However, Organisational Learning is not the sum of each employee's learning (Fiol & Lyles, 1985: 805). It is the learning systems in organisations that influence and inform employees. Employees that are learning together and are encouraged to learn because of organisational culture contribute to Organisational Learning. Many employees learning together result in Organisational Learning (Senge, 2006:10). It also involves turning tacit knowledge into explicit knowledge. Tacit knowledge is knowledge that an individual possesses, without necessarily being able to put it into words (Polanyi & Prosch, 1975:86). Jennex (2009:28) distinguishes between tacit knowledge, that is, knowledge that is not formally recorded and explicit knowledge, that is, knowledge that can be easily explained and documented. Nonaka, Toyama & Konno (2000: 5) explain that explicit knowledge is knowledge that is codified, systemic, formal and easy to communicate.

In the context of Organisational Learning, there is acceptance that knowledge can be passed on through written means, such as manuals, etc., and verbally. Nonaka et al, (2000:6) suggests that knowledge creation occurs through a process of socialisation, where tacit knowledge can be passed on. Whilst there is merit in the argument, Jennex (2009:90), counters that tacit knowledge does not flow well in organisations that experience high staff turnover. This can be a serious impediment in the world today, as more and more people work in organisations for shorter periods of time.

Organisational Learning, when taken in context of the Learning Organisation, is a powerful driving force which can contribute to the continual improvement and success of an organisation. Organisational Learning is more than the collating and using of information. The most important challenge with the stimulation of a Learning Organisation is to succeed with the articulation of tacit knowledge, that is, knowledge that is not obvious and not necessarily recorded and to understand that all people in the organisation learn through experiences. After that, this knowledge has to be accessible for other people in the organisation, so that it can be tested and be of benefit to the entire organisation (Jacobson & Thorsvik (1995), cited in Ilmanen *et al.*, 2006:37).

Knowledge management is one the latest “off springs of organisational learning” (de la Mothe & Foray, 2001:9) and knowledge is one of the key assets of an organisation. Davenport &

Prusak, (1998) cited in Evans (2003: 4), say that idea generation forms the catalyst for other ideas to be generated. Sharing knowledge implies that it is transferred from the giver to the receiver. The concept of giving to the receiver links the Learning Organisation concept to Organisational Learning. The giver is the individual learner or group of learners and the receiver is the organisation, who then institutionalises the knowledge, for use by all the people within the organisation.

Conversely, Probst & Buchel (1997), cited in Ilmanen *et al.*, (2006:39) claim that organisational knowledge is independent of individuals. Individual knowledge is only partly accessible for the organisation, whereas organisational knowledge and memory can be stored, for example in work procedures. The authors declare that individual learning is highly important for Organisational Learning because individuals are at the centre of learning.

The Learning Organisation is able to learn from the experiences it has with respect to customers, competitors and suppliers, and is able then to use this knowledge to create an environment within which they can be successful. It is the process of learning that makes an organisation more efficient and effective and which gives them a competitive advantage (McGill & Slocum, 1994:43). Learning Organisations create a culture that promote learning by encouraging openness to experience, responsible risk-taking, and a willingness to acknowledge failures and to learn from them. They also encourage interaction between company and suppliers, by making the boundaries between these groups more permeable and by creating structures and processes that enable this to happen (McGill & Slocum, 1994:48). Organisations learn through employees that are learning. Organisational Learning is strongly supported if it takes place in a Learning Organisation.

The differences between Organisational Learning and the Learning Organisations can be summarised as follows:

- **Organisational Learning**

Organisational Learning is a process that is demonstrated by the degree to which individuals acquire chunks of knowledge, develop and spread this knowledge within the organisation, persuading others to accept it and to see it as potentially useful (Huber, 1991:115). Organisational Learning is a collective term for the various activities performed in an organisation to improve the organisation. Simply put, this is a series of performance improvement activities. Mirvis (1993), cited in Love (2000:324), said that Organisational Learning is a descriptive term to explain and quantify learning activities. According to Probst & Buchel (1997:15) Organisational Learning is the process by which the organisation's knowledge and value base changes, leading to improved problem-solving ability and capacity

for action. De la Mothe & Foray (2001:44) said that Organisational Learning is the process of documenting knowledge for wider use in the organisation. This is the written memory as a learning program, such as, instruction manuals, maintenance documents, expert systems, etc.

- **Learning Organisation**

The Learning Organisation on the other hand is an institution that identifies, promotes and evaluates the quality of the learning processes within the organisation (Tsang, 1997: 89). It creates processes and structures that ensure that learning takes place, that new knowledge is created, that the knowledge gained is shared throughout the organisation, is applied and updated, in order to deal with the challenges that it faces. It encourages dissent, creativity and second-order learning, so that existing practices are challenged and changed through active experimentation, using the results as opportunities for further learning. Garvin (1993:340) said that a Learning Organisation applies acquired knowledge in a practical manner. The term Learning Organisation therefore tends to refer to organisations designed to enable learning. That is, having an organisational structure with the capability to facilitate learning, the leadership creating the right atmosphere for learning and where learning is already occurring.

2.4 WHY BECOME A LEARNING ORGANISATION?

From the preceding discussion of literature it becomes evident that organisations need to be Learning Organisations for the following reasons:

- Their internal and external environments are constantly changing, due to globalisation and competition
- In order to cope with change, organisations have to learn
- Competition force organisations to learn and through their learning innovate to stay competitive
- To improve and become more effective and efficient
- To increase profitability
- To understand risks and mitigate these risks
- To have a positive, committed workforce, as Learning Organisations are argued to be happy places to work in
- For the people in the organisation to understand the inter-dependencies amongst the various departments and understand the inter-connectedness with the external environment

In striving to become a Learning Organisation, how does management know that they are on the right path or have achieved their goals? One measure that can serve as a guideline is to consider the characteristics of a Learning Organisation, which include:

- The correct atmosphere and opportunities for its people to learn have been created by the organisation's leadership
- They are generally leaders in their field as, through their learning, they are innovative
- Learning Organisations link their people's performance with organisational performance and this forms the basis for their performance management systems
- They structure their people's learning, so that learning outcomes are practical and can be applied in the organisation, improving their services and products
- They recognise and reward the people who are willing to learn and share the knowledge throughout the organisation

2.5 ORGANISATIONAL ELEMENTS THAT SUPPORT OR PROMOTE THE DEVELOPMENT OF A LEARNING ORGANISATION

2.5.1 Introduction

There are many factors that are critical to becoming a successful Learning Organisation that have to be considered when debating whether the concept of the Learning Organisation can be implemented in practice. These critical factors collectively amount to the portmanteau question: Is it really possible to become a Learning Organisation?

The critical factors as per McGill & Slocum (1994) include:

- Learning behaviours
- Organisational structure
- Organisational culture
- Leadership
- Change
- Continuous improvement

2.5.2 Learning Behaviours

People in organisations must be led to learning and leaders themselves must be learning. McGill & Slocum (1994) suggest that the following five core learning behaviours are required for a Learning Organisation:

- **Openness**

Organisations and managers must be truly open to the widest possible range of perspectives in order to maximize their own experiences and generate alternatives.

- **Systemic Thinking**

This is the ability to see connections between the events, issues, and data points - to think of the whole rather than the parts.

- **Creativity**

This requires personal flexibility. Organisation members must be willing to adjust their behaviour to changing situations. The other important requirement of creativity is freeing managers to exercise personal flexibility, which implies freeing them from a fear of failure and the organisational consequences. Leaders must create the correct atmosphere for learning to take place.

- **Personal Efficacy**

Learning requires that managers actively seek information about the impact of their own behaviours on others.

- **Empathy**

Managers in Learning Organisations are concerned with repairing strained relationships. The learning manager will use empathetic skills to positively resolve breakdowns in communications, the loss of confidence and trust, and the dissolution of relationships.

These learning behaviours collectively contribute to becoming a Learning Organisation. A starting point in the process of developing a Learning Organisation is “unlearning”, which implies discarding knowledge that may have worked in the past but is no longer working. Unlearning is the way to new practices and responses. By unlearning, managers create the conditions whereby they can learn to think about their behaviours in radically different ways. (McGill & Slocum, 1994).

Jackson (1997:9) says that people are an important resource in organisations. The progression from the machine age to the knowledge age now makes people a critical component of an organisation. Extracting tacit knowledge from people is difficult but necessary, as critical knowledge is often in peoples’ heads but not institutionalised and therefore not available to all whom may require the knowledge. Therefore, people should not learn for themselves, but share the knowledge that they acquire, which is fundamental to a Learning Organisation.

Recognition and reward is an important behaviour characteristic within a Learning Organisation and can be used successfully to encourage people to learn. One fundamental way of doing this is through the process of appropriate recognition and reward for learning. People must be employed not only for their knowledge but also for their attitude towards learning. The reward system should be geared towards recognising and reinforcing learning.

2.5.3 Organisational Structure

The physical shape of an organisation's structure is not important, but what is important is how structure promotes learning. Structures in Learning Organisations is characterised by permeability, flexibility and network intimacy. Structures must promote learning behaviours and for this to happen, managers themselves must be learners.

Goh & Richards (1997:183) say that a Learning Organisation must be deliberately planned. As learning picks up momentum, an organisation may have to adjust its structure, so that learning can continue to grow and continue to be stimulated.

Mirvis (1993), cited in Love (2000:324) said that Learning Organisations focus on:

“Managing chaos and flattening hierarchies, decentralization, empowerment of people, teamwork and cross-functional team network relationships, adoption of new technologies and new forms of leadership and mentoring”

The first two important disciplines mentioned are managing chaos and flattening hierarchies. Flattening of hierarchies is a natural key driver for learning as this tends to speed up and improve communication within the organisation. It is also easier for employees to get to know and understand the workings of the organisation, its environment and its challenges in order to direct their learning. Organisational chaos also becomes easier to manage in a flat organisational structure (Mirvis (1993), cited in Love (2000:324)).

Learning must have purpose and must be beneficial to the organisation. For this reason learning must have direction, be practical and relevant to assist the organisation to grow and survive in the long-term. Learning for the sake of learning is not always adequate, therefore there is merit in top down learning, where the leadership takes the initiative and gives direction to the learning that needs to take place. This learning will have purpose, direction, be practical and relevant so that the organisation benefits in respect of improved services, products, efficiency, effectiveness and higher profits. (Goh & Richards, 1997:214).

An organisation does not exist in a cocoon; it has to interact and work with the world. The people in the organisation must have an understanding of how their organisation interacts with the world, and learning can assist this process. The boundaries of an open system are haphazard, allowing for feedback from the external environment, which can have a positive or negative influence on learning in an organisation. Learning from customers, suppliers and other stakeholders, including the competition, is valuable and can make the organisation more effective, efficient and competitive (French, Bell and Zawacki, 1989:64).

Mayle (2006:173) and Denver (1997:2) support the previous thinking. In order to succeed over time, organisations have to change by developing and implementing new strategies and structures that are necessary to accommodate changing environmental conditions. Therefore, a static structure will not support a Learning Organisation. The Learning Organisation must ensure that the organisational structure will encourage learning, so that it may become more effective and efficient.

The organisational culture has a major influence on how effectively the organisational structure will support learning and must be considered. It must support the redesigning of the organisation's structures in order to give effect to the changes in the environment (Simons, 2005: 1).

2.5.4 Organisational Culture

Certain cultures can be a liability to an organisation. These include, but are not limited to the following:

- Those that create barriers to change
- Those that do not embrace diversity or do not have a committed plan to diversify management
- Those that are negative towards mergers and acquisition
- Those that do not encourage learning
- Those that do not recognise their employees' achievements and also do not reward appropriately
- Those that have a negative leadership

In order to use culture as a basis of promoting learning, people need to understand the culture in their organisations. By understanding their organisational culture, people can strive to make the necessary changes to their culture, so that it will encourage learning.

Cohen & Sproull (1999:61) said that people are measured by their job performance, which is in turn measured against a rigid job description which contributes to a rigid and restrictive organisational culture as found in many organisations. If the culture is restrictive, the atmosphere for people to learn is diminished. People will become mechanical in their thinking and execution of their duties. They are not encouraged to think, be innovative, make mistakes in a responsible manner and learn. Cohen & Sproull (1999:176) add that individual learning in organisations is a “social and not a solitary phenomenon”. Organisations learn more quickly when they hire appropriately trained personnel (Cohen & Sproull, 1999:250). Therefore, the organisational culture must be supportive of learning. Learning must be a natural part of the organisation’s culture, which will have the desired effect of individuals’ naturally displaying learning behaviour.

To succeed in creating the right atmosphere in an organisation, where different ideas can be triggered and implemented, the culture of the organisation has to be correct. Schien (2004) cited in Ilmanen *et al*, (2006:49), links organisational culture to the idea of a Learning Organisation. He argues that in a world of chaotic change, an organisation must learn even faster, which calls for a learning culture that works as a perpetual learning system. To implement this, the atmosphere in the organisation is important and there has to be openness and honesty from everybody in the organisation about their commitment to want to learn and to become a Learning Organisation.

Most people are able to sense their organisation’s culture. Understanding an organisation’s culture, especially the leaderships understanding of culture and their ability to change it as required is often the fine line between attracting and retaining or losing high quality people. People in the organisation need to be encouraged, challenged, recognised and rewarded for learning. These are strong indicators of a Learning Organisation.

Organisational culture plays a significant role in determining if an organisation is a Learning Organisation. According to Schachter (2005:3), “the importance of understanding organisational culture” is that “organisational culture is as prevalent and as varied as individuals themselves”. Organisational culture is complex, because people and organisations are complex, and it can have both a positive and negative impact on people. Most environments are volatile today. Culture must be moulded to have the desired positive impact on an organisation and its people. Culture is not a static non-living organism, as the people in an organisation determine the culture. Therefore, the leadership must at all times be aware of the organisational culture and influence it in a way that it is positive and that it supports learning (Schachter, 2005).

Organisational culture must support individual and organisational learning. Only then will employees have a culture of learning. The Learning Organisation will embrace change and be innovative and therefore survive in the medium to long term. The culture of many people learning together will result in organisational learning. Leaders must inspire learning by their people. (Ilamen *et al.*, (2006:76).

Organisational culture is a “pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the way in which people behave and get things done” (Armstrong (2003), cited in Knight & Marshall, 2008: 265). Stewart (1993:156) adds that an organisation’s culture is the basic assumptions shared by its people. The collective of an organisation’s culture is therefore informed by its values, norms and attitudes. In organisations there are structures, goals, strategies, etc., which are the known visible elements. The invisible elements are the basic assumptions and beliefs, for example. The invisible and unwritten elements make up the larger section number of elements of organisational culture according to French & Bell (1990, 1999), cited in Knight & Marshall (2008:263), and it is these unwritten rules that largely inform the organisation’s culture and is handed down over the many generations of employees.

According to Cummings & Worsley (2005), cited in Knight & Marshall (2008:265), culture must influence “strategy formulation and implementation, as well as a firm’s performance”. Miles (1982), cited in Fiol & Lyles (1985: 805) said that an organisation has leeway and choice in how they adjust to a changing environment. They can adjust their strategy in a way that the organisational culture can support learning whilst the organisation is enduring change.

In order for its people to achieve high levels of performance, organisations need to have a culture of tough targets, investment in technology and people that are highly committed (Wilson, 1995:304).

Mitchell & McAdam (1999:S653) conclude that over the last decade many public sector organisations are being positively influenced by their respective governments to develop a business like culture to service delivery. Culture change in a public sector organisation is by no means easy. However, if the organisation is a Learning Organisation, then culture change would be embraced easier.

Knowledge management must be part of organisational culture that supports the exchange of information, knowledge and experiences amongst the organisations people (Mertins *et al.*,

2003:3). Knowledge creation can be enhanced by adoption of the Learning Organisation concept, as learning creates knowledge.

2.5.5 Leadership

The leadership style that is required in a Learning organisation is one of designer, steward and teacher. The leader must act as a role model, so that the employees can follow his/her behaviour. In addition, he/she has to generate creative tension to initiate the motivating power of the vision. Both tasks are related to the culture of the organisation, which the leader strongly influences. It is important that he/she creates an atmosphere that supports the sharing of knowledge. This implies the provision of information. In order to fulfil this role the leader has to act more as a coach and not as an authoritarian leader (Senge, 2006:321).

It is important to change the attitude of the people in the organisation so that everybody is willing to learn and to share their individual knowledge, and are open to change. However, as this cannot be done in a prescriptive manner, the leadership has to create the correct atmosphere, where learning is encouraged, supported and promoted and becomes integral to the organisation's culture. The leadership style also has to be in accord with this, the leader as coach, mentor and steward (Refer to Section 2.7.6.) Staff must be given the space to be creative, explore, experiment, make mistakes and learn. The leader should encourage self-leading teams (Ilmanen *et al*, 2006:46).

Senge (1990:376) states that in order to become a Learning Organisation, the role of the leader has to change to being a coach, mentor and steward.

Senge's (1990:340-341) view of the leader in a Learning Organisation is widely accepted as the kind of leadership that a Learning Organisation would require to succeed as such, that is, leader as coach, mentor, steward. According to Aramburu, Saenz and Rivera (2006:438) other necessary actions required of the leader are as follows:

- Create continuous learning opportunities
- Encourage collaboration and team learning
- Establish systems to capture and share learning
- Empower people towards a shared vision
- Promote dialogue and inquiry

There are basically two types of approaches for learning. The first approach is learning that is initiated and developed by senior management - they involve a “top-down,” managerially imposed vision. The other approach advocate a more “bottom up” approach that is, learning being done voluntarily by the people in an organisation.

