

# **Organizational Learning in Government Sector Organizations: Literature Review**

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A report to the National Audit Office from LSE Public Policy Group

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PPG undertakes pure and applied research, policy evaluation and consultancy for government bodies, international organizations and major corporations active in the fields of policy evaluation, public management, budgeting and audit, and e-government, survey or focus group research, public opinion, and the design of election systems.

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## Contents

<b>1. Defining organizational learning and main approaches .....</b>	<b>5</b>
(i) The learning organisations vs organisational learning debate .....	7
(ii) The nature and location of Organisational Learning .....	8
(iii) How to investigate Organisational Learning .....	8
<b>2. Building up a picture of organizational learning in public sector organizations .....</b>	<b>9</b>
(1) Knowledge management .....	10
(2) Organizational learning systems and motivation .....	12
(3) and (4) Single and double-loop learning .....	17
(5) Strategic or triple loop learning .....	19
(6) and (7) Organizational unlearning and policy/organizational crises .....	21
<b>3. The wider context of influences on organizational learning .....</b>	<b>25</b>
(10) Innovation .....	26
(11) Human Resource Management .....	27
(12) The Political Process .....	28
How organizational learning in the UK civil service compares with comparator organizations and countries .....	31
Learning in Local Government .....	34
<b>Bibliography .....</b>	<b>36</b>
Essential Reading .....	36
Full References .....	36

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Organizational learning has been a long-running area of concern in the study of private sector firms, and it is from here that the defining concepts of the literature come. It is a much more recent theme in the study of public sector organizations, although the central concepts have been very influential in the UK in this context. Our analysis makes no effort to survey the large volume of work on private companies, for which there are existing well-known and authoritative summaries by Easterby-Smith and others (2000). We focus instead on setting out a model of organizational learning that brings together key insights from the private sector literature and some specific features distinctive to the central government sector. We begin by defining organizational learning, briefly covering some main schools of thought, although this is not a strongly divided field. Section 2 builds up a view of organizational learning in government departments and agencies in stages – covering:

- (a) knowledge management and the core stages of organizational learning in the private sector literature;
- (b) the possibility of organizational *unlearning* and its relation to policy crises and to re-learning loops remedying specific problems.

Section 3 completes this picture by looking at the wider context of influences on organizational learning, including innovations, human resources management, the political process, and external influences. We also discuss six main sources of potential learning for government organizations. Finally we briefly review evidence of different organizational learning approaches across different public sector organizations and some advanced industrial countries.

## **1. Defining organizational learning and main approaches**

Most learning in organizations occurs at the level of individuals. ‘In order for learning to occur, there must be an alteration in behavioural intentions as a result of experience from trying to attain the policy objectives’ Schofield (2004, p. 288). People strive to attain what has been laid down as organizational policy and use evidence and experience to filter and refine what they are doing. The next stage, going beyond individual learning, is a collective process, a ‘something more’ that takes place at the group or organizational level. Most of this literature focuses on private firms, and on the apparently rather intangible but unmistakably distinctive impacts of organizational culture in shaping how firms

differentially respond to experience. This layer of organizational learning has been variously characterized.

For Berends et al (2003, p. 1042), it is: 'the development of knowledge held by organisational members, that is being accepted as knowledge and is applicable in organizational activities, therewith implying a (potential) change in those activities.'. For Nevis et al (1995, p. 15) organizational learning comprises 'the capacity or processes within an organization to maintain or improve performance based on experience'. Auluck (2002) argues that:

'The UK Industrial Society captures the essence of the concept as follows: A learning organization is one which continually transforms itself. The process of transformation is a creative one in which a willingness to change and adapt its needs exist. (Industrial Society, 1997, p. 3)'

Garvin (1993) agrees that a learning organization is one that is 'skilled at creating, acquiring and transferring knowledge, and at modifying its behaviour to reflect new knowledge and insights'. He suggests that there are five distinguishing features of such an organization:

'systematic problem solving; experimentation and the testing of new knowledge; learning from experience; learning from others; and shared knowledge and knowledge-spreading mechanisms' (Garvin, 1993, p. 110).

Garvin also noted that 'most discussions of organizational learning do not get to the heart of how to make it happen in organizations. Their focus is on high philosophy and grand schemes, sweeping metaphors rather than the gritty details of practice' (1993, p. 79). Ulrich et al. concur that 'to date there have been far more thought papers on why learning matters than empirical research on how managers can build learning capability' (1993, p. 59).' In their review relating to public organizations Rashman and Hartley (2002, p. 529) note that there is a considerable degree of consensus:

'Reviews of the literature, despite differences in approach . . . , find four identifiable strands: (1) the problematic nature of defining and measuring organisational learning; (2) the barriers to and enablers of such learning . . . ; (3) the multi-level nature of organisational learning; and (4) the nature of knowledge creation.'

The canvass of organizational learning is thus a large one, but the focus of studies is restricted by the themes of looking at experience, struggling to capture and employ knowledge, so as to improve the organization's performance. Vince and Saleem (2004, p. 135) argue that: 'Organizational learning therefore is seen as both a social and a political

process. It happens with and through other people. It is relational by nature, and therefore there is a likelihood of conflict (Gherardi et al., 1998).'

Turning to debates between different schools of thought about organizational learning, the field is not marked by particularly strong or distinctive contrasting positions. Easterby-Smith et al. (2000) provide an overview of the historical development of the field, which has mainly been characterized by a call for more study of organizational learning (compared with other better-studied topics, such as the development of organizational structures). There are also differences of emphasis between authors, but organizational learning itself is generally accepted as a 'good thing' and the main variations consist of different emphases between authors on the components or pre-requisites for firms especially to become 'learning organizations'. Some key debating points have included: Leeuw et al. (1994) define organisational learning as the 'process of detecting and correcting error' and state that evaluation is key to organisational learning in the public domain, must be systematic, and belong to a culture of efficient and timely evaluations. Unfortunately, rational information is only one contending force (rather than the most important one) in decision making, and that the acquisition of knowledge important to the learning process can be very selective. The majority of examples of organisational learning in the public sector are single loop in nature but we will return to this in Section 2.

*(i) The learning organisations vs organisational learning debate* revolves around whether organizational learning (OL) is just the sum of what people within organisations learn. For Finger and Brand (1999) there is a large difference between organizational learning and a learning organization. The learning organization has learning as an ongoing process, rather than a simple intervention to solve an extant problem.

Some authors do not believe it is possible to attribute characteristics of the learning process such as 'thought' and 'emotion' to inanimate objects such as organisations (March and Olsen, 1975; Simon, 1991). Others, however, believe that organisational learning implies more than just what those within organisations know.

'although organisational learning occurs through individuals, it would be a mistake to conclude that organisational learning is nothing but the cumulative result of their members learning. Members come and go, and leadership changes, but organisations' memories preserve certain behaviors, mental maps norms and values over time.' (Hedberg, 1981, p. 6).

According to Easterby-Smith (1997) this originally prominent distinction has now fallen out favour in the literature, because it was felt to create confusion when the phenomena being discussed were essentially the same.

(ii) *The nature and location of Organisational Learning* has been discussed (chiefly within firms). The earliest ideas stressed that learning occurs within individuals and then becomes progressively embodied into the structures of the organisation. By contrast, the social constructionist perspective assumes that learning occurs through conversations and interactions. Interestingly for the study of government organizations there was a trend in the 1990s towards literature stressing that organizational learning is political – a strong emphasis in Coopey and Burgoyne's (2000) paper. This emphasis also links into discussions about the structural versus cultural perspectives, both in terms of the importance of methods of learning and barriers to learning (see Moynihan and Landuyt, 2007).

