An examination of the relationship between organisational learning and organisational identity

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by

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ABSTRACT

This study examines the relationship between organisational learning and organisational identity. “Organisational learning” means the facilitation of learning by all members of an organisation, and a conscious intent by the organisation to transform itself and its context. “Organisational identity” encompasses those attributes members believe represent the organisation’s essential character.

This is an explorative study, and data analysis is performed in five steps. In the first step, very weak indications of a relationship between organisational learning and organisational identity are found. In the second step, significant results are not found. In the third step, significant results are found. They indicate a relationship between organisational learning and organisational identity, when organisational identity is treated as the independent variable and represented by a gap variable categorized into four groups. Significant and clear results are also found in the fourth step, indicating a relationship between organisational learning and organisational identity, when organisational identity is represented by its component “Present identity.” In the fifth step, a significant but unexpected relationship is found in the sense that there is support for a relationship between organisational learning and organisational identity represented by its component “Present image,” except that this relationship is negative.

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Chapter 1

INTRODUCTION

1.1 Introduction

The thesis has a traditional five-chapter format, with Chapter 1 "Introduction," Chapter 2 "Theory and Literature Review," Chapter 3 "Methodology," Chapter 4 "Data Analysis," and Chapter 5 "Conclusions."

Chapter 1 introduces the focal issues of the thesis and presents theoretical reasoning for the selection of approach for this study. The administrative and financial resources made available are described. An outline of the key elements in all the chapters is presented, and concluding remarks are made for this chapter.

1.2 Definition of terms

This thesis examines the relationship between organisational learning and organisational identity. The concepts of "organisational learning" and "organisational identity" are defined, both as they have been used historically in the literature and as they shall be used in this work. "*A learning company is an organisation that facilitates the learning of all its members and consciously transforms itself and its context."* (Pedler, Burgoyne & Boydell, 1997:3). The emphasis of this definition is that organisations "consciously" transform themselves, through awareness and intentionality, to guide learning processes and activities.

Organisational identity is most often divided into the following components or dimensions: present identity, present image, future or desired image, and reputation. Dutton & Dukerich define organisational identity according to Albert and Whetten: *"An organisation's identity, or what organisational members believe to be its central, enduring, and distinctive character (Albert and Whetten, 1985)."* (Dutton & Dukerich, 1991: 520). They also link the concept of organisational identity to the concepts of organisational image and organisational reputation. *"An organisation's image describes attributes members believe people outside the organisation use to distinguish it"* and *"an organisation's reputation describes the actual attributes outsiders ascribe to an organisation."* (Dutton & Dukerich, 1991: 547).

1.3 Research questions and hypotheses

The relationship between organizational identity and organizational image forms the focus of the research questions and hypotheses. The following research questions have been formulated:

1. To what extent do organisations possess and practice the required and relevant activities or elements of an adequate learning process (Kolb, 1984) (Wills, 1994) (Pedler et al., 1997) (Simonin, 1997) (Pawlowsky, 2001) (Hedberg & Wolff, 2001).
2. How are the learning capabilities of organisations related to their present identity strength and present image, and how are these capabilities related to potential gaps between their present identity strength and present image (Dutton & Dukerich, 1991) (Elsbach & Kramer, 1996) (Gioia & Thomas, 1996) (Brown & Starkey, 2000) (Antal et al., 2001b).

In this study the following hypotheses are tested:

Hypothesis 1: High intensity level of organisational learning is related to large gaps between identity strength and present image (Dutton & Dukerich, 1991) (Elsbach & Kramer, 1996) (Gioia & Thomas, 1996).

Hypothesis 2: A high intensity level of organisational learning activity is positively related to high organisational identity strength (Dodgson, 1993) (Reger, Mullane, Gustafson & DeMarie, 1994) (Weick, 1995) (Nicolini & Meznar, 1995) (Hendry, 1966) (Elsbach & Kramer, 1996).

Hypothesis 3: A high intensity level of organisational learning activity is positively related to low organisational image (Dutton & Dukerich, 1991) (Gioia & Thomas, 1996).

The focus and scope of this study is largely based on the past twenty years of research carried out in North America and Europe. Research on organisational learning spans several decades, but the quantity has increased over the last 15-20 years. Research on organisational identity is fairly new, having evolved as a leading construct over the last 10-15 years (Albert & Dutton, 2000).

The research here has been carried out as a survey in Europe, and 547 questionnaires from European companies were collected. When the data had been checked for missing values, 529 cases remained for analysis. The European Association for Personnel Management (EAPM) has contributed to the funding of this research. The research contributes to the management literature by concluding there is a relationship between organisational learning and organisational identity. Specifically, this relationship holds when a difference or gap is perceived by the company between organisational identity and organisational image.

1.4 Selection of research topic

There are several reasons for the choice of topic. One is that learning as a process and as a coherent chain of activities is becoming a growing necessity and challenge for organisations (Pedler et al., 1997) (Hedberg & Wolff, 2001) (Pawlowsky, 2001). Recent studies link organisational learning or change to organisational identity and image (Gioia & Thomas, 1996) (Brown & Starkey, 2000) (Rothman & Friedman, 2001). In order to increase the understanding of processes of organisational learning, these authors argue for including organisational identity as a useful construct. Another argument for choosing organisational learning as a topic for this study is that many scholars underline the basic and overall relevance and importance of learning to individuals, organisations, and to society as a whole (Bateson, 1972) (Burgoyne, 1995) (Argyris, 1996) (Hendry, 1996) (Pedler, et al., 1997) (Hedberg & Wolff, 2001).

