

# Developing Third- Generation Learning Organizations



# Developing Third- Generation Learning Organizations:

*A Heuristic Discovery Process*

By

Kazimierz Gozdz

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**Cambridge  
Scholars  
Publishing**



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This book first published 2023

Cambridge Scholars Publishing

Lady Stephenson Library, Newcastle upon Tyne, NE6 2PA, UK

British Library Cataloguing in Publication Data  
A catalogue record for this book is available from the British Library

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ISBN (10): 1-5275-9449-1

ISBN (13): 978-1-5275-9449-4

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## ABBREVIATIONS

CEO: Chief Executive Officer

CFO: Chief Financial Officer

CLG: Corporate Leadership Group

COO: Chief Operations Officer

DBLLO: Dual Bottom-Line Learning Organization

ELC: Executive Leadership Council

FCE: Foundation for Community Encouragement

GI: Global Inorganics (pseudonym)

IET: International Engineering Technologies (pseudonym)

LC: Leadership Council

MKO: More Knowledgeable Other (used in scaffolding learning)

MLO: Military Learning Organization

PH: Premier Holdings (pseudonym)

SECI: Socialization-Externalization-Communication-Internalization of  
tacit-to-explicit-to-tacit knowledge

STEEPV: Society, Technology, Economy, Environment, Politics, Values  
(framework for trends monitoring)

WOS: Western Orthodox Science

ZPD: Zone of Proximal Development (used in scaffolding learning)

## PREFACE

The book you have in your hands provides a framework for leaders in organizations to develop themselves and their workforce to new levels of productivity and profitability—through their daily work. It's based on the work of researchers over a hundred-year period, in fields ranging from biology to sociology, from physics to psychology, and from cybernetics to metaphysics. From these, and from years of heuristic discovery processes, it derives a method that catalyzes the development of leaders beyond the cultural and metaphysical assumptions tacitly embedded in traditional organizational and societal cultures, freeing them to deal effectively with an unstable, rapidly changing environment.

This book is based on decades of research and application. As you'll read in the Foreword, Kazimierz "Kaz" Gozdz began to explore these ideas in the 1980s, was really able to pull them together in the mid-1990s, and has been applying them in a variety of organizational settings around the world through the 2000s. Over those same years, Ruth-Ellen "Ruth" Miller was developing a remarkably similar approach and applying it in small business, religious, and nonprofit organizations across the Pacific Northwest states of the U.S.

Both approaches encourage the development of the people who make up the organization as essential to the productivity of the organization: they are "dual bottom-line." Both approaches rely on the work of M. Scott Peck in facilitating the development of authentic communities as effective environments for individual and organizational development. Both approaches are based in systems theory and methodology, as well as the theory, methods, and metaphysics of transpersonal psychology.

But Kaz and Ruth did not meet until 2014, when a colleague familiar with their work introduced them. At that time, Ruth's work in applied metaphysics provided a space for Kaz to address some of the psychospiritual issues that come up in this work. Since then, they have collaborated on a number of projects, of which the book you are holding is the culmination.

The title, *Heuristic Discovery*, refers to a process of learning that is not problem-focused, but is, rather, based on evolving understanding through application of principles. Within that framework, and in the spirit of the method outlined here, Kaz and Ruth have used producing this book to

scaffold each other in developing skill and understanding. Ruth supported Kaz by creating conditions for him to codify the theory and practice foundation of the Dual Bottom-Line Learning Organization method, as well as providing a framework for conceptualizing his work in book format. Kaz supported Ruth by providing opportunities for her to explore the heuristic learning approach and encouraging her to share her own research in culture systems dynamics. Through the process, they have documented the results of several decades of principle-based action-research, applying tested theories and processes in new contexts and assessing their effectiveness.

The book, then, is a collaboration organized around the theories that support their work and the elements of the framework that Kaz uses to help organizations transform themselves from hierarchical, authoritarian structures based on a single bottom line, into developmental learning organizations where production and profits are maximized through human systems, principles, and processes that lead to everybody's growth and development.

As such, this book intentionally challenges the prevailing beliefs about “what works” in organizational settings. In fact, we’re suggesting that those very beliefs—and the actions based on them—are what brought us all to the global crisis that is the hallmark of this point in history. Indeed, our experience has demonstrated over and over again that, while the old assumptions and behaviors create more problems, the ideas and methods presented here are not only effective, but they also make it possible for both individuals and organizations of any size to thrive in a world of development and disruption.

