

THE SUCCESS TRAP IN ORGANIZATIONAL LEARNING: COGNITIVE AND  
POLITICAL EXPLANATIONS

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### *Abstract*

Why do organizations persist in adhering to past patterns of practice in the face of information that should have caused them to change? The learning literature explains such limited productive organizational learning as an outcome of *unintended* organizational processes due to cognitive limitations. However, in this paper we find confirmation for the argument that there might also be *intended* processes behind these learning outcomes.

### Keyword

- organizational learning
- adaption
- change
- success trap
- cognitive and political aspects in learnin

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### **Introduction**

Organizational adaptation to changing environments is described as a functional requirement for organizational survival and as a critical requirement of management (Pfeffer and Salancik, 1978; Fligstein, 1990; Schein, 1992; Senge, 1993). Therefore, successful organizations are seen as having capabilities for adaptation, and good leaders are widely praised for their strategic use of knowledge, and for their cleverness and will to change organizations by transforming vision into reality.

Adaptation can be an outcome of several different processes. One of these is learning from experience (Levitt and March, 1988; Huber, 1996). Such learning has many benefits, but experience can also be a poor teacher. Learning from one's own experience and the experience of others can lead to successful development, but these processes are also subject to some important limitations. When organizations are successfully coping with their environments, managers tend to interpret this as a rationale for existing organizational form, practice, and logic. In turn they may become less open to learning from new experience and knowledge and less prepared for adaptation when environments change. This presents an example of the kind of learning limitations that March and Levinthal (1993, p. 106) call *the success trap*, i.e.

organizations come to over-rely on their own past experience and do not adjust to new demands and challenges.

The purpose of this paper is to examine why organizations may persist in adhering to past patterns of practice in the face of information that should have caused them to change. The learning literature interprets the findings of limited productive organizational learning as cognitive limitations due to “finite information processing capacity” experienced by the organizational actors in the face of ambiguity, uncertainty, and conflict (Levitt and March, 1988; March and Levinthal, 1993). However, there might be other explanations than cognitive constraints, and to make sense of some empirical observations we set forth a “political framework” for understanding the dynamics behind the outcome. From this point of view we propose that the success trap can be seen as a result of intra-organizational games of interests and power that evolve around an organization’s dominant action strategy and task system.

Our approach is primarily inductive in so far as the paper generates rather than tests theory. However, since the goal is to elaborate on current conceptualization of a phenomenon, the paper begins with reviewing relevant literature. Then follows a presentation of some observations from an exploratory case study. This case describes an organizational adaptation process in two stages. In the first stage the management experienced a period of success, and then in the second stage they were confronted with a mismatch between the organization’s practices and environmental demands. In our original reporting we analyzed the case as two separate adaptation

processes: one successful and one less successful (Askvik and Espedal, 1989). More recently we discovered that by bringing the two processes together we could interpret the case as an example of the success trap. On reviewing the case from this theoretical angle, we became aware that it has a potential for theory development. The considered processes contain organizational dynamics that provide evidence which can be attributed to political aspects of the success trap. These aspects will be elaborated in the last part of the paper.

### **The success trap and mechanisms behind this limited organizational learning process**

The success trap is the consequence of mutual local positive feedback between experience and competence (March 1994, p.38). This version has also been named the competency trap (Levitt and March, 1988). Having competence with an action strategy leads to success, which leads to more experience with the specific strategy, which leads to greater *competence*. Organizational actors become better and better at one action strategy while doing it more and more and being continually successful. This positive local feedback pushes the actors into a competency lock-in, where efficiency in using one *action strategy* makes trying alternative strategies unlikely. This in turn makes it unlikely that the actors will accumulate the experience necessary with other strategies to realize their potential. The competency trap implies that learning from experience favors exploitation behavior: search and practice become focused on well-known alternatives, underestimating the potential benefits of the unknown (March, 1994, p. 38).