The fundamental role of learning throughout history has fascinated the researcher for many years, and motivated the selection of learning, both as the main focus for studying organisations, and research within the area of business administration. The capability and intensity of learning throughout time has been strongly related to sense making activities and to our very perception of ourselves: our identity (Willis, 1993) (Weick, 1995)

(Sullivan, 1996). Depending on the characteristics of the dynamic relationship between learning and identity, this relationship can either trigger learning or impede it.

1.5 Organisational learning and organisational identity

This study focuses on the relationship between organisational learning and organisational identity. Several scholars believe organisational learning is closely related to organisational change (Dodgson, 1993) (Nicolini & Meznar, 1995) (Hendry, 1996) (Schein, 1996). However, high intensity learning and change can also perhaps represent a state of instability or disequilibrium (Stacey, 1996). Continuity is one of the main characteristics of organisational identity (Albert & Whetten, 1985), and a strong identity represents a state of stability. Organisations seem torn between a need for consistency of perspective and behaviour, and a need for flexibility and capacity for change (Stacey, 1996). Organisational learning and organisational identity are relevant and useful concepts to explore the dilemma organisations experience between a need for change and a need for continuity over time. Learning as a concept captures the essence of an organisation's need for change, while the concept of identity captures an organisation's need for stability.

The focus of interest for this research was originally limited to organisational learning. But knowledge and insight acquired throughout the study, and summarized in the theory presented in the literature review, indicate that organisational, as well as individual learning, happens neither automatically nor easily (Argyris, 1990) (DiMaggio & Powell, 1991) (Brown & Starkey, 2000) (Dierkes et al., 2001). In some circumstances, learning may to be blocked by barriers and undermined by resistance (Argyris, 1990) (DiMaggio et al., 1991) (Brown & Starkey, 2000) (Antal et al., 2001b). According to Antal et al., barriers specifically mentioned in the literature on organisational learning can be grouped into three categories: interrupted learning processes, psychological and cultural blockages to learning, and obstacles related to organisational structure and leadership. *"To summarize, organizations often engage in defensive information processing in order to maintain individual and collective self-esteem, and, in defending collective self-esteem, organizations are preserving their existing self-concepts."* (Brown & Starkey, 2000:

108). In order to overcome these barriers organisations need to be deliberate in their learning activities; they need to learn how to learn (Brown & Starkey, 2000). *"How identities evolve as organisations learn – that is, how organisations mitigate their ego defences – is an important conceptual and management issue…The idea of the learning organisation suggests one way of conceptualising the identity change process. Once one embraces the identity of a learning organisation, the organisation accepts that identity formation is never closed, and that it will develop a series of identities through time that reflect the organisation's and its members' evolving self-concepts. Here, we examine the characteristics of the learning organisation, with emphasis upon three features that have particular importance for promoting change in organisational identity through time: (1) critical self-reflexivity, (2) the promotion of dialogue about future identity as an integral feature of strategic management, and (3) the attainment of an attitude of wisdom."* (Brown & Starkey, 2000: 108).

Despite many diverse learning theories, Pawlowsky (2001) and Hedberg & Wolff (2001) do find similarities. They believe organisations will have to become more aware of how they learn, of how they can improve their learning activities, and work deliberately and continuously to improve their learning capability to face turbulence in their environments. Pedler et al., (1997) refer to Revans (1982), whose formula L ≥ C holds that learning in an organisation must be equal to or greater than the rate of change in the environment. *"If learning within the organisation is less than the rate of change outside, then the organisation is by definition declining. Those not busy being born are busy dying. While this has always been true, it is especially obvious and important now because of the increasingly rapid and unpredictable rate of change. Because of the change pressures, the ability of the company to learn is paramount."* (Pedler et al., 1997: 11). This statement underscores the close relationship between change and learning. The quality and level of learning in organisations should keep pace with the challenges of their environment.

A learning process which includes various learning activities often results when events or incidents force organisations to behave differently to survive, or at least cope with the challenges they are facing (Louis, 1980) (Hedberg, 1981) (Hedberg & Wolff, 2001). But organisations need to work consciously and deliberately with their learning activities and their whole learning process (Pedler et al., 1997). *"A learning company is an organisation that facilitates the learning of all its members and consciously transforms itself and its context."* (Pedler et al., 1997: 3). Pedler et al. argue "consciously" adds awareness and intentionality, necessary because *"the learning company transforms itself as a result of self-awareness and will."* This perspective on organisational learning is supported by Friedman et al., (2001).

In their approach to organisational learning, Pedler et al. have also included context as a factor, since organisations cannot always adapt to take advantage of environmental changes. Organisations create their contexts as well. In terms of learning, organisations go through a three-stage process: surviving, adapting, and sustaining. Organisations that have reached stage 3 – sustainin are*"companies that create their contexts as much as they are created by them, who achieve a sustainable, though adaptive, position in a symbiotic relationship with their environments."* (Pedler et al., 1997: 4).

According to Pedler et al., organisations that have reached the most advanced of these three stages with respect to learning are able to combine an ability to adapt with an ability to create their contexts through a sustainable position in a symbiotic relationship with their environments. Organisations need stability, but at the same time must adapt. This perspective on organisational adaptation is supported by Hedberg & Wolff (2001): *"Organizations react to organizational conditions, but they also attempt to bring about favorable outside conditions. Repeated cycles of interaction form the basis for learning, programming, and reinforcement. ... The cycle implies that learning requires both change and stability in the relationship between organizations and their environments. If there is too much turbulence, the learning system will have difficulties in mapping anything. By the time observations are translated into actions, these actions may well be obsolete. Too much stability, on the other hand, is also dysfunctional. ... The people responsible for the viability and efficiency of organizations should therefore be especially* *concerned about these balances to the extent that they can be designed and determined."* (Hedberg & Wolff, 2001: 537).