According to Ilamen *et al.*, (2006: 76):

“Our traditional views of leaders as special people who set the direction, make the key decisions and energise the troops are deeply rooted in an individualistic and non-systemic worldview. At its heart, the traditional view of leadership is based on assumptions of peoples’ powerlessness, their lack of personal vision and inability to master the forces of change, deficits which can be remedied only by a few great leaders. The modern view of leadership in Learning Organisations centres on subtler and more important tasks. In Learning Organisations, leaders are designers, stewards and teachers. They are responsible for building organisations where people continually expand their capability to understand complexity, clarify vision and improve shared mental models, that is, they are responsible for learning. The leader must inspire (breathe life into). The role of the leader is to be the designer”.

Without the correct leadership, no organisation can be a successful Learning Organisation. The kind of leadership an organisation requires to become a Learning Organisation is debated at length, but clearly there must be a special kind of leadership where leaders are coaches, mentors and stewards.

2.5.6 Change

The environment in which an organisation operates today demands swift response to change, as change is a constant factor in the environment. No organisation can survive if it does not respond or indeed embrace change. The people in an organisation, its structures and their processes must be aligned to the temperature of the environment. The organisation must collectively be able to embrace change and often lead change.

According to Kotter (1996:6), leadership must drive change in an organisation; otherwise ‘major’ change will not be possible. Change in the internal and external environment triggers

learning by organisations and its people, in order to stay relevant and to survive. McGill & Slocum (1994:x) talk about the need to learn to change and learn from change.

According to McWhinney (1992:58):

“In the past few decades, we have come to recognise that, to effect intentional changes in society and in our personal lives; we must go beyond new stimulus response patterns to learn about learning”.

A Learning Organisation does not only embrace change, but often leads change. Change can be deliberate and self initiated or imposed on the organisation by factors beyond its control.

According to Probst & Buchel (1997), cited in IImanen *et al.*, (2006:16), change calls for change agents who are individuals, elites, groups and social systems in general terms and who can initiate the change process. Change always requires a change in culture and leaders have the strongest influence on the creation of the correct culture of embracing change (Schein, 2004:395). If the leadership drives change, then people within the organisation will embrace change.

Harris (1998), cited in IImanen *et al.*, (2006:9), said that in order to stay competitive, organisations have to change and often lead change. Survival and sustainability is not possible without embracing change and using change as a trigger to improve, to innovate and to achieve your life's desire.

McGill & Slocum (1994:43) say that smarter organisations learn to change and learn from change. One of the greatest drivers of change is technology. “Managers must continually readjust their strategies and realign their organisations to reflect the underlying dynamics of technological change in their markets” (Mayle, 2006:175).

The rate of change is such that it often results in transformational change. This is because even if the current ways of doing things are improved, it cannot achieve the business strategy required to succeed in its radically different business environment (Anderson & Anderson, 2001:4).

Change can be revolutionary, that is, radical or evolutionary (incremental). The extent of the organisation's alignment to the environment and expected future change will determine the change approach (Knight & Marshall, 2008:59-60).

Learning about new things creates the capability for an organisation to change. However, sometimes there is strong resistance to change which needs to be overcome before learning can take place. A learning culture can help overcome resistance and embrace change (Green, 2007:246-247). Learning enables employees to become high performers who can lead the change process (Evans, 2003:120).

Organisational change depends largely on the people who facilitate and support the change process (Dealy & Thomas, 2006:52). Without the correct commitment from the leadership and the people in an organisation, any change intervention is destined to fail.

Most organisations worldwide are impacted by on-going change and they have to continuously reinvent themselves in order to be relevant and survive. They have to be responsive to the needs of the environment and their clients. Failure to change could result in the demise of an organisation. Change drives learning, learning drives innovation, which in turn drives growth and relevance. Due to innovation and competition products and services in the world markets change at an alarming rate.

Bennett & O'Brien (1994:41), said that:

“To survive and prosper on the white water ride into the 21st century, we must adopt a new way of managing that is based on our organisation's capacity to learn and change-continuously and quickly.”

The white water 'ride' that Bennett & O'Brien (1994) refer to is a metaphor to describe the turbulence that is found in the world today. Nothing is static and not much is predictable. Change is continuous. People and organisations are compelled to change. Change starts with individuals changing. Change must be deliberate, conscious and purposeful.

Bennett & O'Brien (1994:46) add that:

“we must adopt a new way of managing that is based on our organisation's capacity to learn and change- continuously and quickly.”

The Learning Organisation concept enables learning. Through learning, people have confidence to be able to change continuously and quickly.

Whilst there are different perspectives to change, one can see that change necessitates learning, innovation and continuous improvement. The Learning Organisation concept therefore is linked

with change management. Change creates the need to learn and learners develop the courage to embrace change and eventually lead change.

2.5.7 Continuous Improvement

“In the past fifteen to twenty years, organisations have moved from total quality to learning to world class continuous improvement and innovation, in order to remain effective and relevant” (Hodgetts & Luthans, 1994:5).

According to Garvin (1993:78) to achieve continuous improvement, there must be a deep commitment to learning.

The need for world-class continuous improvement and innovation is no longer a debate, it is now normal practice. The demand from organisational stakeholders, like its customers, continues to grow. Organisations also have to remain competitive and strive to be ahead of their competitors. Failure to do so may result in the organisation becoming irrelevant and may lead to its ultimate failure.

Best quality is no longer an objective; it is now a standard offering of an organisation. Competition has ensured that the quality of products and services are of the highest standard. If an organisations quality is sub-standard, the customer will simply switch to the next organisation. Needless to mention, the defaulting organisation will soon be out of business.

Innovation is now a critical objective of all organisations, but organisations become innovative through learning. The change in the environment has reduced the life span of products and services from years to months. Such is the rate of change in the world. An organisation that is a Learning Organisation will be well positioned to support and promote learning, resulting in innovation and continuous improvement.

By using a systems thinking approach, that is seeing the whole picture at the same time, to learning and innovation, people in their respective organisations can get a fuller appreciation of the challenges that they are facing. They are able to learn in a more informed way and thus their learning is expected to be more effective for its purpose. The innovation coming out of this kind of learning is expected to be far more profound for the organisation.

People improve through learning, in their personal capacity and organisationally (Anderson & Anderson, 2001:7). However, at some point this learning must be transferred to team learning.

Therefore, organisations have to actively support, promote, facilitate and reward team learning. In other words, actively create, capture, transfer and mobilise knowledge throughout the organisation in order to adapt to changes in its environment (Garrat, 1990:77).

Kerka (1995:1) said that:

“Most conceptualisations of the Learning Organisation seem to work on the assumption that learning is valuable, continuous, and most effective when shared and that every experience is an opportunity to learn.”

Team learning is more effective than an individual learning simply because the sum total of two or more persons' intelligent quotient is more than the sum total of a single person's intelligent quotient.

Agyris (1993), cited in Roper, Petit and Eade, (2003:2), said that:

“The learning organisation is pragmatic, normative and inspirational. There is a strong emphasis for creating knowledge for action, not knowledge for its own sake.”

Therefore, learning must be relevant, so that it enables the organisation to deal with its challenges, including innovation, change and continuously improving to remain competitive. This cannot be achieved without continuously learning as an organisation.

2.5.8 Conclusion

There appears to be consensus that learning is needed in order to deal with change, innovation and continuously improvement. Learning is also needed to keep people engaged, as it is in the human psychology to learn. The Learning Organisation concept is generally brought into sharp focus in an organisation when individuals in an organisation experience a problematic situation and try to solve it on behalf of the organisation. Before that, the organisation may well be a Learning Organisation, but possibly at a low level of maturity.

Ilamen *et al.* (2006:16) state that:

“The leaders have the task to create the right atmosphere that triggers the implementation of Learning Organisations.”

The leadership must create the correct atmosphere for its people to want to learn. Thereafter, learning will grow in leaps and bounds, particularly if the leadership recognises and rewards people that are learning.

2.6 SENGE'S FIVE DISCIPLINES

2.6.1 Introduction

Senge (1990, 2006), in his popular book, *The Fifth Discipline*, outlines five disciplines that he believes that organisations should concentrate on in their journey to becoming a Learning Organisation. The five disciplines that he advocates are “personal mastery, shared vision, team learning, mental models and systems thinking”. He maintains that whilst all five disciplines are important, systems thinking is at the heart of the Learning Organisation concept.

2.6.2 The Five Disciplines

It is human nature to learn. According to Senge (1990:276,376), in order to learn an organisation has to take the following five disciplines into consideration when deciding to become a Learning Organisation.

- **Systems Thinking**

Members of the organisation must look at the organisation as a whole. This enables employees to have an understanding of the connections between each part of the organisation. Consequently it is easier to create a picture showing the causes of the problems and how these can be solved to benefit the organisation as a whole and not just a single section in the organisation.

- **Personal Mastery**

The ability and willingness of the individual to learn is a basic assumption for the Learning Organisation. Individuals with personal mastery have enough self-discipline to develop and learn new skills and increase their knowledge. People who have a high level of personal mastery are very valuable to an organisation, since they have more initiative, learn faster and have a deeper sense of responsibility than people with low personal mastery.

- **Mental Models**

This is a tool that people use to interpret the world around them. If people are able to test and improve their internal pictures of how the world works, new good ideas can be developed in the organisation.

- **Building Shared Vision**

A shared vision exists when a group of people or team are connected to each other. It is a force in people's hearts that makes the organisation's vision their own, leading to a shared vision, creating a common identity. In a Learning Organisation, people must focus on a common goal that they want to reach.

- **Team Learning**

There is a need to master team learning in today's organisations, because the collective teams IQ is higher than the individual IQ. Multi-disciplinary teams have proven to generate learning, thoughts, ideas and innovation of a superior level than single disciplinary teams. Team members must be innovative, complement each other and be able to learn from other teams (Senge, 1990:236). Patten Jr. (1981:1) say that management can be improved by enabling managers to function as a team and therefore the formation of teams must be encouraged.

Senge (1990:257) supports this view when he says that "team learning is the process of aligning and developing the capacity of a team to create the results its members' desire". People working in teams, especially if they come from a mixture of work disciplines, produce extraordinary results. Senge (1990) advocates that people working in groups generally produce results superior to those of people working alone, which is partially due to engaging in constructive dialogue. However, there must be a common objective and understanding. It is also important that team members are changed from time to time to avoid stagnation in thinking and to ensure that different thought dynamics emerge.

Senge (1990:340) states that all of his five disciplines are important in order to be able to create a Learning Organisation. Each organisation and the challenges that they face are unique. Therefore, each organisation must focus on that principle or those principles which are most crucial to it developing a Learning Organisation.

2.6.3 Criticism of Senge's Work/ Obstacles to Creating a Learning Organisation

Senge (1994:10) acknowledges that there is no immediate blueprint for implementation of the Learning Organisation concept. The concept is complex to implement since one is dealing with people, company culture, company vision, personal vision, creative tension, styles of leadership, continuous change and other disciplines and obstacles. All of these factors and components put together create a major challenge for the people driving the implementation process.

Although there is ample literature on the subject of the Learning Organisation, there is little that deals with the implementation of the concept. For example, Senge (1996, 2006) postulates that every Learning Organisation is unique, but he does not explain how the organisation can decide which factors are of more importance for it.

However, Senge says that the organisation must decide which disciplines are more important to it and start with those disciplines in their journey to becoming a Learning Organisation.

There must be deep commitment by the people in an organisation to make it a true Learning Organisation, from the leadership downwards. Learning must have purpose, it just does not happen in an organisation. It has to be lead, directed, supported, promoted, encouraged, recognised and rewarded.

In the context of the AGSA, the following obstacles to creating a Learning Organisation may be experienced:

- Acceptance of the concept by employees and the leadership
- Confusion around what the Learning Organisation means to the AGSA
- No clear guidelines on the implementation of the concept
- Resistance to the implementation of the concept
- Lack of commitment by the leadership to support and promote learning, as they may be focused on meeting deadlines
- Lack of time for learning due the heavy pressure of work

Disciplines of the Learning Organisation adopted must be assessed regularly, due to changing circumstances, to ensure their relevance to the organisation.

2.6.4 Conclusion

Although the five disciplines are seen as fundamental to becoming a Learning Organisation, they are not the only disciplines that make up a Learning Organisation. There are other important disciplines that will need to be considered, for example, communication, working in groups, etc. The disciplines that will be most appropriate and relevant to an organisation will differ from organisation to organisation. The discipline to begin the implementation process will depend on the needs and circumstances of the organisation.

2.7 BECOMING A LEARNING ORGANISATION

2.7.1 Introduction

Although concepts and viewpoints that need to be considered when attempting to become a Learning Organisation may differ, common themes continue to surface throughout literature and include the following (mainly from Edmondson, 2006; Romig, 1996; Senge, 2006; Tjosvold, 1991):

- Leadership
- Shared leadership
- Leaders as coaches
- Constructive feedback
- The major roles of leaders, for example, Senge (2006) identifies the role of the leader as designer, steward and teacher
- Shared vision (Senge, 2006:192)
- Teamwork and team learning (Edmondson *et al*, 2006:1; Romig, 1996: 3; Tjosvold, 1991: xiii)
- Shared knowledge
- Balancing knowledge transfer as the core of the experience
- Cultivating knowledge through systemic leadership
- Facilitating organisational and personal development through knowledge management
- Fostering a work culture and creating a learning-centred climate
- Culture (Freiburg & Freiberg, 1996:173)
- Systems thinking (Jackson, 2000:1; Senge, 2006)
- Continuous quality improvement

According to Reschenthaler & Thompson, (1996:4) the Learning Organisation paradigm encapsulates the following:

- Capable of change and much more
- Able to lead and embrace change and is adaptable
- Focuses on continuous improvement as one of its main outcomes
- Acquires information and based on the latest information, it revisits its assumptions and makes change where necessary. This is supported through the process of idea sharing
- A Learning Organisation energises its people

The main concepts essential to the successful implementation of a Learning Organisation are briefly discussed in the following sections to provide sufficient understanding and to assist in determining whether or not the AGSA is a mature Learning Organisation.

2.7.2 Systems Thinking

“Complex problems involve richly interconnected sets of ‘parts’ and the relationships between the parts can be more important than the nature of the parts themselves.” (Jackson, 2000:1). The statement made by Jackson (2000) clearly illustrates the importance of system thinking, that seeing the whole rather than the individual parts. However, one can argue that this does not apply only to complex problems but also to smaller ones. Solving a small problem in one area and not thinking of the consequences of the action on the organisation as a whole can create a major problem somewhere else.

In today’s world there is information overload and people cannot absorb the abundance of information available. Further, the rate of change is phenomenal. Checkland (1983:661) said that people are aware how complex the world is, but to be able to handle the complexity, people need to think about the world as a system. The same argument can be applied to an organisation, although on a smaller scale, yet as complex.

A system is a way of looking at the world or organisation and seeing how the various elements are connected to each other to form a whole (Senge, 1990:376). By using systems thinking people think about the world outside them and connect the whole to its parts. Systems keep everything together. Cusins (1994:19-27) said that a system is distinguished from its environment by a boundary, which is haphazard. Inputs from the environment cross the border into the system and influence the pattern of the system they have entered. Cusins (1994) further adds that the flow in the system can be things such as material or information. This can be

compared to Senge's (2006) view on systems thinking, where new information will be transformed into new thinking and knowledge for the organisation. New knowledge is extremely important for organisations in order to induce members of the organisation to learn, and therefore systems thinking is an important component in the make-up of a Learning Organisation. By thinking of the organisation as a system and knowing what effect people's decisions have on others and the system itself, the system can help the organisation to gain knowledge and to become stronger (Senge, 1990:376).

Scott (1989) cited in Ilmanen *et al.* (2006:90), say that there are different perspectives of systems, namely:

- **Rational and Natural Systems**

These are closed systems implying that they are separate from the environment in which they exist. In rational systems, a specific goal is to be achieved and the structure of relationships is made explicit. Members conduct themselves in a particular way to achieve a particular objective.

In natural systems participants try to work together to make the system survive. They have a common interest in the survival of the system and put all their collective focus on the aim to survive.

- **Open Systems**

These systems are open and dependent on the environment in which they exist. Open systems are a combination of parts that are interdependent, but at the same time know their own differences. There is an ongoing exchange by the parts of the system with the organisation, and all parts must be willing to produce in the system. At the same time, their activities are dependent on the environment in which they operate opening the system to new impressions. According to Cusins (1994:27), open systems are systems where effective feedback comes as output from the system and goes back as input, thereby modifying the system to make it more flexible and responsive. Cusins (1994) contends that closed systems do not contain feedback loops, which may be disputed, as feedback is essential to the successful functioning of any system, irrespective if the system is open or closed (Jackson: 2000:22).

Open and closed systems are important aspects of theorising the improvement of knowledge in Learning Organisations (Cusins, 1994:27). Further, systems thinking is of significance when it comes to team work, since the individual has to pay attention to the consequence of his actions to others. People are a part of systems as they are the ones who gain new knowledge for the

organisations. There cannot be a Learning Organisation if it does not include people, and to create systems thinking, people must learn how to learn together (Senge, 1990:236).