Another, somewhat different, version of the success trap puts more emphasis on how success affects the *self-confidence* of organizations and their members. A consequence of the successful exploitation of an action strategy is, according to Levinthal and March (1993, p. 104), that an organization's self-confidence is boosted to an overrated extent. Learners settle into those areas in which they have competence, and if they generalize their experience to other areas, they are likely to exaggerate the likelihood of success. Organizations and individuals may become excessively confident that they have the skills to deal with problems they confront in so far as their previous experiences are successful. This may, however, not be the case if we are talking about significantly different domains of action, or when the relationship between previous success and future performance is uncertain (e.g. a nuclear disaster or major scientific discovery). But, as long as confidence is boosted, organizations will tend not to discover and learn from a number of unanticipated failures when these are insignificant.

Furthermore, there may also be some kind of connections between success and people holding leadership positions in organizations. According to Levitt and March (1988) organizations will tend to promote successful people. On average, successful people have drawn experiences that have had more favourable results than they should expect to continue. Hence successful people will be over-represented in the managerial positions of organizations. March (1994, p. 31) claims that places where successful people gather, including organizational leadership arenas, will be crowded

with people who exaggerate their importance and underestimate the role of uncontrollable variation.

From a more general perspective Sitkin (1992, p. 234) has identified the following liabilities of success. First, success generates complacency. It becomes difficult to get people to experiment with new ideas when the existing solutions are producing the desired results. Second, to experiment may even be risky under such circumstances since actors may come up with something less successful, and subsequently the actors might be blamed and punished for the problems they cause by not adhering to current procedures. Third, success tends to restrict the search for and attention to discrepant information that might disconfirm some of the presumably positive results. Priority will be given to information that supports the existing routines, unless some really alarming and disruptive events take place. Fourth, success will foster homogeneity with respect to procedures, personnel and organizational subcultures. Successful organizations will tend to maintain their successful formulae through keeping their practices constant and avoiding divergent activities. The resulting homogeneity will further contribute to conservatism and anti-experimentalism attitudes among members of an organization.

### **The two faces of the success trap**

The above presentation indicates how success may limit organizational learning. Organizations that experience success seem to develop biases in the way the

organizational actors come to consider action and evaluate outcomes of their actions. Our elaboration of the character of such biases takes as its point of departure on the one hand the concept of *strategic paradigm* as a potential cognitive barrier to learning. In addition we would like to introduce the idea of political biases as a set of alternative barriers to learning after a period of organisational success.

Strategic paradigm refers to the observation that organizations develop collective interpretations of the world, providing them with images of themselves and their environments. Hedberg (1981, p. 8) calls them "world views." They are sets of rules that organizations use to interpret stimuli and scattered information into meaningful maps of themselves and their environments. "*They influence what problems are perceived, how these problems are interpreted and what learning ultimately results.*" (Hedberg, 1981, p. 8). In this perspective, organizational learning is primarily a collective enterprise. Organizations learn through their individual members, yet individuals may come and go while the collective interpretations of organizations basically remain the same.

The strategic paradigm plays an important role in the organization's cognitive structure and identity, and we assume that it is normally anchored in the top management. On the one hand the strategic paradigm is a product of the kind of information that the top management receives from internal and external sources. On the other hand characteristics of the paradigm will itself determine how information is

collected and interpreted, i.e. it affects the actors perception of what is happening, why it happened and whether what happened was satisfactory. In this way the strategic paradigm constructs socially approved conceptions of legitimate organizational practices, and that again might give the actors a conception of control.

The processes we consider in this paper provide evidence that can be attributed to limited cognitive capabilities as well as to political aspects of organizational learning. A political explanation is built around a political conception of organizational goals and power structures. Organizations have multiple actors with conflicting interests and identities not entirely resolved by organizational rules (Cyert and March, 1963, p. 26-34). Organizational power relations determine how instances of conflict and interest competition are resolved. According to this perspective the strategic paradigm is not only a way of perceiving and constructing the world. It has also political implications for organizational actors. The actors' interests and influence will be affected by how strategic issues are addressed in organizations, and as a consequence intra-organizational games of interests and power might evolve around the strategic paradigm and the organization's task system (e.g. Mintzberg, 1983 and 1985; Pfeffer, 1981 and 1992). Such games may be mediated by the frameworks organizations use in order to comprehend their environments. For instance, if a specific technology is defined as the core competence of a company, the expertise on this technology will benefit in status and resources (Crozier, 1964). If sales activities are identified as a critical component, the sales people might benefit in similar ways. Hence there are reasons to expect that individuals and groups will have vested

interests in certain interpretative frameworks, and they will tend to favour a strategic diagnosis that promotes their particular interests.