Hedberg & Wolff (2001: 543) state: *"companies develop new strategies based on old theories or frameworks that rest, in turn, on old successes. Non-learning is thus just as important an aspect of strategy theories as learning is. Confirmation of established truths often dominates the search for new frameworks. History becomes a constraint that prohibits seeing."*

Based on recent organisational learning studies, researchers as well as business actors see organisational awareness of the need to learn, and current knowledge of how to learn, as very inadequate (Pawlowsky, 2001) (Hedberg & Wolff, 2001). Friedman, Lipshitz & Overmeeer, (2001) define organisational learning as: *"… a process of enquiry (often in response to errors or anomalies) through which members of an organization develop shared values and knowledge based on past experience of themselves and of others. Furthermore, we are concerned with organizational learning processes that are conscious and systematic, that involve a critical and reflective attitude towards the information being processed, and that lead to actions to which organizational actors feel internally committed."* (Friedman et al., 2001: 757). They suggest a model based on the concept of the "behavioural world" which focuses on organisational cultural elements which either facilitate or inhibit learning. This model can be mapped out in terms of contextual, psychological, and behavioural factors. Contextual factors include a tolerance for admitting error, issue orientation, egalitarianism, and a commitment to learning. The psychological factors include doubt as a psychological precondition for inquiry, and a sense of psychological safety. The behavioural factors include transparency, inquiry, disconfirmation, and accountability.

Several authors emphasize the need for organisations in today's turbulent environment to focus on learning, and work consciously in practicing their learning activities as part of a unified model or process (Pedler et al., 1997) (Pawlowsky, 2001) (Hedberg & Wolff, 2001) (Friedman et al., 2001). They argue organisations cannot expect events by coincidence alone to trigger learning activity. Their perspective is that learning has to become a planned activity and process, and be promoted into deliberate practice (Argyris, 1990).

These perspectives on organisational learning prompt a search for factors that, when operating together, promote organisational learning.

Pedler et al., (1997) describe what they call the “learning company,” using the analogy of a fountain tree. People represent the ground and foundation of the company. It is their energy that rises to form the collective purpose of the organisation, creating a shared identity which is not fixed, but rather a continuously produced quality of interactions and relationships.

In Burgoyne’s perspective, when organisations (or “companies”) are breaking through to stage 3 learning (sustaining stage), the principal concern for all stakeholders - owners, customers, users, staff and so on – becomes the production of meaning (Burgoyne, 1995). This stage represents the culmination of a long-term progression in frontier work from agriculture, via manufacture and “mentofacture” (made by the mind), through quality and learning revolutions to “spiroculture,” in which the creation of meaning and identity is the main purpose. When society as a whole, and organisations in particular, move from one phase to another, change is facilitated through transitional myths. The essence and value of transitional myths is their ability to make sense in both the old and new orders, and hence support the transition. According to Burgoyne, there has been a fundamental change in how we understand learning from experience – from seeing it as individual discovery, to seeing it as collective construction of meaning. The transitional myth of collective learning allows for the transition from work as knowledge production to work as meaning-making. Dave Ulrich (1997, 2000) also emphasizes the importance for organisations to create a shared mindset or identity. In his perspective this is the main HR obligation in companies.

These authors see identity as central to organisational learning, and a close link between organisational learning and organisational identity. The concept of organisational identity as a factor promoting learning activities in organisations will therefore be examined more closely.

In an article on organisational identity, Albert & Whetten (1985) characterized organisational identity as *"a self reflective question"* (Who are we anyway, as an organisation?). Identity captures the essential features of an organisation. They concluded: *"those features could be summarized in three major dimensions: Organizational identity is (a) what is taken by organizational members to be central to the organization; (b) what makes the organization distinctive from other organizations (at least in the eyes of the beholding members); and (c) what is perceived by members to be an enduring or continuing feature linking the present organization with the past (and presumably the future)."* (Gioia, 1998: 21). According to this definition, one important dimension of organisational identity is its durability or continuity. And today the concept of identity is still perceived as representing continuity. But there have been many studies of identity since the article by Albert & Whetten (1985), and the results of subsequent studies indicate identity is more dynamic and unstable than originally presumed (Gioia, Schultz & Corley, 2000). *"Perhaps most important, we argue further that the instability of identity is actually adaptive in facilitating organizational change in response to environmental demands."* (Gioia et al., 2000: 64). *"It is also important to recognize that identity, even at the individual level, is a social construction (Gergen & Davis, 1985), deriving from repeated interactions with others (Cooley, 1902)."* (Gioia et al., 2000: 65). Gioia et al. argue the unstable and dynamic properties of identity arise from its ongoing interrelationship with organisational image. *"Identity change requires genuine exploration."* (Brown & Starkey, 2000: 111).

Several studies indicate a relationship between organisational learning or change and organisational identity (Dutton & Dukerich, 1991) (Gioia & Thomas, 1996) (Elsbach & Kramer, 1996). The intent of this research, based on results from previous studies, is to examine and test a potential relationship between these two constructs on a large scale.

So although the research focus of this study originates from organisational learning, it has expanded to include organisational identity as an important construct because of its capacity, together with organisational learning, to create a common interactive relationship.