## ACKNOWLEDGEMENTS

The authors are most appreciative of all the discoverers and researchers who have helped us on our journeys of heuristic discovery, most of whom are mentioned in the text.

We also want to acknowledge the many people who were willing to let us use their descriptions of their experience as part of our Case Examples. Not only have they made a difference in their own organizations, they are, through this book, helping others see the possibilities and potentials of applying the Dual Bottom-Line Learning Organization Framework.

We cannot say enough thanks for the efforts and patience of those “behind the scenes”, contributors to our own, personal journeys: the tireless efforts of Wenden Gozdz, in particular, who is Kaz’s partner in his firm and helped catch many of the details that needed attention in putting this book together; Jack, Dawn, and Aurora Miller, who put up with Ruth’s erratic parenting as she pursued her own path of heuristic discovery; Sean and Ian, who have learned to adapt to Kaz’s constant journeys away from home.

The people at Cambridge Scholars Press, who provided the opportunity to integrate the understandings and results of this journey, are greatly appreciated, as well.

Kaz would also like to express thanks to Robert Frager for his guidance in developing a transpersonal approach to organization development, to Michael Ray for his mentorship, and to Sandi McCall for three decades of working side by side in partnership to put these concepts into practice.

Additionally, Kaz extends his deep gratitude to Ruth for scaffolding him through this writing project with loving kindness and grace.

Many thanks go to all, and to the infinite, implicate Absolute, with which we are co-creating the emerging potential of development in organizations toward a true dual bottom-line.

## FOREWORD: KAZ'S JOURNEY OF DISCOVERY

It's been a journey of several decades to discover the theory and methods by which traditional organizations can progress from being highly structured hierarchies with acceptable financial performance into authentic hyper-learning communities operating at the highest levels of financial and human performance. As it's unfolded, it's been a journey of creativity, a path of heuristic discovery, rather than an algorithmic, step-by-step, logical, sequential process of investigation.

Stanford Professor Michael Ray, one of my mentors on this journey, made the distinction clear:

A heuristic is an incomplete guideline or rule of thumb that can lead to learning and discovery. An algorithm is a complete mechanical rule for solving a problem or dealing with a situation. (Ray and Myers, 1986; 4)

He explained that creativity is a way of life, not an event. It's an ongoing process of eureka moments, not an isolated incident.

The word "heuristic" has the same Greek root as the exclamation, "Eureka!" The Eureka! Phenomenon has been part of the discussions on creativity ever since the day Archimedes reportedly ran naked through the streets shouting "Eureka!" (I have found it!) – having discovered, as he sat in a bath, his principle for identifying a metal's composition by the water it displaces (Ray and Myers, 1986; 5).

My journey toward building a Dual Bottom-Line Learning Organization (DBLLO) transformation methodology included several "Eureka!" moments that amounted to paradigm shifts in my understanding of business and organizational theory, of individual, organizational, and social psychologies, all leading to questioning the validity of empiricism, the foundational paradigm of the Western Orthodox Science (WOS) worldview.

Over several decades I followed what philosopher Michael Polanyi described as a "heuristic passion," an inquiry that changed my interpretive framework multiple times. Polanyi is clear:



The irreversible character of discovery suggests that no solution of a problem can be accredited as a discovery if it is achieved by a procedure following definite rules. For such a procedure would be reversible in the sense that it could be tracked back stepwise to its beginning and repeated at will a number of times, like an arithmetical computation.

It follows that true discovery is not a strictly logical performance, and accordingly, we may describe the obstacle to be overcome in solving a problem as a ‘logical gap’, so to speak of the width of the logical gap as the measure of the ingenuity required for solving the problem. ‘Illumination’ is then the leap by which the logical gap is crossed. It is the plunge by which we gain a foothold at another shore of reality. On such plunges, the scientist has to stake bit by bit his entire professional life (Polanyi, 1969; 123).

He went on to describe how the process of knowledge creation changes the world as we know it. Heuristic discovery does not merely entail adding more knowledge to our existing frameworks; discovery transforms our interpretive frameworks:

Scientists—that is, creative scientists—spend their lives in trying to guess right. They are sustained and guided therein by heuristic passion. We call their work creative because it changes the world as we see it, by deepening our understanding of it. The change is irrevocable. A problem that I have once solved can no longer puzzle me; I cannot guess what I already know. Having made a discovery, I shall never see the world again as before. My eyes have become different. I have crossed a gap, the heuristic gap which lies between problem and discovery (Polanyi, 1969; 143).