Competition among groups and individuals might give rise to "paradigm politics" where conflicting perspectives are propagated by opposing groups (Levitt and March, 1988; Fiol, 1994). Such games spawn noise in the communication and information systems of organizations (Argyris, 1995, p. 196). Organizations develop defensive routines to prevent individuals and groups from experiencing embarrassment or threats, and yet, for the very same reasons defensive routines also create barriers to communication of valid information.

A political perspective may enhance our understanding of the limited organizational learning process that is called the success trap. A success-based strategic paradigm becomes rigid and difficult to change, not only for cognitive reasons, but also because of the political implications it has. Organizational actors become attached to and identify themselves with a strategic paradigm, not only because they hold it to be true, but also because it serves their interests.

In closing the theoretical discussion about strategic paradigm we will highlight the main difference between a cognitive and a political explanation of the success trap. According to the cognitive perspective the success trap will emerge as a consequence of the fact that organizational members are *unaware* of relevant and "available"

information. The strategic paradigm causes blindness that prevents learning from one's own experience and external knowledge, and from this point of view the success trap is an outcome of *unintended* organizational processes. According to the political perspective the success trap will emerge as a consequence of the fact that organizational actors are *unwilling* to exchange and use relevant and "available" information. Therefore, the actors' unwillingness to communicate and discuss relevant issues related to a "successful" strategic paradigm will prevent productive organizational learning, whatever cognitive capabilities these actors may have. And from this point of view, is the success trap an outcome of *intended* organizational processes. Thus Starbuck, Greve and Hedberg (1978, p.118) observed that although denial of a crisis may arise from sincere conviction, managers also resist strategic reorientation because they want to retain power and status.

Findings from the case we are presenting below are meant to illustrate the difference between the two explanations, and to provide a point of departure for a conceptual development of political aspects of the success trap.

### **Presentation of the case**

Our data stem from a research project on management learning and adaptation. It was designed as a series of case studies of five organizations (Askvik and Espedal, 1989). The study was based on the idea that we can look at adaptation as an organizational learning process and, furthermore, that management groups represent an important

organizational learning medium. The purpose was to map processes and conditions of management learning during and after change processes.

The case studies followed a fixed pattern. In each organization the researchers selected, in collaboration with management, four change processes from the recent history of the organization. Each process was mapped through interviews with key actors in and around the management group, and through various types of archival data. The interviews and the relevant written material formed the basis for the description of each history. Each of the stories related to the same organization, and were then reported separately as single cases along with general analyses of the organizational learning style, barriers, and ways of handling information.

In the five organizations, we studied 20 instances of change. In this paper we have chosen to depict one case that we perceive as particularly interesting as a closer investigation of how success may affect learning in a negative way. Others of the cases we studied illustrate other aspects of the learning process and will not be dealt with. As mentioned in the introduction, we originally identified the present case as two separate adaptation processes. However, later on we did realize that by combining the two processes we could reinterpret them as an example of the success trap. Hence, our objective is primarily theory development, and our research strategy is inductive in so far as our data were collected before we established the theoretical relevance of the case we analyze. In the presentation of findings we try to illustrate

typical styles of thinking, through some citations from the interviews with the actors, and these are presented without further source statement.

The case in question is from an engineering firm, which had specialized in a certain type of technology related to removal of fat and water from wet masses of biological material. Functions the firm performed in this process were related to design, development, and sale of technical process equipment. The actual production of technical process equipment was executed by other firms.

From its origin as a producer of fish meal, the firm was able to develop a new and efficient technology for fish meal production, i.e., the firm created new products and processes by combining elements in existing technologies in ways that resulted in synergy. The top management saw a new business in this technology, and the firm became a leading developer of production equipment for the fish-meal industry market world wide.

Around 1950 we can observe a small business. The organization was informal and non-bureaucratic and coordination took place as mutual adjustments. There was considerable freedom to experiment and try out new technical solutions. The firm was highly market- and customer oriented. Improvements of the technology were inspired by their perceptions of customers' needs, who in most cases were invited in to influence the design of the products.