Scholars referenced here argue organisational learning should be a conscious process (Pedler et al., 1997) (Pawlowsky, 2001) (Hedberg & Wolff, 2001). Organisations are expected to choose deliberately from a variety of learning activities, know which activities to select and combine, and to what purpose they may be applied. According to these authors, the selection of learning activities is a demanding process. Awareness and knowledge of various learning activities is necessary to ensure the quality of the learning process meets challenges to be faced. The authors believe some specific learning activities or dimensions are more important in a learning model than others, especially those that challenge the organisation's "basic assumptions" (Schein, 1992), "theory-in-use" (Argyris & Schön, 1996), or "theory of business" (Hedberg & Wolff, 2001). Change happens when people experience "disconfirmation" (Hendry, 1996). This type of learning, called Type 2 learning (Pawlowsky, 2001), is especially important and necessary, but difficult for organisations to practice. It is often met with resistance and can be blocked by barriers to change. The results of various studies indicate that organisational identity is related to organisational learning and change (Burgoyne, 1995) (Gioia & Thomas, 1996) (Pedler et al., 1997), and of special relevance for Type 2 learning. This relationship shows its strength when dynamic interactions between the components of organisational identity are triggered. These components are "identity," "image," and "reputation,"and are of special interest in this research.

Organisational identity has a capacity to co-vary with organisational learning or change (Dutton & Dukerich, 1991) (Gioia & Thomas, 1996) (Gioia et al., 2000). This capacity is found within interrelated concepts or dimensions, as a result of interaction or interplay between dimensions. The identity construct consists of four main dimensions or components: "present identity," "present image," "future or desired image," and "reputation" (Whetten & Godfrey, 1998). Identity is defined here as "the way an organisation perceives itself," and organisational image is defined as "the way insiders of an organisation think outsiders perceive them". Differences among these dimensions of organisational identity will almost always develop either gradually or abruptly, but organisations or individuals may not be aware of them. For instance, several studies have found the difference between an organisation's identity strength and its present image has the power to challenge the identity of the organisation and change its perceptions and actions (Dutton & Dukerich, 1991) (Gioia & Thomas, 1996) (Gioia et al., 2000). *"We argue that the instability of identity arises mainly from its ongoing interrelationships with organizational image, which are clearly characterized by a notable degree of fluidity."* (Gioia et al., 2000: 64).

But an organisation must realize this difference or gap in the way it is perceived by itself and by others if is to have an effect on the organisation (Dutton & Dukerich, 1991) (Brown & Starkey, 2000). An organisation's image is created and based on some kind of knowledge of its reputation, defined as the way outsiders perceive the organisation. To become aware of a gap between its identity strength and present image, the organisation therefore has to collect information concerning its reputation (Balmer, 1998). Balmer refers to Stuart (1994), who has identified various important interfaces between an organisation's identity, image, and reputation, and who notes the importance of these interfaces. It represents the "moment of truth" for an organisation, for it is at this point the corporate identity is externalized. According to Balmer (1998), these interfaces have to be dealt with if an organisation is to manage its identity. In order to construct an image that will not become separated from its reputation, an organisation needs to gather information from its environment about its reputation. In so doing, an organisation sometimes gradually, and sometimes abruptly, becomes aware of the discrepancies that normally develop and exist between its identity strength and present image. The awareness of this kind of discrepancy is related to changes in the learning activities of organisations, as indicated by previous studies (Dutton & Dukerich, 1991) (Gioia & Thomas, 1996) (Pedler et al., 1997). This study will focus on this kind of discrepancy or gap, and aims to understand more of how other factors seem to operate together to promote organisational learning. Results from previous research indicate that organisational identity may be one such factor.

When turbulence in organisational environments increases, the need for sense making also increases (Burgoyne, 1995). Burgoyne argues we have now moved into an economic era where the production of meaning and identity has become an important organisational activity, both internally and externally. Identity is a powerful term: it speaks to the very heart of an entity - an organisation, a group, a person. Identity is a core construct, and in turbulent times it becomes even more important to have a clear sense of identity (Albert, Ashforth & Dutton, 2000), or when our identity is threatened or challenged (Burgoyne, 1995) (Elsbach & Kramer, 1996) (Hatch & Schultz, 2004).

Changing an identity may be painful for organisations, and implies complex new learning (Brown & Starkey, 2000). Their research indicates we especially resist learning which challenges our identity, our core beliefs. *"The psychodynamic perspective we develop here suggests that individuals and organizations are not primarily motivated to learn to the extent that learning entails anxiety-provoking identity change. Rather, they maintain individual and collective self-esteem by not questioning existing self-concepts. In practice, this means that individuals and organizations engage in learning activities and employ information and knowledge conservatively to preserve their existing concepts of self."* (Brown & Starkey, 2000: 102). They quote several authors that support their perspective and further argue: *"Our position is that information that threatens an organization's collective self-concept is ignored, rejected, reinterpreted, hidden, or lost, and the processes by which organizations preserve their identities are, in many ways, analogous to the methods that individuals employ in defence of their own self-concepts."* (Brown & Starkey, 2000: 103). Several authors on organisational identity emphasize the close relationship between organisational identity and organisational learning or change (Dutton & Dukerich, 1991) (Burgoyne, 1995) (Gioia & Thomas, 1996) (Pedler et al., 1997) (Brown & Starkey, 2000). Based on this previous research, organisational identity seems a relevant concept to study to increase our understanding of how organisational learning is promoted.

Observation and perception of general societal development, as well as experience of organisations, enhance the critical capability of both individuals and organisations (Burgoyne, 1995). Hedberg & Wolff (2001) state organisations need to adopt and adapt to the demands of a changing environment, but may not perceive the need for developing such a capability (Argyris & Schön, 1996) (Hedberg & Wolff, 2001). At the other extreme are those who switch too easily from one perspective to another, depending on what they perceive as appropriate and convenient, and thereby become unstable and inconsistent (Whetten & Godfrey, 1998). They have no plan or map through dynamic change.