Decades before I could learn to teach the principles and practices of heuristic discovery and knowledge creation to business executives, I needed to go through the process of translating discoveries into workable solutions on my own. I learned to translate discoveries into working prototypes by using a process that Nonaka and Zhu (2012) called a “pragmatic strategy” of implementation.

We posit that pragmatic strategy, in what we say, believe, have, do and live with, is about envisioning a valued future for the common good and creatively realizing it, often with non-ideal resources, imperfect solutions and unproven maneuvers, which is based on historically informed understanding of situated particulars, and thus has better chances of surviving evolutionary selection. In the ambiguous, fast-moving business world, strategy is a messy, risky enterprise (Nonaka and Zhu, 201, 125-126).

The working prototypes I came up with turned out to be very different from what I had been trained to expect.

## Maturing into Western Orthodox Business Culture

I am a first-generation American. As one of seven children of blue-collar Polish Catholic immigrants, I learned the value and meaning of work. I was raised with a philosophy that work was not only a means of economic prosperity, but also a process of self-definition, and ongoing developmental growth. I needed to outgrow the Stage I childhood tendencies of self-centeredness and ego immaturity by embracing the rules and norms of Christianity and the American norms of social conformity.

I grew up working in various trades, put myself through college working as a welder assembling tow trucks, and was anxious to learn more about the scientific and business paradigms of the day. So, in 1979, I entered my early 20s with a newly acquired B.S. Degree in Chemistry and Business Administration.

As a beginning chemist and new businessperson entering the workforce, my worldview was based on Christian values, the American Dream, and science: the WOS worldview that is based on logical positivism, empiricism, reductionism, rationalism, objectivity, the Newtonian-Cartesian mechanical lawful universe, and the quantification of reality. I had fully bought into mastering the culture I had been trained to believe was normal, what I later learned from M. Scott Peck to call Formal and Institutional Stage II culture.

By the early 1980s, I was working as a plant manager for an industrial seasonings manufacturer, serving the East Coast of the U.S. There, I applied everything I learned in college science and business classes, including tacitly applying the fundamental assumptions of Fredrick Taylor's theory of management as found in his *The Principles of Scientific Management* (Taylor, 1911).

I also learned and adopted W. Edwards Deming's (1982) statistical process and practices of Total Quality Management (TQM), and applied them on the shop floor with a diverse, unionized workforce. While I embraced TQM and the early forms of the Toyota Production System, I found them inadequate to inform me on how to lead and manage the workforce; they taught me how to make the workforce more efficient, not how to grow and develop them.

I was learning budgeting, scheduling, and financial management, but my attention was increasingly drawn to how to relate with, motivate, and develop my workforce as a high-performing team. I began to pay deeper attention to learning about building effective teams and applying humanistic management theories that enabled excellent performance in the on the shop floor. I adopted McGregor's Theory Y (McGregor, 1960) management

principles by attending more deeply to the intrinsic motivations of our workforce. Abraham Maslow's (1965) Hierarchy of Needs became a constant companion.

I found my attention shifting away from focusing on financial management, process improvement, and efficiency metrics toward a focus on my own self-actualization and that of my workforce. Maslow's concept of Theory Z management (Maslow, 1971) catalyzed my interest in the possibility that organizations could be designed to enable the human drive for self-transcendence. Studying Maslow also solidified my interest in my own personal development, and I began to study the works of Carl Rogers, Alfred Adler, Virginia Satir, and other humanistic psychologists.

In the mid-1980s, after reading extensively on psychological and spiritual growth, including, for example, Aldous Huxley's *The Perennial Philosophy*, I became interested in Will and Ariel Durant's books on the history of Eastern and Western civilization, and in topics related to quantum physics and human understanding. I became more interested in the mysteries and paradoxes of life than the areas for which I had clear answers. When I came across *The Road Less Traveled* by psychiatrist and theologian M. Scott Peck (1978), I was beginning to seriously doubt the WOS worldview. As Peck (1987) explained, human developmental growth can be understood as a process of moving into and out of increasingly more inclusive cultural contexts that simultaneously define and limit our growth. Psychological, social, and spiritual health, he taught, is a never-ending process of maturation. For Peck, there are four stages of human psychological, social and spiritual (psycho-social-spiritual) development: (I) Chaotic, antisocial; (II) Formal, institutional; (III) Skeptic, individual; and (IV) Mystic, communal.

Through these studies and experiences, I had transitioned out of Stage II Formal, institutional culture, in Peck's terms, and had entered into Stage III's Skeptic, individual culture without realizing it.

