

UNIT EC449

WEEK 4

STRATEGIC MANAGEMENT

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Introduction

In this lecture we will examine the concept of a learning organisation and organisational learning. I will also talk about organisations as chaotic systems. Thus we are trying to examine the organisation in a dynamic environment undergoing dramatic changes. This is different from a planning perspective or viewing the organisation as evolving incrementally. Here environmental change is seen as less turbulent. This, of course, means that we are examining the difficulties arising when managing change, something I come back to in later lectures but which needs addressing now.

So by the end of this lecture you should have a preliminary understanding of the concepts relating to organisational learning and chaos.

Please read the attached slides and take notes from the on-line articles. These should enhance your understanding of the concept of the learning organisation. For those of you who have knowledge of the learning organisation concept from your work experiences please share it with us.

On Line Activities

Task 1

Go to the following website:

The [Society for Organisational Learning at MIT](#).

It contains a variety of papers on the concept of organisational learning (particularly the research section).

Examine the papers by Schein and Senge and consider the following questions.

1. What does organisational learning mean?
2. How are learning and organisational culture linked?
3. How are leaders supposed to facilitate organisational learning?

Task 2

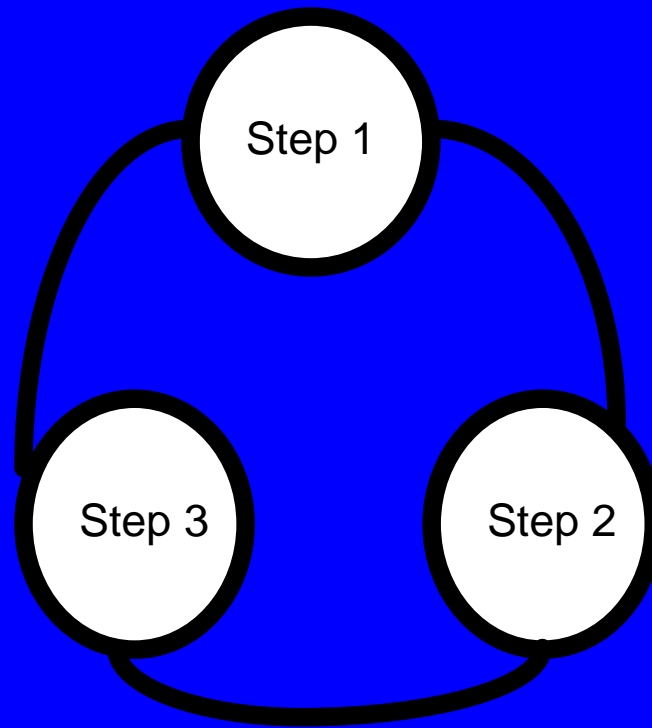
Use a search engine to find other papers on the concepts of the Learning Organisation.

Learning Organisations

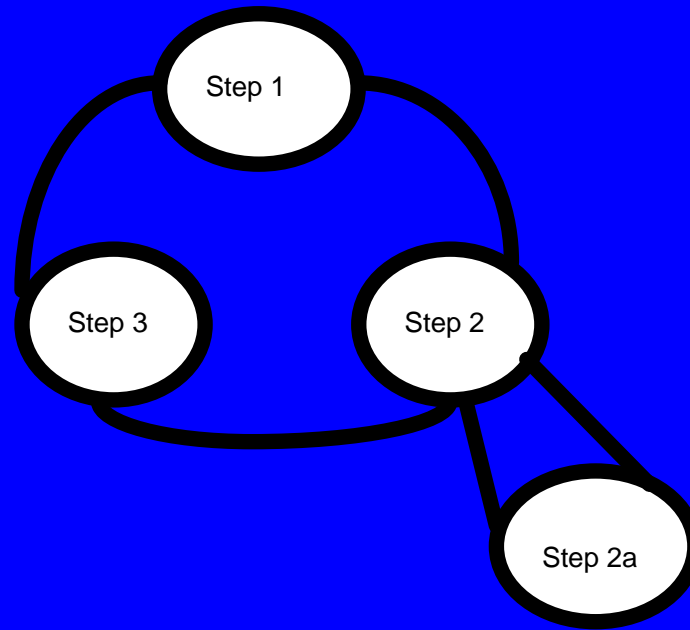
- Definition
 - Varies from author to author (see sheet)
- What is the distinction between learning organisation and organisational learning?
 - The LO is an aspiration - 'a view of what might be possible'.(End)
 - OL is the activity and the process by which organisations reach their ideal. (Means)
- Note we are examining organisations undergoing transformational change.

Learning Organisations - re: Morgan

- Do organisations have Brains (Morgan, 1997)?
- With 'bounded rationality' managers have to search for solutions, perhaps randomly, with rational explanations being sought after the event.
- 'Garbage Can' model of decision making develops. (March)
- Borrowing from cybernetics organisational theorists have developed the ideas of single and double looped learning.



Single Loop Learning: Making sense of the existing paradigm and correcting resulting errors



Key

Step 1 = the process of sensing, scanning and monitoring the environment.

Step 2 = the comparison of this information against the operating norms.

Step 2a = the process of questioning whether the operating norms are appropriate

Step 3 = the process of initiating the appropriate action.

Double Loop Learning: Taking a double look at the situation and questioning the paradigm

- Negative and positive feedback are important aspects of the learning process. It is only by accepting errors are possible that managers can ensure that strategic direction involves inclusive ownership.