The employees identified with the firm and our informants portray them as an enthusiastic and well-integrated group. The top leader had been one of the founders of the firm and appeared as a typical entrepreneur who searched for and exploited new opportunities. He was a strong personality who held a wide perspective on the activities of the company, and he knew a lot of people, including customers and potential customers. He also had the ability to exploit the talent of his employees.

In his entrepreneurial way of thinking the top leader gradually came to realize that the technology for fish-meal production might have some characteristics related to the removal of liquids from wet organic material in general. The idea led to a mental orientation towards examining new opportunities and to actively search for new areas of application for the technology. In this opportunity or solution-driven search, representatives of British beet-sugar industry somehow came into view, and the top leader saw similarities between the processes in the fish meal production and the processes in the sugar production from sugar beets.

After the new market opportunity was discovered, the firm was able to enter a new market and could introduce a production technology that after some testing and modification proved to be a great advantage – compared to the old and traditional technology within that industry. The firm's entrance to the new market became a

success, and within a few years it gained a share of the world market for beet-sugar presses as high as 80 per cent.

The expansion led to change in the firm's formal organization. Deliveries to the beet-sugar industry market became organized as a separate division, and the firm got two sales divisions and one department with responsibility for development and design of new or improved production equipment.

The top leader was the driving force in the development of the new operation, and in doing so he formed a social system of close contacts between himself and his co-workers and between the firm and the market. In this system there was a strong orientation toward gaining insight through continuous testing and experimentation, in cooperation with the customers. The mutual positive feedback between the actors' experience and competence led to greater competence, but also to a sense of mastering the situation: "*We had knowledge about how to succeed in this market.*"

The firm's experience in the new market led to a confirmation of the idea of a generalized application of the initial fish meal production technology: "*We employed existing means of production more appropriate, more advantageous – not differently but in a new way in a new context*". Based on this general understanding the firm later introduced their core technology to other industries where the efficient removal of liquid from wet masses was a technological challenge, e.g. offal from the

slaughtering industry, and from breweries and distilleries: "*We exploit the value of our knowledge by providing innovative solutions to industries that were unaware of the potential of that knowledge.*"

The firm's success within the beet-sugar industry market lasted for several years. Then some foreign competitors entered the market. In the beginning they simply copied the firm's technology and thus avoided the development costs. However, in this initial period of competition the firm was able to master the situation, but after some time the situation changed. One particular foreign competitor developed pieces of technology which, in the judgment of important customers, were the best and least expensive available. This was a new and uncustomary situation: Our firm was no longer the actor which invariably brought the best and newest technology forward.

The new situation was the beginning of a period where the engineering firm gradually lost its market shares within the beet-sugar business. Its financial success decreased, and its brilliant image started to fade. For a number of years the firm managed to survive in this market by selling technical process equipment which in fact lagged behind the latest developments and which also was more expensive than what the competitor could offer. It took eight years before the engineering firm was able to meet the challenges effectively and stop the trend of diminishing market share, at that time reduced to 25 per cent.

Seen from the outside, there were no obvious reasons why the firm should not have been able to meet and manage the new challenges. There were well-documented data about the technical capabilities of the competitor's products as well as sales figures, and both were alarming. There were no recognizable obstacles, in a technical sense, for going ahead and doing development work which would change the situation. The competitor made use of and had improved a well-known technology that the firm originally had developed. There were also organizational opportunities to do something - in the firm's frequent and regular meetings targeted to handle development and design issues. But nothing really productive happened before the firm became reorganized and got a new top leader.

In the same time period, as the firm went from success to failure in the beet-sugar industry market, the firm held its position in the fish-meal industry market and it expanded significantly to new markets. This occurred through development, design and sale of production equipment, based on the same core technology that was used respectively in the fish-meal and in the beet-sugar industry markets. The expansion to new markets was very important for the top management's strategic paradigm, reputation and relationship to the firm's owners. During the whole period the top management had strong support from external stakeholders, and the expansion indirectly offset the firm's failure within the beet-sugar industry market.