At that point, I left the traditional business world to join my brother and sister in their family businesses, where I could work part-time and more formally study the process of individual and communal development. I also more formally and fully focused on my own psychological and spiritual development, beginning, for example to practice a form of Zen meditation on a daily basis. I was determined to learn how to lead in Stage III culture and organizations.

## Community Building

While working part time in our family businesses, I studied community building with Scott Peck and the Foundation for Community Encouragement (FCE). I had discovered that I had a yearning for authentic community, and a need to connect with others as I questioned my own enculturation into the Western Orthodox worldview. Scott Peck had started FCE as a tax-exempt public foundation:

to encourage the development of community, wherever it does not exist, and to assist existing communities, whether secular or religious, to strengthen themselves and their relationships with other communities, ultimately thereby fostering the movement toward world understanding (Peck, 1987; 331).

FCE taught the principles of community in public and private workshop settings. These principles are:

- Communicate with authenticity
- Deal with difficult issues
- Bridge differences with integrity
- Relate with love and respect
- Tolerate ambiguity and the experience of discovery
- Balance the tension between holding on and letting go

Peck's method of community building is designed to help groups of 50-100 or more transcend their enculturation by learning to communicate more effectively and work together to build a sense of authentic community experientially. For FCE,

authentic community is defined as a group of two or more people who, regardless of the diversity of their backgrounds, have been able to accept and transcend their differences. They are able to communicate openly and effectively; and to work together toward common goals, while having a sense of unusual safety with one another.

The FCE community-building process was designed as a three-day workshop format wherein a pair of facilitators would lead groups of 50 or more through the four stages of community making: pseudo-community, chaos, emptiness, and authentic community.

I was certified as an FCE facilitator and, over the course of the following decade, I co-facilitated community-building experiences in a variety of organizational and workshop settings, primarily with two of my colleagues, Sandi McCall and Rusty Myers. Sandi and I went on to spend nearly three decades practicing building community in organizations.

We began by facilitating community-building sessions in churches, government agencies, schools, businesses, and non-profit organizations of all kinds. These organizations reached out for assistance because they sensed a lack of authentic community or civility in their organizations. We conducted these sessions not only in the United States, but in other countries around the world, as well.

I became a master practitioner of Peck's community-building practices, helping design and deliver FCE's Leader Development and Train the Trainer programs. And Peck became a mentor and spiritual guide as I sought to extend his theoretical and practice foundations into organizations.

I also started my own consulting group to build and sustain community in organizations. I have now facilitated hundreds of public and private community-building sessions, including in multiple languages with live translation.

Through these experiences, I became aware of how building authentic communities using Peck's methods encouraged people to not only communicate more openly, vulnerably, and authentically, but also to encourage groups to conduct themselves with collective intelligence. It became clear that repeated immersions in the community building process advances both individual and collective developmental maturation.

Over time, I began to use community building as a "personal practice," a way to develop myself socially, psychologically, and spiritually. The community-building process opened my heart and my perspective on life, and I began to be drawn toward what Peck called Stage IV Mystic, communal culture, human development, and leadership.

As I did so, however, I discovered that Peck's methods lack a means to build and sustain organizations as ongoing communities. I learned that introducing community-building practices into organizations had a positive effect on the individuals and groups who learned to communicate and interact more authentically, but it lacked the theoretical and practice foundation necessary to design, lead, and govern organizations as communities over time. I also had a need to understand, more formally and rigorously, the remarkable effectiveness, creativity, and collective intelligence of authentic communities. While I could experience these phenomena, I lacked the theoretical basis to explain them.

I realized that learning how to do this could not be done with a mere Western Orthodox degree. These studies, and my dissertation project (Gozdz, 1999), would entail learning to develop Stage III and Stage IV organizations, leaders, and cultures, and to do so would require me to engage in my own Stage IV development more fully, and to deepen my understanding of Peck's Stage IV, Mystic-Communal culture. Therefore,

with Peck's support and encouragement, I entered a PhD program in transpersonal psychology in the San Francisco Bay area in California.

## **Transpersonal Psychology and Worldview**

Selecting the study of transpersonal psychology was one of the more difficult and illogical life decisions I have made. I wanted to investigate a new business and organization paradigm, one based in community. The rational choices included PhD programs in business, organizational development, leadership, or human resource management. This was one of my very real encounters with the heuristic discovery process. I needed to follow my Calling, my heart and intuition, rather than just my head, to do so. I felt a heuristic passion to discover what lie in the direction of the transpersonal. I had no evidential criteria to evaluate whether the transpersonal psychology paradigm would lead me in the direction of Stage IV leadership and communal organizations, so I went with my internal guidance system.