Thus, there is a need for managers to

- encourage the 'emergent' organisation
- create designs that facilitate learning.

Learning organisations involve all members of the organisation sharing information and knowledge.

PSOs and the LO

- What factors encourage moves towards a LO in public services?
 - Pressures from without
 - Pressures from within
 - Legitimation - treating citizens as clients?

Chaos

- organisations are complex systems in a constant state of flux and transformation; they are complex non-linear systems. (Stacey, 1997)
- “despite all the unpredictability, coherent order *always* emerges out of the randomness and surface chaos” (Morgan, 1997).

Chaos (2)

- An important aspect of chaos is that we need to understand the concept of 'attractors'. Some pull a system into equilibrium or near equilibrium; for example, as a result of negative feedback loops which counteract destabilising fluctuations.
- Other attractors flip a system into completely new configurations. The system is then pushed far from its original equilibrium point. These departures are bifurcation points.

Chaos (3)

To manage in the midst of complexity it is important

- to rethink what we mean by organisation, especially the nature of hierarchy and control
- to learn the art of managing and changing contexts
- learn how to use small changes to create large effects
- to live with continuous transformation and emergent order as a natural state of affairs

So are we ever in control?

Chaos (4)

- “Ordinary management can only be practised in closed or contained change situations” (Stacey, 1997, p.71).
- This requires knowledge of rational processes to secure harmony, fit, or convergence to a configuration that can only proceed incrementally.
- Where a change of strategic direction is required ‘Extraordinary Management’ must be practised.
- This requires the use of intuitive, political, group learning modes of decision-making control in situations of open-ended change, Stacey (1997, p.72).
- Managers have to understand and develop the ‘shadow system’.

Author(s) (Year)	Definition of OL	Who? (subject of OL)	What? (content of OL)	When? (incentives for OL)	With what results? (Efficiency of OL)	How? (Processes of OL)
Cyert and March (1963)	OL is adaptive behaviour of organisations over time	Aggregate level of organisation	Standard operating procedures and organisational rules	Slack Resources	Adaptation to changing environmental states; improved adaptation as prerequisite for survival	Adaptation of goals, attention, and search rules; learning from experience.
Cangelosi and Dill (1965)	OL consists of a series of interactions between adaptation at the individual, or subgroup level and adaptation at the organisational level.	Individuals and subgroups in organisations	Complex management decisions	Stress stimulates learning, both subsystem learning and total system learning, separately and together.	Reduction of stress, and improved decision-making	Adaptation to conflicting patterns of behaviour caused by stress

Argyris and Schon (1978)	OL is the process by which organisational members detect errors or anomalies and correct them by restructuring organisational theory-in-use.	Individual learning in organisations	Organisational theories-in-use or theories-of action	Match or mismatch of expected outcomes which confirms or discredits organisational theories-in-use	Link between learning and improved action	Assumption sharing; individual and collective enquiry constructs and modifies theories-in-use; exact process remains unclear.
Duncan and Weiss (1979)	OL is defined as the process within the organisation by which knowledge about action-outcome relationships and the effect of the environment on these relationships is developed.	The individual is the only entity who can learn. However, they must be seen as a part of a system of learning with exchanges of what is learned among individuals	Organisational knowledge base	Slack resources	Depends on available organisational knowledge for decision making; adaptation to changing environmental states	Development of action-outcome relations via (a) sharing (b) evaluation (c) integration
Fiol and Lyles (1985)	OL means the process of improving actions through better knowledge and understanding	OL is not simply the sum of individual learning	Patterns of cognitive associations and/or new responses or actions (cognitive vs. behavioural change)	Tension between constancy and change; crisis (especially for higher level learning)	Environmental alignment; future performance improvement	Lower level learning as repetition of past behaviour, higher level learning as development of complex associations

Levitt and March (1988)	Organisations are seen as learning by encoding inferences from history into routine behaviour	OL is more than individual learning, that there is an emergent component	Routines (which include: rule, procedures, frameworks, cultures, belief structures, paradigms, etc.) Information/knowledge	Outcomes in response to aspiration level	Adaptation to changing environmental states; balance between 'exploration' and 'exploitation'	Learning from direct experience; learning from the experience of others, learning of paradigms for interpretation.
Huber (1991)	An entity learns if, through the process of information, the range of its potential behaviours is changed ... (Let us assume that an organisation learns if any of its units acquires knowledge that it recognises as potentially useful to the organisation)	Concept of entity, which includes individuals, groups, organisations, industries, society.		Probably not intended as author aims at describing a whole range of learning subcategories	Range of potential behaviour change, not necessarily resulting in observable results	Information Processing: acquisition, distribution, interpretation and storage of information; the related processes of OL remain unspecified
Weick and Roberts (1993)	OL consists of interrelating actions of individuals, that is their 'heedful interrelation' which results in a 'collective mind'	Connections between behaviours rather than people	Behaviour/actions	Necessity for nearly, error-free operations, e.g. aircraft carriers	Decrease of organisational errors	Heedful interrelating via (1) contribution (2) representation (3) subordination

Source: Prange C (1999) Organisational Learning –Desperately Seeking Theory?, in Organisational Learning and the Learning Organisation. Developments in Theory and Practice, edited by Easterby-Smith M, Burgoyne J and Araujo L, Sage, London.