The story emerging from the data depicts a development from success to failure. The top management did not take seriously the challenges the firm was confronting within the beet-sugar industry market and they persisted in adhering to past patterns of practice in the face of information that should have caused change. However, this finding contains pieces of evidence that point to different processes – cognitive as well as political processes. Evidence for a cognitive explanation will be addressed first.

#### **Evidence that can be attributed to a cognitive explanation of the success trap**

The story portrays a firm that in an early stage of its history developed a conception of how it could expand to new business areas through exploiting the same core technology. The actors' understanding of what kind of situation the firm faced, and what it could do in the situation, formed the top management's strategic paradigm: *“We developed a new technology for fish meal production, but we did not look at the technology as specially related to this type of production. We believed it was a general technology for removal of fat and water from wet masses of biological material, which could be used in several industries... Our vision proved to be right. Exploiting the technology led to success, and we experienced that success fostered success.”* One element in this paradigm was a notion about the firm as a knowledge broker. In the beginning the firm innovated by combining existing technologies in new ways that resulted in synergy, and later on the firm innovated by transferring knowledge from where it was known to where it was not known. Another element was a notion about the firm's technical capability. The firm was not only a

knowledge broker, but had also developed a distinctive competence in exploiting this knowledge commercially.

The strategic paradigm and long lasting success created an organizational identity, i.e. the management shared connected beliefs that became a theory of “who we are”: *“We are a ‘knowledge firm’ and our success factor is our capability to expand to new markets by exploiting the same core technology.”* The top management considered the firm as the best in the business, and it was seen as unlikely that another firm could be as good as reports indicated it to be. Hence there would be a tendency to underestimate and not take seriously factual information about technical competition and shrinking market shares in the beet-sugar business. Despite the general tendency to underestimate relevant and available critical information, the sales division for the beet-sugar business gradually realized the problems they were facing. However, the head of this division was not able to convey the knowledge to the top leader and the chief of the development department: *“Nobody in the top management could really believe what they were told”*. There would also be a tendency to perceive the problems mainly as a result of failing sales efforts: *“In the face of the miserable economic result within the beet-sugar business, the chief of the development department denied that a competitor had developed better sugar presses. He pointed to the possibility that the sales people were not as aggressive nor competent as called for.”* That is to say: The technological imperfections, which actually turned out to be the chief reason for the firm's lagging behind its competitor, were not acknowledged, while inefficient sales efforts were emphasized as the important reason. We can also

speculate that some of the development people, including the chief of the development department, had a closer attachment to the technology in use and its past achievements than people from sales divisions. To the extent that this was the case they would more easily claim that the sales efforts rather than the technological products were not up to standards. We do in fact not know from our data whether such forces were at work, but what we were told by our informants was that there was some active resistance to recognize the viewpoints conveyed by the sales division.

The case illustrates a process where the management developed an image of the firm and its environments strongly affected by success. And as success was translated into knowledge and knowledge into success, not only did capabilities increase but self-confidence did as well. The top management became more and more confident that the firm had the knowledge and skills to deal with the challenges within their domains. We do not have the full details of what this picture did look like, but at a certain point in time the changing business reality with competitive pressures were not seen as a problem and neither were the technological quality of the presses sold to the beet- sugar industry market. As a consequence, the old bold, experimental, market philosophy within the beet- sugar business faded, and this development was reinforced by the fact that customers were no longer invited to take an active part in product development. There was now a tendency for the firm to become dependent on the more conservative customers. These were not particularly interested in product development, and hence qualitative development and change were no longer encouraged from outside.

The description of the limited productive organizational learning process provides evidence for the general proposition that the success trap was an outcome of cognitive constraints. The firm's investing in a specific technology became over time an institutionalized practice. This practice became an embedded strategic paradigm and social pattern that were enacted, reproduced and entrenched through the day-to-day activities of the management in the firm's emerging growth. The actors' thinking and practices led to unawareness of "available" critical information, or to unawareness of their inability to detect and correct a problem, and in this way the success trap became a threat to cognitive capability for learning. However, in order to make sense of some empirical observations we have to introduce an additional explanation.