I was fortunate to be mentored by Dr. Robert Frager. He is a Harvard-trained social psychologist, and one of the co-founders of the transpersonal field of psychology, and of the Institute of Transpersonal Psychology (now called Sofia University), along with James Fadiman. Together, they published seven editions of *Personality and Personal Growth*, a psychology textbook that introduces the four forces in Western psychology: Psychoanalytic (based on Freud's (1940/1989) and Jung's (1952/2014) methods of analysis), Behavioral (based on Skinner's (1974) behaviorist methods), Humanistic (based on Maslow's (1968) human potential methods), and Transpersonal (founded by Maslow, Fadiman, and others in the 1970s to explore further dimensions of human experience (Sutich, 1980)). The first two of these approaches focus primarily on addressing human limitations and pathologies, while the latter two deal not only with treating pathologies, but also emphasize enabling the full release of human possibility.

According to Frager and Fadiman (1998), transpersonal psychology is simultaneously a scientific paradigm describing humanity in its most complete and exhaustive sense, a worldview inclusive of the highest reaches of human performance, and a school of psychology that holds an integrated view of body, mind, and spirit.

Abraham Maslow was drawn to consider human potential and contributed uniquely to the field of psychology by helping establish the humanistic school, and later in life, the transpersonal.

I should say also that I consider Humanistic, Third Force Psychology to be transitional, a preparation for a still “higher” Fourth Psychology, transpersonal, transhuman, centered in the cosmos rather than in human needs and interests, going beyond humanness, identity, self-actualization and the like ... We need something “bigger than we are” to be to be awed by and to commit ourselves to in a new naturalistic, empirical, non-churchy sense, perhaps as Thoreau and Whitman, William James and John Dewey did (Maslow, 1968, iii-iv).

The study of the transpersonal paradigm informed my understanding of the stages of individual, communal, organizational, and societal development far beyond my initial introduction through Scott Peck’s four stages of psychosocial, spiritual, and cultural development. My studies of horizontal and vertical development included, but were not limited to, the work of Ken Wilber (2001), Robert Kegan (1994), Bill Torbert (2004), Bill Joiner and Stephen Josephs (2007), Don Beck and Chris Cowen, (1996), among others.

The term transpersonal captures the notion that human consciousness, awareness, knowing, identity, ego, and sense of self extends beyond (trans) our physical bodies and minds. According to several scientists, including Robert Jahn, Dean Emeritus of Princeton’s School of Engineering and Applied Science, we have access to transpersonal realities. Robert Jahn and Brenda Dunne (Jahn and Dunne, 2004) conducted extensive research on the transpersonal dimensions of human capability at the Princeton Engineering Anomalies Research Lab, exploring how we have access to a deeper transpersonal source of reality:

... there exists a much deeper and more extensive source of reality, which is largely insulated from direct human experience, representation, or even comprehension. It is a domain that has long been posited and contemplated by metaphysicians and theologians, Jungian and Jamesian psychologists, philosophers of science, and a few contemporary progressive theoretical physicists, all struggling to grasp and to represent its essence and its function. A variety of provincial labels have been applied, such as “Tao,” “Qi,” “prana,” “void,” “Akashic record,” “Unis Mundi,” “unknowable substratum,” “terra incognita,” “archetypal field,” “hidden order,” “ontic (or ontological) level,” “undivided timeless primordial reality,” among many others, none of which fully captures the sublimely elusive nature of this domain. In earlier papers we called it the “subliminal seed regime,” but for our present purposes we shall henceforth refer to it simply as the “Source” (Jahn and Dunne, 2004; 548-549).

This domain of transpersonal experience is implicated in the worldview, mindset, mental models, methods, and ways of knowing common to the world’s most advanced leaders in all types of organizations. Traditional

WOS empirical scientists, engineers, Newtonian physicists, and behavioral, psychoanalytic, and humanistic psychologists do not work with the transpersonal dimensions of leadership. They fail to account for a Source greater than the self. According to Jahn and Dunne (2004):

The failure of contemporary scientific theory to correlate and explicate anomalous consciousness-related physical phenomena may trace to inadequate comprehension of the process of information exchange between the mind and its ultimate source (Jahn and Dunne, 2004; 547).

