

Iranian Industry's Need for Learning and the Requirements of Creating Learning Industries

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Abstract

Iran's industry has had a considerable number of difficulties to perform so well as was expected in the post-revolutionary era.

Unfavorable legal, political environments combined with eight-year imposed war may be singled out as the root causes of such performances. However, this paper argues that our industry's lack of realization of its dire need to adapt to the emerging unprecedented environmental challenges is an even more important cause of our industry's plight. The possibilities of committing our industry to the five disciplines, suggested by Peter Senge, to make it *learning* and thus able to adapt to new situations are considered.

Given our societal culture's notable variables, in Hofstede's terms, and effectiveness of the enabling disciplines, which are grounded in relevant national cultures, the cultural characteristics, which might curb adoption of the five learning disciplines are explained. Some external as well as internal conditions or prerequisites which must be, met before the five disciplines are activated or operational, are reviewed.

The nature of problem; lack of competitiveness of the Iranian industry

Peter Senge, once Director of MIT Center for Organization Learning, a member of society for Organizational Learning and the author of the Fifth Discipline (1990) says it took a long time for the American motor industry to realize that they were losing world motor market to competition. Johnson and Scholes (1989) also imply that British motor industry remained so complacent until it lost the ground almost fully.

But these authors do not have any idea as to the state the Iranian motor industry is. Suffice it to say that about 30 years after we had exported buses and cars to such countries as Egypt and some other countries in the Middle East, all of a sudden it has been realized that we have barely made any alterations to them, particularly to the car whose original design was obtained from the U.K. to bring them up to date. As matter of fact, the old side of our motor industry may boast that the windscreen wipers of our old cars that moved from left to right, inconveniencing the drivers, have been put right in recent years to work the other way around. It is not that our motor industry has not woken up to the formidable challenges facing it, other industries of ours have not been either.

We do not seem to have realized whether we want it or not "our internal market(s) is being integrated into the markets in other parts of the world. We do not seem to have understood that the World Trade Organization in particular and some other national and international institutions are speeding up the globalization processes as well.

It does not appear to have been understood, if we try to protect our inefficient industries by isolating ourselves from the rest of the world,

others will not ignore and let us alone. As matter of fact, competition, on the world markets has grown so fierce that almost all producers want to sell to anybody that may buy from them anywhere in this universe.

But why have we remained relatively insensitive to the external stimuli and do not try hard enough to overcome or counter the waves of environmental shocks posed to us individually and in groups.

The number and enormity of the challenges might be overwhelming and thus incapacitating, or shortage of resources might have been paralyzing. Roughly speaking, both these cases may be seen as reflecting just one single situation; a crisis.

Whatever the degree of the severity of the challenges threatening us we do not seem to be coming up with the ways and means needed to counter the threats and gain advantages of the opportunities which may be available to us. This means we are not learning or are not using all that we learn. Indeed, disregarding the resources we have as strengths with which we can use opportunities to counter the threats is a symptom of not learning proactively or being overwhelmed by what we perceive as formidable external recalcitrance or enmity.

Availability of production factors

It is interesting to know that hardly do we suffer from a lack or shortages of graduates and manpower in general. More than half of our population is young and ready to work. Not only do we have a great number of university graduates at undergraduate, and postgraduate levels, several of whom holding certificates from world top universities, but of every 100,000 population 2000 are university students and about one third of our population are studying at pre-university levels.

14 / Iranian Industry's need for...

If the quality and quantity of our human resources, as a factor of production, are noteworthy, so are our other production factors as well. With about 250 billion US dollars invested on modern or modernization of industries in some 20 years, and with an area of 1,648,000 sq km and population density of 36 per. sq km, the country hardly suffers from a lack or consequential shortages of capital or land. Moreover Iran has 8.9 percent and nearly one fifth of proven global oil and gas reserves respectively. In 1995, there were more than 2,433 large scale manufacturing establishments and the number of workers was 647,661 (for a little more detail, see Turner, 2000). These data indicate that the country must be enjoying relatively dependable financial bases.

