ALSO REQUIRES: LEES' DIAGRAM, WAY FORWARD RE ED DIAGRAM

"LEARNING SOCIETIES", "LEARNING ORGANISATIONS", AND "LEARNING" – AND THEIR IMPLICATIONS FOR CONCEPTS OF COMPETENCE, ITS DEVELOPMENT, AND ITS ASSESSMENT

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In a sense, the aim of this chapter is to provide a foretaste of what is to come. One of the fundamental problems of the Competence Based Education movement is that, even when discussions of the competencies which are to be nurtured are grounded in empirical studies (itself a rare enough accomplishment), those studies have been backward-looking. Most have been studies of the qualities required to perform narrowly-defined aspects of current jobs effectively. They thereby ignore the qualities required to perform those aspects of current jobs which will contribute to future development and those required in future jobs.

Moreover it is surely vitally important to set any discussion of competence or capability in the context of an understanding of the competencies needed to establish, and function effectively in, learning organisations and a learning society.

Yet this statement is likely to mislead. As used in that sentence, the term "learning society" does not does not refer to anything having much in common with what is offered in most institutions of Higher Education as currently organised. The term is used to describe a society which would be capable of using current information to initiate developments which are likely to contribute to the evolution of a desirable future (i.e. experiments) and able to learn more about the goals to be achieved, and its own operation, from the effects of these actions.

One aim of this chapter is, therefore, to consider what is meant by the terms "learning society", "learning organisation", and "learning" with a view to underlining the importance of high-level competencies or capabilities in modern society. In this way it is hoped to highlight the need for new thinking about the nature of such competencies, the means to be used to promote the development of many varieties and components of competence, and the assessment of competence.

That, in itself, sounds innocuous. But the implications are profound. It means that the objective here must be none other than to summarise what can be discerned about the problems of modern society, their causes, the institutional arrangements which are required to run society more effectively, and the competencies which are required to both introduce these developments and run the new society more effectively. This is a huge agenda. Condensing into one chapter what we have learned about the topic over the past 30 years has had the effect that the material comes across as cataclysmic on the one hand and unattainable on the other. The cataclysmic part is now beyond dispute. The particular institutional

arrangements proposed as a way forward are debatable. But such a statement only underlines our main point – which is that we, as a society, need, through our educational system and elsewhere, to nurture the competencies – capabilities – which will lead to the rapid evolution of radically improved societal learning and management arrangements.

The Nature of a Learning Society

The attempt to clarify key features of a learning society (and hence the competencies required to introduce and run such a society) may be begun by noting something to which Adam Smith and Fred Hayek drew attention. This is that any society which claims to be a "learning society" must have a *societal information-handling and management* ***system*** *which is capable of learning and managing* ***itself***, without more than a fraction of the necessary information having to be present in the minds of anyone.

The quintessence of the market mechanism as proposed by Smith was precisely this. No individual or group within the system had to know anything very much.

As Fred Hayek put it:

> "The peculiar character of the problem of rational economic order is determined precisely by the fact that the knowledge of which we must make use never exists in concentrated or integrated form but solely in the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess.
>
> "Practically every individual has some advantage over all others because he possesses unique information of which beneficial use might be made, but of which use can only be made if the decisions depending on it are left to him or are made with his active co-operation.
>
> "If we can agree that the economic problem of society is mainly one of rapid adaptation to changes in the particular circumstances of time and place, it would seem to follow that the ultimate decisions must be left to the people who are familiar with those circumstances, who know directly of the relevant changes and of the resources immediately available to meet them. We cannot expect that this problem will be solved by first communicating all this knowledge to a central board which, after integrating all knowledge, issues its orders. We must solve it by some form of decentralisation".

The *system* proposed by Smith and Hayek to handle this problem would *itself* stimulate experimentation, evaluate those experiments, learn, and promote evolution and development. This would come about as people voted with their pennies independently on a myriad of issues. People did not have to articulate the reasons for their behaviour: they could vote on the basis of their feelings. They could buy products and invest in enterprises. Those who thought they knew better than others what their fellows needed could experiment, both individually and collectively. If other people liked what they did – perhaps because it enabled them to satisfy their needs more fully or more efficiently – the innovation would prosper. As developments built on each other, previously unimaginable developments would come about. There were endless possible connections and feedback loops. Numerous experiments would be initiated and fail. But the information available from "failed" experiments would not be lost. It would be picked up and used by others.

In sum, the proposal was for a messy, inefficient, organic, inter-connected, and evolutionary learning and management system. Quintessentially what was proposed was a means of empowering and handling *information*.

Nothing could differ more sharply from the kind of arrangements with which bureaucrats tend to feel comfortable. Bureaucrats' preference is usually for tidy, efficient, systems. They want to know beforehand what is to be achieved and how it is to be achieved. They design tidy systems for translating the

prescriptions of "authorities" – often arrogant, power-hungry, self-styled "wise men" (politicians) – into reality. Because the outcomes of any action as it interacts with the effects of other people's actions are inherently unknowable, such individuals – or committees of wise men or women – are necessarily ignorant of most of the information which should be taken into account when coming to decisions. In practice, most authorities ignore most relevant existing information, are rarely much concerned about the long-term public welfare, and are typically uninterested in finding out whether their prescriptions work – still less in seeking to understand the *ways* in which they work (or do not work) and changing those prescriptions as a result.

Deficiencies of the Market Mechanism

Unfortunately, as documented at some length in my *New Wealth of Nations* (1995), it has now become clear that there are major problems with the market mechanism as a societal learning and management system. These cannot be reviewed here in any detail, but a few examples must be given in order to underline the importance of developing an alternative.