The AGSA is an open system, as it interacts with the external environment. It has its own boundary which is haphazard and the feedback continuously modifies its pattern. This simply means that by using systems thinking, the AGSA's employees are able to see the whole or be helped to see the whole and therefore allow their thinking and learning to be cognisant of the entire organisation and the country that they serve.

2.7.3 Groups and Teams

- **Introduction**

According to Stewart, cited in Ilmanen *et al.*, (2006:90):

- A group consists of two or more people interacting with each other
- Teams are people working together, who share the same commitments and goals

Working in groups or teams will have the following advantages for an organisation:

- Mixed groups result in more significant innovation than departmental groups. This is due to the fact that if the same people meet all the time, creativity is decreased. However, it is often difficult to create mixed groups in practice due to the individuals' different working tasks and schedules
- Rotation of participants, which will limit group thinking, which can set in when the same people make up the group over long periods of time
- Self-leading teams have a high degree of flexibility, which is vital to adjusting to the changes in the environment. The responsibility is higher in these teams, which results in increased motivation

According to Hesselbein & Drucker (1997: 70):

“Teams must be made up from diverse disciplines and cultural backgrounds to be effective in addressing today's complex problems. The power lies in the extraordinary breadth of perspective they bring.”

Teamwork within an organisation is a common trend and is encouraged for various reasons. For example, increasing productivity or improving employee satisfaction. It is generally felt that people can achieve results together that they cannot accomplish alone. At the same time they are able to fulfil their social needs, which are ingrained in human nature.

The challenge lies in the fact that not all people prefer to or are able to work in teams. People will continue to work together only as long as the costs, such as reduced efficiency and negative social interactions, are lower than the rewards, in the form of positive interactions, economic as well as social benefits.

- **Teams in Learning Organisations**

According to Senge (1990:236), it is important to be able to create learning teams and dialogue among members in a Learning Organisation. Complex issues are explored, discussions are held and decisions are made in dialogues. Senge (1990) makes an important point when he says that almost every important decision is made by teams, and that they are also a source for the development of new ideas for the organisation. This is indeed the culture of modern leadership and organisational culture. Individuals have to be innovative and aware of other members' roles and abilities to become an efficient team (Senge, 1990:234).

Murray & Moses (2005); Senge (2006); and Ilmanen (2006) espouse the virtues of working in teams and their well-established positive impact in fostering the virtues of the Learning Organisation, which include:

- Collective intelligence is a precursor to Organisational Learning (Murray & Moses, 2005:1186-1202)
- Organisations learn from teams when it comes to skills, approaches and the commitment of individual members (Senge, 1990:240)
- When a team can share the same values and interpret an issue in the same way, the integration between the members are increased
- Every individual in the group improves his/her intuitive and interpretive skills as a result of working in teams (Ilmanen, 2006:91)

Senge (1990:241) allude to three critical dimensions of efficient team learning:

- Teams must find out how to become cleverer by becoming more knowledgeable together than as individuals
- Members of the teams must be innovative in their own right and complement one another, which will improve innovative concepts developed within the team
- Teams must learn how to learn from other teams thereby expanding the team's combined knowledge

(Edmondson *et al.*, 2006:1) say that at least two factors emerged from their research on team learning:

- People forming new teams soon learn to work together and increase their effectiveness and efficiency as a team
- Teams support organisational learning, as team learning can be institutionalised

Teamwork, employees working and learning in teams, stimulates continuous innovation and increases employee commitment (Tjosvold, 1991: xiii). Romig (1996: 3) adds that in today's ever changing environment teamwork is not an option, but is essential for growth and survival.

Another form of learning, individually or more effectively in teams is action learning, which according to Lessem (1993:26) is:

“Action learning in effect arises out of an exchange between fellow learners individually engaged in projects but regularly trading information, advice and ideas in so called learning sets”.

Perhaps the most important principles are that when selecting team members, the Learning Organisation has to look at the responsibility that people have to develop in themselves and others, and that the leader functions as coach.

- **Self-leading Teams**

In Learning Organisations the team leaders must act as coaches and mentors and relinquish some of their power, which can then lead to the formation of self-leading teams as an alternative (Ilmanen *et al.*, 2006:46).

According to Stewart (1999), cited in Ilmanen *et al.* (2006:46), teams with a high degree of autonomy are known as self-leading teams. These teams have a high degree of freedom in their work and make decisions regarding their own work as well as how they are going to do it by working together. Motivation and commitment are the elements that keep a self-leading team together as an effective unit.

Some of the pre-requisites for successful self-leading teams are:

- There has to be trust between the employees and the leaders
- The leader must behave in a supportive way towards the employees instead of acting in an authoritarian manner. However, there is no need for the leader to give up all his authority as the leader needs to stay in control to ensure that everything in the organisation work as planned
- The team will require substantial training to learn how to work in a creative environment

The self-leading team performs best in a fast changing, dynamic environment, where a high degree of flexibility is required. Self-leading teams produces results because they are able to function with as little interference by the leader as possible and are able cross all boundaries to often come up with profound suggestions.

When self-leading teams are created in organisations, leaders and employees will have the opportunity to grow and develop as people, which is the ultimate stage in the maturity cycle of a Learning Organisation.

- **Team Goals, Norms and Culture**

In the context of this section the terms ‘group’ and ‘team’ will be used synonymously.

Every team has a structure, which demonstrates how the group or team is built with goals, roles, norms, relations, leadership, power and influences. The structure can be explained as a process both visible and invisible. The process can be changed but the structure will be the factor that makes the group recognisable. Together the team process and structure create a culture, which defines how the group team acts and behaves.

The organisation’s or team’s culture must be developed for an intended purpose and be constantly nurtured in order to positively impact the organisation (Freiburg & Freiburg, 1996:173).

Without goals there will be chaos. The goals will determine the functions of the team influence on its actions and decisions. Although there may be individual goals within the team there must be a common goal for the team in order to guarantee its survival. Without a common driving force the team will disintegrate.

Norms can be described as unwritten rules that influence the team’s actions and behaviour and therefore characterise the team and play an important role in its existence. Norms determine acceptable or unacceptable behaviour in the team, and create expectations for the team members. Different teams will naturally have different world views and behaviours, due to the different norms that exist in every team.

One of the outcomes of norms in a team is conformity, implying that the behaviour of team members become similar, for example in clothes they wear, opinions, behaviour or values. One

of the main risks of conformity is the risk of breaking up the team if the members of the group do not agree with one another.

According to Janis (1982), cited in Ilmanen *et al.* (2006:48), team thinking is not always the best alternative, since there is a risk that the team members may stop thinking on their own and unconditionally follow one member, usually the most dominant one. This runs counter to the purposes of the Learning Organisation, which requires the creation of teams that support dialogue. It is possible to mitigate this risk if members of the team are selected with the potential drawbacks in mind. People should be selected for their ability to learn, not their prior knowledge and experience and team members should preferably come from multi-disciplinary backgrounds.

- **Motivation**

Motivation is the driving force that makes people do what they are doing. The team goal is related to the motivation of the team, because the goal is the 'main fuel' for all human beings (Ilmanen *et al.*, 2006:49).

Herzberg in Nilsson (1993), cited in Ilmanen *et al.* (2006:49), differentiate factors regarding their motivational potential. One group contains the non-motivating factors, such as money, status and relationships with co-workers. These factors are known as non-motivating factors as they motivate the individual for a short time, but not to the point of total self-fulfilment. If he/she does not get these he/she will be dissatisfied.

Motivation factors are issues such as a desire for responsibility, recognition, acknowledgement, appreciation, confirmation and self-fulfilment. These are important factors which will reflect in a higher work effort and performance. These motivation factors simply develop in employees.

2.7.4 Vision

- **Introduction**

According to Ilmanen *et al.* (2006:49), to be able to learn from each other and to gain new knowledge, people must learn how to work together. They need to co-operate to be able to reach their goals and to increase the success of the organisation. This implies that the group must share one vision, which they strive to fulfil in the future.

Shared vision is a “force in people’s heart” and is something that people feel deeply committed to, it is from within. A vision is truly shared when two or more people have the same or similar picture of the common goal in mind and are committed to one another achieving this (Senge, 2006:192).

The researcher is of the opinion that the highest motivating potential is reached by a positive and intrinsic vision, because there is no risk that the organisation is weakened after reaching the objectives contained in the vision. Everybody must share the same vision, but that it must be the leader who starts the process. It is not possible to involve all members of the organisation in the beginning of the process (Chang & Sun: 2007:809). The participative process should start later on as the people in the organisation will be able to build on the principles laid down by the leadership. The participative process must involve everybody in order to include their suggestions and ideas. Without this dialogue the vision cannot act as a motivating force for the employees. The notion of a shared vision is critical for a Learning Organisation.

According to Mintzberg *et al.* (1998:124), “vision serves as both an inspiration and a sense of what needs to be done - a guiding idea”. However, in context of an organisation, the vision must be shared, that is a shared vision.

Harris (1998:32) sees vision as the bringing together of the values and goals of the organisation. It’s the vision that gives birth to the values and goals of the organisation. Harris adds that “a vision is an image of the future people desire to create”.

- **Formulation of the Vision**

An important issue that must be considered when formulating the vision is the measurability of the achievement of the vision. If it is not possible to measure the achievement, it is not a vision but a dream or a wish (Harris, 1998:32).

In the traditional approach, the vision is formulated in a top-down way, which means that the vision is imposed on the organisation by the leadership. The vision includes a goal and a vivid description of what the state of the organisation should be after the achievement of this goal.

To realise the vision is a long committed process, which take many years to achieve. Not all organisations achieve their vision. It is essential that every organisation frames its vision in the belief that the goal will be reached, that is, the vision must be relevant and realistic.

An alternate approach is to allow visions to emerge, instead of planning them. A totally planned vision prevents the learning processes taking place after the formulation of the vision, whereas allowing visions to develop organically encourages learning (Mintzberg, 1998:124). This relates to allowing unstructured thoughts to flow. It is often argued that some of the world's greatest innovations came about as a result of effortless thinking in an informal manner. The development of the vision can also be seen in the context of learning by creating a culture. In this context of thought, the process of the vision formulation is of greater interest than the content itself, since it is the development process which fosters learning. The vision as well as the way of the creation and implementation shapes the culture of the organisation. Therefore, the formulation of the vision should be done by individuals. The building of a shared vision supports the finding of an identity for the organisation and frames the culture of the organisation.

- **Vision in a Learning Organisation**

According to Ilmanen *et al.* (2006:52) employee involvement plays a vital role in the successful development of a vision for a Learning Organisation.

Senge (1990:211) states that members of an organisation can share one vision and explains that a person has a personal vision, which is a picture, or image in his/her mind and heart, whereas a shared vision is a picture or image that people throughout the organisation see. This view is supported by Jones (1998), cited in Hodgkinson (2002:90), who writes that:

“Making it happen means involving the hearts and minds of those who have to execute and deliver. It cannot be said often enough that these are not the people at the top of the organisation, but those at the bottom.”

It is important therefore to distinguish between personal visions imposed on the organisation and shared visions created in a team process. An imposed personal vision can only command compliance, whereas the latter can generate true commitment, since it reflects the individual's vision. The people who share the vision feel connected and bound together by their shared belief. The power of a shared vision derives from this common caring (Senge, 1990:208).

Senge (1990:209) found that a shared vision and purpose is one of the main characteristics of high-performance teams, which represent the peak in human efficiency. In these teams members identify themselves with the task to such an extent that the task becomes a part of their personalities.

It all starts with employees' having their own personal visions. The personal vision is rooted in the individual values of the employee. It is from these personal visions that a shared vision evolves.

However, Sennett (1998:143) sees "a tension between the concern for dialogue and the demand for building a shared vision" and argues that the interest in building a shared vision falsely emphasises unity as the source of strength and mistakenly fears conflicts, thus threatening social bonds.

2.7.5 Employee Involvement

Robbins (2005:236) says that employee involvement is critical for the building of a Learning Organisation. The participative process must involve all people irrespective of their level in the organisation. People must be and feel part of the process, part of the journey to becoming a Learning Organisation.

There is broad acceptance of the need for employee involvement in the decision making process. Usually employee involvement goes along with the provision of information. This information provision is characterised by two-way communication, top-down and bottom-up, which can involve quality circles or employee suggestion schemes, for example. Another aspect of employee involvement is job restructuring. Participation of the employee is required because tasks have become increasingly complex and managers do not know everything their employees know. Therefore employees' knowledge is valuable in the decision-making process (Robbins, 2005:236).

2.7.6 Leadership

The days of command and control, a dictatorial style of management, are long over.

In the context of Learning Organisations a new view of leadership is called for, since the traditional view of leaders originated from an individualistic and non-systemic worldview, which is no longer relevant in today's complex environment. Traditionally, the leader sets direction, makes key decisions and ensures that members of the organisation follow his/her directives. The learning leaders, however, build organisations in which the members continuously expand and enhance their capability to understand complexity, clarify vision and improve shared mental models. If the leadership wants to create a Learning Organisation, they

must ensure that the learning process is embedded and portrays confidence that active problem solving leads to learning, setting the example for other members of the organisation to follow (Schein, 2004:395).

Senge (1990:340) identifies the roles of a leader in a Learning Organisation:

- **The Role as Designer**

The role of designer requires that employees are empowered and the leader takes a step back allowing the employees to get on with the task at hand. The leader's task in a Learning Organisation concerns integrating all of the learning disciplines and to focus on their own skills in coaching, mentoring and helping others to learn.

- **The Role as Steward**

This role is associated with the sense of the purpose of the organisation, and every leader must be able to relate his/her personal vision to the broader vision of the organisation as a whole, in order to give the vision a greater meaning. The description of the purpose of the organisation must function as an integrated set of ideas that gives meaning to the leader's mission within the organisation, as well as to the visions of the individuals, who are part of the organisation. The leader has to listen to the vision of members of the organisation and accept that his/her own vision is only a part of the system.

- **The Role as Teacher**

This role implies that the leader helps others in the organisation to develop understanding of the systemic structures. The leader defines the reality and acts as a role model in the organisation.

It is obvious that the role of the leader is critical for an organisation to successfully become a Learning Organisation. Clearly, without this special kind of leadership, the organisation wanting to become a Learning Organisation will be still-born.

2.7.7 Coaching and Mentoring

- **Coaching**

Coaching has many facets, which are normally dictated by the needs of the organisation.

Parsloe & Wray (2000:42), define coaching as:

“A process that enable learning and development to occur and thus for performance to improve. To be a successful coach requires knowledge and

understanding of the process as well as the variety of styles, skills and techniques that are appropriate to the context in which coaching take place.”

Coaching is an important function of a leader in a Learning Organisation. Coaching allows staff to grow and think for themselves, thus bringing out the best in them. This way, the process of learning is encouraged. Correct coaching can lead to personal growth and motivation for strategic change. For coaching to be successful, it requires the willingness and the motivation of the person to be coached.

Coaching is fundamental to an organisation becoming a Learning Organisation. As part of the learning process, people must grow. Coaching can lead to growth of people, through the process of motivation. However, coaching cannot be imposed. People must want to be coached. It is like teaching a pupil. If the pupil does not want to be taught, no matter how good the teacher is, the pupil will not learn.

- **Mentoring**

Mentors are good teachers who can present ideas clearly and listen well, share their experiences and act as role models. In the context of the Learning Organisation, mentoring is a process that supports and encourages learning to happen. (Robbins, 2005:236).

Mentoring has the added benefit of exposing the feelings of the employees being mentored. This enables management to deal with problems at a fundamental level. While mentoring, the mentor becomes close to the person being mentored and is able to draw from them their inner thinking, which they may otherwise not share.

2.7.8 Communication

There is no doubt that communication is one of the most important processes that takes place in organisations. Effectively managing people in organisations is ultimately dependent on effective communication and it is important to realise that it is only through communication between individuals that each can identify with the job and with the organisation.

According to Rosengren (2000:36), when people communicate, they make things common and increase their shared knowledge and common sense. Most people consider communication in the business sense as the flow of information. This is a common understanding of

communication in business. For communication to be effective, people have to have a common understanding of what the information means.

Learning in an organisation and the way knowledge is or can be used is totally dependent on a well structured and effective communication process, which creates opportunity to use the shared knowledge. Therefore, one of the key elements that support sharing of learning and knowledge is the communication channel and how effective the channel is (Nonaka *et al*, 2000:34).

For every organisation, and especially for a Learning Organisation, it is important to find proper ways of communication. In order to provide the information, everybody should be connected (through various methods of communication, for example, e- mail, mobile phones, etc) and be able to talk to one another, which can best be done in an all-channel network. They can use all kinds of media, but face-to-face communication is vital, since this conveys the richest information. In every communication process, there is always a risk of misunderstanding, which can be caused by using the wrong communication channel, but also by a misinterpretation by the receiver.

According to George & Jones (2005:437), when communication is good and effective, members of an organisation share information with each other and all parties involved are relatively clear about what this information means. On the other hand, communication is ineffective when people either do not receive the information they need or are not quite sure what the information they receive means.

An organisation which is ambitious to become Learning Organisations must create an environment where dialogue and openness become the natural way to communicate. There is agreement that the most effective communication channel in a Learning Organisation is direct conversation.