1.6 Myth making – an historical perspective on the relationship between organisational learning and organisational identity

Human beings as a species have proven they learn through experience (Leakey, 1994) (Bogucki, 1999). However, this learning capability can blocked in certain circumstances. Since this human capability resides in the mind, individually and collectively, it is this programming, or software, that holds the key to our capacity to learn (Kuhn, 1970) (Daft & Weick, 1984) (Gioia & Poole, 1984) (Argyris, 1990) (Weick, 1995) (Gioia & Thomas, 1996). Mind software is to be found, for instance, in the form of paradigms, mental models, scripts, or myths which even today have an important influence on human behaviour (Sullivan, 1996) (Pedler et al., 1997) (Gioia, 1998) (Hedberg & Wolff, 2001). Some researchers perceive identity as myth or illusion, but Gioia (1998) sees it as a functional concept. A glimpse into the past illustrates the great influence mind software in the form of myth can have on human behaviour, and even on the course of human history itself.

In 1532 a Spanish expeditionary force of 170 adventurers arrived in the Andes in South America. The Inca empire at the time stretched all the way down the spine of the Andes from modern-day Colombia to southern Chile, and from the Pacific coast to the eastern foothills of the Andes. These 170 Spanish adventurers, or conquistadors, succeeded in subjugating this empire of some six million souls (Sullivan, 1996) by defeating an Inca army of 40,000 men. *"How could this happen?"* (Sullivan, 1996: 4). It is a long story, but Sullivan found the lack of active resistance was mainly due to an Incan myth, which foretold the future of the empire. At the time the Spanish adventurers arrived, according to the myth, external intruders of some kind were expected to arrive and take control of their kingdom. Since this event had been foretold in the myth, almost no resistance was mounted. The Inca empire, the Inca culture, and the Inca people were almost eradicated because of a myth powerful enough to control their minds and constrain optional behaviour.

Myths are not a phenomenon of the past, they operate all around us today. Myths are like software programs actively functioning in human brains, individually and collectively (Davis-Floyd, 1998). In the book *"Myths, stories and organizations,"* the role and influence of myth in organisations is outlined (Gabriel, 2004). In the foreword of the book, Czarniawska explains the use of focusing on myth when analyzing organisations: "*But why have the contributors chosen to read closely myths and fairy tales rather than annual reports? Because, I would like to claim, annual reports are informed and inspired by myths and fairy tales, and not the other way around. Myths and fairy tales are retold and reused in popular culture, including the culture of management. What is more, popular culture shapes and influences everyday practices, including practices of organising."* (Czarniawska, 2004).

The power of myth is especially strong when the myths relate to our identity, either individually or collectively (Pedler et al., 1997) (Gioia, 1998). The building of identity in an organisation can be perceived as myth creation (Gioia, 1998). We are continuously exposed to myth, which exerts a powerful influence at an unconscious level on individuals, groups of individuals, organisations, nations or whole societies. Myths take the form of mental models, paradigms, theories, ideologies, religions, or organisational cultures. The development of myth satisfies one of the most basic human needs, the need to attribute meaning to our existence (Weick, 1995). The history of science as well as the history of religion has shown the power of myth (Kuhn, 1970). Since sensemaking is a fundamental need, myth is especially difficult to change or eliminate once entrenched.

The need to learn is also essential to human development and survival. Like all other species, we have to adapt to change (Darwin, 1859). But through knowledge creation and technological development we have access to tools that increase our capacity to adjust to a broader variety of environments.

Learning has become even more essential today, when individuals as well as organisations experience increasing rates of change (Schwartz, 2000). "*Production is learning. What's really a mindbender is that work itself has become learning. In other words, the best productive processes are emulating the best learning processes, and the best companies are acting like the best schools."* (Schwartz, 2000: 83). Learning, and specifically creativity, is what distinguishes human beings from other species (Florida, 2002). In a "globalized village" humans are becoming increasingly exposed to a variety of environments, realities, or cultures, previously strange or even alien to us. And learning is a relevant and important phenomenon in all arenas and on all levels: individual, inter-personal, group, inter-group, organisational, inter-organisational, and societal. Individuals and organisations can either choose to face the need for learning, or ignore it at their peril (Brown & Starkey, 2000). They can take it easy, take it seriously, work continuously and systematically to develop learning abilities, search actively for feedback to learn from their environment, or they can try to ignore the same information. But they cannot escape from change (Schwartz, 2000).

Organisations too need some form of myth to make sense of who they are, who they want to be, what they want to do, in what way they want to contribute, what role they have and want to have in relation to communities and societies around them, and of which they form a part (Willis, 1993). They need to make sense of their existence, what they experience, and so construct a perception of themselves, of their identity (Weick, 1995). *"Sense making is understood as a process that is grounded in identity construction."* (Weick, 1995: 17). An organisation's identity is the foundation for choosing strategic direction (Gioia & Thomas, 1996). If organisations cling to old myths and identities, their ability to handle new challenges becomes constrained (Gioia et al., 2000) (Brown &

Starkey, 2000). In the sense organisational identity can be perceived as organisational myth (Gioia, 1998), organisations have first to become aware of the myths that govern them, and second, know their myths will be challenged and work to restructure when necessary. *"Learning to promote critical reflections upon organizational identity is a crucial but undertheorized management task ... Our argument is that for an organization to learn there must be an alteration in its participants' organizationally derived self-images."* (Brown & Starkey, 2000: 103). But it is difficult for organisations to know and decide what myths to retain, and what to discard or change (Dutton & Dukerich, 1991) (Elsbach & Kramer,1996) (Gioia & Thomas, 1996) (Whetten & Godfrey, 1998) (Newman & Nollen, 1998) (Hedberg & Wolff, 2001). This dilemma illustrates the need to work deliberately with the dynamic relationship between organisational learning and organisational identity.