Many years later, long after adopting the transpersonal paradigm in leadership, I was working with Joseph Jaworski and described Stage IV leaders as relying upon a transpersonal dimension of human awareness:

Stage IV leaders hold the conviction that there is an underlying intelligence within the universe that is capable of guiding us and preparing us for the futures we must create. They combine their cognitive understanding of the world around them with a strong interior knowledge of the hidden potentials lying dormant in the universe—a view that carries the power to change the world as we know it (Jaworski, 2012; 55).

It became clear that, when leaders apply Michael Polanyi's (1997) heuristic discovery process, they enter into the transpersonal dimension of human experience, because true discovery, according to Polanyi (1958), is a gift of grace, from outside of, beyond, our normal human capacity.

It took me nearly a decade to complete my studies and internship, and to write my dissertation (Gozdz, 1999). Retrospectively, I can see now that it was the transpersonal metaphysics, the worldview and philosophy underlying transpersonal psychology, that has informed my concept of Stage IV Leaders and organizations and made it possible for me to develop a framework for guiding leaders into that stage of development.

Dr. Frager introduced me to a number of transpersonal practices: as an 8<sup>th</sup> Dan Aikido master, he helped me experience the subtle energies in Aikido and other bodily practices, leading me eventually attain a black belt in Aikido. And, in later years, he worked with me to teach these same practices to executives in a corporate setting. He also helped me understand the transpersonal paradigm underlying Peck's Stage IV and later deepened my understanding of the transpersonal dimension significantly when he became my doctoral advisor. He helped me formulate a transpersonal approach to the field of learning organizations and spiritual guidance for organizations. And it was through his stewardship that I was able to complete my doctoral internship with Peter Senge, which we shall discuss shortly.



## **New Paradigm in Business**

The popular management guide, Taylor's *The Principles of Scientific Management* (1911), exemplifies the WOS paradigm's assumptions, describing management with the formality of scientific laws. Using these assumptions, WOS proved adequate to build the industrial era, but it was inadequate to build a society in which people may be fully actualized. Tren Griffin sees that such applications of science have served to drive spirit out of the world—hence out of human experience and expectation (Griffin, 1988). Nevertheless, the historical acceptance of this paradigm in psychology has been a pivotal cornerstone of business and organizational management and thought.

My work, though, and, I was learning, that of many others, was suggesting that a new paradigm was needed for business to function effectively.

In the early 1990s, while attending classes at the Institute of Transpersonal Psychology, I began working with several scientists, scholars, and business leaders who were members of The World Business Academy, a group dedicated to shifting the WOS scientific and business paradigm toward the emerging transpersonal paradigm in business.

Among them were Willis Harman, then President of the Institute of Noetic Sciences, John Renesch, Managing Director of the World Business Academy, and Michael Ray, Professor of Creativity and Innovation and Marketing at Stanford University's Graduate School of Business.

Willis Harman's (1988) book, *Global Mind Change*, was highly influential in my understanding that a transpersonal worldview had the potential to reshape society by revising our understanding of causality itself. Later, along with John Hormann, he identified four pathogenic economic assumptions that underlie WOS as it relates to management (Harman and Hormann, 1990). These are:

- Assuming that economic rationality and values sufficiently inform social decision making;
- Assuming that it is unlikely to expect a change in the trend toward human activity being monetized and included in the mainstream economy;
- Assuming that our economic problem is scarcity caused by our infinite wants contrasted to limited resources of labor, land, natural resources, and machines;
- Assuming that people inherently will avoid work because they experience it only as a means to achieve more leisure time and to fulfill their consumption needs (Harman and Hormann, 1990).

Harman felt strongly that a transpersonal science and psychology would be needed to guide a new paradigm in business (1988). Shifting people's beliefs would be necessary to enable a new paradigm in society and in business:

Throughout history, the really fundamental changes in societies have come about not from dictates of governments and the results of battles, but through vast numbers of people changing their minds – sometimes only a little bit. Some of these changes have amounted to profound transformations – for instance, the transition from the Roman empire to medieval Europe, or from the Middle Ages to modern times ... it is largely a matter of people recalling that no matter how powerful the economic or political or even military institution, it persists because it has legitimacy, and that legitimacy comes from the perceptions of people. People give legitimacy, and they can take it away. *A challenge to legitimacy is probably the most powerful force for change to be found in history* (Harman, 1988; 155—emphasis in original text).