Problems with the market-based societal management include:

- Market behaviour is not easily influenced by a great deal of important information – especially information about the long-term societal consequences of actions which are in the short-term interests of many individuals. (Many examples of this "tragedy of the commons" spring to mind, but perhaps the most striking is the way in which the world is pursuing the "American Dream" of material prosperity despite the fact that, for all the world to live as we do, it would be necessary to have five back-up planets doing nothing but generate agricultural produce.)
- Major costs – such as those involved in dealing with pollution, acid rain, and the destruction of the soils, the seas, and the atmosphere – are not counted when prices are being established in the marketplace. The costs are externalised to the environment and future or the Third World.
- The market does not, and cannot, deliver the most important ingredients in a high quality of life. This follows from the fact that these cannot be commoditised and bought and sold. Examples of such components include high quality *working* life (i.e. a working life which offers opportunities to feel that one has made a difference and opportunities to develop and use one's talents), networks of friends who provide security against misfortune of a kind unavailable through commercial insurance, love, and companionship.
- The market drives down quality of life. For example, the quest to do things quickly and cheaply degrades the quality of working life. Concern to keep costs down results in a demand for lower taxes which in turn destroys the livability of cities, the standard of health care, the adequacy of transportation systems, and the quality of economic and physical planning systems.
- The market, somewhat surprisingly, does not reward the most important contributions to the generation of either financial wealth or a high quality of life. It does not, for example, reward wives for looking after husbands and children, providing therapy for stressed and sick workers, soothing family relationships, and creating a warm family atmosphere. It does not reward the most important contributions to innovation, for these come from people who are long since dead, from people whose businesses went bankrupt, and from those who work in public research and development laboratories.

Besides these fundamental problems with the theory there are major practical problems. These include:

- Money – the "ball-bearings" on which the system depends – has become unbelievably flakey. Within countries, banks lend 9 times their assets and deposits. This lent "money", when

deposited in another bank, is used to justify a further round of lending. Loans to governments, especially in the Third World, do not require *any* such security: all the "money" supposedly "lent" is fictional, i.e. it has not had to be withdrawn from any other potentially productive activity. This process has resulted in money to the value of more than 30 times the total annual world product circulating round the globe to manage one-thirtieth of itself. The banks' demand for a lien on real estate as security for these "loans" has resulted in a process whereby the banks either have a lien on, or own outright, virtually everything. We are not a property-owning democracy but a nation in hoc. Individual attempts to manage one's financial affairs soundly are fruitless: one finds that one's government has mortgaged one's assets on one's behalf. One result of these processes is that money does not "circulate", as classical economists believed and required, but is sucked, at an ever-increasing rate, into the coffers of the banks.

- Although neither Smith nor Hayek claimed that the market mechanism was efficient in the bureaucratic sense, and notwithstanding more recent claims for its efficiency, it has become almost unbelievably *in*efficient: between 65 and 98% of the sales price of most goods and services delivered through the marketplace goes on distribution and advertising.
- Prices do not, as Smith and Hayek claimed, reflect true costs. The greatest costs are externalised to the future and the Third World. Nominal costs depend, not on the costs of land, labour, and capital, but mainly on public servants' decisions about which costs to spread over the entire community, which to load onto producers, which to load onto the future, and which to externalise to the environment. One of the best known examples of this concerns the costs of cleaning up pollution. A national decision to make the polluter pay results in that country's goods being uncompetitive in the international market place. But, as shown in *The New Wealth of Nations*, even the apparent efficiency of centralised production depends entirely on failing to make the producer pay the costs of highway construction, transportation, damage to the environment from the emissions of transportation, the costs of treating the injuries arising from accidents on the way to work, and so on.
- Public servants – not management or workers – mainly determine prices. They do this:

  a) Via the administrative arrangements they make. It is public servants, for example, who organise most of the research on which our agricultural production depends, disseminate the results of that research, make arrangements to stabilise prices so that farmers are not at the mercy of the elements, and set up marketing arrangements. It is public servants who organise or carry out (via defence budgets, MITI etc.) most of the research on which our aeroplanes and computers depend.
  b) By deciding which costs to load onto manufacturers and distributors and which to spread over the whole community.
  c) By determining tax and grant systems. Taxes are raised in many different ways and the balance of these and which are deductible from the price of exports has a dramatic effect on price.

More fundamentally, as previously indicated, since quality of life depends primarily on public provision (e.g. the livability of our cities, levels of crime, quality of water and sewerage systems, economic planning, agricultural policy, and publicly funded research and development) and since these things are organised by public servants, contrary to the impression given by Smith and Hayek, ***public servants create wealth.***

In fact, the importance of doing the things which public servants do has resulted in the spending of some 75% of GNP being in some sense under Government control.

This has a number of serious implications:

- We do *not* live in market economies.
- There is enormous government overload: it is impossible for any small group of elected representatives to effectively supervise so much activity.
- The role of money in the economy has been reversed. Instead of money providing, via the marketplace, a means of establishing goals and orchestrating their achievement, control of cash flows is now used to bring about the achievement of goals set through the political and bureaucratic process.
- "Customers" are typically government departments, QUANGOS, the TNCs, or people complying with government directives. They are rarely individuals using their pennies to express their personal preferences. They are therefore much less cost- and benefit-conscious than classical economic theory requires.
- Since it is government agents who let most of the contracts for goods and services, privatisation does not, as is so often suggested, give more control to the public. It results in central governments having *more* control over what happens because they can prescribe all sorts of actions which the public service would not previously have prepared to endorse and dismiss contractors who do not do what they want as "inefficient". Those contractors are even less easily influenced than are public servants by the clients the policies are supposed to serve because those clients are not their paymasters and because they are not pervaded by any public service ethic. (When the costs of tendering, accounting, and checking on whether contractors have delivered the services they contracted to provide are counted, the costs of such privatised services are typically ***very much greater*** than the costs of an unashamedly public service system – and one also gets a different – and typically inferior – product or service.)

So it seems that the market mechanism does *not* do what its proposers hoped it would do and what it is often claimed that it does do.

Latent Functions of the Market Mechanism

Clearly, we need an alternative. But, if we are to develop one, it behoves us to try to understand why it is so hard to dislodge whatever it is that we have that is typically mis-described as a "market mechanism". What *does* it do? What are its latent functions?