(iii) *How to investigate Organisational Learning* has occasioned a great deal of debate, because of the rather diffuse character of the processes involved, which makes measurement difficult to do. Greve (2003) represents the hardest-line effort at establishing quantitative measures, allied with a behavioural stimulus-response model (albeit a sophisticated one that draws on a great deal of other literature). Other discussions have tried to measure OL by whether organizations do benchmarking, or what incentives they provide for learning responses, an approach recently extended to UK local government where centrally promoted schemes (such as the Beacon council scheme, best value processes and the comparative performance assessment) have played an important role recently (see Rashman and Hartley, 2002; Rashman and Radnor, 2005). Each of these approaches has learning measurements already built into its design. Easterby-Smith et al. (2000) note that case study examples have always played an important role in the field. In the public sector, with quantitative measures much less well developed than for private firms, case studies have been especially prominent, with March and Olsen (1994) and Dekker and Hansen (2004) providing country examples. Local government examples have been important in the UK (see Vince and Broussine, 2000; Ball et al., 2002 and Rashman and Hartley, 2002) and state government in the US literature (for instance, Moynihan, 2005).

## 2. Building up a picture of organizational learning in public sector organizations

A simple transposition of the private sector work on OL cannot be read across to government sector departments and agencies. As Warwick (1975, p. 204) commented at a more general level:

‘It is not enough to unpack a briefcase with concepts and measures developed in other settings, unload them in a public agency and expect them to encompass all of the worthwhile reality to which they are exposed’.

Yet Bozeman (1987) points out that in many senses all organizations are public, and that arguments for the distinctiveness of public and private organizations are often overdrawn. Like government agencies, large companies are ‘public’ in many aspects of their business, respond strongly to external stakeholders (such as the media, market analysts, major investors, and their boards) and cope with strong loads of legal, economic and environmental regulation.

The 1999 government white paper on *Modernising Government* famously proposed that: ‘The Public Service must become a learning organization’ (1999, p. 56). The clear intention of ministers was to signal that OL would play an important part in a ‘continued drive for responsive, high-quality public services’ (Auluck, 2002, p. 109). But of course ‘the Public Service’ is not (and cannot be) a single organization, nor could it remotely learn in a standard way. McKnabb (2007, pp. 126-7) defines a learning organization as one that is inherently agile: ‘one that is quick to identify, digest and apply the lessons learned in its interactions with its environments. For public-sector organisations, this involves developing innovative solutions to the constantly changing legal, political, economic and social environment’. On similar lines, Common (2004, p. 38) argues that:

‘in the public sector [organizational learning] can be regarded as the ability of an organization to demonstrate that it can learn collectively by applying new knowledge to the policy process or innovation in policy implementation. Implementation also involves learning, through piloting innovative services and structures. It is also argued that organizational learning can improve the policy-making capacity of government, whereas policy learning helps to explain what is learnt beyond the confines of government, and how it is learnt.’

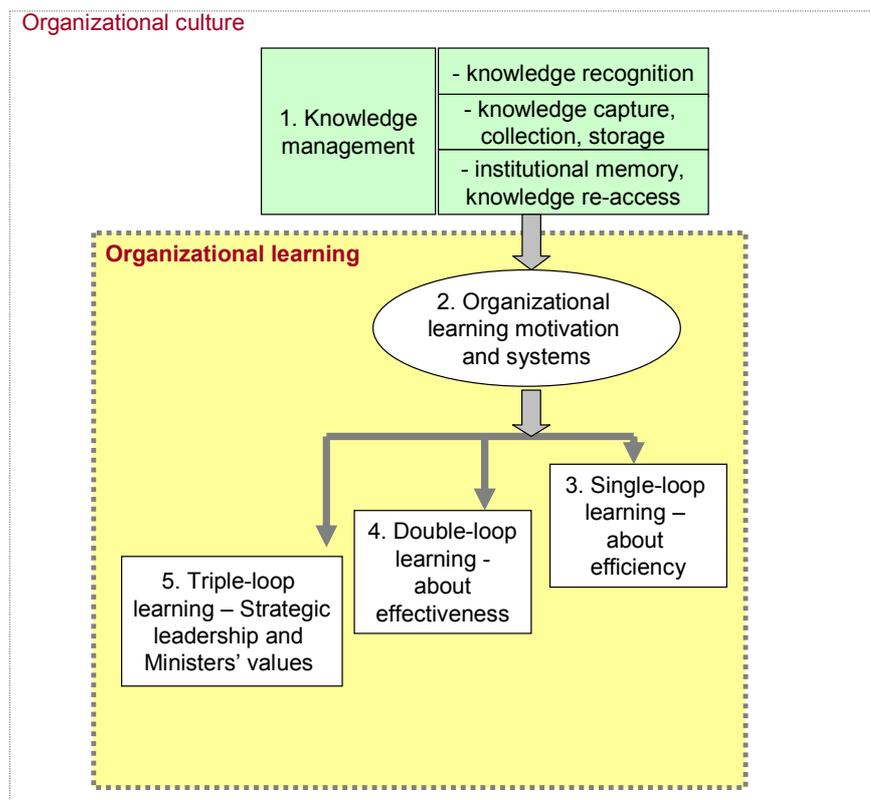
To help build up a more comprehensive conceptual framework for understanding organizational learning, Figure 1 shows that OL can be thought of as a component of organizational culture. And our discussion below is organized following in order the box numbers in the Figure.

### ***(1) Knowledge management***

This lies somewhat outside the field of organizational learning itself, but very closely connected to it and critical for how OL can operate. Knowledge management is the complex of processes by which knowledge is first recognized as such (rather than as ‘noise’ or ephemerally relevant or unreliable information). Once categorized, knowledge must then be captured and influential writers have stressed that at any given time the vast bulk of the ‘knowledge’ inside an organization will be ‘informal’, locked in the minds and practices of members of the workforce (Nonaka and Takeuchi, 1995). These authors were critical of the concept of organizational learning, arguing instead for a focus on the prior stages of knowledge recognition and capturing. This approach contributed to debates whether about adhocracies and ‘J form’ firms are superior methods of converting informal knowledge of organization or team members into enduring traits and knowledge practices that can add enduring value to the organization and shape its evolution in fundamental ways.

How knowledge can be more formally collected and stored in retrievable ways by and within organizations has occasioned a large literature, some of it involving wider issues of organizational structure and culture. But also in the 1990s and early 2000s a large knowledge management literature developed, 70 per cent of it written by IT specialists according to Easterby Smith et al. (2000) and concerned with relatively technical aspects of knowledge processing and data management. These ideas were later enthusiastically taken up by management consultants and marketed to big companies and in the later 1990s it somewhat eclipsed discussion on OL up to 2000. But there was a swing back in subsequent work to emphasize once again the importance of organizational/cultural and small ‘p’ political processes in structuring how knowledge is processed, used and re-used.

**Figure 1: The basic components of organizational learning**



In particular, recognizing, formalizing and storing knowledge is only going to be effective if it is linked to a capacity to recall that this stored knowledge exists and could be relevant to a newly (or apparently newly) occurring problem. As the French essayist, Montaigne argued: ‘Memory is essential to all the operations of reason’. If the component of an organizational or institutional memory is missing then access to stored knowledge will not occur and learning cannot be effective – indeed without some memory capacity problematic phenomena will not be recognized and appropriately categorized, so that a learning process get started. To look ahead a little, one basic chain of activities needed for learning is likely to be:

*Memory – Problem Recognition – Motivation to act – Capacity to act- Review*

Before leaving box 1 in Figure 1 it is worth noting that in the wider public policy literature also there has been an emphasis upon the need for policy-makers to recognize severe and inescapably restrictive limits on knowledge, not within the state apparatus itself but in policy-makers’ ability to understand wider social and economic activities analytically or from the top of society. In his book *Seeing Like A State*, the Harvard

sociologist James Scott (1998) argued that however much information governments seek to collect about the operations of society they will always lack knowledge that is essential to the success of many reform schemes – detailed practical knowledge of how social and economic processes can be made to work, formed from actors’ own experience and responding to their adaptive capacities, and ability to work around difficulties, a kind of knowledge which the ancient Greeks termed ‘techne’ and that Scott labels ‘metis’. Scott argues that this lack often contributes to state policies that are too coarse-grained or founded on too simplified a view of the inescapable strong complexity of people’s inter-relations and the practical knowledge needed to get complex processes to work well.