2.8 CHALLENGES TO BECOMING A LEARNING ORGANISATION

Some of the challenges related to becoming a Learning Organisation can be summarised as follows:

- Although there is much literature on the Learning Organisation concept, there is little literature when it comes to the actual implementation

- The question that may arise: ‘is it really possible to become a Learning Organisation?’
- Leadership’s ability to create the right atmosphere for the concept to work
- Motivating all people to be willing and commit to continuous learning
- Overcoming the resistance to change, which is often inherent in the nature of people
- Changing the style of leadership to one where leaders become coaches and mentors
- Leaders must be willing to learn and change
- Not many people are able to be system thinkers
- Sharing of vision
- Poor communication systems and channels

2.9 CONCLUSION

There are many issues and challenges that need to be considered by the leadership as they take their organisation forward in becoming a Learning Organisation. Research has shown that there is no prescribed formula in becoming a Learning Organisation. Neither is there a prescribed definition of a Learning Organisation. Therefore, it can be said that the Learning Organisation concept means different things to different people. However, the broad principles appear to be the same. The impact of change, the need to learn, the need to innovate and the need to be competitive drives the requirement to become a Learning Organisation. Every organisation has its own set of circumstances, which are constantly changing. It is these circumstances, the organisational culture and the leadership that will influence the disciplines that will be adopted on the journey to becoming a Learning Organisation. Whichever disciplines are chosen, they must support and promote learning.

The consequence of not learning is too disastrous to contemplate. Therefore, the leadership of every organisation must create the correct atmosphere for learning to take place by its people. The leadership must encourage its people to learn by recognising and rewarding them for their learning and effectively applying the knowledge gained for the benefit of the organisation. A Learning Organisation will embrace change, be innovative and be competitive. It will survive in the medium to long-term. Importantly, it will always have a competitive advantage.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter is concerned with the methodology that will be used to conduct the research. It will cover the following relevant issues:

- Research approach
- Sampling
- Method of data collection and the development of the questionnaire
- The research design and analysis

3.2 THE RESEARCH APPROACH

3.2.1 Introduction

There are two traditional approaches that can be used to conduct the research, namely the quantitative and qualitative approaches. It is also possible to use a hybrid approach, which is a combination of both the quantitative and qualitative approaches, sometimes referred to as a mixed approach. Before reaching a final decision as to which approach is the more appropriate one to use for this type of study, it is necessary to review the two approaches to conducting research.

3.2.2 The Qualitative Approach and Triangulation

Bryman & Bell, (2007:402) define qualitative research as a method used for analysing words instead of quantifying and analysing numeric data. Qualitative research lends itself more aptly to the study of problems and situations that do not fit into particular theories (Welman & Kruger, 2001:178).

In the qualitative approach, the researcher collects different types of data in order to create a deeper understanding of the problem. It is also central to understanding the connection between the problem and the whole. Doing research using the qualitative approach implies the use of a

narrative method of analysis with the purpose of gaining insight and understanding of phenomena for which only narrative data can be collected (Ilmanen *et al.*, 2006:26; Patel & Davidson, cited in Ilmanen *et al.*, 2006:28).

According to Welman & Kruger (2004:178), the qualitative approach was “founded in the ethnographic methods applied by cultural and social anthropologists”. Creswell (1994:2) describes this approach to research as a process used to enable understanding of social or human problems by building a complex and holistic picture within a natural environment with detailed reporting of information and findings. Therefore, when a study of human behaviour is undertaken, it can be argued that the qualitative approach may be most appropriate, as it would require understanding of social and or human problems. Developing a holistic picture cannot be done through quantitative analysis, as this approach normally draws its conclusions from numerical data taken from samples of large populations, and is reductionist in nature.

Welman & Kruger (2001:179) said that all information, irrespective of the source of data, should be subjected to criticism. They add that undertaking a study using the qualitative methods has various approaches, such as, case study research, participant observation, unstructured and in-depth interviews and participatory research. According to Bryman & Bell (2007:59), qualitative research “often entails a form of cross-sectional design”. Such research can include the use of unstructured or semi-structured interviews of several people. In business and management research, following up a questionnaire with interviews gives the research more validity than is the case when using more formal data collection tools. (Bryman & Bell, 2007). This type of data qualification is referred to as triangulation and attempts to eliminate limitations and invalid results by cross-checking the findings. Huettman (1993:42) supports this view when he says that when there are variations in qualitative research results these can be identified and better data is obtained by using triangulation.

Triangulation uses multiple methods of data collection and analysis, which is particularly useful when studying social phenomena (Bryman & Bell: 2007:412). Denzin (1978), cited in Huettman (1993:42) identifies four types of triangulation:

- Data triangulation
- Theory triangulation
- Investigator triangulation
- Methodological triangulation

The researcher intends using both data triangulation and methodological triangulation. Data triangulation involves gathering of data using “several sampling strategies, so that data at different times, social situations and on a variety of people is collected. Methodological triangulation is performed by using more than one method of gathering data” (Bryman & Bell, 2007). In this research project, the researcher intends using senior managers, business executives and members of the executive committee (EXCO) as respondents. The researcher intends using structured questionnaires, semi-structured interviews and observations to gather data. This forms the sources of triangulation. However, the structured questionnaire will form the primary data. The semi-structured interviews and observations will collectively form the secondary data and will be used to confirm or disconfirm the primary data.

The most important advantage of using multiple sources of data is “the development of converging lines of inquiry” (Yin, 1984:91). Any finding or conclusion is likely to be more convincing and accurate if it is based on several different sources of information. Jick (1983:138) said that triangulation can provide a more holistic and contextual pattern, and therefore more meaningful portrayal of the topic under research.

Webb, Campbell, Schwartz and Sechrest (1966) cited in Bryman & Bell (2007:412) originally conceptualised triangulation, which is a process that is used to collaborate findings from the both quantitative and qualitative research approaches.

Kanter (1977:337) suggests that the most valid and reliable method to develop a good understanding of complex reality, such as is found in corporations, is obtained by a combination of methods.

Therefore, it could be argued that data from various sources adds credibility to the conclusions being drawn, as the findings could in some way be collaborated.

3.2.3 The Quantitative Approach

Bryman & Bell (2007:154) define a quantitative research approach as follows:

“It entails the collection of numerical data and as exhibiting the view of the relationship between theory and research as deductive, a predilection for a natural science approach (and positivism in particular), and as having an objectivist conception of social reality”.

As can be seen from the above definition, the quantitative research approach will be suitable for studies where the researcher is trying to draw conclusions through the process of numerical data collection and analysis. It could be argued that such an approach may not be suitable for the study of human behaviour or social phenomena related studies, where critical data may not present itself in the form of volumes of numerical data.

Some limitations to the quantitative research approach identified by Bryman & Bell (2007:174) are:

- Researchers using this approach often fail to distinguish people and social phenomena from the natural aspects of the world. For example, the human element is not found in things like gases, atmosphere, oxygen etc
- The measurement process is assumed by the researcher. It is not real and entails measurement by “fiat”
- Research questions, the methods and instruments often does not reconcile to elements that dictate human life. For example, if a question is on motivation, the respondent may answer in the way he/she is feeling at the time and this may not be reflective of the actual position
- The analysis of relationships between variables creates a static view of social life that is independent of peoples lives

3.2.4 Qualitative versus Quantitative Approach

According to Onwuegbuzie & Leech (2005:379), there are “overwhelmingly more similarities between quantitative and qualitative perspectives than there are differences”. Most researchers incorporate safeguards into their research in order to “minimise confirmation bias and other sources of invalidity that have potential to prevail in every research study” (Sandelowski, 1996 cited in Onwuegbuzie & Leech, 2005:379).

The purpose of the knowledge is to explain different phenomena and not to try to interpret the behaviour of individuals. Quantitative research deals with things that can be accurately quantified, whereas qualitative research deals with things that may not be measurable at all, such as the colours of the clouds, or shades of opinion, or what it’s like to be in love!

There are also ‘mixed methods’, involving the qualitative and quantitative approaches, which are commonly used nowadays. Mixed methods of research utilise both the quantitative and qualitative approach in the same research project (Bryman & Bell, 2007:642).

In this research project a qualitative approach with emphasis on triangulation will be utilised as this approach is considered appropriate to the chosen topic. The Learning Organisation is a broad concept, where progress in the process is made in human behaviour and is hard to measure in figures and statistics.

3.3 SAMPLING

3.3.1 Purpose of Sampling

The population is the study object. The size of the population makes it impractical or very expensive to include all the members of the population in the study. Therefore, the researcher relies on the data obtained for a sample of the population (Welman & Kruger, 2001:46).

3.3.2 Types of Sampling

There are two methods of sampling that can be used, namely, probability sampling and non-probability sampling. In probability sampling, it can be determined what the probability is that a member of a population will be included (or excluded) from the sample. Examples of probability sampling are (Bryman & Bell, 2007:185):

- Simple random sampling where each unit in the population has an equal chance of inclusion in the sample
- Stratified random sampling where the population is divided into sections. For example, the population of the sales department are isolated from the entire organisation's population and a sample is then drawn from this population.
- Systematic sampling where units are selected directly from the sampling frame
- Cluster sampling involving the grouping of population units

In non-probability sampling some units of a population have zero chance of being included in the sample. Examples of non-probability sampling include (Bryman & Bell, 2007: 197):

- Convenience sampling implies that the unit is one that is simply available to the researcher by virtue of its accessibility
- Quota sampling aims at obtaining a sample that represents a population in terms of the relative proportions of people in different categories, such as gender, age groups etc, and in combinations of these categories

- Snowball sampling is a techniques where the researcher makes initial contact with a small group of people who are relevant to the research topic and then use these to establish contact with others

There will always be a sample error, no matter the method selected. Sampling errors are the difference between a sample and the population from which it is selected. The least sample error would be experienced in a probability sample. The error also decreases as the sample size approaches the population size (Bryman & Bell, 2007:182).

3.3.3 Sample Size

For this research project, the following sample sizes are selected:

- **Sample Size for the Structured Questionnaire**

The stratified population consists of 177 people, who are made up of senior managers and business executives and who are based throughout the country. A sample size of 10% (18 people) was selected as it was assumed to be sufficiently representative of the population. The time constraint was also considered. The first person on the list of the population was selected and this was followed by every 10th person. The researcher expects a response rate of between 90 to 100 per cent.

- **Sample Size for the Semi-structured Questionnaire Used in Interviews**

The sample size was selected from the Executive Committee (EXCO), which is the senior executive leadership of the AGSA and consists of seven people. The researcher included two other members from the senior leadership in this sample, due to the nature of their jobs, which has a strong correlation to the research topic. Due to the availability of EXCO members, a sample size of 6 was used, which was increased by including the two senior managers of the AGSA who are not part of the EXCO, but were included to provide a more meaningful representation. Therefore the sample size was 6 from a population of 9, which is equivalent to 66.66% and was considered to give a meaningful representation of the population.

- **Sample Size for Observation**

The sample size selected for observations was 41 people from a population of 41, which was 100 % of the population. All persons making up the sample are based in Pretoria, where the researcher is also based. The persons being observed are from the EXCO, business executives from corporate services and senior managers from corporate services.

3.4 METHODS OF DATA COLLECTION

3.4.1 Introduction

Data will be collected to enable the researcher to draw conclusions in respect of the specific objectives of the study. Analysis of valid data collected will lead to the researcher's findings and conclusions will be derived therefrom. It is therefore important that the data collection process was performed in an organised and meticulous manner.

3.4.2 Theoretical Data Collection

Theoretical data collection is the collection of data from the primary source. However, it is advisable to collect data from other sources to collaborate the findings from the primary source.

It was important to collect theoretical data for the following reasons:

- To get an understanding of the topic
- To explore previous research carried out by other researchers
- To support the findings of the research and possible recommendations that were made

The theoretical data collected consisted of literature, journals, and other relevant research papers in the chosen area, and internet research. The topics of Organisational Learning and the Learning Organisation are well covered in books by authors such as Senge, Bennet & O' Brien, French, etc. Electronic databases were also covered to ensure that recent developments relative to the research topic were captured. The results of the theoretical research were mainly contained in Chapter 2 (Literature Review).

3.4.3 Empirical Data Collection

The most common ways to collect qualitative empirical data are questionnaires, interviews and observations. The empirical data for this research will be gathered mainly by utilising all three techniques. Whereas the use of questionnaires and interviews is fairly straightforward, observations require a high level of skill to ensure that they are factual and accurate (Brewerton & Millward, 2001:86). Observations will be done at meetings, conferences, video conferences and other functions of the AGSA. On each occasion, the observations will be performed by the researcher and will then be tested by canvassing the views of at least two colleagues before finalising the findings.

3.4.4 The Design and Use of Questionnaires

Two types of questionnaire will be used, namely structured and semi-structured questionnaires. The two questionnaires are attached as Appendix 1 and 2 respectively.

The structured questionnaire will be sent to a limited number of people at the AGSA from the senior manager and business executive levels. This will be done electronically. The structured questionnaire is divided into the following segments:

- Motivation and satisfaction with work
- Relationships
- Changes in the organisation
- About yourself

The semi-structured questionnaire will be used during face-to-face interviews with selected senior executive leaders of the AGSA. This will be done to test the level of appetite that the leadership has for adopting the Learning Organisation concept at a higher level of maturity. It is also intended to demonstrate their attitude for change and how they intend creating the correct atmosphere for the people of the AGSA to learn. The researcher will test:

- The leadership's views on how it will recognise and reward learning and if this will be incorporated into the AGSA's proposed performance management system
- If the leadership would embrace the preferred style required of a Learning Organisation that of mentor, coach and steward

This will form a useful platform for the leadership of the AGSA to get an understanding of its role in the learning process.

3.5 RESEARCH DESIGN, ANALYSIS AND PRESENTATION

3.5.1 Introduction

The research has been designed to collate data from the following processes:

- From observations
- From structured questionnaires
- From semi-structured interview

The data will be analysed from each source and correlated to confirm the findings.

3.5.2 Research Design

The purpose of the research design is to ensure that it would identify organisational learning strategies and individual learning that is relevant to the AGSA and to establish whether or not the AGSA is a mature Learning Organisation. If not, what are the shortcomings leading to possible recommendations for improvement.

The research will be conducted using a structured questionnaire, a semi-structured interview and observation as previously discussed in Section 3.4.

- **The Structured Questionnaire**

The structured questionnaire is informed by Senge's five disciplines and the work of Ilmanen *et al.* (2006). The reason for this is that the researcher has developed a model to measure the level of maturity that the AGSA is as a Learning Organisation. The results of the structured questionnaire will form the primary data. A structured questionnaire with questions categorised in the following grouping will be used as one of the data collection tools (Refer Appendix 1):

- **Motivation and Satisfaction with Work**

In this category of questions, the researcher wants to test the emotional state of mind of the respondents in respect of a Learning organisation.

- **Relationships between Employees**

People must have sound relations with their colleagues and the researcher will seek to test if there is evidence thereof.

- **Changes in the Organisation**

Change is a trigger to learning and these questions are intended to give an indication of how well the organisation embraces change, leads change and the extent to which this is influenced by the level of learning.

- **Personal Questions**

The purpose of these questions is to compare the respondent's personal aspirations to that of the organisation.

The questionnaire will be distributed to the individuals in the sample group by e-mail and the response will also be by e-mail, which will permit tracking of the questionnaire and any necessary follow up. Before confirming the questions, the researcher tested these with a pilot group and where necessary, changes were made.

- **The Semi-structured Questionnaire and Interviews**

The semi-structured questionnaire was developed to focus on the leaderships' attitude towards supporting and promoting learning. The results of the semi-structured questionnaire and interview will form the secondary data and will be used to confirm or disconfirm the findings from the primary data. The questionnaire was divided into the following categories:

- Embracing change
- Leading change
- Supporting and promoting learning
- Creating the correct atmosphere for learning
- Recognising and rewarding learning
- Having the desired leadership style for a Learning Organisation
- Having the appetite to develop the organisation to a more mature level as a Learning Organisation

The questions were designed to create an opportunity for both the researcher and the respondent to engage at a deeper level, thus giving the researcher deeper insights into, and understanding of, the thinking of the leadership and their attitude in respect of a Learning Organisation.

The questionnaire will be answered during a one-on-one interview with the respondent.

- **Observations**

The observations were aimed at establishing if certain behaviours exist that will enable the findings with the other methods to be collaborated. The findings from the observations forms the second set of secondary data and will be used to confirm or disconfirm the findings from the primary data. When observing the selected sample group at meetings and other occasions where members of the group are together, the following will be considered:

- How often is negative behaviour expressed, including a lack of emotion?
- How often are healthy relations noticed?
- How often is fear expressed about making mistakes when learning, that is fear of making mistakes during learning?
- How often is learning by staff spoken about favourably?
- Are people receptive to change?

- Do they consider change as a driver for learning?
- Is there evidence of personal mastery?
- Is there evidence of a shared vision?
- Do people take criticism and learn from it?
- Is there a group think mentality?
- Is there evidence of team learning and people wanting to learn together?
- Are people recognised and rewarded for learning?
- Are people happy at work?
- Are they having fun?
- Is the leadership style one of coach, mentor and steward?
- Are people motivated and energised at work?

Observations will be done by the researcher in person and then corroborated, as previously mentioned in Section 3.4.3, by two other staff members.

3.5.3 Data Analysis

The researcher will group the responses to the questions and observations to be received in respect of commonality and similarity. From this grouping a meaningful translation of the answers will be made to formulate a single answer from the responses. The frequency of the answer will be recorded against each question or observation in tabular format, analysed and discussed.