I have argued in *The New Wealth of Nations* that one of the most important functions of the processes that are typically described as "the market mechanism" is to *manufacture* work for the hands which would otherwise have become idle as we have moved toward energy negative, fossil-fuel intensive, agriculture. Contrary to the claims which are made for it, the marketplace is the least efficient way of doing anything. It amounts to a huge job-creation programme. This will be illustrated by considering the effects of privatising insurance.

Insurance should be a simple matter of transferring resources from those who have them to those who do not. State provision is reasonably efficient in doing this, although the maze of means-tested benefits which has grown up over the past 50 years has led to an army of handbook-writers, accountants, administrators, assessors, advisors, lawyers, and appeals procedure administrators – with the result that it could be rationalised in such a way as to become a great deal *more* efficient. Privatisation of the insurance industry creates middle-class jobs for people generating insurance packages, selling those packages, collecting and keeping account of small sums of money, assessing entitlement, pursuing legal wrangles, assessing the profitability of companies in which it might be suitable for an insurance company to invest, monitoring their profitability, and intervening in them to maximise the return to their investors or "owners". These "owners" actually turn out to include post-office workers' pension schemes, miners,

and dockers – i.e. much the same public as "own" state insurance schemes. These owners and beneficiaries get much the same benefits as before. But it costs society vastly more to provide them. Not only does privatisation of the insurance industry create jobs within itself, it also creates jobs for a host of individual pension plan managers, researchers to conduct consumer surveys to determine which insurance company is offering the "best buy", and personal accountants and advisors to advise individuals on which plan is best for them and make appropriate tax arrangements. The privatised system transfers money from the less fortunate to the more fortunate: Those who are already unlucky enough to have been forced to change their employer in the course of their lives get miserable pensions so that the pensions of those who have already had secure employment can be maintained. And it externalises many of the costs to Third World countries (whose own companies are required by their new Trans-National Insurance Company owners to become more "profitable") and to future generations (because our children will have to pay more for their goods and services so that the companies concerned can make the profits which our insurance companies will require to pay the pensions of those of our generation that are lucky enough to get them).

Nor is this the end of the job-creation programme. The use of the market to provide pensions is one of the strongest factors driving the whole privatisation programme: Privatisation of post office workers' and miners' pension schemes created a demand for investment opportunities. This created a demand for the privatisation of other nationalised industries as well as a demand for their increased profitability and thus to pressures for down-sizing and hiving off work to small private firms in which the insurance companies would *not* invest and which could therefore be exploited and forced to exploit their employees by evading social security (including pensions) legislation. This in turn created even greater demands for "education" to get into "good" jobs and for insurance against job losses.

The fact that 2/3rds of the cost of most articles – far more (approaching 98%) in the case of shoes and other goods manufactured in Indonesia – goes on distribution and advertising reinforces our conclusion that the market mechanism is the least efficient way of doing anything.

The market mechanism also creates differentials which have the effect of impelling people to participate in the system in order to avoid the consequences of not doing so. Likewise it induces them to engage in unethical behaviour – such as to mis-represent the social value of what they are doing in order to retain their jobs. It generates more of the "double-talk" which perpetuates the system. It thus induces acquiescence in behaviour which is not in the long term public interest – i.e. in immoral behaviour.

Market rhetoric also obscures: Claims about "economic realities", "privatisation", etc. dominate discussion and thus prevent people noticing what is really going on.

In conclusion, then, not only does the market mechanism not perform the information-handling, learning, and societal management functions it was proposed as a means of carrying out – i.e. not only does it not create a society which can learn and manage itself without anyone having to know more than a fraction of what needs to be known – market rhetoric contributes to the perpetuation and maintenance of a series of sociological functions which help to perpetuate our destructive social system.

The Effectiveness of Public Management

We may turn now to the problems which have been experienced with current forms of public management in the hope of learning something about what we need to do to develop a societal learning and management system which will in fact meet the need so clearly identified by Smith and Hayek.

Our current arrangements for managing the public service are inadequate. One problem is that, as the market so clearly recognises, there is, in every area – education, health care, housing, transportation and so on – not *one* public but numerous publics who have different needs and priorities. Yet a pervasive

assumption in public policy is that all should be offered very nearly the same thing ... and this is nowhere more apparent than in the educational system where the central prescription of what is to be learned, how it is to be learned, and how whether it has been learned is to be assessed has become an almost worldwide obsession.

Another pervasive problem has been the absence of effective evaluation procedures ... never mind procedures to examine the relative merits of different products for different populations and improve them in the way in which the market first responds to financial feedback and then stimulates the conduct of research to evaluate and improve products.

The sums invested in market research and product development (though small in comparison with the sums spent on marketing existing products) in connection with relatively trivial goods and services supplied through the marketplace are huge in comparison with public investment in such R&D. Yet public-sector provisions are generally of very much greater importance than those offered through the marketplace.

Compared with the needs with which market processes typically engage and satisfy, the problems, provisions, and policies the public service is expected to handle are extremely complex. They include education, crime control, and ecologically-oriented environmental management. Not only are the problems complex and difficult, the procedures and arrangements through which public servants are expected to tackle them are dysfunctionally compartmentalised. For example, the first steps to the improvement of health should really involve the redesign of living and working arrangements and changes in agricultural policy. Yet the links between the ministries of health, agriculture, and urban planning are both weak and inappropriate.

Recognition of the need for *systems* intervention has generally been interpreted as evidence of the need for system-wide intervention although, as we shall see, the two are very different. The perceived need for system-wide intervention has led to an emphasis on centralised planning, and this in turn has led to a demand for larger and larger units – like the EC and the UN – although, as Smith and Hayek correctly observed – these cannot work.