**(2) Organizational learning systems and motivation.**

The first component of organizational learning itself then is shown in Box 2 in Figure 1, and concerns (a) the long-run ways in which organizations are set up with systems capable of achieving organizational learning, but also (b) the motivation that members of the organization have to achieve this. There is no necessary reason why these key components should be in sync. People in an organization may be keen to learn but lack knowledge of how to do so, perhaps casting around for initiatives or ways of doing things differently but in an unsystematic way. Equally systems for learning may be in place, and a great deal of informal learning may be going on, but without motivation to make organizational learning happen the capacity to do so can atrophy.

There is a large measure of agreement on the pre-conditions that make organizational learning feasible and likely, although different authors offer slightly differing lists of organizational traits.

According to Pedlar et al. (1991) key practices sustaining OL include:

<b>Strategy</b> that emphasizes a learning approach.
A high level of participation in policy-making by organisational members and stakeholders.
<b>Feedback systems</b> from accounting and control processes which give helpful and prompt information to understand the effects of action, and thus support learning and decision-making.
Information technology plays a strong role in sharing knowledge and mutual awareness.
<b>Forms of organizational structure</b> that both enable learning and that could themselves shift, adapt and accommodate to the change resulting from it.
Internal ‘customer/client’ relationships between organizational units that feed mutual adjustment and adaptation.
A strong role for boundary workers – people working at the formal boundaries of the organisation, who collect and pass in ‘environmental’ information.

<i><b>A culture and climate</b></i> which encourages responsible experimentation and shared learning from successes and failures.
A willingness and ability to learn with and from other organisations and companies.
<i><b>Reward systems</b></i> consistent with an employment philosophy emphasizing the incentivisation of learning.
Mechanisms and employee relationships which encourage and support self-development.

It must be admitted that there is especially a temptation in many organizational studies more orientated to prescriptions to suggest that the secret of being good is to be good in sub-aspect X, then sub-aspect Y, and sub-aspect Z etc. Thus at one level each of these specifications might be seen as partly circular reasoning, for often the definition of the characteristic offered by Pedlar et al. already embodies a reference to success in organizational learning. None the less in empirical terms the specification is useful because while OL itself is broad and intangible, it would be easier for a study team looking at one or a set of organizations to operationalize measures of the Pedlar et al. features. It might then be feasible to argue that organizations scoring well on (say) including boundary workers or having reward systems fostering learning (such as secondments or strong postgraduate training support) are likely to be doing better overall in OL terms than those scoring poorly on these components. In a somewhat similar but less readily empirical way Finger and Brand (1999) seek to disaggregate OL into four important learning activities and six important learning capacities:

<u>Learning Activities</u>	<u>Learning Capacities</u>
<ul style="list-style-type: none"> <li>• Educational and training activities</li> <li>• The active self use of learning sources inside the organisation</li> <li>• The active use of learning sources outside the organisation</li> <li>• The creation of an environment conducive to learning</li> </ul>	<ul style="list-style-type: none"> <li>• Individual learning capacities</li> <li>• Collective learning capacities</li> <li>• Structural learning capacities</li> <li>• Cultural learning capacities</li> <li>• Capacities resulting from the organization of work</li> <li>• The capacity of the leadership to learn and promote learning</li> </ul>

Here the activities in the left hand column could be much more easily measured in terms of non-reactive indices – for instance, the proportion of overall staff budgets spent on training and education of employees, especially perhaps the scale of resources devoted to rising policy-level staffs. It is difficult to see how the elements in the right-hand column could be assessed, except by surveying people in the organization itself, with obvious risks of mis-perception or mis-representation.

Thinking more specifically about the context for government agencies, Leeuw et al. (1994) argue that:

- Governments are often far more receptive to information generated internally rather than externally.
- There is a positive correlation between the credibility of the source originating new information and the acceptance of information – it must be seen to be coming from a legitimate source. For example, whistle blowers and special interest groups are much less likely to be ignored.
- The legitimacy of inter-institutional scrutiny is greater in government than in the private sector – e.g. the NAO can be a force for learning by government departments in the UK.
- The credibility of the internal receiver is important. Because governments and civil services are hierarchical, the receiver of new information must be seen to be credible, and to have access to those who have decision making responsibilities.
- Information that is conveyed in more formats than a formal report has a better chance of being acted on – so that informal contacts and a ‘no surprises’ policy being pursued by evaluators can be very important in securing the reception of message.
- Efforts to generate learning in government are (or should be) continuous. Because the contexts for policy-making change continuously, learning should also never finish.

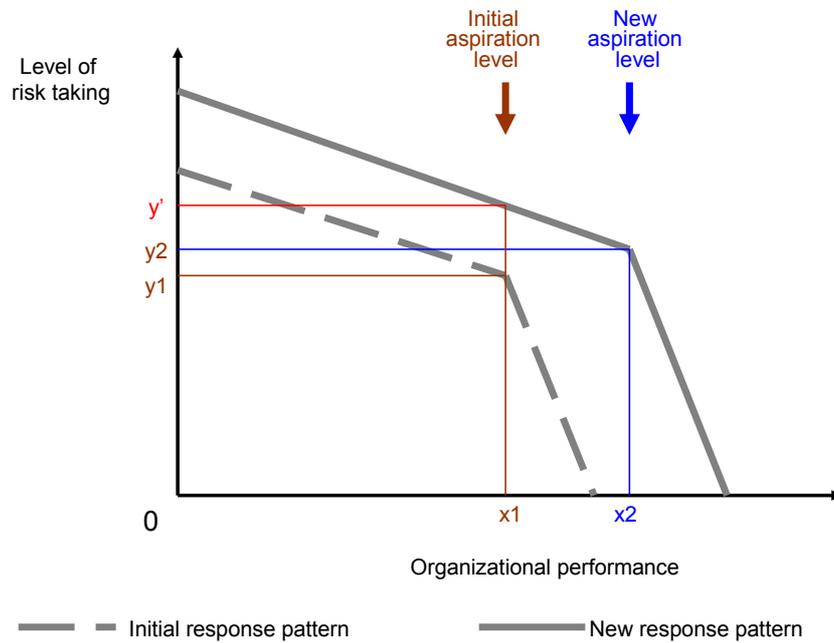
Turning next to the motivation for learning, it is obviously rather utopian to expect that government agencies or other organizations will seek to learn continuously, even in rapidly changing environments. Acting as a learning organization is likely to be costly for organizations in several ways, chiefly because change always involves risks and because organizational cultures tend to become conservative, especially in long-lived or successful organizations. The organizational ecology approach stresses that much or most learning in the private sector takes place at industry level as one generation of organizations fails and

is replaced by a new generation. Yet in large firms, and famously in government where agencies are very long-lived if not immortal (Kaufman, 1976), these ruthless and fast-acting succession processes do not operate, and the push for organizational survival may be only a rather slow background pulse.

A more empirically-grounded behavioural model of especially organizational learning by large firms has been offered by Greve in his 2003 book *Organizational Learning from Performance Feedback* and shown in Figure 2. Here the key propositions are that:

- Organizations set a level of performance that they aspire to achieve – for instance, initially at  $x_1$  on the horizontal axis measuring performance here. Organizations can choose different aspiration levels, for instance to be an industry leader, or to be a medium player or to stick to a small niche in the market, and a wide range of internal and external pressures will combine to determine the aspiration level actually chosen.
- When an organization is achieving its aspiration level it will have an equilibrium level of risk-taking activity, given here by  $y_1$ . If the organization is not achieving its aspiration level then it will undertake more risky activities designed to boost its performance, shown initially by the dashed grey line here – and this line will rise quite gently as shown. On the other hand, if the organization is already past its aspiration level it will cut back its risky activities quite sharply, creating a kinked response curve at the aspiration level of performance.

