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Conference Track: The Practice of Strategy

Proposal Title: Strategy as learning: capturing emerging knowledge

Abstract

The process of strategy making presents a multi-faceted debate, with the ‘Learning School’ of strategic management being one of the main approaches to conceptualise strategy formation. This approach suggests that strategy making is a process of emergent learning over time, where strategy makers critically reflect on past experience, experiment in new competitive conditions and adapt their strategies accordingly.

The premises of the Learning School are similar to the premises of action learning, and yet, the action learning paradigm appears to have made little or no impact in strategic management literature and practice. This paper proposes that implementing an action learning methodology into the process of strategy making could make an important contribution to strategy makers by capturing, harnessing and developing organizational learning and knowledge.

Introduction

The Learning School of strategy making argues that competitive environments are complex, volatile, unpredictable, and that the strategic direction an organization should take is largely unclear. Strategy making also involves individual and collective learning over extended periods of time, to the point where, organizational attitudes and behaviours converge on successful working patterns that have been enabled by retrospective sense making.

Both the Learning School and Action Learning disciplines share the same experienced based learning model that involves an iterative process of action, reflection and change. Both disciplines rely on the production of learning and consequential knowledge creation through an ongoing process of conversions (Nonaka and Takeuchi 1995). Yet the use of action learning as a methodology to make strategy has essentially remained undeveloped.

Our own bibliographic analysis of leading strategic management databases revealed only three studies (Finlay and Marples, 1998; Smith and Day, 2000; and Oliver, 2006) that were found to have used an action learning methodology to enable the strategy making process. The review of strategic learning literature by Leavy (1998) revealed that most of the attention of researchers had been devoted to; innovation in research and development, business processes, and developing institutional schemes that encouraged creativity in staff. Unfortunately action learning as a method to enable strategic learning and strategy making did not surface in his paper, nor indeed, the review of strategic management literature by Hoskisson, Hitt, Wan and Yiu (1999). This is particularly surprising as Leavy (1998:456-7) points out that the notion of “learning...as a model for the strategy process itself” is becoming increasingly important. In their review of the Practices and Tools of Organizational Learning, Pawlowsky, Forslin and Reinhardt (2003:788), identified action learning as a tool for “improved problem solving” through its distinctive ability to enable individuals to “act themselves into a new way of thinking” (Revans 1982:59). Through action learning, participants are engaged in a socialisation process (Nonaka 1994) where experience, concerns and insights are shared

to affect knowledge transfer from tacit to explicit knowledge and individual into organizational knowledge. Where organizational knowledge is critical in the development of knowledge resources that enable organisations to compete through delivering competitive advantage.

However, while, the logic of action learning appears robust, the review of action learning literature conducted by Smith and O'Neil (2003) revealed a pattern of inactivity for action learning enabled strategy making, in so far as, a significant proportion of literature related to; management/executive development, organizational development, and the learning organisation. There was no literature categorized in relation to strategy making in this study.

In the arena of strategic management practice, the picture is a little more perplexing. For example, the American magazine, Business Week, predicted that that action learning would be a key management tool in 2005, yet beyond this fleeting publicity, the take up of this tool would appear to be infrequent, or at least not promoted as a tool that had been used in practice. Recent research by Rigby and Bilodeau (2007) from the management consultants, Bain & Company, substantiates the view that action learning is not considered as a valued management tool. The findings of their research indicated that the key management tools used in practice were, not surprisingly; strategic planning, customer relationship management, customer segmentation, benchmarking and so on. Again, action learning did not feature in the top 25 key management tools used in business.

The aim of this paper is to present the case for action learning as an effective methodology to harness and build an organizational knowledge base with the capability to support and enhance the strategy making process.

Discussion

An unpredictable environment suggests exploration and learning

Advocates of the Learning School of strategic management (Argyris and Schon, 1974; Quinn, 1980; Mintzberg 1987; Senge, 1990; Argyris, 2004) argue that an organisation's competitive environment is often complex, turbulent and unpredictable. The process of strategy making is reactive, experimental and gradual, and where, the strategist learns from recurrent patterns in the marketplace.