The role of democratic institutions in the management of public provision has been fundamentally misunderstood. The observation of Aristotle and Mill that the function of democratic assemblies is, not to govern ("a task for which they are eminently unsuited") but to compel full justification of every act and make apparent to everyone who did everything, has been almost completely lost sight of. Governments clearly believe they have a right to command the public service, to determine what different sectors of the population will get, and to require the public service to conceal information which does not suit their purposes.

More seriously still, public management, like the marketplace, frequently functions in ways which actually run *counter* to the public interest. For example, public services often:

- Promote war and the development of nuclear, chemical, and biological weapons.
- Destroy societies by imposing "conditions in which the market can work". Thus there was no shortage of food in Ireland at the time of the Irish famine. The problem was that the government ordered the food that there was to be shipped out of the country under armed guard "because it would be wrong to intervene in market processes". The same was true in the more recent Ethiopian famine: huge quantities of grain were shipped out of Ethiopia to feed Europe's cattle. These examples are far from atypical. Market processes failed from the beginning to commend themselves to those they were supposed to benefit and were imposed by military force

orchestrated by the "public service" for the benefit of those who controlled the organisations which benefited from the arrangements.

- Run "Aid" programmes which suck money and educated personnel out of poor countries and communities. This is achieved by both demanding "interest" on loans of fictional money and "matching" funds "to demonstrate serious interest" from those communities. Both the "loan" and the matching funds are then typically spent in the West.
- Generate legislation which benefits the TNCs while presenting that legislation as benefiting the consumer.
- Promote "educational" systems whose main effect, as we shall see, is to perpetuate the social order.

Clearly, then, our most urgent need is to invent an alternative societal learning, information-handling, and management system to replace both the market mechanism and the kind of centralised bureaucratic management that we have.

Where should we look for guidance on how to do this?

Learning Organisations

One place we might look is at the literature dealing with learning *organisations*.

But here we come up against a problem. Most of those who have written about learning organisations – like Senge (1990) – have not got beyond recognising the importance of systems analysis. Without in any way wishing to minimise the importance of systems thinking, one has to say that their writings are dominated by an authoritarian mind-set. They assume that some***one*** – some authority, some manager – will be able to know all and make good decisions about what to do.

If any one thing should have become clear so far in this chapter it is that this is naive. No one person, or small group of people, can be in possession of more than a fraction of the relevant information.

Having learned from Smith and Hayek something about what to look for, let us therefore briefly comment on Kanter's *Change Masters*, although we will come back to this later.

Kanter, like Klemp, Munger and Spencer (1977) and Schon in *Beyond the Stable State* (1971), noted the importance of creating climates of innovation, of managers releasing the energies of others, of creating a messy, organic, ferment of innovation, of avoiding seeking to prescribe in advance what the outcome of activity directed toward innovation would be, of network working, of non-hierarchical working, of avoiding the attempt to prescribe in advance who is to perform various roles in working groups but instead allowing leaders, ideas persons, etc. to *emerge* – and change – as the activities being carried out require – and of allowing the networks for learning and innovation to dissolve as their task is completed.

Kanter described this cluster of activities as "Parallel Organisation Activity Concerned with Innovation". She chose the term to highlight the fact that these activities, for which time and resources had to be set aside, went on *in parallel with* the day to day operation of the organisation. The *same people* created the innovations as carried out the day to day activities of the organisation ... because *they* – as Hayek noted – knew the deficiencies in their methods, saw new possibilities, knew the organisational barriers, knew the reactions of customers, saw the potentialities of developments they stumbled across, and so on. But in the course of their "parallel organisation activities" they worked in a different relationship with each other, used different talents, and contributed in different ways.

What we have here is an account of organisational arrangements which make it possible for an organisation to monitor and learn from its environment – and enact the conclusions – in all sorts of

different ways, to learn from the responses of customers, clients, and the wider environment and invent better ways of meeting their needs, to learn from "mere" operatives who have noted better ways of doing things and new things to do, to learn from those who have noted the possibility of running the organisation more effectively, to better utilise the idiosyncratic talents of its people, to create conditions in which its staff can *learn* to do new things – to lead, to invent, to put others at ease, to communicate, to ... In essence, what we have is a description of arrangements which make it possible for an organisation *to learn in ways which go far beyond the learning of individuals*. No one, but no one, has to know more than a fraction of what the organisation as a whole knows and acts upon.

In effect then, we, looking at the work of Schon, Kanter, and Klemp et al., through the spectacles of Smith and Hayek have seen something which these authors themselves do not appear to have seen. This may help to explain why, as is implied by these authors and as has been more emphatically demonstrated by Hogan (1990), and as Lester emphasises in a later chapter, most organisations *don't* learn and, in due course, collapse.

Implications

It would seem, therefore, that a central question to be addressed in the remainder of this chapter, and in this book as a whole, must be: "What are we currently able to discern about the nature of the arrangements required for a learning society and what competencies will people need to develop if they are to further clarify, introduce, and run such a society?"

It would seem that those who are to clarify and introduce an appropriate societal learning and management system need, above all, to be able to articulate the purposes of their activity – where they are trying to get to – in a sense their *values* – and able to understand and influence social and political processes, legal systems, and cultural concerns, thoughtways, and assumptions. As I have shown in *Competence in Modern Society* (1984), these cultural values and assumptions and social and political processes are the main determinants of our behaviour. Lees has made the point more succinctly in Diagram 1. Most attempts to introduce societal change through the development and deployment of competence – human resource management – have focussed on introducing changes in the processes at the centre of Lees' diagram. But it is obvious that, if behaviour is mainly determined by the peripheral constraints, it is the competence to influence cultural values and assumptions and social and political processes which is most important. Put another way, the greatest source of incompetence in modern society is the unwillingness and inability to influence wider social and political processes. It is what people do *outside* their jobs as traditionally defined that is most important.