#### **Evidence that can be attributed to a political explanation of the success trap**

From one perspective changing interdepartmental power relations can explain the firm's lack of response to the difficulties. As the firm evolved over time, organizational size and complexity increased. Since its early entrepreneurial period the firm had grown considerably regarding employees and products. The firm had also undergone changes in formalization and in specialization, and the organization had become more production oriented. Within most of the established areas, successful actions had led to programs and formal routines for information handling and decision-making, and also to formal role specialization.

As a consequence of the growth, the firm's capacity and capability for design and development became a scarce resource. That led to competition and rivalry between the sales divisions, and the development department faced increased and conflicting demands. In this situation the departments' management had to make priorities, and these priorities were a function of the top leader's focus and attention. Projects that managed to get the top leader's focus and attention got resources to design and product development, and projects that did not get attention lost in this competition.

From another perspective also the changing power and interests of the top leader seems central to understand why the company did not respond to the market signals. When the company expanded its activities into new and various markets, the top leader became more distant from the activities related to the beet-sugar industry business. The top leader considered that business was a going concern, and he preferred to put most of his effort and attention into challenges related to entrepreneurship and development within new business areas: *"He used to be the driving force... now we had a feeling that he downgraded our business (the beet-sugar business) and distanced himself from it."* The formal responsibility for product development within established areas was delegated to those who dealt with customers. Compared to the early days, the top leader had to divide his time and attention between a number of persons and problem, and he did not pay much attention to problems that were not related to entrepreneurship and growth.

As a consequence of the formalization and specialization, the design and development department gradually had less contact with the firms' customers. The result was less experiment and risk orientation, and the actors within this department indicated less willingness to trace new opportunities. In other words, the old experiment and risk orientation had been replaced by a more conservative approach to product development. This attitude and approach had negative influence on the collaboration with the sales divisions.

The central actors in any major decision about the firm's product development were the top leader, the chief of the development department, and the head of the business area in question. This functioned well for some areas, but led to problems within the well-established beet-sugar business. Within that business the three central actors had been in the firm from the beginning. Earlier on they had been quite close to each other, but at this time they were unable to sort out their differences. Over time the social relationships had become distant, they did not communicate well any longer, and their ways of cooperating were not very productive to meet the challenges from competitive pressures.

The firm's growth and development changed the relationships, roles and rules within the top management, but the actors did not open-mindedly and critically examine the consequences of the change: *"We did not deal with interpersonal and*

*interdepartmental conflicts in a productive way.*” The problem was reinforced by the lack of a common forum where integration could take place, and where differences could be sorted out: *“In a situation with ambiguity and unresolved conflicts we lacked a common forum for the management, where conflicts could be sorted out, and where strategic implications of critical information at hand could be dealt with.”*

The analysis shows conflicts within the firm between different groups, and these conflicts indicate various commitments to the dominant strategic paradigm. *One group*, the sales division for the beet-sugar business and its managers, experienced that the firm's conception of its technological superiority vis-a-vis the competitors was outdated. Hence they wanted to improve and develop the firm's products within their own business area. However, *another group*, the top leader and the head of the development department did not share this assessment. They claimed that basically, the old paradigm was still valid, and the consequence of their view was lack of resources for new product development.

One reason for the top managers' commitment to the old paradigm was that in fact they did not want to realize that the situation had changed. They were busy in other areas, and they did not want to get involved. If they concurred with the actors from the beet-sugar business, they would have to change their priorities. In particular the development department would have to allocate resources to innovation and product development in the beet-sugar business, during a period in which they were rather

busy in adapting the firm's distinctive technology and competence to other industries. Time, attention and capability for innovation and development were scarce resources, and there was a strong competition for these resources.