**Figure 2: Greve's model of how organization's performance set against its 'aspiration level' triggers risk-taking activity**



- What happens if the organization is forced to increase its aspiration level, in this case to  $x_2$ ? This can occur in industry when another firm makes an invention or adds to the quality of its product, or when a new technology comes along rivalling the firm's existing approach. An analogy in government might be the advent of a new set of ministers who want an established department or agency to 'up its game' and achieve an improved level of performance. In the short-run the organization will now have a deficit in performance of  $x_2 - x_1$  and will be forced to trigger an exceptional level of risk-taking activity  $y'$  in order to try and close this gap.

- In the long run the same pattern of response lines will come into existence around the new aspiration level, as shown here by the solid grey lines. Assuming that the organization can close up the performance gap the level of risk-taking activity will tend to decline back towards a new level  $y_2$ , which may be higher than the original pattern at  $y_1$  but which will be lower than the exceptional level  $y'$  shortly after the new aspiration level came into effect.

Thus in Greve's model the key things that will influence organizational learning and other risk-taking activity (such as spending more on R and D, shifting business models,

adopting new organizational structures and energetically seeking product innovations) will be the dialectic of the organization's aspiration level and its performance. Various kinds of adaptive responses are feasible here that may offset organizational learning, in particular a situation where an organization continuously adjusts its aspiration level downwards in response to poor performance, rather than incurring the costs and risks of looking for new ways of carrying out its role. Greve points out that there are strong pressures on firms from simple organizational survival that may make them choose adaptive reductions of aspiration levels as a response to new environmental pressures.

***(3) and (4) Single and double-loop learning.***

Moving focus now to actually learning responses in relation to particular stimuli the OL literature has paid a lot of attention to the idea of learning loops, the boxes numbered 3 and 4 in Figure 1. Three types of learning loops have been identified, starting with the most common approach of single-loop learning and then moving to the 'harder' issues of double loop and perhaps triple loop or strategic learning. Single loop learning asks: 'Are we doing it right? Could we do what we are currently doing in more productive ways, doing it cheaper, using alternative methods or approaches for the same objectives?' This is the most basic learning loop, and it occurs when organisations first monitor their processes to know how they are performing in detail, and then reflect on immediately available to see if improvements can be made. Greve (2003) stresses that organizations will tend to look for solutions to problems (so-called 'problemistic' search) either in the immediate neighbourhood of the problem itself, or by looking back to previous similar problems and looking for either exact solutions or for analogies and parallels that might apply to the current problem. The 'garbage can' approach to OL also emphasizes that often within an organization there may already be advocates of or even enthusiasts for particular solutions, who are actively looking for ways of apply their preferred approach to new problems. For instance, IT staffs may be keen to promote new information systems as ways of tackling problems to which they have not yet been applied. Within government, single-loop learning can be thought as being efficiency orientated, concerned with improving or even maximizing the ratio of outputs to inputs, with achieving 'value for money' and eliminating sources of waste.

Double loop learning asks 'Can we do it better?' and goes beyond process monitoring of errors to ascertain ways of changing processes to make them better. It can be thought of in traditional government terms as being more about effectiveness, as raising

questions about whether outputs are particularly well-directed towards achieving desired outcomes. The OL perspective does give this approach a distinctive orientation, however, in that the focus may be largely on errors that have occurred and taking effective action to ensure that this kind of error does not recur. Again the key focus will be on problemistic search, but here the organization look more widely and inventively for permanent solutions to sources of error or under-performance. In government organizations some authors have speculated that double-loop learning may be restricted because departments and agencies are constrained to fit in with the political guidance on values government and ministers (see Ranson and Stewart, 1994; Romme and van Witteloostuijn, 1999).

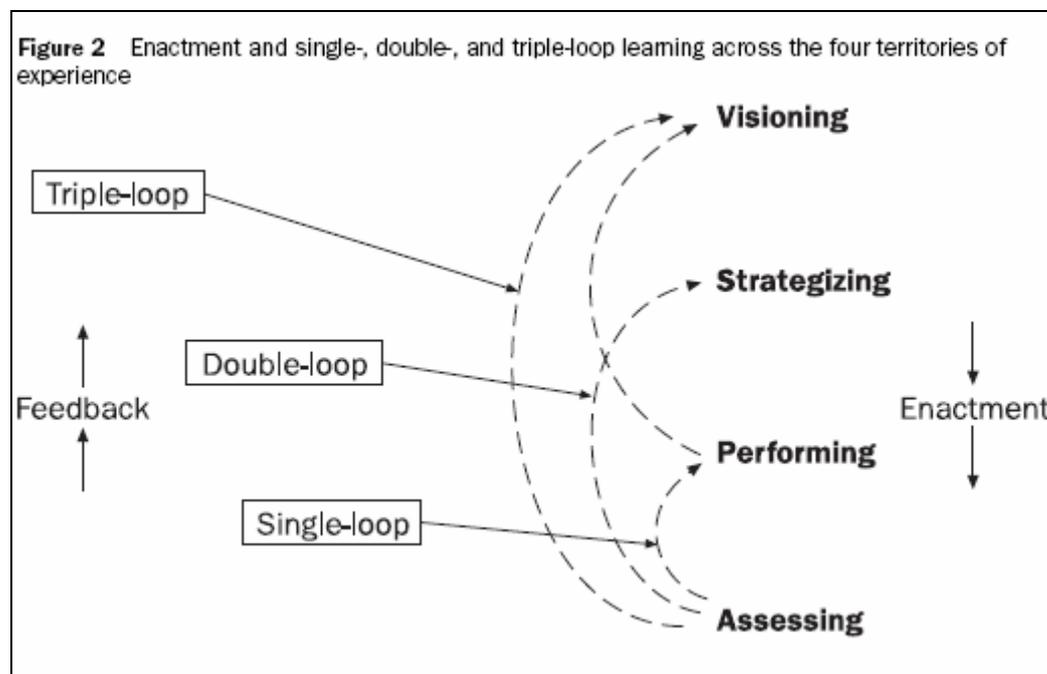
For some authors (such as Nonaka and Takeuchi, 1995), however, the distinction between single and double-loop learning is extensively blurred. In practice the greatest knowledge about how processes are working is likely to be concentrated at the grass-roots of the organization, and often these staff are shut out from asking broader range questions about effectiveness. One way to perhaps come at the same issues but from a different direction is to note that in addition to problemistic search and solutions-driven alternatives, another route towards especially single- and double-loop learning may be important, especially for firms in turbulent or changing environments. This is the so-called 'slack search' that occurs when staff in the organization have sufficient time (and perhaps other resources) to be able to reflect on what they are doing, experiment with different modes of doing things, come up with alternatives. Slack search also requires that these individuals then undertake sufficient advocacy of their approach to be able to communicate it to others and to inject it into the learning streams of the organization, possibly seeing the diffusion of their new approach to others or a formal commitment by the organization to attempt an innovation. In recent times the potential salience of 'slack search' has been dramatized by strategies such as Google's policy of allowing their software engineers to devote 20 per cent of their time to curiosity-driven work. Put the point another way, firms or agencies that have rigorously eliminated slack will tend to deprive themselves of one key source of potential learning:

'Organizations practicing lean management techniques may have so few resources that can be redirected to search activities that their capability of generating solutions is severely limited. Instead, they can imitate solutions available in the environment, but in a solution-poor environment, even this is difficult' (Greve, 2003, pp. 169-70).