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A similar point has been made by Weaver (1994) and those who drew up the *Capability Manifesto*. However, unlike them, I am arguing that competence in modern society *inherently includes* the competence to influence the "external" constraints which otherwise undermine one's capability. It encompasses and requires the ability to consider the long-term societal (i.e. "moral") consequences of one's actions, the commitment to get together with others to act in the public interest, and the willingness and ability to clarify how society works and then change it in the public interest. As Lees' diagram emphasises, unless we recognise the need for people to engage in these activities, the framework within which we seek to build up our model of competence will be altogether too narrow and we will continue to wonder why individuals who appear to be competent continue to be incapable of carrying out vital activities.

Learning

Having explored some of the meanings and implications of the words "learning society" and "learning organisation" we turn now to the word "learning" itself.

With the exception of its use to denote learning to read, to write, and to count, the word "learning" is generally used by educators to refer to learning *content*: to memorising a mattering of scientific truths and formulae, to learning the names of cities and the products for which they are famous, to memorising dates and famous battles, and learning to decline irregular French verbs. The word is rarely used to refer to such things as learning to make one's own observations, learning to lead, learning to work with others, learning to clarify one's values, learning to invent, learning to initiate action, monitor its effects, and take corrective action, learning how to discover how organisations work, or learning how to influence them.

One can learn to persuade, to put others at ease, to influence those above one, to control others, to gain preferment, to win affection, and so on. The list is almost endless.

Having noted that societies and organisations can learn and develop without anyone having to *know* anything very much, one is forced to ponder whether people can learn and behave competently without knowing very much. And, of course, as Schon and others have demonstrated – and again emphasise in the chapters which follow – they both can and do. Indeed, very little competent behaviour depends on formal *knowledge*.

The questions – to which we will come back in later chapters of this book – are: What really are the competencies our pupils, students, superiors, subordinates, and fellow-citizens need to develop? How can we most fruitfully think about these qualities? How *do* people learn to do these things? Why is it that our schools and universities so rarely promote such development and learning? What are the most important things for more people to learn to do if they are to influence the institutional constraints which prevent our educational establishments nurturing these competencies? What are the talents which it is most important for more people to develop if we are to introduce a sustainable society – for the introduction of such a society is dependent on the introduction of a learning society?

Part II

Why the Urgency?

Although we are now able to discern some of the features to be possessed by a genuine learning society and something about the competencies required to introduce and run it, and while we will shortly summarise the results of our research into the management of the educational system with a view to further clarifying the nature of the developments needed in society and the educational system more narrowly if more high-level competencies are to be developed and utilised, it is worth stopping to ask why it is that so many people are now so anxious to create a more effective learning society.

The answer is that it has become widely apparent that public policy does not work as well as it should. This is nowhere more evident than in relation to social division and "economic development" on the one hand and conservation, protection of the environment, and sustainability on the other.

Fears about our economic survival have somehow coalesced with severe doubts about the actual viability and sustainability of our economic system to produce widespread feelings of malaise and recognition of an urgent need to dramatically change our way of life if there is to *be* a future – any future – for our planet in anything approaching its present form.

If we are to overcome these interrelated problems and survive as a species, we must develop a societal learning and management system which will, as a matter of course, initiate the collection of information

relating to the long-term *societal* consequences of alternative courses of action, sift it for good ideas, and then initiate, and comprehensively evaluate, numerous experiments.

No authoritarian system can meet the need.

Effective (societal) management depends on making new arrangements to initiate a host of innovative actions or experiments in every nook and cranny of society, on motivating individual action, and obtaining and acting on information about the effectiveness of those actions considered both singly and in combination with actions initiated by others.

Arrangements which provide for comprehensive, continuous, feedback are required because one cannot know in advance what the effects of individual actions are going to be – in part because the effects of what any one person or group does always depend on what others do.

In order to further underline the urgency of nurturing the competencies required to clarify the nature of, introduce, and run a learning society and contribute to dramatic societal change, let us look briefly at some of the problems which confront us.

Just to stop the destruction of the soils, the seas, and the atmosphere it will be necessary to:

- Largely disband our centralised production and distribution arrangements (which means getting rid of about 25% of the economy as we know it).
- Dramatically reduce our CO_2 emissions (which means getting rid of most of our cars and the industries associated with them – including the hospital, legal, and insurance systems the need for which they are so largely responsible for creating ... i.e. another 25% of our economy).
- Dismantle our so-called "defence" – i.e. our industrio-military – system (which means another 25%).
- Replace our energy-intensive agricultural arrangements by much more human-resource-intensive, sustainable, ways of doing things. (This will at least provide an opportunity to re-involve more people in productive activity.)
- Redesign our cities and working and living arrangements. (Doing this will also, in some ways fortunately, involve the creation of numerous new jobs.)

As if awareness of the need for all these reforms were not enough to make us quake at the enormity and urgency of the problem, the imminent collapse of our financial system means that it will be necessary to develop alternative means of stimulating and rewarding effort and providing such things as security in the face of disaster.

Put bluntly, we urgently need to rebuild our society on very different lines.

Given the daunting nature of this task, it is not surprising that so many people recognise the need but fail to take relevant actions because they cannot see where to begin.

More specifically, many people can see that they could recycle their beer cans or make less use of their cars, but most also recognise that the first is trivial and that the second will result in huge personal problems unless there are general systems changes which reduce the "need" for cars and that it will, in any case, fail to confer the desired benefits unless everyone else does the same.

Similar thoughts pass through their minds when they consider giving up jobs which contribute little to their own or other people's quality of life – even those which they can see contribute dramatically to the destruction of the planet – or escaping from the non-developmental "education" in which they find themselves trapped.

To assist in our quest for insights into the kinds of development that are needed, some of the results of our research on the educational system will now be briefly summarised. Unfortunately, as has been said, the attempt to condense what has been learned into a few pages – so that it can be built on later in this book – will, in the absence of the arguments on which the conclusions are based, necessarily give the impression of being utopian. However, if that is indeed the case, it only reinforces our more basic claim that there is an urgent need to clarify and nurture the capabilities which will quickly lead to the development of a workable alternative.

