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Accelerate Information Interpretation in the Organizational Failure Learning

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Abstract

Why many organizations have not succeeded in organizational learning from failure? One of the reasons may be poor information interpretation in organizational learning from failure. Organization members do not understand disclosed knowledge when there is a problem of information interpretation in organization.
There is a unique company, which has succeeded in establishing their way to leaning from failure. Executing the learning activity, they have not repeated same failures which were once reviewed with their way. Eventually they have maintained good business performance.

We, in this paper, studied a case of organizational learning from failure in the Japanese company and explored acceleratory factors in the process of information interpretation in the learning. We found that "cognitive maps and framing" and "media richness" accelerate "information interpretation" but "unlearning" does not accelerate it in the organizational learning from failure in the company.

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1. Introduction

Why many organizations have not succeeded in organizational learning from failure? One of the reasons seems to be that there is a perception gap between managers and their subordinates. Managers in organization are eager to get their faulting subordinates disclose their failure experience in order to prevent from failure to improve their business performance. To the contrary, the subordinates dislike to provide their failure experience because of disadvantage and mental barrier like punishment, less rewards, demotion, stigma, guilty feelings and so on. These factors inhibit organization to share failure knowledge within the organization, and lack of available failure knowledge among employees constricts them to learn from failure.

Another reason seems to be poor organizational memory and poor information interpretation, why many organizations have not succeeded in organizational learning from failure. Organization members do not understand disclosed knowledge when there is a problem of information interpretation in organization[1]. And inadequate organizational memory causing incomplete recall does not well contribute to accurate learning [1,2].

There, regardless of these complex inhibitory factors, is a company in Japan, which enjoys successful organizational learning from failure. According to the chairperson and the president in the company, they have never repeated same failures which were reviewed through their own system since they established it in 2005. And eventually they have kept good business performance since the establishment.

Nagayoshi and Nakamura[3,4,5,6,7,8,9,10] studies the company to find keys for success in the organization learning from failure. But the organizational learning from failure is seen as a single process in the arguments. The process of the organizational learning from failure should be seen to composed of some processes. Hence there lacks detail arguments about acceleratory and inhibitory factors in sub process level of organizational learning from failure.

Employing Huber[1] in this paper, we define a process of the organizational learning from failure in the company. And we focus on the information interpretation process to study acceleratory factor.

2. Related Study

2.1. Learning from Failure

Hatamura[11] defines failure as "a human act of not reaching the defined goal," "an unfavorable and unexpected result of human act." And it is also indicated that there is an invaluable failure which means "an unavoidable failure even with extreme caution" and a non-valuable failure which means "a failure other than invaluable failure."

We may say everybody can fail. Organization as well as individual can fail, and most organizations may have failure experience. Madsen and Desai[12] say that organizations learn more effectively from failure than successes, that knowledge from failure depreciates more slowly than one from success, and that prior stocks of experience and the magnitude of failure influence how effectively organizations can learn from various forms of experience. It is important to learn from failure to prevent from repeating failure you once experience since it can improve your business performance.

You must share your failure experience with your colleague in order to achieve organizational learning from failure. You sometimes cannot do well with knowledge sharing due to inhibitory factors. Many people particularly tend to hesitate to share failure because of disadvantage and mental barrier like punishment, less rewards, demotion, stigma, guilty feelings and so on. Most organizations, in general, are therefore poor at learning from failure[13,14]. Even if company spends money, they are still struggling with learning from failure[15].

2.2. Organizational Learning Process

There does not seem the concrete process definition of organizational learning from failure. We review knowledge creation process, experimental learning process and organizational learning process.

Learning from failure is a sort of knowledge creation activity since it generates new finding to avoid repeating same failure. SECI model[16] focuses on knowledge creation, but the learning from failure activity in the company seems to include knowledge propagation and organizational memory as well knowledge creation.