The answers from the three data sources will be compared to each other to determine confirmation or disagreement between the data sources by means of triangulation.

From the analysis and discussion an educated opinion will be formulated as to the findings for each category as well as the overall findings in respect of the AGSA's maturity level as a Learning Organisation.

3.5.4 Presentation of Research Findings

The findings will be summarised per question in each category for each of the three data sources and the 3 to 10 most frequent answers to each question will be presented in tabular format. The contents of each table will be discussed and presented in narrative form.

3.6 CONCLUSION

In this chapter the research methodology is explained, discussed and supported by relevant literature sources. Chapter 4 will demonstrate the application of the executed research methodology and where required the methodology was amended to improve its effectiveness under prevailing circumstances.

CHAPTER FOUR

ANALYSIS, FINDINGS AND DISCUSSION

4.1 INTRODUCTION

This chapter covers the analysis of the structured questionnaire, interviews and observations, which will be presented in tabular and narrative format to establish to what extent the AGSA is a Learning Organisation. The results of the analysis will be briefly discussed in this chapter and the final conclusions will be formulated and presented in Chapter 5.

The different answers to the questions and observations of the structured questionnaire, interviews and observations were grouped together where the answer conveyed the same meaning or interpretation. A common answer was then formulated for each group and summarised for each question or behaviour observed in order to analyse the otherwise widely varying verbal responses or observations to each question. The summarised results and only the most frequently occurring answers are presented in various tables, ranked and discussed.

4.2 ANALYSIS OF THE STRUCTURED QUESTIONNAIRE

4.2.1 Purpose of the Structured Questionnaire

The results of the structured interview are primary data. The purpose of the structured questionnaire is to obtain responses from a sample of the population of individual employees in the AGSA to establish the effect of the following on learning and becoming a mature Learning Organisation:

- The level of motivation and satisfaction with their work
- The relationships that exist both vertically and horizontally between the respondent and the rest of the organisation
- The effect or impact of changes in the organisation
- The alignment of the respondents own goals, vision, dreams and ambition

This enabled the researcher to assimilate the views of the respondents in a way that clear patterns were formed. These patterns were then extrapolated over the population to determine the level of maturity as a Learning Organisation and to identify possible short-comings.

4.2.2 Categories of Questions

In order to direct the research at the areas mentioned in Section 4.2.1 the structured questionnaire is divided into four specific categories, namely:

- Motivation and satisfaction with work
- Relationships between employees
- Changes in the organisation
- Personal questions

- **Motivation and Satisfaction with Work**

This category deals with the drivers of personal and job related satisfaction. Motivating factors that drive the individual to excel in his life at a personal and job level were considered. An attempt is made to detect the impact of a particular work environment and what this means to the individual in terms of his/her motivational level. How does this particular environment affect performance and the individual's sense of belonging in the work environment? Some of the key aspects focused on are the atmosphere at work, the link between performance and reward and a systemic perception of work and fun.

- **Relationships**

This category focuses on the impact of individuals lateral and vertical relationships within the AGSA. This is an important fundamental of the Learning Organisation, when considering the principle of multi-disciplinary teams engaging to strategise and work on finding solutions to problems. Focus is also directed on how individuals perceive the style of leadership. In particular, it seeks to establish whether individuals are comfortable approaching the leadership with alternate views/suggestions and also escalating problems to them. One of the key principles of leadership style in context of the Learning Organisation is that of the leader as coach, mentor and steward.

- **Changes in the Organisation**

The third category of questions attempts to determine the temperature of the environment with respect to change. Change in all environments is rampant and successful Learning Organisations embrace change. In assessing the appetite for change, the following is considered:

- How suggestions to improving the organisation are received
- If these ideas were considered by the leadership during meetings
- How problems are resolved

- Change enablement by further training/education
- Rules that govern the change environment
- The individuals attitude to change

- **Personal Questions**

The purpose of the final category of questions is to assess the alignment of individual's personal dreams, ambitions, goals and visions as compared to those of the AGSA. Some of the aspects relating to the individual respondents that are dealt with are:

- Aspirations and connection to the AGSA's vision
- Their view of the future (staying at the AGSA or moving on)
- Their vision of their department as opposed to the AGSA's vision
- Their source of motivation
- Their ideal vision of the AGSA as opposed to the stated vision of the AGSA

4.2.3 Distribution and Response

Eighteen (18) structured questionnaires were sent out by out via E-mail to business executives and senior managers. All 18 potential respondents returned the completed questionnaire, which equates to a 100% response rate.

4.2.4 Analysis of Structured Questionnaire

- **Motivation and Satisfaction with Work**

The results obtained by means of the structured questionnaire from senior and middle management of the AGSA in respect of motivation and satisfaction with work are summarised in Table 4.1.

Table 4.1: Motivation and Satisfaction with Work

Question	Answer	Frequency
Do you like to go to work and why?	They go to work because it is enjoyable, challenging and new things are learned.	17
What is fun at work and what is less fun?	It is fun to go to work because they enjoy working with their colleagues, they feel empowered, they like working in teams and they get to enhance their skills. Less fun is the pressure at work.	17
Would you like to see and learn how the other employees in different departments work to see the connections?	Yes, they would like to learn from colleagues in other departments, so that they can have a better understanding of the organisation.	16
Do you have a good view of the whole organisation? (e.g. the AGSA's strategic objectives)	They have a good view of the whole organisation, through having exposure of the strategic objectives, through workshops, through their jobs and general communication.	16
Do you think about the consequences of your activities for the other departments?	Yes, they think about the impact of their actions on other departments.	16
How would you describe the atmosphere in the organisation?	The atmosphere is tense, stressed, political, negative, highly pressured.	13

With reference to table 4.1

- Employees like to go to work because they find it enjoyable and challenging and that they are learning. These are all important characteristics of a Learning Organisation. These attributes will need to be recognised by the AGSA and built on to grow into a mature Learning Organisation.

- Employees say that it is fun to go to work. They enjoy working with their colleagues and working in teams. They believe that they are growing their skills. All of these attributes are strong characteristics of the Learning Organisation and will need to be built on by the AGSA.

- Employees are motivated to learn from colleagues of other departments. They believe this will give them a fuller understanding of the AGSA. This is fundamental for cross-functional teams working together and learning from each other. Cross functional teams is an important fundamental of the Learning Organisation concept.

- Employees say that they have a good understanding of the strategic objectives of the AGSA. This will help them in aligning their personal vision with that of the AGSA. There must be a shared vision. With employees motivated to work and learn from each other and having an understanding of the AGSA's vision, a shared vision is highly

probable. To be able to learn from each other and to gain new knowledge, people must learn how to work together. They need to co-operate to be able to reach their goals and to increase the success of the organisations. This implies that the group must share one vision, which they must strive to fulfil in the future. This is an important characteristic of the Learning Organisation concept.

- Employees say they care about the impact of their actions on other departments. This means they take shared responsibility for the success of the business. This further demonstrates a shared vision, as mentioned above.
- Despite all the positive attributes mentioned above, employees say that the atmosphere at the AGSA is tense, stressed, political, negative and highly pressured. Part of the reason for this is the deadline driven nature of the AGSA. The other possible reason is the new approach to change. Over the last six months the AGSA is leading change. Respondents say this was largely unplanned. This has contributed to the stress in the environment, which is a negative attribute for learning to take place. The workload must have enough slack time built-in so that employees have the time to engage in learning and learning activities. This is an area that the AGSA may wish to investigate.
- The above findings strongly support the elements of a Learning Organisation. However, these elements are attributable to the employees of the AGSA, that is, their emotional state, their levels of happiness, their own value systems, their ambitions etc. It does not confirm that the AGSA itself supports and promotes learning. In fact the findings confirm that there is very little support from the AGSA promoting learning amongst employees. This is evidenced by the response that people at the AGSA do not have free time to have conversations, think and learn.
- The finding that employees are happy, find it fun to go work and enjoy their work is not in conflict with the finding that people are tense, stressed, highly pressurised etc. This finding confirms that employees at the AGSA are positive about working at the AGSA and understand that the nature of what they do (auditing public sector organisations) is heavily deadline driven. However, the appeal from the employees is for the AGSA to take cognisance of this and correct the situation. This can be done by possibly going through a re-structure process, employing more staff, contracting in more staff at peak periods etc thus creating less stress and more time for learning.

- **Relationships between Employees**

The results from the structured questionnaire looking into the relationship between employees, both vertical and horizontal, in the AGSA are summarised in Table 4.2.

Table 4.2: Relationship between Employees

Question	Answer	Frequency
Do you have a lot of contact with your colleagues and also with people in different departments?	There is a lot of contact with their colleagues, but only from their own department. Contact with colleagues from other departments is minimal,	18
Can you learn from your co-workers?	Yes, they can learn from their co-workers	18
Do you encourage your co-workers?	Co-workers are encouraged to improve and to do better,	18
How would you describe your leader? (his/her style and way of leadership)	The leadership style is participative, consultative, innovative, strong and technically competent,	16
Do you go to your leader if you have problems? Do you see them actively encouraging learning?	Leaders will be approached if they have a problem they cannot solve. Yes, learning in accounting and auditing for job purposes is encouraged especially amongst trainee accountants. The leadership does not actively encourage other learning.	17
If the CEO or your superior orders something that does not seem right for you, will you tell them so or are you afraid of doing so?	There is no fear to tell their CEO if something does not seem right,	18

With reference to Table 4.2

- Employees want to know how other departments work, but this is not happening. The lack of inter-departmental contact is a negative for cross-functional teams to be formed for learning purposes and this will need to be addressed by the AGSA. This is probably due to the heavy workload of employees. Part of the process of learning is to have employees grouped in cross-functional teams. This enables learning to take place at a higher level.
- Most employees encourage their colleagues to do better and to improve. This is a general theme in the analysis. For example, a significant percentage of employees say that it makes them happy to see their colleagues progressing and being successful. This is a strong indicator of employees being able to successfully form learning communities and participate in team learning, that is, employees appear to regard each other as being equal and there are no superiority complexes.

- Most employees were complimentary of the leadership style, saying that it was participative, consultative and technically strong. This is a good starting point for the AGSA and it will have to evaluate how to migrate from this leadership style to the desired leadership of a Learning Organisation that of mentor, coach and steward.
- Employees expressed that they have good relations with their leader and are able to go to them with problems. They also have enough confidence to tell their leader if they feel something is not right. This indicates that the correct relationship exists between employees and the leadership for the Learning Organisation concept to be embraced by the AGSA.
- Learning is encouraged amongst trainee accountants, which is structured. Otherwise, the leadership does not actively encourage learning. There is evidence that learning by employees currently takes place at an individual level. There is very little evidence of the leadership actively supporting and promoting learning. The leadership encouraging learning and creating an enabling environment for learning to take place is at the heart of the Learning Organisation concept. The AGSA will have to seriously reconsider its position with respect to encouraging learning if it wishes to migrate to a mature Learning Organisation.
- Employees expressed that they have enough confidence in their relationship with their leader to go to him/her and inform him/her if they feel that something does not feel right. This kind of relationship is a good starting point for leaders to encourage employees to learn. Employees appear to have a relationship of trust with the leadership. There appears to be adequate goodwill in employee/leader relations to enable the leadership to implement a culture of learning. Therefore, the leadership has an inherent advantage in rolling out an AGSA learning program. Indeed learning must be embedded in the culture of the AGSA.
- **Changes in the Organisation**

The responses obtained with respect to changes in the organisation and the impact of change on learning are summarised in Table 4.3.

Table 4.3: Changes in the Organisation

Question	Answer	Frequency
Do you search for better solutions to improve running the business?	New solutions in running the business are searched for.	18
If you have new ideas for improvement to whom do you talk with about them?	Ideas are directed to their leaders.	17
Do you have meetings, where you can suggest your ideas?	Meetings are attended where ideas can be suggested and some of the ideas are taken into consideration.	18
Regarding mistakes: what happens if you do something wrong?	There will be punishment.	15
How do you see changes?	Change is seen as positive and an opportunity to learn new things.	18
Is there spare time in your time schedule?	There is very little spare time, if any.	16

With reference to Table 4.3:

- Most employees use change as a trigger to learn and see change positively, as they search for better solutions to improve the running of the AGSA. Employees say that they generate ideas and that these ideas are discussed at meetings. They say that they direct their new ideas to their leader. Idea generation leads to innovation, which is a process of learning. However, employees say that idea generation and finding solutions to run the organisation better are done voluntarily. They say that their learning is not shared and institutionalised. Ideas are not often converted to innovation. One of the characteristics of the Learning Organisation is for the leadership to create an enabling environment for learning to take place in a structured and unstructured manner. Whilst it appears that the leadership has not formally put in place structures for learning, learning is happening at some level in any event. The AGSA will need to formalise learning, so that it can benefit from individual learning by converting this learning into institutional learning.
- However, most say that they will be punished for making mistakes. One of the core characteristics of a Learning Organisation is that employees must be able to make mistakes during the learning process, provided that these are genuine mistakes as part of the learning process and not recklessness by employees. Employees must learn without fear of being punished for making mistakes and this is something that the AGSA will have to address. As mentioned above, the AGSA must create an enabling environment for learning to take place. This includes allowing employees to make some mistakes during the learning process without fear of being punished. Making mistakes is part and parcel of learning. The principle of employees learning and making mistakes without

fear of punishment is a key principle of the Learning Organisation concept. As the AGSA is an auditing organisation, accurate and expert work is expected. However, learning must not only be on the job (that is, technical training) but also learning in a wider sense. This is where the leadership can afford to be not so exacting.

- The fact that employees say that they have very little spare time is detrimental to becoming a Learning Organisation as this implies that there is very little time for learning. Therefore the leadership must see how they can create sufficient spare time for learning to take place. When employees are constantly working under pressure, no learning takes place. As part of creating an enabling learning environment, the AGSA must ensure that its employees' workload is such that enough time is available for employees to participate in learning and learning activities.

- **Questions about Yourself**

This category covers the respondents personally to establish their personal feelings in respect of the organisation and how this impacts on learning and the AGSA as a Learning Organisation. The results are summarised in Table 4.4.

Table 4.4: Questions about Yourself

Question	Answer	Frequency
What is your personal dream?	The respondents have positive dreams, like climbing the corporate ladder, being happy, contributing to their colleagues success.	18
What is your personal goal?	The personal goal is to grow.	16
How do you see yourself in the future? Still working at the AGSA?	Only 11 respondents see themselves as still working for the AGSA in the future.	11
Are your goals and dreams connected to each other or is it only a dream?	Personal goals and dreams are connected to each other.	18
What motivates you?	Examples of motivators mentioned include growth, learning, helping colleagues, wanting to make a difference.	18

With reference to Table 4.4:

- Most employees are positive about their future and want to grow their careers. They believe that the AGSA offers them career growth. Therefore, they believe that their dream of climbing the ladder is possible at the AGSA. They see this being possible through learning and being successful in their jobs. They say that they are fundamentally happy. One of the things that make them happy is seeing their colleagues grow and being successful. One of the characteristics of a Learning Organisation is that employees must want to see their colleagues grow and being successful through

learning. This sentiment amongst employees makes learning in teams possible. Team learning is another characteristic of the Learning Organisation. The challenge to learning in teams is that in some environments employees do not see themselves as equals. This does not appear to be the case at the AGSA. This may be attributable to the fact that employees in both core business (auditing) and corporate services are well educated and qualified. There is a level of respect amongst colleagues, irrespective of their job function.

- Their personal goal is to grow their career, which indicates that they want to learn. They say that their goals and dreams are connected, that is, their dreams are being converted to reality. Most employees say they are positive people and they want to grow through learning. In order to learn, people must be well adjusted individuals, who are confident, positive and happy. The respondents demonstrate they have these qualities; therefore they appear to be of the calibre employee who will excel in learning as individuals and in teams. Once more, their desire to help their colleagues succeed is evident. They want to make a difference at the AGSA and to their country. This possibly explains the reason why employees are happy working at the AGSA, despite the stress and tension. They see purpose in their work, as they are contributing to strong public accountability in South Africa and therefore helping the AGSA achieve its constitutional mandate.
- Quite concerning though is the fact that only 61% of employees say they will continue working for the AGSA. Is this because of the contract nature of employment for senior manager level employees and above? Or is this because of the generation Y factor, who normally only work for short periods at any employer? Or is it because of the fact that accounting and auditing professionals are in short supply in the country? Or is it because employees feel they have reached their ceiling after a certain period of time? Or are there deeper reasons? One of the challenges of the AGSA is the retention of skilled staff. The AGSA needs to investigate this further.

4.2.5 Conclusion

The findings obtained from the structured interview indicate that many attributes (Refer Section 4.2.4) of the Learning Organisation are demonstrated by employees. Some of these attributes are being happy, having fun, wanting to learn, wanting to grow and climb the corporate ladder, wanting to see their colleagues succeed, being happy at work and wanting to learn in teams, amongst others.

The negative findings, amongst others, are having no spare time to learn, the fear of making mistakes and the lack of the leadership actively encouraging learning.

Despite this, there is evidence of individual, unstructured learning taking place on a voluntary basis. Employees talk of wanting to improve the workings of the AGSA, through innovation, such as idea generation.

Whilst the findings indicate that employees do not believe that the AGSA is a Learning Organisation in any formal sense, they nonetheless believe in learning, for self development and to improve the efficiency and effectiveness of the AGSA.