Managing the Educational System Effectively

When asked, most people say that the main goals of education include nurturing the confidence and initiative required to introduce change, helping people to identify, develop, and get recognition for their particular talents, and developing the talents needed to create a sustainable society.

Yet they realise that, not only do our educational institutions generally fail to do these things, most of what happens in most schools and universities is a waste of time.

In seeking to handle the dis-satisfaction which these observations cause, politicians of all political parties have little recourse to research. Like the wise men of Adam Smith's day, they *know* what should be done.

Secure in the faith that they alone have the answers and that implementing them will result in changes which will secure votes in the next election, they use their power to prescribe what schools and universities should be doing, how it should be done, and how whether it has been done is to be determined. Feeling that it is necessary to exude confidence, and, in any case, not wishing to run the risk of collecting information which might be used against them, they usually fail to make arrangements to monitor the effects of the changes that are introduced in such a way that it would be possible to learn from what happens and do better in the future.

The result is the mess we all know about.

Actually, as we have studied why the educational system fails and what needs to be done to improve it, we have uncovered more and more barriers to its effective operation (see Raven, 1994, for a summary). These point to the need for some very surprising actions, almost endless inter-related developments, and much evaluated experimentation.

For a start, it has become clear that there is very little formal understanding of the nature of high-level competence, how its components are to be nurtured, or how the these competencies are to be assessed. The absence of appropriate assessment procedures is particularly important because teachers and lecturers teach, and pupils and students work, toward the goals that are assessed, particularly when those assessments control entry to further and higher education and jobs.

But there are more serious problems. Qualities like the ability to make one's own observations, the ability to understand and intervene in society, and initiative are all heavily value-laden. As a result, as soon as a teacher, for example, even encourages children to ask questions and make their own observations, he or she is confronted by parents who angrily insist that their children should be taught to sit still, do as they are told, and pass their examinations.

One way of handling this problem would be to create a variety of distinctly different educational programmes, document the consequences of each, and feed that information to pupils and parents so that they could make informed choices between them.

But inventing ways of meeting clients' needs, generating variety and choice, and ensuring that each option is comprehensively evaluated requires public servants and teachers to do things they are not used to doing. So does feeding the information to the public and debating the value of options. More seriously, it by-passes traditional forms of bureaucratic accountability and the perceived (and self-perceived) role of politicians.

Our investigations into the reasons why the educational system fails to achieve its goals have revealed still more barriers of this sort.

In the end they have led us to the surprising conclusion that, if we are to move forward, it will be necessary to:

- Involve all teachers, in one way or another, in creating a general ferment of innovation to find ways of improving the curriculum, the assessment procedures that are available, and the interface between schools and the public. This means that one of the priorities is to set aside the time needed for teachers to become involved in "parallel organisation activity" in order to experiment and innovate in these areas. Another is to find ways of giving them credit for engaging the difficult, demanding, frustrating, and often fruitless, activities that are involved.
- Encourage public servants to create a variety of very different types of educational programme, demonstrate that each is of high quality, document the consequences of each, and feed that information outward to the public (so that parents and pupils can make meaningful choices between the options) and not upward in a bureaucratic hierarchy to elected representatives who are expected to take decisions binding on all.

Implications for the Design of a Learning Society

It would seem to follow from these observations that, if we are to manage public provision more effectively, we will need:

1) To change our expectations of public servants, to introduce very different job definitions for them, and to introduce staff-appraisal and organisational-appraisal procedures which will induce them to behave in very different ways.
2) New arrangements to promote a flow of information between the public service and the public.
3) New arrangements to ensure that public servants act on information in the long-term public interest. (Such arrangements will include exposing their behaviour more effectively to the public gaze.)
4) New arrangements to enable the public to influence what is going on, both directly and by exercising choice between a range of options which have been carefully developed to meet the needs of a cross-section of the population.
5) Arrangements for involving most people in a hive of monitored, systems-oriented, experimentation which will enable and induce them to contribute in one way or another to the difficult, demanding, and pervasive range of innovations that are required and give them credit for so doing.

It therefore emerges that the most fundamental and most important developments that are required will involve explicit experimentation and information-collection on the one hand and new forms of bureaucracy and democracy on the other.

Among the things we most urgently require is a new understanding of the institutional arrangements and staff- and organisational- appraisal systems which are required to run a society characterised by messy, organic, evaluated, experimentation of the kind that Smith and Hayek sought to promote.

In other words we need much more adventurous, fundamental, but applied, social research.

Note the implications for the role of public servants. It emerges that their job is, above all, to introduce and manage an organic, societal, learning and management system which, like Smith's market mechanism, learns about, and acts appropriately on, its internal and external environment without more than a fraction of the necessary information having to be present in any one person's mind. It is *not* to introduce and run a managerial system based on "experts" and central control.

This means releasing, comprehensively evaluating, and learning from, experiments, and thereafter taking appropriate action on the basis of the results.

Doing these things will involve:

1. Leading people to study and experiment with ways of tackling systems problems.
2. Arranging for *comprehensive* evaluations which will enable us to learn from the effects of action – and especially to learn about hidden systems processes and how to intervene in them. Comprehensive evaluation is required because most activities have effects which are undesired and undesirable as well as effects which are desired and desirable. But one can only move toward something which, in retrospect, can be recognised as a more (rather than a less) comprehensive evaluation if one studies outcomes which few people previously thought it was important to examine. This means that we must support the work of people who are regarded as cranks, heretics, and mavericks.
3. Ensuring that the results are disseminated and acted upon: This means disseminating the results through public debate to people who are held accountable for acting on information in the long-term public interest.

Creating a climate of innovation and experiment also means making arrangements for "parallel organisation activity", setting up network-based working arrangements, and linking such networks to appropriately managed policy research units.

All of this means changing current beliefs about the way public policy is to be administered and the way research is to be organised. This means changing our images of bureaucracy, democracy, and science.