### ***(5) Strategic or triple loop learning***

This tier of learning (occasionally also very confusingly labelled as ‘deutero-learning’) is shown as Box 5 in Figure 1 and is the final stage of the learning loop approach. Its relations to single- and double-loop learning are summarized in Figure 3 following Torbert (1999). Here the organization is able to ask more searching questions about its activities, in particular ‘Are we asking the right questions?’ Triple loop learning is concerned with defining or finding a strategic vision for an organization, and it assumes that people in

**Figure 3: Enactment and single-, double- and triple-loop learning across the four territories of experience**



Source: Torbert (1999).

organizations can only reframe how they look at their activities and roles by a degree of questioning underlying their assumptions, principles, fundamental objectives and organisational beliefs. For example, this might be the stage at which an organization more self-consciously chooses its aspiration level rather than simply operating with one that has been historically or conventionally accepted. This kind of reflexive learning based on past practice is often very difficult in government organizations, especially in the UK where ultimately the ruling party of the day have to answer to the public rather than market forces. Policy experiments are risk for politicians to inaugurate and yet ‘it seems that these policy experiments are more a result of ideological standpoints than of thorough theoretical and empirical evidence.’ (Blank, 2000 p.357). Yet the idea of setting up departments and public

sector agencies to have a ‘learning infrastructure’ has been widely accepted by most political parties, and there is no real debate that government sector organisations can be cognisant of previous learning strategies used and how they have impacted on performance, and then use this to develop new strategies that will improve learning and knowledge in the future. However some authors assert that public sector organisations can only be single loop learners because the double and triple loops considered here are overly the domain of a political leadership (see Common, 2004 on this debate). Knowledge transfer activities and learning from change activities are often very decentralized and may be low priorities for top civil service decision-makers. This may create a pattern of swirling or repetitive short-run changes and learning responses, but a neglect of long-run changes or institutional strategy and perhaps a kind of fruitless ecology of institutional safeguards.

Similarly Olsen and Peters (1996) point out that shifting government agencies towards becoming learning organisations has long been viewed as the answer to changing organisational environments, especially given the large scale reforms in public management undertaken in advanced industrial countries from the 1980s onwards. Yet in their view the main barriers to organisational learning in public organisations still are:

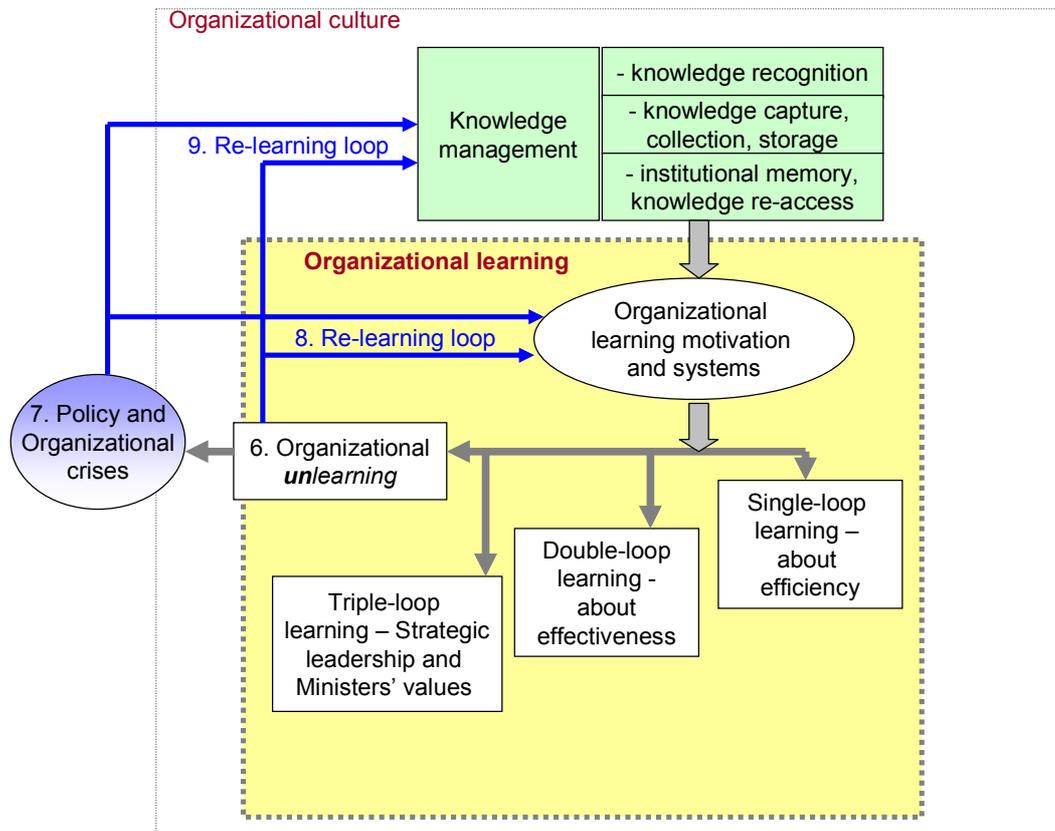
- an often common resistance to change amongst public organisations;
- a modest capacity to alter behaviour and organisational structures;
- a loss of learning continuities can occur because of elections cycles and government successions;
- learning tends to be done by trial and error – and yet government departments are often held harshly to account over ‘errors’ (see below);
- especially in the modern period, governments need to be seen by the public as successful, and this often skews official proclamations in favour of success despite the actual results.

As a result they conclude that public organisations often get stuck into very incremental patterns of single loop learning, because of these types of socio-political and bureaucratic obstacles. Learning can often be biased towards extant organisational practices, existing tasks and processes. To offset such a bias new practices have to open up organisations to external influences and regular policy reviews, both of which can help government organizations to move towards more effective and ambitious learning.

***(6) and (7) Organizational unlearning and policy/organizational crises.***

The concept of organizational unlearning was introduced by Hedberg (1981) to denote a particular sub-dimension of performance in which there is conscious maladaptation to environmental stimuli and in which unwanted outcomes are allowed to accumulate without countervailing actions being taken by management. Although some commentators (such as Easterby-Smith et al., 2000) are sceptical about its distinctiveness or value, it seems that the notion of organizations discarding knowledge is one that has considerable significance in contemporary British government. Consequently in Figure 4 we show organizational unlearning as Box 6, and see it as a specific problem area within organizational learning, from which important re-learning feedback loops run back both to the motivation for organizational learning itself and to the set-up of knowledge management in departments and agencies. A number of examples of the importance of organizational unlearning have been cited in National Audit Office reports over a run of years, most of which have centred on defects in institutional memory. For instance, the former Department of Social Security designed and passed through Parliament in 1986 an Act restricting the access of state second pensioners' widows to benefits on the death

**Figure 4: Organizational unlearning and learning from crises in government organizations**



of their spouse, the actual implementation of which was designed to come into force in 2002. During the intervening period, however, the department ‘forgot’ about the changeover, so that in the run-up to 2002 new pensioners and dependents were misinformed about the benefits they would receive. Correcting for this mistake cost around £5.5 billion. Unlearning can also occur through obsolescence. For instance, the foot and mouth outbreak in 2001 was initially tackled by the Department using a set of procedures dating from 1968, when the last outbreak had occurred. This focused on local bans on the movement of infected animals, which proved ineffective because in the interim farmers were transporting animals far more widely across the country to different markets. As a result infections continued to rise and were nearing dangerously explosive levels before the government brought in outside scientists to remodel the processes actually operating in 2001, and on the back of this new evidence took more drastic action to ban all movements and to burn carcasses – which eventually brought the outbreak under control. A similar longer-run instance of unlearning occurred following the phased decisions in the period

1994 to 1999 to remove exit controls from UK airports and ports, which meant that the Home Office progressively lost the ability to understand who was in the country from overseas.

Short-run instances of organizational unlearning might be the Passport fiasco of 1999, when a scheme for cutting costs by introducing new IT seriously damaged the reliability of the service, a value of much more importance to customers. Similarly a series of crises befell the Home Office in 2006-07 where established procedures for considering foreign prisoners leaving jails for deportation were not followed, and where notifications of criminals sent from other EU countries were not acted upon, but data was left to pile up unattended. Eventually the scale of these failures of organizational memory lead to a root and branch review of the Home Office, which culminated in 2007 in the separation off of some key activities to the newly created Ministry of Justice. Most recently in late 2007 a series of scandals about large-scale losses of government-held data about citizens seems to have reflected serious instances of organizational unlearning, in which controls once in place were progressively weakened and ignored, or at the very least failed to be readjusted to cope with the scale of the data that could (for instance) be held on a single, easily copyable disc.