The basis for the AGSA to grow into a Learning Organisation, supported and promoted by the leadership, is positively embedded in their employees' motivational levels and this is something that the leadership of the AGSA may wish to build on.

4.3 ANALYSIS OF THE INTERVIEWS

4.3.1 Purpose of the Interviews

The results of the semi-structured interviews are secondary data and are used to confirm or disconfirm the findings of the structured interviews, which is the primary data. The purpose of the unstructured interview is intended to allow the researcher and the respondent to engage freely around the questions. For example, do you believe that the AGSA will benefit from being a Learning Organisation and why? This kind of question is open-ended and allows for deeper discussion that encouraged several other aspects to be introduced during the discussion. The response normally allowed for a wider pattern to form allowing the researcher to get a broader view of the situation. The researcher was therefore able to draw a broader conclusion about the topic.

4.3.2 Categories of Questions

The questionnaire was divided into six categories, each of which has a specific focus, as follows:

- Change
- Supporting and promoting learning

- Creating the correct atmosphere to learn
- Recognising and rewarding learning
- Leadership style
- Appetite for becoming a Learning Organisation at a more mature level of maturity

An analysis of the questions covered in the various categories is summarised below:

- **Change**

This first category deals with change and how the leadership perceive change. An analysis is sought over the various perspectives of change, such as the leaders' attitude to change, how the leader sees change in the context of the AGSA, change as an opportunity or threat, and if the leadership directs the people of the AGSA to learn as a result of change.

- **Supporting and Promoting Learning**

The second category seeks to establish the leaderships' attitude towards learning, and in particular how they support and promote learning. Continuous learning as well as benefits that may flow to the AGSA as a result of learning is also explored. How can the leadership motivate its people to learn? The ideal learning approach is also explored.

- **Creating the Correct Atmosphere to Learn**

This category seeks to get an understanding of the AGSA's environment in the context of its support or otherwise of learning. Does the AGSA have the correct atmosphere to learn and if not, what must it do to create the correct atmosphere? Will more people be encouraged to learn if the atmosphere to learn is corrected? These are some of the aspects that this category seeks to address.

- **Recognising and Rewarding Learning**

This category tries to establish the link between learning and recognising and rewarding learning. These questions sought to establish the current status of the AGSA in this regard and what it can do to encourage its people to learn by recognising and rewarding them for learning.

- **Leadership Style**

A Learning Organisation requires a particular leadership style to succeed. This category of questions seeks to assess the current leadership style of the AGSA and correlate it against the desired leadership style for a Learning Organisation. Does the leadership style require changing and if so, is the leadership willing to change their style of leadership?

- **Appetite for Becoming a Learning Organisation at a more Mature**

The final category of questions seeks to establish if the leadership has the appetite to grow the AGSA into a mature Learning Organisation. How does the leadership see the AGSA in context of a Learning Organisation and what are their views with respect to its level of maturity as a Learning Organisation? It also sought to establish the interventions that the leadership believes it will need to take to grow into a mature Learning Organisation.

4.3.3 Response Received

The researcher conducted one-on-one interviews with six senior executives out of a population of nine. All respondents are based in Pretoria.

4.3.4 Analysis of Interviews

- **Change**

The results obtained by means of the semi-structured interviews from the senior leadership of the AGSA with respect to the impact of change on learning are summarised in Table 4.5.

Table 4.5: Change

Question	Answer	Frequency
Do you as a leader embrace change?	Leaders embrace change	6
Do you believe that the AGSA as an organisation leads change?	The AGSA reacts to change. However, this has changed over the last six months, where the AGSA is seen to be leading change.	4
Do you see change in the internal and external environment as an opportunity or a threat to the AGSA? Explain why?	Leaders see change as an opportunity, which be must seized. Change forces improvement. Change is significant in the external environment, for example, increase in stakeholder expectation. The AGSA sees this as an opportunity to change and improve.	6
As an organisation do you believe that we do enough to deal with change?	The change model is not yet fully implemented. The change culture is largely passive and reactive and this will need to change.	6
Do you feel that the leadership directs its people to learn as a result of change?	Change is too fast over the last 6 months. Crisis management. No time to internalise and learn from change. Change management process is needed to equip employees to deal with change.	6

With reference to Table 4.5:

- All leaders say that they embrace change. This is a positive attribute, as change is a trigger to learn. Change is a critical attribute to the Learning Organisation concept. With the embracing attitude of the leadership to change, it builds a strong foundation for the AGSA to grow into a mature Learning Organisation. The leadership must lead this process.
- During the period of the research, that is, April 2008 to November 2008, the leadership say that the AGSA was reactive to change. However, the researcher has observed that over the last six months (June 2009 to November 2009) the AGSA is leading change. As part of the semi-structured interviews, this position was tested with the respondents to update the findings. All leaders say the AGSA has been leading change over the last six months. However, they say that this change approach was unplanned, which created stress on the environment due to the demand on employees. They say they are adjusting themselves infra-structurally to deal with this new change approach. The leaders say they have embraced this new change approach and are working positively to cope. By embracing and leading change, the leaders are likely to capitalise on the learning opportunities these changes may bring to the AGSA.
- The leadership sees change as an opportunity. Leading change will require the AGSA employees to learn. This may positively motivate the AGSA to make learning a strategic objective. This will form the foundation for the AGSA growing into a mature Learning Organisation.
- Leaders do not believe they do enough to deal with change. They say the new change approach over the last six months has put them in a crisis management mode, suggesting the approach was big bang and not incremental. Leaders submit this was opportunistic, that is, the current government being receptive to the AGSA's audit findings and expressing their desire to act on it. However, leaders recognise their shortcoming and have taken certain interventions, for example, adopting a change model framework to deal with change in the future.
- The leadership does not believe it directs its employees to learn from change. This is probably due to the historical reactive approach to change. They believe with the new change approach, the time is opportune to direct its employees to learn from change. As a result this may motivate them to grow the AGSA into a mature Learning Organisation.

- **Supporting and Promoting Learning**

The results with respect to the leadership's support and promotion of learning within the AGSA are summarised in Table 4.6.

Table 4.6: Supporting and Promoting Learning

Question	Answer	Frequency
As a leader, do you believe the leadership supports and promotes learning by the people of the AGSA?	The AGSA supports learning only for trainee accountants. No other learning is actively encouraged at this stage.	6
Do you believe the support can be improved and to what extent?	Support for learning must be improved substantially as it is critical for success and to improve performance.	6
Do you think people at the AGSA should be continuously learning and why?	People must be continuously learning in order to develop new competencies and become more efficient and effective.	6
If people are supported to learn do you think it would be of benefit to the AGSA and why?	There will be benefits to the AGSA in the form of being more efficient and effective.	6
Do you feel people at the AGSA can be motivated to learn by the leadership and if not what can be done to motivate them?	Employees can be motivated to learn About 30% to 50% are learning and willing to learn at the moment. They do this voluntarily. This will have to be built on.	6
Do you think learning should be structured and driven from the top or it should be unstructured and left to the people?	Learning must be driven and lead from the top. This will ensure that meaningful learning will take place. However, some leaders felt that learning must also be unstructured.	5

With reference to Table 4.6:

- The AGSA is an audit institution and trains auditors. As a result of an agreement with various professional bodies like SAICA, the AGSA has to support academic learning for their trainees. The AGSA does this in a significant way. However, no other form of learning is supported or promoted in any meaningful way. The leaders say employees that do not have the minimum qualifications for their jobs are encouraged to acquire them. This is a clear indicator that the AGSA is not a Learning Organisation at any significant level. One of the key fundamentals of a Learning Organisation is that all employees must be learning and must be encouraged to learn. It must be lead by the leadership (top down approach) in addition to allowing learning to take place naturally (that is, bottom up). It is not something that just happens. The AGSA will need to address this fundamental issue if it wishes to grow into a mature Learning Organisation.

- The leaders say support for learning must be substantially increased, as they realise that employees have to be learning to cope with change, to innovate and for continuous improvement. This is a positive motivation for the leadership to grow the AGSA into a mature Learning Organisation.
- There is acknowledgement by the leadership that its employees must be continuously learning in order to develop competencies and improve performance, amongst others. This is another positive realisation by the leadership, as learning can only be done on a sustainable basis if the leadership supports and promotes learning.
- The leaders agree that benefits will flow to the AGSA if its employees are learning. The benefits will be in many forms, including increased efficiency and effectiveness. The leadership must be inspired by this to grow the AGSA into a mature Learning Organisation.
- The leaders estimate that between 30 to 50% of employees are voluntary active learners. Therefore, employees are demonstrating that they understand the importance of learning. The leadership sees this as positive and a good base to build on.
- Most leaders believe that learning must be structured and driven from the top. This is arguably not a bad starting point to begin their journey in making the AGSA a mature Learning Organisation. However, the fair percentage of employees learning voluntarily must be embraced and therefore unstructured learning must be encouraged and supported. This resonates well with the principles of a Learning Organisation which encourages both structured and unstructured learning.

- **Creating the Correct Atmosphere to Learn**

The results of the leadership's views with respect to creating the correct atmosphere to learn are summarised in Table 4.7.

Table 4.7: Creating the Correct Atmosphere to Learn

Question	Answer	Frequency
Do you believe the AGSA has the correct atmosphere to learn?	The AGSA has a heavy workload and is deadline driven. The environment is therefore pressurised and stressed.	6
What do you believe to be the correct atmosphere?	Leaders must encourage employees to learn through recognising and rewarding learning. Create time for learning. Allow learning to take place in a semi-structured way. Create learning communities.	6
If you are of the view that the AGSA does not have the correct atmosphere, what do you believe should be done to create the correct atmosphere?	Create more time to learn. Incentivise learning. Recognise learning. Leadership encouragement to learn. Be supportive of learning. Invest resources. Generally create an enabling atmosphere for learning.	6
Do you think by creating the correct atmosphere, more people at the AGSA will be encouraged to learn?	More employees will learn, as the current percentage of employees learning in a voluntary manner indicates that employees have a learning culture.	6

With reference to Table 4.7

- The leadership is of the view that the current atmosphere is not conducive to learning as it is very pressurised and stressed. This is probably due to the nature of the AGSA's work, which is deadline driven, that is, the need to deliver its audit reports on due dates. The other possible reason for this is the increase in stakeholder expectation and the resultant big bang change mentioned earlier. For example, the need for leadership visibility. This means influencing auditees to take the AGSA's audit findings seriously and to act on these findings, which requires a lot more time from management. The stressed environment means that there is no time for learning to take place. This is a negative situation that does not support learning. The AGSA will need to address this.

- The perception of the correct atmosphere for learning by the leadership aligns with an atmosphere that will support learning, for example, creating more time to learn. This is positive as it indicates that the leadership is aware of what the ideal atmosphere is. They have to create the correct atmosphere as they go forward in their journey of becoming a Learning Organisation.

- The leadership is of the view that more employees will want to learn if the correct atmosphere is created. The leadership is aware of the relatively high percentage of employees learning in a voluntary way. This is an excellent platform from which the AGSA can build on in their journey to maturing as a Learning Organisation.

- **Recognising and Rewarding Learning**

How does the leadership recognise and reward learning is explored in Table 4.8.

Table 4.8: Recognising and Rewarding Learning

Question	Answer	Frequency
Do you feel that the AGSA adequately recognises and rewards its people for learning?	Only trainee accountants are rewarded for passing examinations. Otherwise there is no recognition or reward for learning.	6
If you feel that they do, do you believe that it motivates the people to learn?	Only trainee accountants are rewarded. It does motivate them.	6
If you feel that if they do not, do you think by recognising and rewarding its people it will encourage them to learn?	It will definitely motivate employees to learn if employees are recognised and rewarded for learning.	6
How should people be rewarded to learn? Should the reward be part of the AGSA's proposed performance management system?	Reward must be part of the performance management system and other incentives to learn must be offered as well.	6

With reference to Table 4.8:

- Only trainee accountants are recognised and rewarded for learning. Other employees are not recognised or rewarded for learning. This is probably because there is no formal learning system in place. All learning takes place in an informal manner, without the involvement of the leadership. Recognising and rewarding learning is fundamental to the learning process. Employees must be recognised and rewarded for learning. This will encourage learning by employees on a wider scale and sustainable basis. The AGSA must consider this and recognition and reward must form one of the cornerstones in the AGSA's Learning Organisation framework.
- The current recognition and reward of trainee accountants does motivate this group of employees to learn. Therefore, there is every reason to deduce that extending this recognition and reward for learning to other employees will motivate them to learn.
- The leadership believe that reward for learning must be through the AGSA's performance reward system. They believe that other forms of incentives for learning must also be introduced, such as for example short paid holidays. They say recognition must also form an integral part of this process and be liberally practiced. Learning must at all times be recognised and rewarded by the leadership. This is a critical component of the Learning Organisation concept and the AGSA will need to ensure that its employees will be adequately recognised and rewarded for learning. However, it must

be pointed out that measuring learning (that is learning other than formal learning that results in passing written examinations) is an extremely difficult task and is quite subjective in nature. Therefore the leadership of the AGSA will have to carefully consider the criteria/s for measuring learning and its effect on the AGSA.

- **Leadership Style**

In this section, the AGSA’s leadership style and its support for learning is analysed in Table 4.9.

Table 4.9: Leadership Style

Question	Answer	Frequency
What do you believe is the correct leadership style for a Learning Organisation?	Talk with employees. Allow them to make mistakes. Lead by example.	6
Given your understanding of the leadership style, do you think that the AGSA leadership has the correct leadership style to promote the Learning Organisation concept?	Not at this stage due to the focus being on meeting deadlines and being product output driven.	6
If not, do you feel that the leadership will be willing to change its leadership style so that the Learning Organisation concept will be promoted?	Willing to change leadership style as part of the migration to a mature Learning Organisation.	6
By having the ideal leadership style, do you think that it will support and encourage learning by the people of the AGSA?	The proposed leadership style will support and promote learning significantly.	6

With reference to Table 4.9:

- The leadership demonstrates a good understanding of some of the attributes of the desired leadership style. However, they appear to base it on a generic understanding of learning rather than in context of a Learning Organisation, thus they cite things like talking to employees, lead by example, etc. This position will no doubt remedy itself as the leadership becomes familiar with the workings of a Learning Organisation and the desired leadership style of coach, mentor and steward. It is positive to note that the leadership recognises the emotional aspects required of them to promote learning.
- The leadership openly acknowledge that the AGSA does not have the correct leadership style for a Learning Organisation. They say the current modus operandi of the AGSA is focused on tight deadlines and is product output driven and it is not focused on people. However, the open acknowledgement is positive as they recognise that they have to change their leadership as the AGSA becomes a mature Learning Organisation.

- The leadership are committed to changing their leadership style so that learning is supported and promoted. This is positive as the leadership must drive the process of the AGSA becoming a mature Learning Organisation. They will have to adopt the desired leadership style for a Learning Organisation that of mentor, coach and steward.
 - The leadership is convinced that by having the ideal leadership style, it will support and promote learning within the AGSA. Their commitment to change their leadership style to achieve this is positive, as they will be able to drive learning by employees effectively.
- **Appetite of Becoming a Learning Organisation at a More Mature Level**

In this section, the leadership’s appetite to grow the AGSA into a mature Learning Organisation is analysed in Table 4.10.

Table 4.10: Appetite of Becoming a Learning Organisation at a More Mature Level

Question	Answer	Frequency
Based on your understanding of the Learning Organisation concept, to what extent of maturity do you believe that the AGSA is a Learning Organisation and why?	Between 5 and 30%. There are no formal learning initiatives promoted by the AGSA. Learning is undertaken on a voluntary basis by employees at this stage.	6
If it is your view that the AGSA is not at a high level of maturity as a Learning Organisation, do you feel that the leadership has the appetite to grow the organisation into a mature learning organisation?	There is definitely a willingness to grow the AGSA into a mature Learning Organisation. However, it will require a change with respect to the current compliance culture.	6
What initiatives do you feel the leadership will have to embark on in order to grow the AGSA into a mature Learning Organisation?	Recognise and reward learning. Create more time for employees to learn and participate in learning activities. Relax the very strict rules around employees making mistakes. Create awareness and understanding around learning.	6
Do you think the leadership believes the AGSA should be a Learning Organisation and if so, do you believe they have the commitment to ensure this will happen?	The AGSA must be a Learning Organisation. The leadership has the will. However, this will have to be converted into a deep commitment. One way to ensure commitment is to make learning a strategic objective by the AGSA.	6

With reference to Table 4.10:

- The leadership is of the view that the AGSA is a Learning Organisation at a low level of maturity, with estimates from a low of 5% to a high of 30% being quoted. This is indeed a low level of maturity and the AGSA will need to urgently address this if it wishes to migrate to a mature Learning Organisation and enjoy the benefits that may flow to it.
- The leadership indicates they have the will for the AGSA to become a mature Learning Organisation. However, work pressures and deadlines absorb them. Under these circumstances, learning falls off the radar. This is confirmed by many of the leaders, who say they often cancel going on workshops, seminars etc, due to work pressure. For their will to become a commitment, the AGSA will need to make learning and growing into a mature Learning Organisation a top strategic objective.
- Some very good initiatives are suggested by the leadership to promote learning. They aware these initiatives will need to be supported with some deep interventions like a culture change towards learning. However, their sentiments are positive as it demonstrates that they are aware they will have to drive certain initiatives to promote learning within the AGSA.
- The leadership believes it has the will to grow the AGSA into a Learning Organisation. However, they say at this stage they do not have the commitment, as their energies are directed towards meeting deadlines and the phenomenal change the AGSA is going through. This change is largely attributable to an increase in stakeholders' expectations and the AGSA's response to this, for example, increased leadership visibility.