As far as we can see, getting people to act on information in the public interest means that we need to introduce new staff appraisal criteria and expose more of their behaviour to the public gaze through professionally developed evaluation procedures in such a way as to induce them to be more likely to act in the public interest.

How are we to hold public servants accountable for:

- Creating variety.
- Arranging for comprehensive evaluation of each of the options.
- Feeding this information to the public so that they can take better individual and collective decisions.
- Drawing attention to factors which have been overlooked.
- Taking genuine, discretionary, and often unpopular, managerial decisions which are in long-term public interest.
- Making arrangements to monitor the effects of those decisions.
- Changing their decisions in the light of experience.

If we are to encourage them to do these things we will have to ask, not whether specific decisions are correct – because that would discourage innovation and experiment – but whether those concerned have

followed *procedures* which are likely to result in decisions which are *likely* to lead to the long-term public interest. That is, we will have to focus on their *procedural* rather than their substantive rationality.

What *are* the procedures they should have followed? How are they to be held accountable for having followed them?

As we have seen, we already know a fair amount from the work of Schon, Klemp et al., and Kanter about the procedures which are likely to lead to innovation, to the evaluation of decisions, and to the correction of mistakes. In principle, therefore, it should not be too difficult to find out whether they have followed these procedures.

To whom is information on whether our public servants do these things to be fed? How are we going to get them to *do* these things?

It is obvious that it would be impossible for all this information on everyone who is responsible for creating a climate of innovation – from street sweepers to senior public servants – to be monitored by any small centralised group of public representatives.

Instead, it will be necessary for all citizens to become involved in participative forms of democracy – in a network of monitoring groups having overlapping responsibilities and memberships to oversee the work of the public service. As previously mentioned, the function of the demos is, not to govern, but to make apparent to everyone who did everything and in this way induce action in the public interest.

The functions of citizen-network-based supervision of the public service are: to expose, to assist, to promote a two-way flow of information and ideas, and to promote public debate.

When we have a system which:

- Generates information;
- Leads to the invention of a better societal learning and management system; . Identifies problems and shows how they can be tackled;
- Halts the dominators – the Stalins, Bushes, Amins, and Thatchers of this world;

we will at last have a workable system. More than that, we will have something of worldwide interest. The knowledge of how to run a sustainable society will flow across international boundaries. We will at last have means of intervening (as we must, if we are to survive as a species) in America, in China, and in the Third World: We will be able to show why certain activities should be stopped and others done, how these things are to be done, including how to intervene effectively in the doings of TNCs (including armaments manufacturers) and how to redeploy personnel without them suffering the huge economic consequences which would currently follow from the loss of their jobs.

The kinds of development that are required can again be illustrated from our work on education. They are portrayed in Diagram 2.

INSERT DIAGRAM 2:
THE EFFECTIVE MANAGEMENT OF THE EDUCATIONAL SYSTEM
ABOUT HERE

There is not space here to review the contents of this diagram in any detail. Attention may, however, be drawn to the fact that the two largest boxes are those dealing with research on the one hand and new beliefs about how society should work on the other. It may also be noted that the heaviest feedback lines are those running up the right-hand side of the diagram.

Implications for our Understanding of "Competence" and the Questions to be Teased out in this Book

One purpose of this chapter has been to create a frame for the rest of the book. If we are to think effectively about the nature of the competencies required in modern society, it is essential that we start by considering the nature of the society and organisations in which we live and work, the developments which are needed in that society and those organisations, the nature of the competencies which are required to introduce and run that new society and those organisations, the way in which those competencies are to be nurtured, and the developments which are required in the educational system and its management if those competencies are to be nurtured and utilised. We have said something about all of these issues. They remain topics to be taken up at greater length in later chapters.

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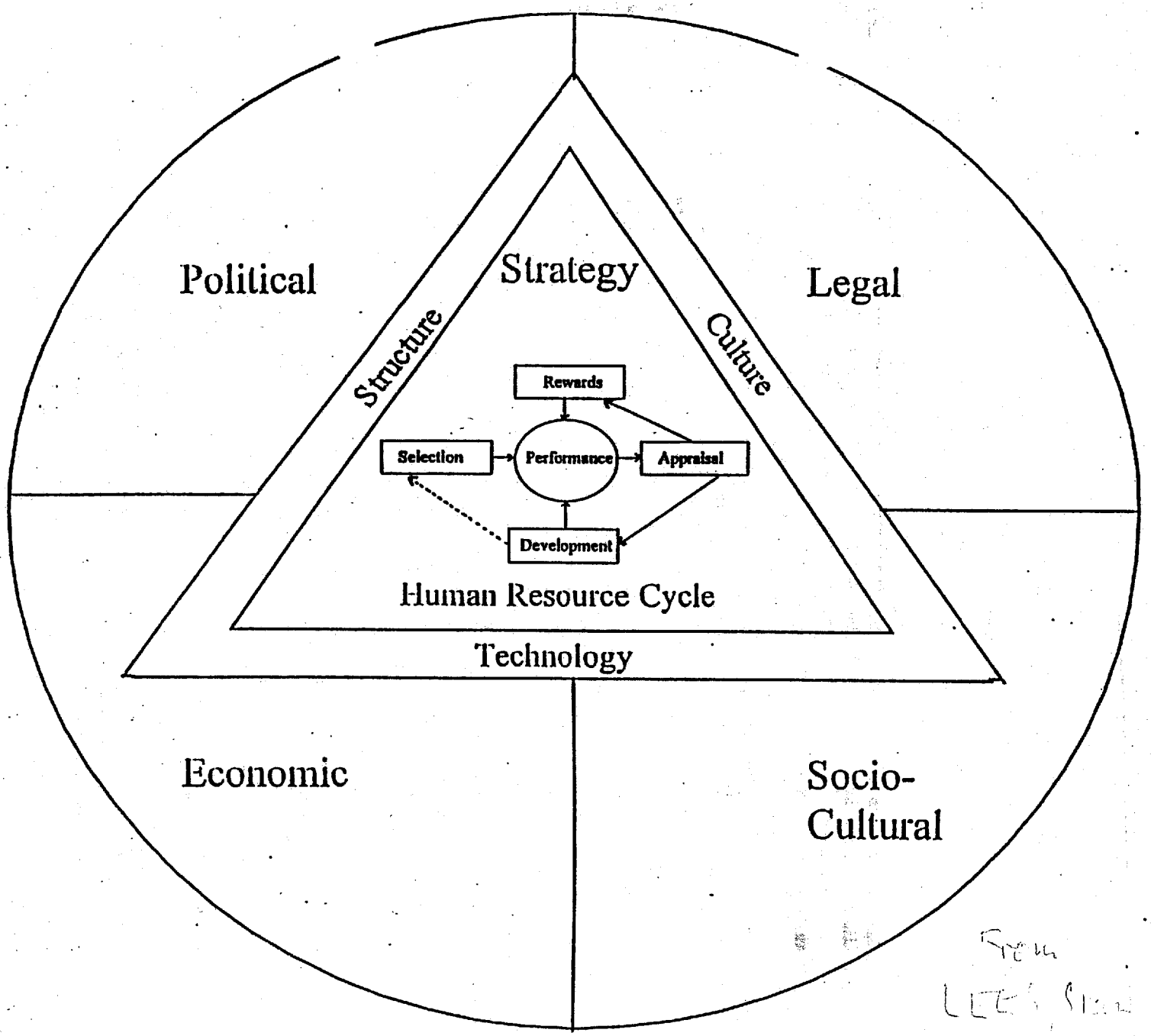