History is the story of how we have responded to change by increasing our learning capacity (Leakey, 1994) (Bogucki, 1999). But learning capability did not develop as a result of a deliberate process. The drive to survive motivated the search for food, shelter, clothing, protection against danger, creation of tools, and development of ceremonies and rites to build a common culture and myth (Hall, 1983) (Willis, 1993). As we became more successful, we focused on rites and community, and a strong and increasing need for sense making developed (Burgoyne, 1995), a need to attribute meaning to our lives and environment. Myth, and the creation of myth, grew out of our continuous effort to satisfy the need for sense making (Willis, 1993) (Burgoyne, 1995) (Sullivan, 1996). Hedberg & Wolff (2001) refer to Jönsson & Lundin (1977) who *"used the concept of myth and myth cycles to describe how organizations form theories of action (i.e. make sense of "reality") and how sequences of myths follow each other."* (Hedberg & Wolff, 2001: 551). But myth may also become a prison for the mind, limit the ability to perceive and act on alternatives, and so become a barrier to learning (Hedberg & Wolff, 2001). In such cases, perceptions and actions based on inflexible myth may become counter-productive (Pedler et al., 1997) (Hedberg & Wolff, 2001).

The most critical, advanced, and difficult type of learning challenges core beliefs. The history of science illustrates how new knowledgde that shifts our basic way of thinking, our myths or paradigms (Kuhn, 1970) has been either ignored, avoided, or met with strong resistance (Brown & Starkey, 2000). A paradigm shift creates conflict and power struggles between groups of stakeholders of contradictory views. But according to Rothman & Friedman (2001), *"conflict is essential for organisational learning,"* and *"conflict is a process through which organisational learning occurs."* (Rothman & Friedman, 2001: 584). Core beliefs are the most difficult to change, because we may have spent decades constructing them, and our lives, or at least our career and status, are bound up in them (Siegel, 1999). A common reaction to situations which challenge core beliefs is denial (Brown & Starkey, 2000). But experience and research have shown this response can be devastating in the long run, particularly for organisations (Sullivan, 1996). In business, where the ability to learn may have become *the* main competitive advantage, it is no longer feasible for organisations to resolve their dilemmas and feelings of uncertainty by denial or avoidance (Weick, 1995) (Stacey, 1996a) (Pedler et al., 1997) (Hedberg & Wolff, 2001). They have to work actively to understand alternative perspectives and knowledge, and try to combine and integrate it. In so doing, they may have to abandon old myths (Hedberg & Wolff, 2001).

Our ability to learn from experience assumes great importance as existing, pre-formed or programmed knowledge loses its value. In such circumstances relying upon existing knowledge – what has worked until now – is dangerously misleading. As we move from an economy dominated by agriculture, on to "mentofacture" (made by the mind), and on again to "spiroculture" (the development of spirit or the creation of meaning and identity), change is facilitated by particular "transitional myths" (Burgoyne, 1995) (Pedler et al., 1997). The essence of transitional myths is to make sense in both the old and new orders. Pedler et al. argue that in recent times, the methods of learning from experience have changed from the transitional myth of self-responsibility, self-development, initiative and enterprise, to being based on the transitional myth of quality, excellence and collective learning. This brings about a fundamental change in how we see learning from experience – from the past as individual discovery, to seeing it now as collective construction of meaning.

Today we are often faced with the unfamiliar (Mercer, 1998) and confronted with new challenges even as adults. The environment seems to be more complex and less stable (Leakey, 1994). Especially in business, the rate of change has become so high and comprehensive, and sometimes so abrupt and unexpected, that both individuals and the organisations for which they work have to change much faster and in different ways than before (Toffler, 1980) (Nonaka & Takeuchi, 1995) (Stewart, 1997). The processes of globalization and technology development are two main drivers behind this increased rate of change (Schwartz, 1996) (Mercer, 1998).

Historically, learning has been, and still is, forced upon both as individuals and organisations (Watzawick et al., 1974) (Brown & Starkey, 2000). In this way learning as a coercive process has contributed to human and organisational development and survival. Forced learning is no longer sufficient for organisations that want to flourish in the long run (Lindgren & Bandhold, 2003). Organisations need to deal with the challenges of environmental change before they manifest (Schwartz, 2000), or at the very least build a capacity for change. According to Schwartz, organisations need to adapt, and in order to adapt they need to learn. *"The mechanism for adapting in today's world is, pure and simple, learning. And never has learning been more important than it is now."* (Schwartz, 2000: 268). *"The scary way to frame the situation is that learning is everyone's only chance. The world is changing so much that an individual has no choice but to learn and to learn fast."* (Schwartz, 2000: 269). Organisations will have to be in a state of readiness and alert for change. They have no option but continuous learning.

Several authors have suggested that organisations need to change their focus of learning (Argyris & Schön, 1996) (Hedberg & Wolff, 2001) (Pawlowsky, 2001). Other kinds of learning must be given higher priority, and organisations need to develop their capacity for what Pawlowsky (2001) has called Type 2 and Type 3 learning. This is double-loop learning and deutero-learning as suggested by Argyris and Schön (1978), or Learning II and Learning III as suggested by Bateson (1972). According to Davis-Floyd (1998), a very valuable ability for managers is to reperceive reality. This kind of learning challenges and changes assumptions or myths, and can even change the "theory of business". Hedberg & Wolff (2001: 544) refer to Drucker (1994) who has said: *"what business organizations do or do not perceive as 'stimulus' could be called 'the theory of business.' The assumptions that shape any organization's behavior dictate its decisions about what to do and what not to do, and define what the organization considers meaningful results. These assumptions are about what a company gets paid for. They are what I call a company's theory of business."* (Drucker, 1994: 95). And Hedberg & Wolff (2001: 544) also refer to Schwartz (1992), who has argued the theory of business a company develops influences its perception and shapes its culture and memory. The theory of business is the filtering mechanism for interpretation of information. The responses a company chooses for particular stimuli tend to be copies of previous responses. Thus "theory of business" can be perceived as the dominant myth governing an organisation.