Thus some of the serial committing of basic mistakes noted in the invitation to tender for this project seems to reflect central government organizations whose internal operations have changed so radically that they lose some part of their collective or institutional memory functions, creating vulnerabilities. The seriousness of organizational unlearning in the UK tends to be boosted by features of the broader context of policy-making pointed to by Dunleavy (1995). The UK and England are very large-scale units within which to make policy. Policy-making in the UK moves very fast and has fewer political and constitutional checks and balances than almost any other large liberal democracy. And implementation in the UK takes place very quickly and reliably, so that if mistakes are made they tend to be large-scale. Finally the UK has some strongly nationalized media systems in press and broadcasting, a culture of adversarial politics in Parliament and a fairly simple pattern of three party competition (in England at least). These factors all means that the UK political system is set up to quickly convert organizational unlearning into prominent policy crises, which have been very frequent and very powerful stimuli for organizational learning in UK central government. Like lesser salience instances of organizational unlearning, policy crises act to create strong re-learning loops that bear particularly on departments' and agencies' motivations for prioritizing OL

and on their fundamental knowledge management set up. There are some very prominent instances of governments learning from crises, notably the effectiveness of the new nationwide ban on animal movements that quickly brought a 2007 outbreak of foot and mouth under control, and the improvements achieved over time in the COBRA system for handling civil contingencies, also reasonably effective in the summer 2007 flooding events.

Beyond central government, problems of organizational unlearning and learning from crises have been most studied in relation to the National Health Service. A 2002 NHS Confederation report entitled *Turning Around Failing Hospitals* investigated the causes of failure in five underperforming hospital trusts. The report argued that in all five cases hospital failure occurred as a result of:

- Poor leadership - which included a reluctance to make decisions and an unwillingness to delegate and a reluctance to make decisions;
- Problems with internal culture and lack of clinical engagement;
- Distraction – large projects occupying the majority of senior management time;
- Poor operational management - including inefficiency in clinical or operational areas;
- Strategic and external problems - including failure to address issues, make fundamental changes to clinical services and poor quality control.

Incoming managers in the failing NHS trusts typically focused their activities on internal restructuring, improving performance of core targets such as waiting times and financial viability, training staff and improving communication with external stakeholders. However, the report emphasized that a better understanding of the causes of failure is needed to avoid simplistic, ‘one-size fits all’ solutions. The recommendations made included:

- Detailed consideration of failures to avoid over simplified solutions;
- New strategies need to be adapted to differing circumstances;
- Greater priority should be given to the prevention of problems;
- Major cultural change is often required, including change of the chief executive; and,
- More realistic expectations of the time needed for recommended changes to take effect.

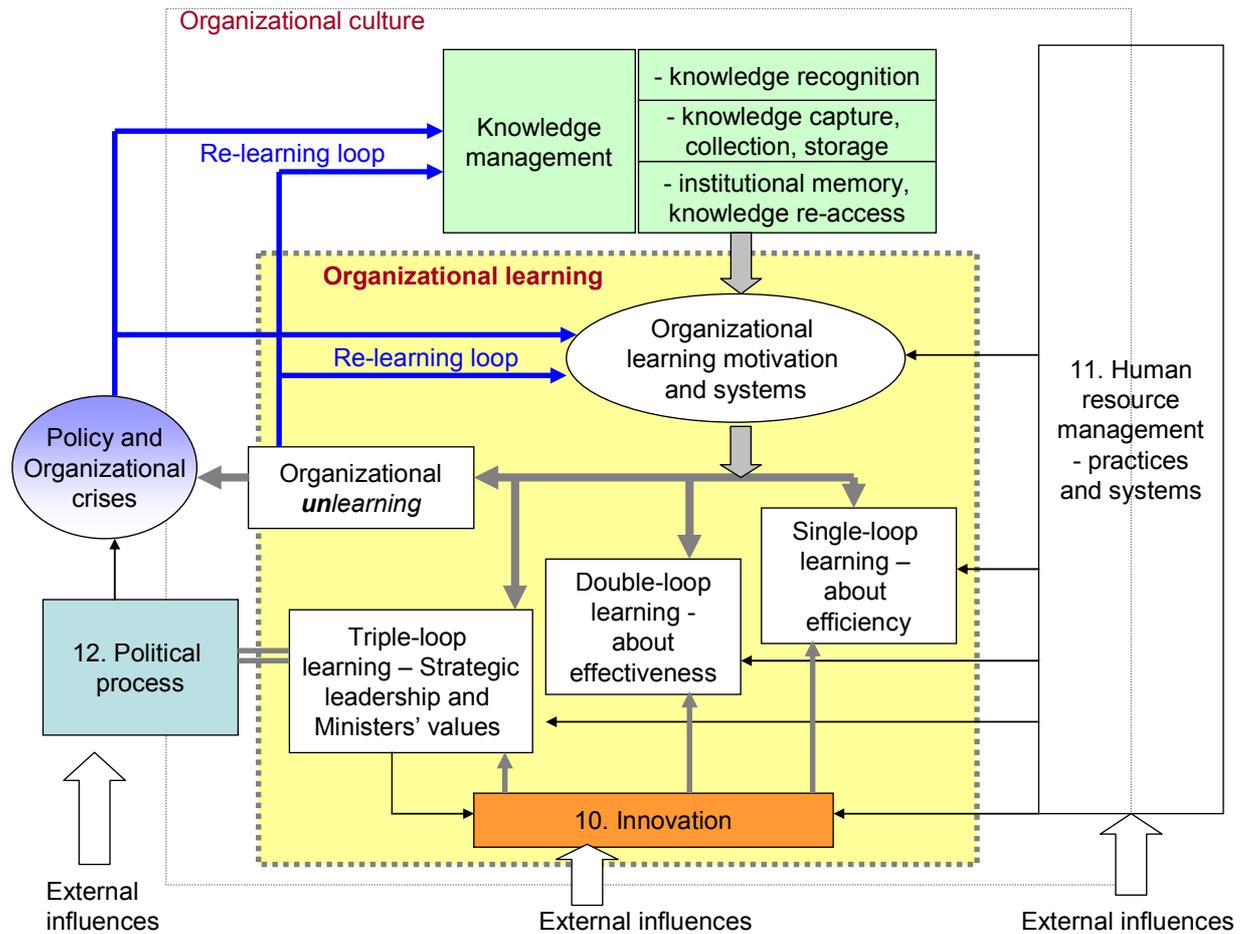
The recent Healthcare Commission’s 2008 report on the poor handling of two *c-difficile* infection outbreaks at the Maidstone and Tonbridge Wells trust, which cost more than 90 patients their lives and infected over 1,000 in all, shows that many of the same problems recurred. In particular, the hospital management board was distracted by a budget deficit,

implementing a new PFI project and applying for foundation trust status, so that it assigned a really low priority to infection control and detection.

### **3. The wider context of influences on organizational learning**

How public sector organizations learn also responds to a wider range of influences, set out in Figure 5. To describe these influences in detail would lie outside the scope of this literature review, but it is essential to show how they bear on OL in government. We cover briefly innovations, the role of human resource management within government and the wider influence of political systems.

**Figure 5: Situating organizational learning in government sector organizations within external influences**



**(10) Innovation**

Not a great deal of work has been carried out on innovation within government, especially compared with innovation in the private sector. However, the 2006 NAO report *Achieving Innovation in Central Government* is an important and recent empirical study that also briefly reviews the related literature. Focusing especially on organizational-level innovations, the report explores the ways in which innovations pushed through by the civil service tend to steer away from effectiveness (outputs to outcomes) and to focus instead on improving productivity (inputs to outputs). It thus fits well with the expectation that government organizations may tend to focus on single-loop learning and to rely on political imperatives to sustain double-loop learning or broader revisioning. Innovations were found to be most often triggered either by an expenditure cutback or need for savings (most

recently linked to the Gershon review) or by a political intervention by a minister (and less often by top administrators). Government departments tended to register possible innovations but then to store them up until they were activated by these or similar pressures. Government agencies did not seem well set up to behave as serial innovators and the overall scale of innovations submitted by major organizations was low, under £1 million.