The Context of HRM Practice

Exhibit 5

DIAGRAM 20.5 NEW SOCIETAL MANAGEMENT ARRANGEMENTS

CREATION OF A SUSTAINABLE SOCIETY ie
One which offers more, more satisfying, les energy-consuming work.
One which develops, utilises and rewards all available talents.

Wider awareness of non-sustainable nature of modern society and what needs to be done to change it

Less need to legitimise and run a hierarchical / divided society.

(with the aid of better tools to access outcomes)
PROMOTION OF MORE COMPETENT AND MORE SOCIALLY COMMITTED PEOPLE into influential position in society.

Invention of better ways of thinking about how society is to be run
– ie more effective performance of a wider variety of roles.

NEW FORMS OF DEMOCRACY AND BUREAUCRACY
involving new
- institutional arrangements
- definition of role of public servant and central government
- arrangements for recognising contributions

DEVELOPMENT OF COMPETENCE

CREATION OF DEVELOPMENTAL ENVIRONMENTS IN SCHOOLS

ie activities which will nurture diverse hi-level talents and especially those required to analyse the way society works, challenge mythologies, and play a more active role in it. (Embodying a non-authoritarian concept of science and portraying non-authoritarian models of training and management.)

NEW BELIEFS ABOUT HOW SOCIETY SHOULD WORK

Recognition of the major role to be played by public servants in the management of society: their job is to make *unpopular* decisions in the long term public interest. It is to *manage*. It is to create a pervasive climate of innovation. It is to initiate experiments targeted at systems processes, to arrange to monitor those experiments and to take corrective action as necessary. It is to release public energy into multiple, contractory, but evaluated, experiments.

Recognition of the need for pervasive "Parallel Organisation" activity – *everyone* needs to be involved, in different ways, in the process of innovation. Recognition of the need for network working and for appropriate types of research.

Recognition of the need for network-based and media-based supervision of both the public service and so-called 'private' organisations – ie new forms of 'democracy' and 'citizenship'.

Emphasis on variety, experimentation, evaluation and public contribution to the definition, implementation and evaluation of contradictory experiments.

Emphasis on genuine public debate and recognition of the implications.

CREATION OF INNOVATIVE CLIMATE IN SCHOOLS AND SCHOOL SYSTEMS
ie
Teacher involvement in "parallel organisation" activity to generate innovation.
Creation of developmental environments *for teachers*.
Pervasive climate of concern with innovation in the school system.
Introduction of a staff appraisal system to recognise the diverse talents and contributions of teachers.

New understandings of how research is to be managed.

Recognition of the need for research.

DISSEMINATION of what we already know about:
- The nature of competence and its development and assessment.
- The roles to be performed by managers – to:
  - create pervasive climates of innovation
  - create developmental environments and think about, place, develop and utilise the talents of subordinates
  - seek out information and take good discretionary decisions about what is in the long-term general interest
  - monitor the effects of their actions and change appropriately
  - initiate evaluation studies
  - study and seek to influence "external" social and economic forces.
- The nature and workings of society.
- The forms of public management required.
- Developmental environments.
- Climates conducive to innovation – parallel organised activity.
- The processes which advance scientific understanding.

RESEARCH to develop:
- A better understanding of the necessary organisational/managerial arrangements.
- The tools required to hold public servants and other managers accountable for exercising high level talents and especially for doing such things as creating hives of innovation, initiating systems-oriented experiments and monitoring the effects of and learning from the effects of their actions.
- A better understanding of the hidden sociological systems processes which determine the direction in which society moves.
- Generate the information public servants need to decide how to act in the long term public interest.
- The tools that are required to take stock of organisational/community climate from the point of view of its conduciveness to innovation and decide what to do.
- The tools required to assess costs and benefits and thus mount cost-effectiveness studies.
- create a variety of different forms of provision and document, in a comprehensive way, their short and long term benefits and costs.

MOTIVES TO DISSEMINATION
- Recognition of collapse of environment and the future.
- Awareness of non-sustainability.

Recognition of failures of current:
- economic system
- governmental system
- local management of schools initiative

Recognition of role of TNCs (and fear of them)

(But the problem is that most of these fizzle out into "The government should" and disengagement. The question, then, is: "How can we harness these motives?")