Managers from the new business areas were a *third group*. These actors were not directly involved with the issues within the beet-sugar business, but through their actions they indirectly reinforced the problem. Managers from the new businesses report that they could see what happened within the beet-sugar industry market: “*I could see what happened and I had another understanding of the situation than the top managers... I think the top managers’ emotional attachment to our dominant strategy created blindness for critical information... However, I preferred to be an audience.*” Managers were audiences to the development because they had their own interests in not calling attention to the top management thinking and behavior: “*As the head of my division I had interest in not calling attention to the top leader’s priorities.*” These actors feared that an open examination of firm’s strategic paradigm could cause disadvantage for themselves. They could lose the top leader’s focus and attention, and in this way lose resources to innovation and product development within their own business areas. Therefore the actors did not engage the top managers in a dialogue about the attributions they were making about them, and they did not communicate their understanding to the head of the beet-sugar business: “*We engaged in a kind of parallel plays without coordination.*”

The case illustrates that the firm's top managers remained individually and collectively unaware of the mismatch between the firm's strategic paradigm that guided their action, and a changing pattern of external reality. The top managers persisted in a previously established pattern of thought and action, in so persisting, failed to act on what some of the firm's central members knew. We have pointed out that this finding could be given a cognitive explanation. However, a cognitive interpretation does not explain *why* central members of the firm did not want to or were unwilling to communicate and discuss their privately held knowledge.

The described success trap can be seen as an outcome of how actors try to make sense of ongoing events and process and how they try to use this knowledge, but it can also be seen as an outcome of the actors' interaction. In the first time period the actors operated as a team, i.e. they had nearly consistent identity and preferences. In the second period the actors operated as a coalition, and multiple interests and incoherence in relationships between groups of managers blocked an open, fact-based dialogue over critical issues related to business and internal priorities. The top managers' strong commitment to a strategic paradigm led to resource priorities that were beneficial for actors within new business areas, but this was not beneficial for the actors within the established beet-sugar business. The first group feared consequences of change in priorities, and they had strong interests in keeping the threatening priority issue undiscussable. And in doing so they reinforced the top management's unawareness of critical information that could have changed the firm's strategic paradigm. The top management became unaware of an existing incoherence

in policies enacted by different groups of managers and how that incoherence was connected to the strategic paradigm. The mechanism which prevented the organization from acting on what some of its members knew, was therefore not cognitive limitations but conflicting interests.

### **Conclusion**

The learning literature proposes a cognitive interpretation of the success trap: Limited productive learning is an outcome of the fact that organizations have cognitive limitations due to “finite information processing capacity” experienced by the organizational actors in the face of ambiguity, uncertainty, and conflict. In this paper we have elaborated and modified these ideas about the success trap to make sense of some empirical observations. We have presented another way of looking at the phenomenon observed, and argue that limited organizational learning might be an outcome of processes in which the learning actors have conflicting interests and identities. Power relations impact how conflicts are resolved and how much influence each actor has in terms of identifying and dealing with critical problems. During periods of success established power structures tend to be strengthened, and especially executives may benefit from associating themselves with successful policies (Miller 1994, p.326).

Productive organizational learning occurs in a context where organizational actors are linked through the exchange and open sharing of valid information, and where they have confidence and come to trust one another. In such an idealistic setting the

actors' learning might approve or disapprove organizational routines, and that might lead to modification or change of practice which is no longer efficient. This process appears quite straightforward, but is not. There are difficulties, and in this case most of the difficulties begun with the complications of transferring information from one group of actors to another group. And this problem was related to the difficulty of learning across organizational boundaries and levels. Productive organizational learning occurs through networks of collaborative ties among organizational actors, but power and conflicting interests prevented development of networks as open communication systems. The preferences embraced by some learners were inconsistent with the preferences of other learners, and these inconsistencies led to difficulties in exchanging information and cooperating among the actors, as individuals acted intelligently from their own points of view. The study thereby supports and expands Tsoukas's (1996) arguments on the firm as a distributed knowledge system, and the difficulties in managing learning under these circumstances. Another problem was the challenge of building long-term reciprocal social relationships that foster development of trust. Voluntary transfer of knowledge is an act of faith and trust, but this condition was hardly present in the context of unresolved conflicts, fear and different commitment to the organization's strategic paradigm.

The case depicts a success trap-situation where organizational actors were not only unaware of but also *unwilling* to use relevant and "available" information. This unwillingness, which prevented productive organizational learning, can be attributed

to a political explanation of the success trap. The political perspective captures intended processes behind the success trap; however, it is not an alternative but an additional perspective to a cognitive explanation. The political framework has only to a limited extent been addressed in the learning literature, and it probably deserves more attention in future research.

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