Type 2 and Type 3 learning, the kind that imply a change in an organisation's "theory of business," its myths, and in the way it perceives its environment, are difficult to trigger. Results from several studies have shown that organisations are not necessarily apt to learn (Brown & Starkey, 2000) (Antal et al., 2001). Resistance to change and to learning in organisations can be strong. Antal et al. have documented through four cases that learning cannot be assumed to be a natural, continuous process in organisations. Learning seems to need to relate to and be triggered by other factors in order to overcome a variety of barriers. The momentum of learning processes needs to be actively maintained because there is a high risk the process will be interrupted. The culture of an organisation can act as a powerful barrier to learning, and if this barrier is not grappled with explicitly, attempts to develop new ideas or behaviours will not take hold (Antal et al., 2001b).

Several authors suggest it is no longer enough for organisations just to wait to be challenged. They must be proactive in order to learn continuously and intentionally (Weick, 1979) (Pedler et al., 1997) (Schwartz, 2000). But since organisations can harbour strong resistance to change and learning (Antal et al., 2001), they need to seek out factors that are related to and can trigger learning. And the results of some studies (Dutton & Dukerich, 1991) (Elsbach & Kramer, 1996) (Gioia & Thomas, 1996) indicate that organisational identity, in combination with such concepts as image and reputation, is related to organisational learning, and that these constructs together have a common and reciprocal capacity to trigger one another. This is why, when organisational learning is to be explored, the construct of organisational identity becomes a very relevant and useful one. The focus of this thesis is on organisations that in today's environment need to develop and increase their capacity for learning, and to improve their learning competence (Pedler et al., 1997). This study therefore explores the relationship between organisational learning and organisational identity.

Gioia (1998) states the perception and knowledge we have of ourselves - our identity - is the most difficult to change. This gap or discrepancy between reputation and identity may become impossible to tolerate, especially when it becomes public and highlighted in the media. Some have sacrificed their lives because their reputation was lost and with it their identity. This happens because the perception and knowledge we have of ourselves is absolutely fundamental, it is the very essence of who we believe we are. *"Identity is cultural meaning or sense making focused on itself. Self-conscious or self-reflexive processes tempered by feedback from related others constitute the identity of an organisation or any other social entity."* (Whetten & Godfrey, 1998: 58). *"Identity is arguably more fundamental to the conception of humanity than any other notion."* (Gioia, 1998:17), and *"What other issue is quite so important as answering the nebulous question, 'Who am I?'."* So, if we are exposed to perspectives or knowledge contradictory to our own, perceived as a threat or challenge, we normally express resistance (Brown & Starkey, 2000) (Antal et al., 2001). In this study, which intends to increase the understanding of organisational learning, organisational identity is of great relevance, as supported by Gioia & Thomas (1996), Pedler et al. (1997), and Brown & Starkey (2000). Organisational identity is used as a main construct here.

1.7 The initiation of the study and resources made available

This study has been sponsored economically and administratively. The costs of printing and distributing the questionnaires were covered by the European Association for Personnel Management (EAPM), and the national HR institutes made available lists of their members for distribution of the questionnaire.

Because of its central role in this study, EAPM is described briefly here. EAPM forms an umbrella body of national organisations throughout Europe that represent personnel professionals. It is purely professional and specialist in nature, and was founded to promote experience exchange without profit-related objectives. It is independent of all employers, trade unions, state or political bodies. The European Association for Personnel Management (EAPM) was founded in 1962 by the national associations and professional institutes of personnel management in France, Germany, Sweden, Switzerland and the United Kingdom. Today EAPM has a membership of HR institutes in 26 European countries. The number of members is increasing as the number of national HR institutes formed in the former eastern European countries increases, and these institutes are aiming for full membership with the EAPM.

The EAPM is the European representative body for personnel management and also maintains relationships with non-European countries. EAPM seeks to promote and develop knowledge of personnel issues and personnel activities, and their importance to industry, commerce and public and private sector administration. EAPM also provides encouragement and support to personnel experts to set up and develop their own national associations in European countries. The EAPM establishes and maintains contact with its member organisations and with other national and international organisations active in the same or similar fields. It was also one of the founders of the World Federation of Personnel Management Associations in 1976.

The Association organises conferences, congresses and study visits, and publishes information and pursues all other objectives that directly or indirectly correspond to the aims of the Association. The structure of the membership in the different countries varies as some institutes (like for instance the Chartered Institute of Personnel and

Development, UK) have only individual members, whereas others (for instance the Norwegian Institute of Human Resource Management) have mainly company members. The EAPM Secretariat is held responsible for the administration of the EAPM. The post alternates through the member organisations. Currently the Chartered Institute of Personnel Development, UK, holds the post.

As part of knowledge building, EAPM regularly initiates and sponsors research activities. In January 1998 the board of directors of EAPM initiated a research project named "Managing People towards a Multicultural Workforce". Mr. Egil Sandvik, director of the Norwegian Institute of Human Resource Management (NIPA), was appointed as chairman of the steering committee of the project.

NIPA was founded in 1967 and in 1998 had about 1000 member companies. The head office is located at Lysaker, just outside Oslo, Norway. NIPA merged 1 January 2002 with another HR association in Norway, and today carries the name of HR Norge. It currently has about 1500 member companies.

The first step in the research process was to clarify the focus of the research and make sure the study was grounded in an area where HR professionals felt a need to gain more insight. Therefore, a workshop was held during an EAPM meeting in Budapest, Hungary, in June 1998, where representatives from 22 European countries were present. The outcome of the workshop was the decision there should be two research priorities, organisational learning and managerial competencies, as two distinct areas. The first of these two research priorities, organisational learning, fit with this research interest and has been explored as part of this study. The other research priority, managerial competencies, has been undertaken by another DBA associate at Henley Management College.