This unpredictable environment that strategists refer to is the type of working environment that action learners often find themselves in. Action learners are faced with an exploration into the unknown in their "search for the unfamiliar" (Koo 1999: 89) in times when there is no single course of action that can justifiably be considered to move an organisation forward. Much of the literature pertaining to action learning (Revans, 1982, 1998; Mumford, 1985; Pedler, 1997) suggests that one of the underpinning features contributing to an effective learning environment is that learners are often working in a setting that is characterised by adversity, conflict, frustration and where the need to solve complex managerial problems is achieved through experiential and emergent problem investigation and insight.

Strategies emerge over time, through iterative and experiential learning

The Learning School of strategic management argues that business strategies "simply emerge over time" (Quinn, 1980:15) and are a consequence of external competitive conditions and their influence over organizations and their management who take adaptive action to remain competitive. The nature of the strategy development process is, therefore, iterative and characterised by a largely informal

process of trial and error where individuals, and or groups, within the organisation learn more about the environment they are competing in and how best to take advantage of it (Senge, 1990; Stopford 2003). The strategy making process, therefore, tends to consist of a series of small actions that, when viewed retrospectively, produce “major changes in direction” (Mintzberg et al, 1998:178) in order to remain in touch with the environment.

This experimental and experiential learning approach to strategy making is closely aligned to the discipline of action learning. Indeed, McGill and Beaty (2002:183) argue that experiential action learning is based on the idea of “action emerging” from the cyclical process of action, reflection, theory building and change in practice. Action learning can facilitate effective strategy making by providing strategists with a framework to capture action, change, reflection and learning. Indeed, these activities are evident in Nonaka's (1994) seminal work on modes of knowledge creation, in which the facilitation processes requires the four steps of socialisation, externalisation, combination, and finally internalisation.

Strategy making is a process of interaction between the leader, informed individuals and groups who learn from each other

The Learning School argue that strategy emerges from interaction between different groupings of people with different amounts of expertise, influence, and interest in an organisation. De Geus (1988:71) states that this interaction between people provides the basis for collective learning to emerge, as “individual mental models” change to a “joint model” of organizational consensus on how to adapt to the changing competitive environment.

When reviewing organizational learning literature, it appears that much of the learning being discussed seems to occur naturally in formal meetings, and informally, in corridors and around the coffee machine. The question then, is whether this is an effective way to capture and develop strategic learning and knowledge? The Learning School argue that the learning process is slow, largely informal, and may result in important issues being ignored, forgotten and unactioned. Action learning can overcome these problems through the formal, structured process it offers. It can also speed up the learning process and can provide a sound basis for strategic implementation to be more effective as a result of the buy-in and group consensus that has developed over learning cycles and set meetings.

Strategic learning and changes in behaviour stimulate retrospective sense making

As strategic learning and action learning are founded on the same experiential learning model and lead to knowledge creation through theories of action (Argyris and Schon 1996), it is no surprise to find that retrospective sense making features significantly in both disciplines.

Action learning is a social process whereby an individual or group raise their levels of consciousness of a problem through an iterative process of action, reflection, insightful questioning and assumption breaking and change. Brockbank, McGill and Beech (2002:22) argue that action learning involves a process of “reflective dialogue” which involves the learner making sense of their actions by reflecting on their previous assumptions and new ways of thinking, and by engaging in discussion

with other managers and staff that involves progressive questioning “to continually explore and question suppositions by surfacing new insights and evolving fresh questions leading from (our) ignorance” (Smith and O’Neil, 2003:63). When learners undertake this reflective process they adopt new behaviours and new attitudes (Isabella, 1993; Marquardt, 2004, 2007) as they try to understand what is happening in the competitive environment. Established cognitive and behavioural organizational routines are transformed as the previous and established ways of thinking and acting are called into question. This de-stabilisation process often occurs to action learners as they are encouraged to be self reflective, self critical and question their previously held assumptions. As Revans (1982, 1998) points out, for effective action learning to take place, managers must translate this new cognitive belief system into obvious, clear and palpable action by incorporating new practices into the organization in an attempt to resolve their management problem.