Innovations are primarily important for organizational learning because they are often strongly responsive to major external influences. In the recent period these have tended to be strongly concentrated in three areas:

- the introduction of new technologies (such as the advent of e-government approaches);
- the generalization of standards and expectations from the corporate sector to apply also to what citizens and businesses expect of government organizations; and
- the development of outsourcing and partnering, especially between central governments and large corporations in areas like IT provision and business process outsourcing.

According to Dunleavy et al. (2006) the current trend of innovations represents a paradigm change in direction, away from the new public management (NPM) direction of the last two decades and towards a new tack on modernization which they term 'digital era governance'. Although this approach remains controversial, it clearly has significant implications for organizational learning: for instance, Dunleavy et al. argue that managers (and politicians) long socialized into NPM ways of doing things will find it very difficult to make the right-angle adjustments of mindsets needed for digital era governance.

### ***(11) Human Resource Management***

Perhaps the most pervasive internal influence upon knowledge management, organizational learning and innovation in government sector organizations is that of human resource management systems and practices, shown as Box 11 in Figure 5. In the central government sector as a whole, a great many influences here are sector-wide and set at a multi-organizational level. Hence they are not necessarily carefully attuned to the needs of each organization, a major difference between government and large corporations. Of course, within a large corporation some of the same problems may exist, while within UK government especially there has also been an extensive decentralization of human resource

management practices, with more scope for departments and major agencies to vary their salary structures and working conditions than in the past.

None the less the imprint of exceptionally long-lived civil service characteristics is also hard to underplay in terms of shaping between-country variations in the character of central civil services (Silberman, 1983). The UK model focuses on the education of civil servants in the university sector, and their recruitment into a (now more loosely coordinated) public service system, with transfers between departments relatively frequent and many rotations through different jobs in a ‘generalist’ mode. Two recent significant changes have strongly influenced organizational learning:

- Entry into the senior civil service has broadened. The NAO *Achieving Innovation* report finding that 30 per cent of new entrants no longer come up through the civil service ranks but instead come in from local government, the NHS or private sector organizations at senior levels. This change has greatly diversified the possible sources of alternative ideas and stimulated many innovations, although many of the new entrants report that the civil service culture is resistant and tends to be good at absorbing and neutralizing initially distinct points of view.
- The Cabinet Office has launched a range of initiative to revitalize and strengthen the Professional Skills in Government agenda. This large area is the subject of current detailed investigation by another NAO study team and so we do not go further into it here.

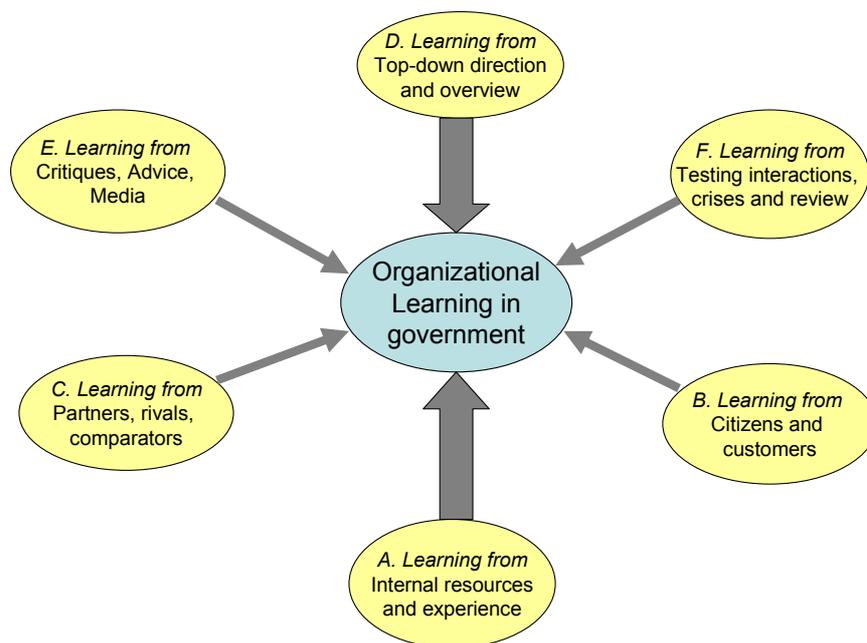
### ***(12) The Political Process***

Finally the most pervasive influences on learning in government organizations come from the political system as a whole (strongly linked to but additional to the policy guidance provided by ministers), shown in Box 12 in Figure 5. Again the influence of the public domain is that it is constituted by diverse external sources to create a public discourse within which stakeholders, the government organization and politicians all look for collective choices that can command public consent. Ranson and Stewart (1994) argue that many problems facing the public domain are those that typically have no simple solutions, making learning in public organizations all the more important. This difficulty is also often exacerbated by the ‘fishbowl’ nature of public discourse – which is far more subject to scrutiny than are private debates within private sector firms. Triggers for public learning can often be found within public discourse:

If the barriers to organisational learning in the public domain are to be overcome, it will be achieved through strengthening and widening access to the arena of public discourse and the political processes that relate to it (Ranson and Stewart, 1994, p. 178).

To disaggregate these influences further Figure 6 below shows six main groups of influences on organizational learning within public sector organizations, and the accompanying table provides more detailing of the key components that are involved. Many of these factors have already been touched upon and so in the table we focus on just one critical aspect of their operation, namely the time period(s) within which they operate.

**Figure 6: The main sources of organizational learning in government**



Learning from	Key component influences	Time period in which factor operates
<b>A. Internal resources and experience</b>	Organization's 'institutional memory', stored experience Staff expertise and 'ordinary knowledge' - staff renewal and culture change Innovation record – e.g. transitioning to serial innovations	- Long term  - Long and short term, all stage of projects - Long term
<b>B. Citizens and customers</b>	Citizen/Consumer research and feedback Learning from citizen redress processes  Development of citizen/consumers choices and behaviours Analysis of transactional/contact data Experimentation, piloting	- Short run only - Long and short term - Mainly short term  - Mainly short term - Short term
<b>C. Partners, rivals and comparators</b>	Main service contractors Use of main consultants (and evaluation of consultants) Consultancy strategy Other service partners (e.g. NGOs or local bodies) Secondments, culture-sharing Rivals or near-neighbour organizations  Comparators in UK government, UK private sector Comparators overseas	- Long-term - Short term  - Medium term - Long term - Long term - Long and short term -Short term  -Short term
<b>D. Top-down</b>	Treasury scrutiny and interactions	- Short term, and

<b>direction and control</b>	Cabinet Office advice, intelligence and direction T and CO management of trans-governmental change programmes Central department overview of agencies and NDPBs Centrally-set rules for propriety, HR and organizational management Centrally-set crisis management bodies and risk management rules	post-hoc - Long term - Long term  - Short term and post hoc - Long term  - Short term (but with longer run learning also)
<b>E. Critiques, advice, media</b>	Parliamentary oversight, especially select committees and PAC  Main stakeholder consultations and critiques Other interest/pressure groups/advocacy coalitions Media scrutiny and commentary External think tanks Academia  Other researchers/consultants' commentaries and publications	- Post hoc, some reasonably short term Post hoc, short term Short term Short term Medium term Medium to long term Medium to long term
<b>F. Testing interactions, crises and review</b>	Systematic learning from mistakes Departmental crisis management and response Internal audit and review Capability reviews  External audit and review (NAO and main sector review bodies, such as the Healthcare Commission)	Long term Medium term Short term only Post hoc, medium term  Post hoc, often lagging a year or more behind implementation

***How organizational learning in the UK civil service compares with comparator organizations and countries***

This has been much debated in a number of different literatures. There is little room for doubting that the UK civil service is remarkably dynamic in terms of the pace and extent of public policy changes, including politically imposed organizational changes. Strongly optimistic but not very empirically back-up views of innovation in the UK public sector have been offered by a range of other authors, especially those close to government (Mulghan and Albury, 2003). Yet there are also less optimistic impressionistic assessments. Straw (2004, p. 41), for instance, argues:

‘Organizations need stimuli to improve. These may be external imperatives in terms of competition, provision of finance or social need; or internal stimuli which can come from determined leadership, from acquiring the knowledge of how to

improve, and from applying that knowledge. The latter is often encapsulated in the term: a learning organization. To learn *is* to change.

