

## THE NATURE OF ORGANIZATIONAL UNLEARNING

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### Contents

1. Introduction
  2. Overview of the Literature
  3. Definition
  4. Individual and Organizational Unlearning
  5. Organizational Forgetting
    - 5.1. Organizational Learning Cycle
    - 5.2. Organizational Memory
      - 5.2.1. Storage
      - 5.2.2. Diffusion
      - 5.2.3. Retrieval
  6. Inertia
    - 6.1. Size
    - 6.2. Age
    - 6.3. Performance
  7. Concluding Remarks
- Glossary  
Bibliography  
Biographical Sketch

### Summary

In spite of the growing popularity of the terms “organizational learning” and “learning organization” since the late 1980s, the concept of organizational unlearning has generally been neglected. The objective of this article is to clarify and elaborate the nature of organizational unlearning. It first reviews several major studies in this area and then adopts the routine-based approach in defining organizational unlearning as the discarding of old routines to make way for new ones, if any. According to this definition, unlearning can be an isolated phenomenon, not followed by learning. Similarly, learning can take place without the need for unlearning. Organizations can only learn and unlearn through individuals. Unlearning at the organizational level necessarily leads to unlearning at the individual level, but the converse may not be true. Unlearning need not be intentional; organizations do forget, or unlearn unintentionally. Only when an organization is able to properly diffuse, store and retrieve information acquired in the past will it minimize the risk of information distortion and loss, the two main causes of forgetting. Resistance to change by individuals translates into problems of both unlearning and learning. Like physical objects, organizations have inertia. The strength of inertial forces is a function of organizational size, age, and performance. Large, old, or successful organizations tend to have greater inertia.

## 1. Introduction

Since the late 1980s, there has been a proliferation of studies, both theoretical and empirical, on organizational learning and learning organizations. The rate at which an organization and its members learn may become the major sustainable competitive advantage that the organization can create in an increasingly knowledge-based economy. As an attention-catching term, “organizational unlearning” has also been mentioned from time to time in the organization and management literature. Nevertheless, the concept of organizational unlearning has not been adequately studied by researchers in spite of its significance. The objective of this article is to clarify and elaborate the nature of organizational unlearning.

The next section provides an overview of the literature on organizational unlearning. It is followed by a definition of unlearning. Section 4 distinguishes the differences between individual and organizational learning, and Section 5 discusses organizational forgetting through employing the concepts of organizational learning cycle and memory. Drawing on the literature on organizational change, Section 6 describes inertial forces that inhibit unlearning. The article ends with some concluding remarks.

## 2. Overview of the Literature

An early and frequently cited reference on unlearning is the article written by B. Hedberg in 1981. Using the stimulus-response paradigm, he describes an organizational learning process as follows:

To identify stimuli properly and to select adequate responses, organizations map their environments and infer what causal relationships operate in their environments. These maps constitute theories of action which organizations elaborate and refine as new situations are encountered.

He defines unlearning as “a process through which learners discard knowledge,” and maintains that the aim of unlearning is to make way for new responses and mental maps. Similarly, C. Argyris and D.A. Schön define unlearning as “acquiring information that leads to subtracting something (an obsolete strategy, for example) from an organization’s existing store of knowledge.”

P.C. Nystrom and W.H. Starbuck argue that when an organization faces crises, it has to unlearn its obsolete management practices and a quick, effective way to do so is to remove the top management team. The rationale is that top managers often cling to their beliefs and perceptions adamantly. If only one or a few new managers join an ongoing group for the purpose of injecting new ideas, the newcomers will likely be socialized into the group and will adopt the prevailing cognitive structure.

J.I. Klein distinguishes between four unlearning models at the individual and organizational levels: (1) the extinction model – the removal of undesirable knowledge from an individual; (2) the replacement model – the dissemination of new knowledge to an individual; (3) the exorcism model – the removal of inappropriately-behaving individuals from an organization, and (4) the salvation model – the replacement of inappropriately-behaving individuals by a mythical manager-savior. In contrast to the

recommendation of Nystrom and Starbuck, he challenges that the replacement of managers contributes nothing to a learning process as a result of which behavior will change. Moreover, the layoffs may give rise to considerable fear and anxiety which, if not properly handled, can lead to unintended harmful consequences for both the individual and the organization.

R.A. Bettis and C.K. Prahalad argue that before strategic learning can occur, old dominant general management logic (or dominant logic in short), which is the way that managers conceptualize their business and make critical resource allocation decisions, must be unlearned by the organization. They further propose that the amount of learning in a particular period of time is a function of the amount of unlearning in the previous period. They also develop the concept of unlearning curve. Without the burden of having an existing dominant logic, new entrants to an industry do not have the problem of having to run down an unlearning curve in order to be able to move up a learning curve.

W.H. Starbuck discusses the need for unlearning ineffective or obsolete technologies. He suggests eight ways to foster unlearning, the essential requirement underlying which is to form a habit of doubting current beliefs and methods. In fact, many of his suggestions overlap with those offered by the voluminous literature on how to build a learning organization.

