

The boundedly rational organization: How to conceptualize organizational learning

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What do organizations learn? Organizations learn with purpose. When an organization makes a new product, and this product does not sell well, the lesson learned may be "we have tried making this product, and there is no interest from the general public for this product" [could potentially change this example with something sustainability-related]. Organizations are also hard-pressed to improve something that they cannot measure, usually in terms of hard numbers ¹.

One of the strongest streams of the learning literature has long been the discourse on learning curves. When plotting out input and output, one can observe how production lines ramp up production. The same learning effect has been demonstrated for a selected number of other vital metrics (Argote 2013). This research has been undertaken without raising the question of why organizations may be improving in these areas, and not in others. The publication bias has further prevented us to learn where learning did not take place. In summary—organizations do not know what they cannot measure; if they are able to measure it, but not to improve it, they may not bother to measure it; and if they are capable of measuring it and improving it, we still might not hear about it if they do not do so.

¹ hence the extensive discussion in the learning literature on rare events, near-failures, and near-misses

References