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Volume 2, numéro 1, juillet 2001

URI : <https://id.erudit.org/iderudit/1073124ar>

DOI : <https://doi.org/10.19173/irrodl.v2i1.40>

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Éditeur(s)

Athabasca University Press (AU Press)

ISSN

1492-3831 (numérique)

[Découvrir la revue](#)

Citer cette note

Lillies, P. (2001). Case Study of a Knowledge-based Organization. *International Review of Research in Open and Distributed Learning*, 2(1), 1–4.
<https://doi.org/10.19173/irrodl.v2i1.40>

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Case Study of a Knowledge-based Organization

Philip Lillies

2001 Tim Byrne Memorial Scholarship

This interpretive case study is an attempt to gain insight into the operation of a successful organization working within the new knowledge-based society, with a view to increasing the efficacy of educational interventions targeted at ordinary knowledge workers.

Q, the organization that is the subject of the study, has shown remarkable 20 percent growth over the past five years. But what particularly caught my attention was Q's aspiration of becoming a learning organization. Since this was an aspiration with some history in the organization, it was reasonable to suppose that progress made toward becoming a learning organization would in some sense underlie or be associated with Q's success. It is rather like squaring the circle. Since both the circle and the square are in the plane geometric domain, it seems reasonable that there should be some way of correlating a change in radius with a change in length of the sides.

However, as the study progressed, it became increasingly clear that Q lacks the pervasive double-loop learning that one would expect to find in a learning organization. According to Morgan (1997, pp. 87-88), who attributes the double-looping concept to Argyris and Schon, whereas "single-loop learning rests in an ability to detect and correct error in relation to a given set of operating norms, double-loop learning depends on being able to take a 'double look' at the situation by questioning the relevance of the operating norms." However, aside from a few "methodologies" that have been developed by upper management, Q's work processes suffer from such a general lack of formality that even single-loop learning is a challenge.

Still, Q does appear to be an organization that learns. Indeed, there are many visionaries in its senior staff ensuring that Q is on a learning curve that keeps it ahead of its competitors. Perhaps the problem is with the concept of a learning organization, which though ill-defined, is too idealistic to have much value in the real world. Unlike the concept of bureaucracy, for example, it does not appear to give us much insight into why organizations are successful. As Nevis, Dibella, and Gould (1998) suggest, instead of trying to develop a not very useful, idealistic classification scheme, perhaps a more reasonable approach would be to focus on the conditions for success of organizations in the knowledge industry. We could then extrapolate back to understand what learning would encourage these conditions for success.

Unfortunately, this approach also has its problems. Success is a concept that is at least as vague as the concept of a learning organization. Indeed, in the business literature success is often given a narrow economic definition, such as shareholder return on investment. However, a few moments of reflection is sufficient to throw this definition in doubt; indeed, the economic success of firms can have negative consequences both for their workers (e.g., failure to achieve their potential) and for society in general (e.g, the danger from negative externalities, such as pollution).

Postmodernism, a philosophical position that denies the existence of absolute standards and principles, provides a way out of this quandary. Rather than being neatly pre-defined and categorizable, the world is constructed as each mind grapples with its own personal reality. Success, then, is not a standard, but a vision of reality that those implicated in an organization commit themselves to. Even the term 'organization' must be used loosely. Indeed, certain authors, such as Boje, prefer to speak of a transorganization, an organization with fluid boundaries defined by the relationships of its members among themselves and to the community they are embedded in.

New insights were obtained through a broader analysis of Q's organizational dynamic using socio-technical (STS) theory, a theory that does not presuppose a definition of success but attempts to derive it from the requirements for community and internal commitment. According to STS theory every organization is made up of a social subsystem (the people), a technical subsystem (of tools, techniques, and knowledge), and an environmental subsystem (of which customers form a part). The success of the organization depends on the fit and balance between these three subsystems. If, for example, the technical system is overemphasized, STS theory would lead us to believe that opportunities will be lost for creating an optimized organization. To understand the dynamic of the system, all viewpoints must be considered, including that of workers, managers, suppliers, customers, and community.

One of the most important insights that application of STS theory provides is that Q closely resembles a lean production (LP) organization, a form of organization made famous by Womack, an MIT professor who studied automobile manufacturing in Japan (cf. Womack et al., 1991). Essential features of this organizational type are that learning, in particular double-loop learning, though highly valued, is primarily the responsibility of a management elite. Teamwork, though present, is very much focused on completing tasks and is generally not concerned with organizational learning or with development of team members.

Several interesting questions remain. Why would an organization like Q that sincerely set out to organize itself as a learning organization wind up becoming something else? And what educational intervention might change this?

Additional insights can be obtained by evaluating Q with respect to the following postmodern definition of a learning organization, a definition that I am proposing because it more adequately reflects how a learning organization might arise from the sharing of worldviews:

A learning organization is an organization that respects and attempts to appropriately accommodate reality-based resistance.

Reality-based resistance can be contrasted with mere psychological resistance. Although psychological resistance is the subject of much discussion in the business literature, it is perhaps worth keeping in mind that it is the resistance of reality that presents the greatest danger to any human endeavour. As Hacking (1999, p. 71) explains, reality cannot be ignored, only "accommodated."

Respect for resistance requires that resistance be carefully weighed to determine the proportion in which it is reality-based or has a merely psychological foundation.

Then we can see why Q, despite setting out to organize itself as a learning organization, has wound up more like a lean production organization. In effect, Q's development as a learning organization (which requires respect for reality-based resistance throughout) has been distorted by the metaphor of a traditional hierarchical organization, a metaphor that is generally accepted by both managers and ordinary workers. In accordance with this metaphor (which becomes what is sometimes called a 'self-fulfilling prophecy'), the leaders at the top must make up for the lack of learning, coordination, and self-management at lower levels; or in an alternative formulation, the opinions of those further down in the organization are more likely to have a psychological component that requires human resource management.

Now we can also see more clearly what educational intervention might change Q's orientation from a lean production organization to a learning organization. It would have to be an intervention that led organizational members to throw off the traditional hierarchical metaphor and replace it with one in which the organization is defined by the communal relationships of its members with one another. Taking a tip from Senge (cf., for example, 1994, p. 208), I suggest that this educational intervention would have to lead all members of the organization through personal mastery to shared vision.

As a final note it is worth mentioning once again that Q is clearly an organization in the knowledge industry. Hence, I am not proposing a generic solution, but rather a solution that could most effectively be applied in the knowledge industry.

So by redefining a learning organization in a postmodern sense we have come up with a means of understanding how Q's progress toward becoming a learning organization in some sense underlies Q's success. The visionary thinking and learning that occurs among the leaders steers Q strongly toward overcoming reality-based resistance; however, failure to deepen the learning in the direction required by learning organizational theory may well be hampering Q's future success, when success, of course, is defined in community as well as economic terms. The circle is squared.

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