Despite the foregoing data, which are promising, and the fact that a good number of highly competent Iranians, holding respectable positions in many renowned organizations around the world, are prepared to join forces to make up for the deficiencies we may suffer in some areas, it is questionable why our real gross domestic product growth is barely mentionable. The country's recent annual non-oil and gas exports have hardly exceeded \$ 4.6 billion and we depend for 85% of our hard currency upon crude oil exports (Hamshahri, The Persian Daily, January, 3 ,2004 P.3) .

The eight-year long imposed war on Iran and other conspiracies and plots aimed at overthrowing the revolutionary Islamic regime may be rightfully blamed for the economic evils (high-inflation, low economic growth, two-digit unemployment rates and the like) besetting us. It is fair to believe these and other internal political excitements! so to speak, and the unclear legal environment have contributed to the situation. But these are not justified to be regarded as the only causes of our problems. As a matter of fact, the war and,

one dare say, some of the uncertainties, the vague legal environment had created helped several of large scale economic establishments, having fateful bearing on our GDP, look healthy or perform in that manner.

Indeed, it may be justified to say that almost all our organizations, corporations, or firms seem to have difficulty adapting themselves to non - war, or peace time.

Admittedly, this observation is not new, as Burns and Stalker (1961) had researched the pains of several companies' not knowing how to adapt to the post (in this case) Second World War era.

Some time after the termination of a war or severe social, political or economic upheavals, an economy is apt to have so many depleted areas begging for hasty replenishment without being much selective. Even the wartime hoarding suppliers, or candidates for later retaliations by buyers, may be forgiven temporarily lest a shortage might occur.

Therefore, many wartime producers may be prospering a few years after the war or upheavals until they are hard pressed by more efficient competitors or buyers expecting more value for their money. This is what happened in Iran.

As such the war and external conspiracies, vague legal environment can not fully account for our economic undesirable performance. It may be fair to say that if the performance of an economy is a reflection of the sum total of the performances of all its economic establishments, way under average performances of our firms have marred the performance of the related economy.

How then can our firms become competitive? It is said that information, technology and almost all other hard requirements of competitiveness are available or may be quickly accessible to every

competitor, potential or otherwise, who wants them anywhere, however, what seems to make a difference is human factor.

A way to respond to the modern environmental challenges

Our environment appears so recalcitrant with which more than multicephalous systems, or social systems must wrestle.

We need organizations which are the embodiments of empowered ethically oriented, learning individuals with sharp senses of direction, capable of, seeing their relevant worlds with a view to capture the outstanding aspects within the frameworks of local actions independently and execute them in a manner which can lead to the materialization of joint outcomes, promoting their maker competitiveness.

This contention requires justifying, which calls for relatively lengthy argument for each of its parts.

However, to observe time and space limitations, a slightly modified version of Senge's definition of learning organizations will be adopted as the core and a few points will be added to that.

As Senge (1999) implied *a learning organization is a collectivity capacitated with such a momentum that can continually boost its capabilities to achieve such desirable outcomes, which could not have been otherwise achieved.*

Five conditions must hold for a collectivity or organism to qualify to be a learning organization:

1-Personal mastery. If individuals do not have a deep understanding of themselves and what they want, they may hardly be

able to be the bases of learning for their organizations and it is hard to believe they can do much to contribute to their working places.

2-Mental models are taken to indicate the necessity for organization members to review and challenge their deeply held views and assumptions about customers' behavior, modes of production and the like.

3-Building of a shared vision is related to what organization and its members wish the future to hold for them.

4-Commitment to team learning has to do with relentless efforts to create a friendly climate whereby the intelligence of groups may far exceed the intelligence of the individuals forming them.

5-Systems thinking is the Fifth Discipline that as the foundation for organizational learning brings all the other disciplines together, making them meaningful. If events are seen as discrete happenings solving a problem today may lead to more problems later and a problem dealt with here may create several more difficulties in some other areas.

Despite the fact that the above disciplines are very much in line with our religion, they do not seem to be easily observable by our organizations.