1.8 An outline of key elements in the five chapters

In this introductory chapter the focus and the issues to be studied have been presented and outlined. The subject of this research is the relationship between organisational learning and organisational identity. Both theory and the results of several studies specifically support an examination of the relationship between the constructs of learning and identity to increase the understanding of organisational learning. This chapter has also given the background of this research project and described the sponsoring institutions and the research context.

In Chapter 2, “Theory and Literature Review,” the relevant literature and issues of interest for this study are presented. Different learning perspectives and frameworks are studied and integrated in order to build an appropriate model for this research. The aim is to construct and test a learning model with the capacity to capture some of the diversity of organisational learning, in terms of the components or dimensions presented in the relevant literature (Daft & Weick, 1984) (Hedberg & Wolff, 2001) (Pawlowsky, 2001). It also looks at learning which powers change in the basic assumptions and perspectives of organisations, learning classified as Type 2 by Pawlowsky (2001). The intent of this research is to study under what conditions organisational learning of this kind is initiated and implemented, and to find factors that promote and sustain it. Previous studies indicate organisational identity is one such factor (Dutton & Dukerich, 1991) (Elsbach & Kramer, 1996) (Gioia & Thomas, 1996) (Gioia et al, 2000) (Rothman & Friedman, 2001). In this research, therefore, the relationship between organisational learning and organisational identity is studied.

In Chapter 3, “Methodology,” a research question is first developed. Then hypotheses are formulated to indicate the direction the research should take. A research strategy is designed, and appropriate research tactics are developed. A research method using a survey design is chosen. And based on the research model selected in Chapter 2, in combination with the strategy formed and the tactics selected, appropriate measuring instruments with proven reliability are chosen. An overview of the research process that includes a plan for the implementation of the research is presented. The process of data collection based on distribution of questionnaires is described, and finally a plan for the analysis of the data, including the techniques selected, is outlined.

Chapter 4, “Data Analysis,” examines the data, and procedures for handling missing data and outliers are worked out and applied. Both individual questionnaire items as well as the dimensions of the model are tested for normality. The reliability of the measuring instruments is checked and compared to criteria in the literature. Thereafter, the analysis is carried out in five steps and the results analyzed. In the first step, organisational learning is treated as the independent variable, and organisational identity as the dependent variable. Both are metric variables. Organisational identity is represented in this step by a gap variable based on the differences in scores between the identity components “Identity strength” and “Present image.” A multiple regression analysis is applied. In the second step of analysis organisational identity is treated as the independent variable, and organisational learning as the dependent variable. Organisational identity in this step is represented by a gap variable converted into a categorical one consisting of two groups. A MANOVA research technique is applied. The third step of analysis is similar to the second step, but in this step the gap variable consists of four groups. A MANOVA research technique is applied. In the fourth step of analysis, organisational learning is again treated as the independent variable, and organisational identity as the dependent variable. Both are metric variables. Organisational identity in this step is represented by its component “Identity strength.” A multiple regression analysis is applied. The fifth step of analysis is similar to the fourth step, except that organisational identity is represented here by its component “Present image.” A multiple regression analysis is applied.

In chapter 5, “Summary and Conclusions,” the main conclusions, based on data analysis in Chapter 4 are drawn, and suggestions for further research are presented.

1.9 Conclusion

In this chapter the main objectives of the study have been presented. The focus of the study is the relationship between organisational learning and organisational identity. According to the literature, this relationship is of special importance when studying organisational learning and conditions that facilitate it.

This theme was selected because learning is perceived as a central issue within organisational studies and because learning activities are necessary for organisational development. There is a growing amount of literature arguing for the relevance of organisational identity in studies of how organisational learning is either promoted or detered. Therefore, the relationship between organisational learning and organisational identity has been chosen as the focus of this study.

The European Association for Personnel Management (EAPM) has financially supported this study and facilitated administratively, permitting access to data from diverse organisations all over Europe.

This study examines the relationships of servant leadership to organizational commitment, voice behaviors, and antisocial behaviors. Adopting a multifaceted approach to commitment, we hypothesized...Â A multilevel model of servant leadership, individual self identity, group competition climate, and customer service performance. Journal of Applied Psychology, 100(2), 511â€“521.CrossRefGoogle Scholar. Cohen, A. (2005).Â A meta-analysis of the relationship between organizational citizenship behavior and counterproductive work behavior. Journal of Applied Psychology, 90(6), 1241â€“1255.CrossRefGoogle Scholar. DeGroot, T., Kiker, D. S., & Cross, T. C. (2000). The Relationships between Organizational Ethical Climate and Political Behavior Perceptions of the Faculty Members. Article. Full-text available.Â Notes how the value of developing corporate identity (CI), as a means of encouraging an organization's key stakeholders to perceive the corporate entity in a clear and positive way, has been receiving increased attention in the last decade. To date much of the practitioner and academic attention has been focused on the communication function between an organization and its customers (primarily). In order that managers and academics are able to realize more of the potential that CI offers organizations, it is necessary to consider the role and impact CI can have on strategic management. Download Citation on ResearchGate | The relationship between organisational culture and service quality through organisational learning framework | The purpose of this study is to identify the relationship between organisational culture and service quality through the organisational learning framework in knowledge intensive business services (KIBS).Â The scope is also limited to an examination of two groups of organizational factors, viz. justice and culture, that lead to organizational identification.Â Furthermore, organisation learning and business process reengineering have a direct and notable impact on RQ and company results (Chang, 2007) and also there is a significant association between service quality and learning organisations (Cho et al., 2013).