He felt strongly that a community-building approach was necessary for individuals and groups to shift away from their underlying WOS paradigm, as individuals and as a scientific community. I facilitated several community-building events with Harman in which we sought to encourage collective intelligence and group heuristic discovery. Notably, in 1992, we conducted a three-day community-building session in Monterey, California for fourteen contributors to the anthology *The New Metaphysical Foundations of Modern Science* (Harman and Clark, 1994). The contributors, from the fields of physics, biology, psychology, the cognitive and neurosciences, anthropology, and engineering, worked in community to elaborate an emerging set of metaphysical principles of science.

I met Professor Michael Ray when he attended a community-building event I was co-facilitating with Scott Peck and several of my other colleagues. Having become aware of Peck's community building process, Ray was convinced that Peck's model of community building was central to the emerging new paradigm in business, and that Peck's four stages of community building (pseudo-community, chaos, emptiness, and community) were processes essential to a paradigm shift in business. He felt that new paradigm businesses would operate as authentic rather than pseudo-communities (Ray, 1995).

Ray was also immersed in the transpersonal paradigm, as he demonstrated in his "Creativity in Business" course. He taught a range of heuristic discovery practices, transpersonal theories, methods, and tools to these future business leaders that included meditation, yoga, and guided imagery, to name a few.

Ray became a mentor for me on the emerging business paradigm. For three years we worked together to build his “A New Paradigm in Business” classes (later called “Dialogues on a World in Transition”) into authentic learning communities, so his students could learn community-building leadership principles and practices. He was convinced that his students needed if they were to lead and learn in community, and he helped me refine my understanding of community as a leadership discipline.

With Alan Rinzler, Ray co-edited *The New Paradigm in Business* anthology, in which they and their co-authors described the business world’s shift away from the WOS worldview, and the enormous effects the new paradigm was having on all the institutions of the day. I contributed a chapter on “Building Community as Leadership Discipline” (Ray and Rinzler, 1993; 107-119).

Through this work, I formed the belief that learning communities were part of an emerging new paradigm in business that cultivated higher-order development in the workplace. While higher levels of individual and group functioning are common in business, performance at this level is not well understood.

I also worked closely during this period with John Renesch, in his role as managing Director of the World Business Academy (WBA). John was the founder of Sterling and Stone, Inc. which published the New Leaders business newsletter and books on the emerging new paradigm. Along with Willis Harman and Michael Ray, I would facilitate various WBA meetings as community-building sessions.

As a result of these sessions, Renesch suggested that I survey current community-building theoreticians and practitioners at the edge of this emerging new business paradigm and compose an anthology on the topic. Eventually, forty-four authors contributed their voices to the book, which was eventually titled *Community Building: Renewing Spirit and Learning in Business* (Gozdz, 1995). In my conclusion to the book, I summarized the essence of our collaboration:

To build a sense of authentic community within organizations that is both sustainable and imbued with spirit, we need to articulate a whole-system understanding. We also need a comprehensive technology of community making composed of skills, methodologies, practices, and theory that will inform and guide an organization toward long-term success. The authors of this anthology will create a compelling vision for what successful community can be, informing the world as to its benefits, potential complexities, and pitfalls within organizational settings (Gozdz, 1995; 471).

## Learning Organizations

I began my doctoral internship with Dr. Peter Senge at the MIT Center for Organizational Learning in 1994 to learn more about how to apply the transpersonal paradigm to the workplace. Senge became a member of my doctoral committee at the Institute for Transpersonal Psychology, and his approach to learning organizations proved fundamental in my quest to build organizations into learning communities on a large scale.

For Senge, learning organizations create their future in a proactive, generative learning posture—in continually expanding the capacity to create its future. To them, survival learning or adaptive learning is important but not sufficient: Generative learning that enhances the capacity to create is essential. He believes that learning organizations see in terms of wholes rather than fragmented parts and that they recognize the inherent interconnectedness of the world. Furthermore, he believes that only when individuals destroy the illusion that the world is created of separate, unrelated forces do learning organizations become possible.

In *The Fifth Discipline*, Senge quotes Bill O'Brien, claiming that a small number of people focused on "learningful" relationships can create microlearning organizations that can be models for others. (Senge, 1990) Senge's concept of the "learning" as applied to "learning organizations" is based on experiences related to undergoing a shift of mind: a metanoia (*meta* means above or beyond; *noia* comes from the root *nous*, or mind). To Senge, metanoia grasps the deeper meaning of learning as a fundamental shift or movement of mind (Senge, 1990).