Does the depth in this reflective process occur in the same degree with emergent strategists? It is unlikely. Eden and Ackermann (1998:75) illustrate the reflective process by arguing that strategic learning should focus on “standing back from everyday life, detecting emergent patterns of behaviour, reflecting upon these, and designing ways of thinking and working”. As such, emergent strategists seek to adapt to change through retrospective sense making and corrective action. One must, therefore, conclude that whilst emergent strategy making exploits the use of reflection, action learning seeks to take the level of reflection a step further, formalising it and expressing it as a series of reflective and developmental cycles that could, if used, enable emergent strategists to break their pre-existing assumptions and make them aware of their own inner decision-making processes.

Action learning, in contrast, attempts to overcome learning closure whereby the learning generated from a succession of individual and collective organizational projects is captured and used to build collective knowledge in order to take action that leads to more effective change outcomes. Action learning is often used to gain insight into unfamiliar organizational issues, and where the resulting adaptive cognitive and behavioural changes result in actions that are aimed to solve the issue at hand.

Conclusions

Strategic management literature on ‘learning as strategy’ has largely ignored the contribution that action learning could make to the process of making strategy. This is surprising since both disciplines are based on the experiential learning model. The discussion above has examined the premises of both disciplines and advocates that with such similarities in the aim and processes of each discipline, action learning should have made more of an impact in the theoretical development and practice of emergent strategy making. One of the main criticisms leveled at organizational learning theorists revolves around the question of how to harness and build an organisational learning capability and knowledge resources. The response to this criticism is centred on the notion that learning is an informal process and is so ingrained inside organizational practices that it is difficult to isolate, access and develop knowledge. If this retort is true, then action learning should be seen by strategists as a means to provide an effective methodology to capture and formalize organizational learning, particularly in relation to strategy making.

So we come back to the original question; why hasn’t action learning made a greater impact on the theory and practice of strategy making? There would appear to be a number of answers to this question. Firstly, the majority of action learning literature is focused on individual

management/executive development, and as such, action learning is often considered as a human resource development issue by both academics and practitioners. Action learning is largely regarded as a reflective learning process that benefits the individual, albeit, with the aid of a group of people.

A second and more pragmatic response to the question may lie in the adoption (or not) by the potential users of this methodology. There has been a significant take up of action learning by educationalists who encourage individuals to reflect, to question and to act on their new thinking. The individuals in this context tend to be academics or students where the prime objective is to develop reflective pedagogic practice, and not develop their industry practice skills.

As for the practitioner, the concept of action learning is likely to be alien to them, unless they have been exposed to it in academic study. If the practitioner is aware of the concept, then they are unlikely to find the time to use it and engage in reflective practice due to the time pressures of coping with daily work issues. Reflection is a luxury that they simply cannot afford, or believe provides them with any added value in their working lives (Oliver, 2008). When considering the idea of adoption of action learning in strategy making, we should return to the studies of Finlay and Marples (1998); Smith and Day (2000); and Oliver (2006) and ask why they are unique in tackling the issue of strategy making by using an action research methodology?

The common denominator in these studies is that they were undertaken by practitioners, or in the case of Oliver (2006) an academic with a practiced based background, which implies that the communities of action learning theorists and practitioners, in the main, do not collaborate when strategic thinking and strategy making are required.

Is there a way forward? Well yes. The academic community has a dual role to play in the development of both action learning theory and practice. Firstly, there has to be more research conducted into the role that action learning can have in strategic management theory, drawing closer links to literature in the field of organizational learning and strategising; and how action learning can access, capture, harness and formalize the emergent strategy making process. Action learning also comprises a framework that enables the four modes (SECI) of knowledge creation. Academics gaining access to organizations and live business issues can be difficult in itself, never mind being involved in and facilitating organizational strategy making. However, this type of engagement is likely to prove beneficial to both academic and practitioners in many respects, for example, more thoughtful and efficient learning leading to better informed strategy making for the practitioner and more informed shaping and development in the theory strategy making for the academic community.

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