4.3.5 Conclusion

The findings of the semi-structured interviews place into perspective how the leadership sees the AGSA in context of the Learning Organisation concept.

They believe as leaders they embrace change, which is a positive attribute for growing the AGSA into a mature Learning Organisation, as change is a trigger for learning. They say until 6 months ago, the AGSA reacted to change. However, over the last 6 months, the AGSA is leading change. This is positive for the AGSA as it considers adopting the Learning Organisation concept, as leading change mean that it will have to have employees learning in order to cope and lead change.

At this stage the AGSA only supports and promotes learning by the trainee accountants, but they say the support should be extended to all the AGSA employees.

Despite the lack of support by the leadership for learning by its employees, 30 to 50% of employees learn in a voluntary way. However, this learning does not always convert into institutional learning and thus this vital knowledge is lost.

The leadership confirms the AGSA atmosphere is not correct for learning. The environment is over-stressed and pressurised. There is no time for learning. The AGSA will need to address this as it takes the road to becoming a mature Learning Organisation.

The leadership believes that employees must be recognised and rewarded for learning.

The leadership is positive about the Learning Organisation concept and are aware of the benefits that may flow to the AGSA by more fully adopting the concept. However, at this stage they estimate the level of maturity as a Learning Organisation to be between 5 and 30% only.

4.4 ANALYSIS OF THE OBSERVATIONS

4.4.1 Purpose of Observations

The result of the observations is secondary data and is used to confirm or disconfirm the findings of the structured interviews, which is the primary data. The purpose of the observations was to obtain evidence to test the findings of the structured questionnaires.

The behaviours observed were carefully chosen to enable the researcher to corroborate the findings of the structured questionnaire and the unstructured interviews.

4.4.2 Process

The observations were based on the researcher's attendance at various meetings, seminars, workshops, strategic planning sessions and functions between April 2008 and November 2008. All employees observed are based in Pretoria. The researcher is an employee of the AGSA and was therefore able to immerse fully into the AGSA environment. In addition to the occasions

mentioned above, the researcher was able to observe the selected AGSA employees in dozens of informal discussions. On each occasion of the formal sessions of observation, the observations were corroborated by at least two independent people. The meetings, seminars, workshops and strategic planning sessions were recorded on tape and minutes were produced. These were used for further collaboration of the researcher's observations.

The researcher used an observation schedule as a checklist that contained all the variables to be observed. As each variable was observed, it was marked off on the checklist. Once the variable was collaborated, the sum of the markings was recorded as incidents of observation.

4.4.3 Categories of Observations

The categories chosen for observation are as follows:

- Behaviour
- Learning
- Change
- Recognition and reward
- Leadership style

- **Behaviour**

This category deals with emotion, conduct, actions and feelings of employees and correlates with the motivation and satisfaction section of the structured questionnaire.

- **Learning**

This second category seeks to establish how often discussions around learning and learning activity is prevalent in the environment. Evidence of team learning and personal mastery is also looked for. This category correlates with supporting and promoting learning in the semi-structured interview section.

- **Change**

The researcher sought to establish how change is dealt with in the environment. Is change lead or followed? How is change interpreted? Is it looked at as a threat or opportunity? Do the people being observed use change as a trigger to learn? This category correlates with change in both the structured questionnaire and the semi-structured interview section.

- **Recognition and Reward**

Are employees of the AGSA recognised and rewarded for learning? What are the sentiments and discussions around this? Is there any evidence that employees are recognised and rewarded for learning? Is there evidence of this through employees speaking about it and showing their feelings if they are recognised and rewarded? Recognition and reward is covered in the semi-structured section.

- **Leadership style**

This final category seeks to observe the leadership style as it is practised in the AGSA environment. Is the leadership supportive of learning? What is the leadership’s attitude to learning? Leadership style is also covered under the semi-structured interview section.

4.4.4 Functions Attended for Observations

For the purpose of observing employees in respect of the categories discussed in Section 4.4.3, the researcher attended a number of functions, mainly meetings, within the AGSA environment. A breakdown of the function type attended is given in Table 4.11.

Table 4.11 Summary of Various Functions Attended by the Researcher

Type of Forum	Number of Events
Management Meetings	108
Seminars	12
Workshops	6
Strategic Planning and Communication Alignment Sessions	6
Functions	6

4.4.5 Analysis of Observation

- **Behaviour**

The results obtained by means of observation of middle and senior management of the AGSA in respect of behaviour with work are summarised in Table 4.12.

Table 4.12: Observations in Respect of Behaviour

Observation	Frequency
Good working relations	123
Happiness	115
Employees are under pressure	110
Having fun	96
Shared vision	89
Fear over making mistakes	87
Employees motivated and energised	78
Criticism	28
Group think mentality	17
Negative behaviour	3

With reference to Table 4.12:

- The characteristics of a Learning Organisation are clearly demonstrated in the behaviour of employees at an individual level
- Good working relations exist, people are having fun and are happy
- A single shared vision is indicated, which makes team learning possible. This was evident during the incidents of observations, where employees were goal congruent and talking about achieving the same objectives for the organisations. It was also observed that employees own vision were largely aligned with that of the AGSA
- However, employees express fear of making mistakes. This is a negative and does not support learning. This can be easily rectified by the leadership by embracing the principles of the Learning Organisation concept
- Employees are motivated and energised, which is a good attribute for employees being motivated to learn
- Employees are under pressure most of the time, which is not conducive for learning. You do not learn if you are under pressure constantly
- Despite all the positive attributes being displayed, on its own it does not mean that the AGSA is a Learning Organisation. Learning must be supported and promoted by the leadership. Learning must be institutionalised for the AGSA to derive optimal benefit from its employees learning. The leadership must drive learning and give it structure. They must also create the correct atmosphere and recognise and reward learning

- **Learning**

The behaviour being demonstrated by employees is analysed in Table 4.13.

Table 4.13: Observations in Respect of Learning

Observation	Frequency
Team learning	36
Learning commented about favourably	15
Discussion around learning	12
Personal mastery	9

With reference to Table 4.13:

- Generally, there were low incidents of learning taking place or being discussed
- There were also low incidents (to the overall population) of team learning taking place. However, in the limited number of learning incidents taking place, there was evidence of people learning in teams. These teams appear to be self-organised and were informally lead
- Personal mastery is the discipline to learn new skills. There were also low incidents of this demonstrated
- The lack of learning and learning enthusiasm does not correlate to the positive attributes that employees have demonstrated in their behaviour. This is probably because learning is not actively encouraged in the environment

- **Change**

How do employees respond to change? How is changed viewed in the environment is analysed in Table 4.14.

Table 4.14: Observation in Respect of Change

Observation	Frequency
Incidents of change impacting on the environment	76
Reacting to change	60
Leading change	16

With reference to Table 4.14:

- There was a high incidence of change in the environment
- Around 80% of the time employees were reacting to change.
- The incidents of leading change were low.
- Change was not used as a trigger to learn. Learning is normally triggered through change. Learning also enables organisations to lead change.

- **Recognition and Reward**

This category of observation is designed to establish if there is recognition and reward for employees that are not trainee accountants. The results are summarised in Table 4.15.

Table 4.15: Observation in Respect of Recognition and Reward

Observation	Frequency
How often were employees recognised for learning	12
How often were employees rewarded for learning	0
How often did employees mention learning being recognised by their leaders	0

With reference to Table 4.15:

- It is clear from the analysis that employees other than trainee accountants are rarely recognised or rewarded for learning
- There were no incidents of employees being rewarded for learning
- There were no incidents of employees talking about being recognised by their leaders for learning, although a small percentage of employees were recognised by other employees
- This clearly demonstrates a lack of formal recognition and reward for learning by the leadership

- **Leadership style**

This analysis seeks to establish the leadership style and if this style supports and promotes learning. The observations and frequency observed are listed in Table 4.16.

Table 4.16: Observation in Respect of Leadership Style

Observation	Frequency
How many times did the leadership speak positively to employees	124
How often did employees speak freely	122
How often did employees demonstrate mistrust towards their leaders	0

With reference to Table 4.16:

- There are high incidents of positive leadership behaviour towards employees
- There are high incidents of freedom of speech and expression, indicating a consultative leadership style
- There were no incidents of mistrust between employees and the leadership
- These are all positive attributes to grow the AGSA into a mature learning organisation

4.4.6 Measuring and Assessing the Deemed Level of Maturity the AGSA is as a Learning Organisation

“The organisational learning literature is quite sparse on methods for evaluating and measuring learning organisations” (Bocaneanu, 2007: 409).

It is difficult to measure the level of maturity that an organisation is as a Learning Organisation, as the Learning Organisation concept is not something that is measurable in quantitative terms, like for example the horsepower of a motor. The concept itself is subject to many interpretations and is qualitative in nature.

However, the researcher is of the view that it would be useful to try and estimate the level of maturity the AGSA is as a Learning Organisation. This would give the leadership of the AGSA a baseline to build on.

Three models will be briefly discussed, including their limitations. The researcher will then propose a model that will be used to perform the exercise.

- **The Moilanen Model**

In 2005, Raili Moilanen created a model to measure organisational learning. The writer referred this model as the “holistic measurement model” which is not grounded in any theoretical approach. (2005: 75)

The model is based on an eclectic theoretical basis. Responses are questionnaire based, half of which focuses on the individual level and the other half on organisational level. The statements are then visualised by means of a diamond. The size and balance of the sides of the diamond forms a clear compelling visual indicator of the readiness for learning.

The limitations to this model are:

- Quantitative, questionnaire-based approach
- Individuals provide their own assessment of their personal learning and organisational learning
- The cumulative result of individual assessments of a group phenomenon will be vastly different from a group assessment
- The method is discrete and regards the state of the organisation at a particular moment in time

- **Smith and Tosey's Model**

In 1999, Smith and Tosey developed a model based on new science. They posit that assessing learning is primarily political in nature, not technical or scientific. They maintain that assessing learning is a social process (Smith & Tosey, 1999: 70-75).

The limitations to their model are as follows:

- Their approach is highly speculative
- This undermines its use for an organisation that insists on rigour

- **Bocaneanu's Model**

In 2007, Bocaneanu developed a model which is based on the writer's assertion that organisational learning cannot be meaningfully evaluated at the individual level and in a discrete manner. She maintains that for an assessment to be useful, it has to take into account the flux, the process and be produced through and refer to social interaction.

However, Bocaneanu (2007: 415) maintain that reducing learning to a list of factors that are measured and mapped out can only lead to a mechanistic type of learning. The writer suggests that the holistic approach, which looks at the interactions and interplays between different dimensions/ areas of focus, rather than analyse each of them independently is the solution.

Clearly from the summary of the above three models, there is no right or obvious way to assess and measure learning.

The researcher has developed his own model, which is based on the following principles:

- Take a holistic view, that is, individual feedback and organisational indicators
- The results are then aggregated using an appropriate weighting
- Link the feedback to Senge's five disciplines
- In order to achieve this, the questionnaire on individual feedback and the organisational indicators must be structured to fit into the classical definitions of Senge's five disciplines
- An analysis of the feedback and quantification of the results will determine the level of maturity
- The results are extracted from the three sources of data (structured questionnaires, semi-structured interviews and observations)
- This methodology tries to include Moilanen's model principles and as well some qualitative aspects of Smith and Tosey's model

An analysis of the results using the above model is as follows:

Table 4.17: Evaluation of Level of Maturity: AGSA

Senge's 5 Disciplines	Weighted Result
Systems Thinking	0.20
Personal Mastery	0.25
Mental Models	0.25
Building a Shared Vision	0.15
Team Learning	0.15
Weighted Average	0.20

The results from the primary data, which is the data from the structured questionnaire, were classified into one of Senge's 5 disciplines. The results were split into negative and positive feedback. The positive results were then weighted. Systems thinking carried a weighting of 25% and the other 4 disciplines carried equal weighting of 18.75%. Systems thinking is allocated a higher weighting due to the fact that it is systems thinking that enables the other 4 disciplines to be pulled together as an ensemble. Senge said that by pulling together the disciplines, we are expected to experience the Learning Organisation concept more profoundly. The positive results from the analysis were then weighted using the percentages indicated earlier. The results are reported in table 4.17.

Based on the assumptions used in the researcher's model, one can conclude that the AGSA is at a 20% level of maturity as a Learning Organisation. However, as discussed in 4.4.6, the Learning Organisation concept does not lend itself to being measured in quantitative terms. There is no perfect model or method to measure learning. Learning is not a finite process and to take a view on the extent of learning must be a broad process, which should be social in nature and not scientific or technical.

The reader will be able to assess the level of Organisational Learning at the AGSA more broadly by analysing the research data contained in this report. This analysis is likely to give the reader a fuller appreciation of where the AGSA is currently positioned as a Learning Organisation.

The purpose for this calculation is simply to give the reader some level of indication based on the researcher's own analysis.

4.4.7 Conclusion

Learning is not recognised or rewarded other than for trainee accountants and employees are not encouraged to learn. The AGSA was reactive to change during the observation period (April 2008 to November 2008). However, over the last six months (June 2009 to November 2009) there is a new approach to change. The AGSA is now leading change. This is evident by the various initiatives the AGSA is engaged in. These include engaging auditees more intensely on audit findings with the view that the auditees will make changes to their respective organisations. The AGSA does this through increased leadership visibility and stakeholder engagement. Change is a trigger for learning and the AGSA does not significantly use change as a trigger for learning. However, there is evidence that this is starting to change but the learning process will have to be formalised.

There are many positive attributes that were observed, such as employees being happy and having positive relations amongst themselves and with their leaders. The AGSA will need to build on these positive attributes observed as they grow into a mature Learning Organisation.

Whilst at face value there are many positive outcomes, the outcomes must not be a sum total of the positive and negative outcomes. The reason for this is that the drivers of learning are not equal. For example, employees having fun at work is a characteristic of the Learning Organisation concept; another characteristic is the leadership actively supporting learning. In the analysis of the results, these two characteristics have different levels of influence on the organisation as a Learning Organisation.

The weighted result, although judgemental, was 20% positive and 80% negative.

Having evaluated the findings of all three surveys, the researcher is of the view that the AGSA is probably at a 20% level of maturity as a Learning Organisation. This is within the range of 5 – 30% maturity as estimated by the leadership of the AGSA (Refer Section 4.3.5).

The analysis of observations clearly demonstrates that the AGSA is not a Learning Organisation at a significant level of maturity.

4.5 COMPARISON OF ANALYSES

4.5.1 Introduction

In this section, a comparison will be drawn over the 3 analyses, that is, structured questionnaires, semi-structured interviews and observations. As discussed previously, the finding of the semi-structured interviews and observations are secondary data and is used to confirm or disconfirm the findings of the structured questionnaire, which is the primary data. The commonalities and disagreements will be discussed, so that a common understanding can be derived as to the extent to which the AGSA is a Learning Organisation. The comparison will be done under the following headings:

- Motivation and satisfaction with work
- Relationships between employees
- Changes in the organisation
- Recognition and reward
- Leadership style

4.5.2 Motivation and Satisfaction with Work

Across all three analyses, there is evidence to indicate that employees are happy working at the AGSA. They claim that they have fun at work and enjoy their job. They are motivated to learn from colleagues. These are positive attributes.

However, employees say that they find the atmosphere at work stressed, tense and pressurised. This was confirmed by the leadership.

Learning is taking place on a voluntary basis at a fairly significant level (30 to 50%). Employees, other than trainee accountants, are not encouraged or supported by the leadership to learn. The AGSA does send their employees to seminars and courses, but in the absence of a committed learning strategy and deep commitment by the leadership to make the AGSA a mature Learning Organisation these interventions do not collectively amount to learning that converts to institutional knowledge.

4.5.3 Relations between Employees

All three analyses indicate that employees have good working relations with their colleagues. Employees are committed to seeing their colleagues succeed and grow. Employees enjoy working in teams.

This forms an important foundation for team learning, which is an important principle of the Learning Organisation concept. In particular, employees expressed interest for wanting to know what happens in other departments. This attribute can be developed into cross functional learning teams.

However, in the absence of a learning strategy, no team learning takes place.

4.5.4 Change in the Organisation

The commonality in the analysis is that the AGSA reacts to change, except over the last six months. Change is not a trigger to learning in any significant manner. People are learning but this learning is largely voluntary and job functional specific. Therefore, there is little innovation and continuous improvement in the wider AGSA environment.

Unplanned change, in a big bang manner, often results in crisis, which is where the AGSA finds itself at the moment.

The analysis indicates that because of this and the deadline nature of the AGSA, the environment is over-stressed and there is no time for learning to take place. The other reason for this is possibly the significant rate of change that the AGSA is currently experiencing.

Despite the pressure, people are happy at work, which certainly indicates that employees are deeply committed to the AGSA. This commitment must be built on to create a Learning Organisation.

4.5.5 Recognition and Reward

Apart for rewards for trainee accountants, there is no evidence of recognition and reward for learning by other employees.

The lack of incentives does not promote learning.

Both recognition and reward are equally important for employees to learn. The leadership has the will to incentivise employees to learn and this is confirmed through the semi-structured interviews. However, this willingness must be converted to action.