Of course, the extent to which our organizations can be learning is an empirical question. However, if we want to evaluate the extent to which our organizations are learning, we can look at the indicators of our societal culture elucidated by Hofstede (1980) some years ago.

This author found that Iran along with Greece and Turkey is based on the high *power-distance*, *high uncertainty avoidance*, *low individualism*, and *medium masculinity* in the relevant continua. Of course, such research needs up-dating to lay the basis for more tenable conclusions to be drawn.

However in the absence of such a piece of research, we may say that if turning organizations to the learning ones requires low power-distance for achieving shared vision and challenging mental models, high individualism for personal mastery, and contribution to team learning and a combination of low power-distance, low uncertainty avoidance, high-individualism and above-average masculinity to create a climate for systems thinking, our culture, not having these qualities should have other characteristics allowing for the creation of learning organizations.

Requirements of learning organizations in Iran and the countries with similar conditions.

As to the environment, macro-level, the following may create a climate of learning for our organizations:

One. Organizations must be exposed to competition albeit by receiving free advice rather than being offered different kinds of protections, which are doubtful to be lasting.

Two. Exports of non-energy products must be encouraged so that single - product based economy may give way to seeking alternative products which can be thought provoking and instigating, producers to think and act creatively.

Three. Our education system should change to become exploratory (Clegg, 1999) and generative (Ewins, 1993) rather than exploitative or adaptive.

Four. Our administrative system must change so that rather than emphasizing personnel or non bureaucracies (Pugh and Hickson, 1974) it may emphasize more effective ways of control. It has been

implied (Rahmanseresht, 1997) these two types of bureau cries have had more currency in Iran.

As far as organizations are concerned, to be learning they must be caring, ethical (Throw, 1980), outcome sharing, using consultative leadership (Vroom and Yet ton, 1973) with socio - emotional expertise (Bale, 1958).

Moreover, participants' perceiving their organization as equitable (Adams, 1965) free flow of communication as proposed by Barnard (1938) and further elaborated upon by Burns and Stalker (1961) are some other leaders' and organizational variables which are hypothesized to make organizations innovative (for one example, see Benedict, et.al.1967) can create a climate of learning not only in Iranian but in organizations in the countries with societal culture's similar to that of Iran.

Summary and conclusions

Some of the consequences of Iran's industry's failure to respond to the environmental changes in recent several years have been reviewed. It is indicated that the country's quantities and or qualities of factors of production could only be used effectively and efficiently to boost our economy. Moreover, as was implied, the eight-year imposed war and external conspiracies could not have merely been blamed for our economy's poor performance. It was the contention of this paper that our organizations in general and in particular. our economic establishments' insensitivity to external stimuli have been responsible for our undesirable outcomes.

The five disciplines pointed out by Peter Senge as creating learning organizations were briefly explained. It was implied that if those disciplines are not bolstered up by some macro and micro political

legal, social, economic, and cultural factors, they may even lead organizations to unlearn. The way high-power distance, relatively low masculinity, high risk avoidance, and low individuality may prevent organizations from learning was explained and it was proposed that following, at least, a few policies at macro-level and some others at micro-level can create the grounds for our organizations to be learning.

At macro-level, it is suggested, governments must be less protectionist, encourage not focusing on internal markets, but being externally oriented.

At this level, it is also proposed that rather than exporting gas or/and oil, encouraging exports of other products. Institutionalization of a decentralized administrative system allowing for creativity and innovation is regarded an indispensable asset.

At micro-level, it was indicated, a caring organization (caring for stakeholders, particularly its customers) ethically oriented, perceived as equitable by its participants, allowing for free flow of communication can create a climate of learning not only in Iranian organization and firms but in similar institutions in the countries with cultures similar to that of Iran.

The conclusions drawn here are tentative and need examining. In testing those hypotheses not only must the effectiveness of the conditions, claimed to create climates of learning be verified, but the performances of the firms with these characteristics must be compared with unlike organizations using similar criteria, sales, market share and the like.

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