There are a few other articles that discuss organizational unlearning without first clarifying the concept, and in most of the cases, the term “unlearning” is used to stress the need for getting rid of management practices that have outlived their usefulness. In short, despite the voluminous literature on organizational learning, researchers generally neglect the theoretical significance of organizational unlearning. For instance, although the title of Hedberg’s seminal article is: “How organizations learn and unlearn,” the part on unlearning only occupies very little space. According to his own way of defining organizational learning, G.P. Huber even maintains that unlearning is conceptually subsumable under learning. As illustrated by the following discussions, organizational learning and unlearning are two distinct concepts; the former can by no means replace the latter.

### **3. Definition**

The development of clear definitions for concepts is crucial to improving research and theory building. To define organizational unlearning, it is natural to start with the definition of organizational learning since the two concepts are so closely linked together. For studies of organizational learning, it seems that researchers do not hesitate to create their own definitions. Consequently, definitions are as many as there are writers on the subject. These definitions vary greatly in terms of the breadth of ideas covered. For the purpose of discussion, the routine-based approach of B. Levitt and J.G. March is adopted here. They regard organizational learning as the process of encoding inferences from the organization’s history into routines that guide its future behavior. Based on this definition, organizational unlearning refers to the discarding of old routines to make way for new ones, if any. Note that this working definition is consistent with those proposed by Hedberg, Argris and Schön mentioned above.

The term “routines,” as used by Levitt and March, refers in fact to a set consisting of numerous elements:

The generic term “routines” includes the forms, rules, procedures, conventions, strategies, and technologies around which organizations are constructed and through which they operate. It also includes the structure of beliefs, frameworks, paradigms, codes, cultures, and knowledge that buttress, elaborate, and contradict the formal routines.

An important characteristic of routines is that they belong to an organization and are independent of individual members. Unlearning which leads to a change of routines has organization-wide effects and therefore is considered to be organizational.

The term “organizational unlearning” is usually used in literature to refer to the case that old practices are to be replaced by new ones. That is, organizational members learn to adopt the new practices while casting off the old ones. Thus unlearning and learning occur at the same time, or the former is followed by the latter. It should be noted that, according to our definition, unlearning can be an isolated phenomenon. For instance, an organization discontinues its practice of asking for external references when recruiting senior executives. This simple change of routines, which can be regarded as unlearning, is not accompanied by learning.

Similar to Bettis and Prahalad’s argument stated above, Starbuck maintains that learning often cannot occur before unlearning. It is because unlearning alerts people that they should no longer rely on their current beliefs and methods. As long as current beliefs and methods continue to produce reasonable results, people are unlikely to discard them. Nonetheless, learning does sometimes take place without the need for unlearning. Suppose a new routine adopted by an organization does not have any existing counterpart and is not in conflict with any existing routines in the organization, the task of unlearning, if any, is minimal. In this case, the learning process should be simpler because the organization starts with a clean slate.

#### **4. Individual and Organizational Unlearning**

Within the term “organizational learning,” the word “learning” is a metaphor that transfers information from the relatively familiar domain of individual learning (the source domain) to a less known phenomenon in organizations (the target domain). We should be aware of the risk that the target domain may not share many characteristics of the source domain. As such, it is necessary to take note of the differences between individual and organizational unlearning.

After individuals have acquired certain items of knowledge, it is not quite possible for them to *discard* the knowledge because *intentional* forgetting is called for. Although individuals may be forgetful, to forget something intentionally is difficult, if not impossible. Cynically, trying hard to forget something may have the opposite effect. So it is more appropriate to regard unlearning at the individual level as referring to the case that individuals are aware that certain items of knowledge possessed by them are no longer valid. In an organizational context, individual unlearning involves the discarding of certain existing practices by individual members. For example, an organization

employs an accountant from another organization. The two organizations use very different accounting systems. When the accountant joins the new organization, he or she may have to discard some of the accounting practices of the old employer. This is individual, but not organizational, unlearning; when an organization changes its accounting system, organizational unlearning occurs.

As exemplified by H.A. Simon's statement: "all learning takes place inside individual human heads," organizations can only learn through their members. By the same token, organizations do not unlearn; people do. When an organization discards an existing routine and replaces it by another one, the change inevitably involves corresponding adjustment of work practices by the members concerned. That is, unlearning at the organizational level necessarily leads to unlearning at the individual level. However, the converse may not be true. Suppose an organizational member discovers that he or she has been adopting a certain work procedure which is inconsistent with the regulations of the organization and decides to discontinue the practice. This correction of errors, which is individual unlearning, does not give rise to organizational unlearning.

## 5. Organizational Forgetting

The definition of organizational unlearning adopted in this article does not suggest that unlearning needs to be intentional. Whenever management plan to revise organizational routines, intentional unlearning is involved. Having said that, organizations do forget, or unlearn unintentionally. In fact, organizations are more forgetful than many people have recognized. To understand forgetting, let us first examine the organizational learning cycle, which depicts the process through which information is gathered from the environment, interpreted, shared, stored and later retrieved for taking organizational actions that finally impact upon the environment.

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### **Biographical Sketch**

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