The private sector now has huge international engine of knowledge acquisition. Local government has built quite a powerful engine within the UK. The British civil service has no engine (although ideas sparked abroad, like the UK 'FBI', do find their way through, usually via politicians).

The best coverage of how organizational learning is undertaken by government organizations across a range of advanced industrial countries was undertaken for a comparative volume by Olsen and Peters (1996). In his chapter *United Kingdom: From Second Chance to Near-Miss Learning* – Christopher Hood focuses mainly on the UK's privatisation reform experience in the 1980s and 1990s. In his view the changes made were primarily ideological (rather than based on rational policy need), and he notes that this approach can be rather inimical to organisational learning. Hood stresses that it is important for organisational learning to be experiential, that is to be able to 'tinker' with policies and to try out new strategies – something that is institutionally difficult to do in the public sector. However, while party alternation in most western democracies makes it difficult for a great deal of experimental accumulation to be achieved, the Conservatives' long stretch in government (1979-1997) allowed 'second chances' – learning from previous mistakes made by the same government. He sees a lack of learning by central and local government from one another, due to their separation (see below). In terms of overseas lesson drawing, privatisation reforms in the 1980s in the UK were not so much borrowed from as informed by the reforms in the ideologically similar Reagan era USA. Many governments concentrate on their ideological counterparts for inspiration, rather than looking to the wider spectrum of public administration.

Discussing Australian experience, which he characterizes as '*Balancing Principles and Pragmatis*', John Halligan also argues that continuity of office helped the Labour government (1983-96)'s reform agenda. However, he also cites a lack of a solid theoretical or philosophical basis for reforms in Australia during this period. Rather, it was the managerial reforms in the rest of the OECD (including the close parallels with the UK) which led to a new willingness to reform by learning from elsewhere in the 1980s. Decisions about which projects should be adopted were based on the experience of those 'who are like ourselves' and have already adopted. Halligan also states that smaller nations, such as Australia and New Zealand are more likely to be outward looking, especially to those that they have historical, social, cultural and linguistic links to such as the UK. Australia under the Hawke government adopted a similar efficiency scrutiny model to the

UK, as well as adopting private sector practices. It instituted an internally-based policy review in 1993. This review helped the government to learn from previous failures. In contrast to the previous more right-wing governments, Labor retained career civil servants rather than contracting them out. This helped to serve as a repository of knowledge which helped learning. In Australia (by 1996) evaluation was mandatory every 5 years – this is very useful as a self correcting mechanism.

Looking at the United States B. Guy Peters stresses that the public sector can learn from the private, but this may lead to oversimplifications. Prior to the 1980s in US public administration, a real culture of learning existed, one that treated evaluation on an almost ‘scientific basis’. However, the private sector, when consulted in the 1980s adopted a ‘missionary zeal’ in its reform agenda – promulgating the view that ‘general management’ was key; that is that managing the public sector was essentially the same as managing the private. There was a negative view of history – that there was very little from prior to this period that was worth learning about. The ‘old’ public sector was seen to be of little value; inefficient and ineffective. The 1984 Grace Commission, set up to investigate how to reform government from the point of view of the private sector in Peters’ view displayed an acute lack of understanding of the operation of government. The net result of the 1980s was to institute NPM into the public sector and immerse it with the private sector values contained therein. Many Republicans felt that the Grace Commission (despite its later failings) was effective. This competition of information and ideas from different ideological sources made a culture of learning difficult to achieve. The four-year election cycle where much of the civil service is effectively ‘lobotomised’ is also a source of difficulty. In conclusion, Peters makes the point that while the apparatus for generating ideas has been historically good in the US government, the machinery for implementing these ideas is not so good.

Focusing on Germany and ‘The Intelligence of Bureaucracy in a Decentralised Polity’, Hans-Ulrich Derlien argues that often systems will change without any background of learning, and that circumstances can often be mostly fiscally driven. After reunification West German ways of working, privatisation and managerialism were exported to the East without much debate – they were seen as the most relevant methods given previous experiences. Local government has also been a source of learning for central government in this case, because research done more directly influences the decision making process. Finally Derlien discusses the importance of the Speyer Graduate School and the network of

reformers and advisors that has built up around it as an example of a ‘library’ of knowledge about reform and best practice which can aid learning.

In the wider literature on policy transfer and policy learning across countries Rose (2004) discusses how the public sector learns from other examples – from history and abroad. He also stresses the idea that where one organisation looks for its lessons very much depends on its culture and where it has been before. Rose cites the EU as a very good example of policy harmonisation – where constituent countries have learned from the examples of one another. Linkages between countries in this fashion are often helpful, even if the programmes in place are not directly relevant to those in other countries. In some cases government cannot learn from elsewhere because they face problems that are completely new, such as those surrounding the genetically modified issue; he terms these ‘empty sky problems’.

### ***Learning in Local Government***

This is the final area where lessons for central government OL might be drawn. Local authorities are much more professionalized in their departmental structures and HRM systems than UK central government, and although this can create problems of siloing it also provides an important basis for local authorities to learn from each other, using professional communities and networks to spread and evaluate ideas of good practice.

The Beacon Council Scheme is a particularly distinctive organizational learning effort, established in 1999 as a result of the Government's White Paper *Modernising Local Government: In Touch With the People*, issued by the Office of the Deputy Prime Minister. The aims of the Beacon scheme are to:

- Provide national recognition for local councils through a competitive application and awards scheme; and
- Diffuse knowledge and the application of good and excellent practice so that all councils can continuously improve themselves.

Beacon status is awarded to authorities that demonstrate excellent performance overall and in the delivery of services within specific policy areas, determined each year by the Government. The final decision is made by government ministers and based on the recommendations of an independent advisory panel.

Once selected, authorities hold beacon status for a year. During this period the Improvement and Development Agency (IDeA) works with them to facilitate the sharing of

good practice through a series of learning exchanges and peer support. The four types of events designed to promote good practice are:

- National learning exchange conferences
- Open day visits to Beacon councils
- Resource packs and web based materials
- Visitors may also request tailored knowledge exchanges with a Beacon authority. This can include peer support and mentoring.

According to a Communities and Local Government report entitled 'National Survey of English Local Authorities 2006: Long-term Evaluation of the Beacon Council Scheme', the Beacon Council Scheme is relatively successful in sharing good practice and encouraging networking with peers, but it fails to engage councils (particularly under-performing councils) in a clearly structured learning process. Furthermore, the dissemination strategy did not focus on the capacity of the authorities to apply learning. Only 23 per cent of respondents interviewed considered peer-to-peer learning with other councils important to a great or very great extent. Seeking information about innovations in service delivery from outside the council was also considered to be of relatively low importance, with 38 per cent considering it of great importance. However, 65 per cent felt strengthening relationships with partners was a more highly valued outcome of the scheme. In addition, the study found that Beacon status can place excessive demands on resources and negatively affect service delivery. As a result, these schemes may be more likely to be utilized by those councils which already have a strong organizational capacity for change.

Overall, experience with sharing best practice through inter-organisational learning suggests that it needs to be carefully planned. In order for schemes like Beacon Councils to be effective in creating organizational learning, they must take into consideration the distinct and very different learning needs of participating authorities. A structured, responsive learning program is required in order to develop the skill of the recipients to transfer knowledge into their own context. Good internal relationships are needed to lead change and improvement. One of the key barriers to the scheme's implementation was managerial cynicism and the opinion that the scheme's competitive element would lead to 'winners and losers' and ultimately be divisive. Learning can take place when managers retain the capacity to remain self-critical, and create a work environment that encourages reflective and reflexive questioning.

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