The leadership confirm that employees can be motivated to learn, through proper incentives and recognition.

4.5.6 Leadership Style

Results of the structured questionnaire indicate that employees have a high regard for their leaders. They also trust their leaders. This was further confirmed in the observations.

They regard their leaders as participative, people they can approach and talk with. However, they fear making mistakes, as they feel they will be punished. The leadership confirms that the environment is very exacting. Employees must be allowed mistakes if they are to learn.

However, the leadership does not support learning, except through the trainee accountant's scheme.

The leadership must create the correct atmosphere to learn. The analysis confirms that the AGSA currently does not have the correct atmosphere to promote learning. The current atmosphere is very stressful and there is no slack time for learning.

However, employees are displaying the appropriate characteristics for wanting to learn. The results from the analysis confirm that employees are willing to learn, but will need to be encouraged, recognised and rewarded.

The analysis indicates that the leadership has the appetite to grow the AGSA into a mature Learning Organisation. Whilst the leadership has the will to support and promote learning, this must be converted into commitment.

Learning must become a strategic initiative of the AGSA.

4.5.7 Conclusion

The structured questionnaire was the primary data and the semi-structured interviews and observations are the secondary data.

The three-way analysis (triangulation) shows that there is strong agreement among many of the answers to the various questions and observations and little or no conflicting results from the analysis.

This gives an indication of the degree of honesty and openness with which questions were answered and correspondingly substantiated in most cases by the observations.

The triangulation process therefore confirms the findings as summarised in each analysis, indicating that the AGSA is in the early stages of becoming a Learning organisation.

4.6 CONCLUSION

A detailed 3-way analysis was conducted by means of a structured questionnaire, a semi-structured used in face-to-face interviews and observations at various functions. The findings of each individual analysis were compared in a triangular process to establish if there is agreement between the findings or if there is strong disagreement. It was shown that there was no significant disagreement between the samples taken from different levels within the AGSA.

In Chapter 5 the final conclusions based on the research will be discussed and appropriate recommendations presented to improve the maturity level of the AGSA as a Learning Organisation.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

In this chapter, the conclusions drawn from the research will be discussed, indicating how the research objectives have been met. Gaps between the current status and a mature Learning Organisation are identified and practical recommendations are made to close these gaps. The researcher will reflect on the research in respect of the AGSA and what was personally achieved.

5.2 CONCLUSION AND DISCUSSION

5.2.1 Introduction

In chapter 1 (Refer to 1.5) the stated primary objective is to understand how the Learning Organisation concept can assist the AGSA in becoming more effective, efficient and relevant as an organisation. The literature study has shown that this can be achieved by becoming a mature Learning Organisation. The empirical qualitative research and the researcher's developed model of measuring maturity has shown at what maturity level the AGSA currently finds itself as a Learning Organisation and the reasons for this state. This section will highlight and briefly discuss the most significant findings.

5.2.2 Impact of Change

The overall research findings indicate that the AGSA is currently leading change and both its internal and external environments are experiencing rapid change. That the AGSA leads change is evidenced from the initiatives that it is currently taking. This includes a new approach with respect to their service delivery. They now have increased leadership visibility and stakeholder engagement. The intention of this is to positively influence their auditees to take their audit findings seriously, so that actions are taken to remedy their situation.

The approach of the AGSA leading change as opposed to historically reacting to change is positive. The new change approach has taken place over the last six months. The research findings indicate that the AGSA has adopted this approach without adequate planning. Therefore, the environment appears to be stressed, with some respondents saying that they are in a crisis mode. However, respondents say they are successfully adjusting to the new approach. Respondents believe that the AGSA has changed its approach due to the opportunity presented to it. The AGSA believes that the current government is receptive to their audit findings and they want to make fundamental changes to improve. Therefore, the AGSA has increased its leadership visibility and stakeholder engagement.

Change is a trigger to learning but this is not significantly evident in the environment. Some employees are learning due to change, but this learning is primarily technical in nature that is, it is primarily of an accounting and auditing nature. With the new approach to change, the AGSA would need to embrace change as a trigger for its employees to learn in a wider sense. By learning, employees will be able to cope with change and eventually lead change. Learning leads to innovation, which in turn enables continuous improvement.

5.2.3 Motivation of Employees

Whilst there is evidence that the leadership of the AGSA does not actively support and promote learning by its employees, other than the training of accountants, the research indicates that a significant percentage of employees (30 to 50%) are learning on a voluntary basis. This is positive and indicates that employees have the fundamental characteristics to be learners and the will to learn. This is supported by the research findings where employees indicate that they are happy, they have fun at work, they like working with their colleagues, they want to see their colleagues succeed, amongst others. Employees say they have good relations with their leaders and feel comfortable to be open and honest with their leaders. These are all attributes of a Learning Organisation. However, employees believe that the AGSA environment is not conducive for total learning, as they say it is pressurised and stressed and they fear making mistakes. They say there is no time to learn.

The voluntary learning taking place has some positive impact for the AGSA. However, for the AGSA to derive the full benefits of employees learning, learning must be supported and promoted by the AGSA. This may be possible by the AGSA growing into a mature learning organisation. Learning starts with individual learning, which must then migrate to team learning and be eventually converted to institutional learning. Only then will the AGSA derive the benefits from its employees learning.

One of the main challenges the AGSA has is the retention of its employees. This was evident in the research when only 61% of employees say that they will remain in the AGSA's employment. One of the major benefits of the Learning Organisation is its impact on the retention of employees. When employees are supported and encouraged by the leadership to learn, they feel engaged because they are learning, sharing knowledge and growing. This has a positive impact on employees. The result is that employees are likely to stay with the organisation.

5.2.4 Leadership

The leadership admits they do not support learning by its employees except for training of trainee accountants. They have the will to grow into a mature learning organisation but lack full commitment due to continuously being under pressure to meet deadlines and coping with constant change. However, they accept they must encourage learning by all employees. They say they accept that benefits will flow to the AGSA.

Based on the semi-structured interview results the leadership estimates that the AGSA is anything between 5 to 30% mature as a Learning Organisation. The research findings support this view with the researcher's estimate being around a 20% level of maturity, which is low.

5.3 RECOMMENDATIONS

5.3.1 Areas Requiring Improvement

The AGSA is not a mature Learning Organisation, refer to table 4.17. In order to grow into a mature Learning Organisation, the following shortcomings, as indicated by the research findings in tables 4.1 to 4.16, have to be overcome:

- Employees are not actively supported and encouraged to learn
- The environment is stressed and pressurised and there is no spare time to learn
- Employees fear making mistakes as they feel they would be punished
- Employees are not recognised and rewarded for learning
- Learning is not shared and does not become institutional knowledge
- Only 61% of employees say that they will remain in the continued employment of the AGSA

- The leadership has the will to grow the AGSA into a mature Learning Organisation but lack commitment
- Leading change was unplanned, with employees saying that it was too fast for them, resulting in crisis management
- Learning is not recognised and rewarded
- Incorrect leadership style to promote learning
- Low level of maturity as a Learning Organisation
- Deadline driven, product focused, compliance culture
- Change is not used as a trigger to learn in any level of significance

As can be seen from the above, the AGSA has many shortcomings in context of the Learning Organisation concept which is confirmed by the findings of the research. This confirms that the AGSA is not a mature Learning Organisation.

5.3.2 Practical Recommendations to Close the Gaps

Some practical generalised recommendations to overcome the shortcomings listed in Section 5.3.1 are:

- Learning must be supported by the leadership. This will ensure that learning will be sustainable and will be directed for optimal benefit of the AGSA. Learning will convert to team learning and eventually into institutional learning
- For employees to learn, the leadership must create the correct atmosphere and actively show their commitment to support this. Time must be created for learning. Employees must not fear making mistakes during learning. Employees must be at ease to participate in learning activities
- Employees must be recognised and rewarded for learning. This will encourage all employees to learn on an on-going basis
- The leadership must formalise employees learning and ensure that learning is embraced and converted into institutional learning. Then the AGSA will derive the benefits from learning
- Organisations that are Learning Organisations create interest in their environment through the learning process. This is a strong motivation for employees to remain with

their organisation. The AGSA will be able to retain their employees more successfully by being a mature Learning Organisation

- In order to grow into a mature Learning Organisation, the leadership of the AGSA must be committed to the process. The AGSA must consider making learning a top strategic objective
- Employees that are learning better cope with change and they often lead change. By the AGSA encouraging its employees to learn they will be better able to cope with change, even if the change is big bang and unplanned
- Respondents say that the leadership style of the AGSA is consultative and participative. The research findings indicate that the employees of the AGSA enjoy a good relationship with their leaders and there is no distrust. The AGSA will need to build on this and migrate to the desired leadership style of a Learning Organisation, which is one of being a coach, mentor and steward
- There must be a cultural change to embrace learning and become people focused as opposed to being product output driven

The collective remedying of these short comings will take the AGSA a long way to becoming a mature Learning Organisation. For this to happen it will be necessary to appoint a responsible person or persons to take charge of this project and formulate detailed recommendations as to how the above can be achieved and implemented

5.4 AREAS FOR FUTURE RESEARCH

The researcher recommends that the AGSA considers further research as to how the organisational culture needs to change, if at all, to support organisational learning.

5.5 REFLECTIONS

5.5.1 Reflections on the Research Project

The research project set out to understand how the Learning Organisation concept may assist the AGSA in becoming more effective, efficient and relevant as an organisation.

The research project has succeeded in achieving its objective. The findings show that whilst the AGSA is not a mature Learning Organisation, it has many attributes that it can build on to enable it to migrate into a mature Learning Organisation. Quite importantly, the learners (employees of the AGSA) are demonstrating many positive attributes for learning and are currently learning in significant numbers.

The AGSA leadership has to make the commitment to grow the organisation into a mature Learning Organisation. The AGSA is a professional organisation with most employees highly qualified. This is a natural base for learning. Employees are deeply committed to the AGSA. Employees enjoy excellent relationships with each other. This is a strong positive attribute that will enable a shared vision to be developed and for employees to learn in teams.

The leadership of the AGSA is well respected by employees. However, the leadership does not encourage, recognise and reward learning.

The AGSA has inherent strengths that will enable it to migrate to a mature Learning Organisation in a relatively short period.

5.5.2 Personal Reflection

For the researcher, personally, this project was an enriching experience. Much was learnt in the process, especially the motivational aspects. It is quite heartening to note that despite employees not being encouraged or recognised and rewarded to learn they are learning none the less.

The researcher learnt much about the subject matter, through the literature review and conducting the research itself. The value of the Learning Organisation concept became clear and was internalised by the researcher.

The researcher was able to develop as a person, through this research, as the human elements of the Learning Organisation concept were studied and understood. The researcher was able to link the impact of change on learning, innovation and continuous improvement and how this will benefit the AGSA and himself.

The value of learning and the Learning Organisation concept has left an indelible mark on the researcher.

5.6 CONCLUSION

The AGSA is a Learning Organisation but at a low level of maturity. This is confirmed by the research. The AGSA finds itself in a fortunate position in that it has deeply committed employees who are learning on a voluntary basis, without recognition, reward or support from the leadership. The downside to this is that their learning is not institutionalised and therefore the benefits are not realised by the AGSA.

The leadership agree that the AGSA should be a mature Learning Organisation, but would need to commit to the process.

The research indicates that the Learning Organisation concept will assist the AGSA in becoming more effective, efficient and relevant as an organisation. It is therefore recommended that the AGSA investigates the possibility of becoming a mature Learning Organisation further.

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APPENDIX 1

STRUCTURED QUESTIONNAIRE

(Adapted from Ilmanen, Kalmer and Krause, 2006)

1 Motivation and Satisfaction with Work

- Do you like to go to work? Why?

- What is fun at work and what is less fun?

- Do you think that your salary is suitable to your work or performance? And compared to the salaries of other employees?

- Are you rewarded if you come up with new solutions?

- Would you like to see and learn how the other employees in different departments work to see the connections?

- Do you have a good view of the whole organisation? (e.g. the AGSA's strategic objectives)

- Do you feel responsible for the success of the organisation?

- Do you think about the consequences of your activities on other departments?

- How would you describe the atmosphere in the organisation?

- Do you spend free-time with your colleagues? (for example trips with the whole organisation)

2 Relationships between Employees

- Do you have a lot of contact with your colleagues? And also with people in different departments?

- Can you learn from your co-workers?

- Do you encourage your co-workers?

- Can you criticise your co-workers or are you afraid of doing so?

- How would you describe your leader? (His/her style and way of leadership)

- Do you go to your leader if you have problems? Do you see them actively encouraging learning?

- Does your leader listen to you and pay attention to your suggestions?

- Do you see the CEO as a part of the organisation?

- If the CEO or your superior orders something that does not seem right for you, will you tell them so or are you afraid of doing so?

3 Changes in the Organisation

- Do you search for better solutions to improve running the business?

- If you have new ideas for improvement to whom do you talk with about them?

- Do you have meetings, where you can suggest your ideas?

- Are your ideas taken into consideration?

- How are problems solved in your organisation?

- Regarding mistakes: what happens if you do something wrong?

- Do you think about the problem that caused the mistake?

- How do you see change?

- Do you have time to think about the operations of the organisation during work?

- Is there spare time in your time schedule?

- Are you sent to training or education programs in order to improve your performance?

- What do you think about the rules and norms in the organisation? (strict, flexible,...)

- Do you have the competence to behave different from the rules if it is appropriate?

4 Questions about Yourself

- What is your personal dream?

- What is your personal goal?

- How do you see yourself in the future? Still working at the AGSA?

- Where will the organisation be in the future?

- Are your goals and the dreams connected to each other or is it only a dream?

- What is the vision of your department?

- What is the vision of the AGSA?

- What motivates you?

- What should the vision of the AGSA really be? Discuss and come up with your created vision for the AGSA?

APPENDIX 2

SEMI-STRUCTURED INTERVIEW

1 Change

- Do you as a leader embrace change?

- Do you believe that the AGSA as an organisation lead change

- Do you see change in the internal and external environment as an opportunity or a threat to the AGSA? Explain why?

- As an organisation do you believe that we do enough to deal with change?

- Do you feel that the leadership directs its people to learn as a result of change?

2 Supporting and Promoting Learning

- As a leader, do you believe that the leadership supports and promotes learning by the people of the AGSA?

- If so, to what extent?

- Do you believe that the support can be improved and to what extent?

- Do you think that people at the AGSA should be continuously learning and why?

- If people are supported to learn do you think it would be of benefit to the AGSA and why?

- Do you think that people at the AGSA have the willingness to want to learn and if so what percentage will you put this at?

- Do you feel that people at the AGSA can be motivated to learn by the leadership and if not what can be done to motivate them?

- Do you think that learning should be structured and driven from the top or it should be unstructured and left to people to learn as and when they want to and why?

3 Creating the Correct Atmosphere to Learn

- Do you believe that the AGSA has the correct atmosphere to learn?

- What do you believe to be the correct atmosphere?

- If you are of the view that the AGSA does not have the correct atmosphere, what do you believe the leadership should do to create the correct atmosphere?

- Do you think by creating the correct atmosphere, more people at the AGSA will be encouraged to learn?

4 Recognising and Rewarding Learning

- Do you feel that the AGSA adequately recognises and rewards its people for learning?

- If you feel they do, do you believe it motivates the people to learn?

- If you feel they do not, do you think by recognising and rewarding the people it will encourage them to learn?

- How should people be rewarded to learn? Should the reward be part of the AGSA's proposed performance management system?

5 Leadership Style

- What do you believe is the correct leadership style for a Learning Organisation?

- Given your understanding of the leadership style, do you think the AGSA leadership has the correct leadership style to promote the Learning Organisation concept?

- If not, do you feel the leadership will be willing to change its leadership style so that the Learning Organisation concept will be promoted?

- By having the ideal leadership style, do you think that it will support and encourage learning by the people of the AGSA?

6 Appetite for Becoming a Learning Organisation at a More Mature Level

- Based on your understanding of the Learning Organisation concept, to what extent of maturity do you believe the AG SA is a Learning Organisation and why?

- If it is your view the AGSA is not at a mature level as a Learning Organisation, do you feel the leadership has the appetite to grow the organisation into a mature learning organisation?

- What initiatives do you feel the leadership will have to embark on in order to grow the AGSA into a mature Learning Organisation?

- Do you think the leadership believes the AGSA should be a learning organisation and if so, do you believe they have the commitment to ensure this will happen?

APPENDIX 3

SCHEDULE OF OBSERVATION

1 Observation in Respect of Behaviour

Observation	Frequency
Good working relations	
Happiness	
Employees are under pressure	
Having fun	
Shared vision	
Fear over making mistakes	
Employees are motivated and energised	
Criticism	
Group think mentality	
Negative behaviour	

2 Observation in Respect of Learning

Observation	Frequency
Team learning	
Learning commented about favourably	
Discussion around learning	
Personal mastery	

3 Observation in Respect of Change

Observation	Frequency
Incidents of change impacting on the environment	
Reacting to change	
Leading change	

4 Observation in Respect of Recognition and Reward

Observation	Frequency
How often were employees recognised for learning	
How often were employees rewarded for learning	
How often did employees mention learning being recognised by their leaders	

5 Observation in Respect of Leadership Style

Observation	Frequency
How many times did the leadership speak positively to employees	
How often did employees speak freely	
How often did employees demonstrate mistrust towards their leaders	