While studying with Senge, I had the opportunity to watch and learn from him and Edgar Schein as they taught CEOs and senior executives about building learning cultures. As I assisted them in various seminars where they taught executives to build the theory and practice of learning cultures into the organizational learning strategies, I began to understand how the culture of a learning organization, and that in which the organization is embedded, affect the ways individuals and communities function.

While Senge's book, *The Fifth Discipline* (1990), addressed building learning organizations, by 1993 he had begun experimenting with learning communities. His courses in "Personal Mastery and Leadership" included practices in the transpersonal dimension. His article, "Communities of Commitment: The Heart of Learning Organizations," coauthored with Fred Kofman (Kofman and Senge, 1993), began to describe some of the unique features and attributes of learning communities in transpersonal psychological

terms. With this community-building aspect, his first-generation learning organizations evolved into a 2<sup>nd</sup> generation.

With the assistance of all these mentors—Senge, Peck, Harman, Ray, Brown, and Frager—I began to shape the theory and set of practices for transforming learning organizations into learning communities that is outlined in this book, which Robert Kegan (Kegan and Lacey, 2016) calls “deliberately developmental”, and I now think of as 3<sup>rd</sup>-generation learning organizations. I ultimately selected my dissertation topic, *A Transpersonal Heuristic Inquiry into A Learning Organization Undergoing Transformation* (Gozdz, 1999), so that I could study the application of heuristic research methods and the multi-dimensional pacing of individual and organization transformation more closely.

During my internship with Senge, I had the opportunity to conduct in-depth interviews with hundreds of senior executives from several major companies, including the CEOs and senior executives of Harley-Davidson, Shell US, the Army War College, and Philips Display Components, as they reported their personal and organizational transformation through the process of becoming a learning organization and community. Some of the insights gleaned from this process are:

- Learning organizations become learning communities when the company’s operating philosophy promotes a balance of support (what Scott Peck (1993) calls love, or the will to nurture another’s development) and challenge (what Scott Peck (1993) calls discipline).
- An organization’s developmental level can be consciously shaped using a series of learning infrastructures and corporate governance to establish challenge and support for developmental growth.
- A CEO’s perspective lends itself to view the enterprise as a single community, where collective intelligence, inclusivity, and knowledge creation are important artifacts of growth.
- Individuals and organizations are hard-wired for development.
- A company’s CEO sets the cap on development for the organization’s leadership team and culture.
- No matter how successful, each CEO and each company faces serious challenges for which there were no known solutions. Learning, development, and knowledge creation are competitive necessities.
- Transpersonal dimensions of human experience offer competitive advantage at the individual and collective levels.
- The human beings that make up a workforce are more than a means to an end; they are an end unto themselves.

- Individual and communal transformation need to be paced and balanced for fundamental transformation to take lasting hold in an enterprise.

The result was a reasonably coherent model of the process and practices necessary for higher levels of development in organizational settings. Years later, working with Joseph Jaworski, I used this model to contribute to the transpersonal, developmental, and heuristic ideas presented in his book, *Source* (2012).

## **Facilitating Dual Bottom-Line Development**

I completed my doctoral studies with a sound theoretical foundation and some practice experience for building learning organizations that went beyond both Senge's original concept, as described in *The Fifth Discipline*, and his later formulation of learning communities (in "Communities of Commitment"; Senge, 1993), as second-generation learning organizations.

I formulated the methods and practices for building what I consider third-generation learning organizations, Dual Bottom-Line Learning Organizations (DBLLOs) that operate with authentic hyper-learning cultures. These organizations value human development co-equally with profit generation or mission accomplishment, and their workforce is scaffolded for learning and development through their daily work.

I was influenced in my conceptualization of third-generation hyper-learning cultures by Edward Hess's view that learning organizations have entered an era where the "New Smart" centers on individual and communal humility and hyper-learning. In *Humility is the New Smart*, Hess and his co-author, Katherine Ludwig (2017), define humility as,

a mindset about oneself that is open-minded, self-accurate, and "not all about me," and that enables one to embrace the world as it "is" in the pursuit of human excellence" (Hess and Ludwig, 2017; 8).

They go on to suggest that the next generation learning organizations will embrace a "New Smart" where humans will grow beyond the limiting aspects of what it means to be human by partnering with and finding a new role with technologies that augment and outperform humans on some workplace tasks (Hess and Ludwig, 2017). In such a world, in an accelerating manner, workforces will need to engage in hyper-learning: learning, unlearning, and relearning to counterbalance unprecedented levels of accelerating disruption (Hess, 2020).

In my view, not only do third-generation learning organizations encourage the individual and collective humility requisite to Stage III and