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Intertwining organisational learning and institutional settings: Evidence from organisational case studies in East German context*

*Mike Geppert***

This paper is an attempt to develop a less normative conception of organisational learning which allows for more practice-oriented research on the topic. Our research, conducted in East-German companies in the context of societal transformation, can be understood as a process of building a particular understanding of organisational learning through the use of multiple case studies. With our comparative research framework we will show how key actors and strategically dominant groups of actors socially construct the opportunities and constraints that they experience in the process of organisational learning within a context of macro-level structures previously enacted. In conclusion, we underline the benefits of the enactment perspective developed here and its use in analysing paths of organisational learning.

In diesem Artikel wird der Versuch unternommen, ein weniger normatives Verständnis von Organisationslernen, als das in vielen Publikationen zu dieser Thematik der Fall ist, zu entwickeln. Dabei wird insbesondere die Fragestellung untersucht, inwieweit die institutionelle Einbettung von ostdeutschen Unternehmen die Ausrichtung und den Verlauf organisationalen Lernens beeinflusst. Die vergleichende Fallstudiennalyse hat gezeigt, daß die Akteure und Akteursgruppen ihre Lernmöglichkeiten und auch -barrieren im Prozeß interaktiven Lernens selbst sozial konstruieren. In diesem Sinne wird abschließend vorgeschlagen, daß künftige Untersuchungen zu diesem Thema auf institutionell vermittelte und damit eher verschiedenartige Pfade organisatorischen Lernens fokussieren sollten.

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Introduction

This paper suggests a combination of the arguments of two seemingly different academic research approaches: organisational learning concepts and neo-institutionalist ideas. Whereas the first approach stresses organisational learning as a chance to create more human, participative and emancipatory work forms in modern organisations, neo-institutionalism emphasises that the chances for such forms of organisational learning are limited in typical organisations because institutional structures and frameworks within capitalist societies are constraining.

Both conceptually as well as empirically we introduce a particular analytical perspective, the enactment concept, to study learning in and of organisations as interactive processes. We want to stress the social embeddedness of organisational learning and thus consider how actors and groups of actors actually learn in practice. Our research can be understood as a process of building understanding of organisational learning through the use of multiple case studies¹.

We developed a research design which gives a detailed insight into micro-level organisational learning processes and their macro-level consequences in a transforming society. The study of three East German enterprises shows how organisational learning processes and institutional settings have been intertwined. Thus, our research provides both a better understanding about institutional tensions as well as the differences in the structuration (Giddens, 1984) of cultural systems emerging in the process of organisational learning.

The neglect of institutions in mainstream theories of organisational learning

Organisational learning and more recently the ‘Learning Organisation’ seem to be buzzwords in the current debate about management education, knowledge management or organisational change. Journals, readers and conferences about this topic are in fashion. So, it is unremarkable that more and more consultancy firms are discovering managerial and organisational learning as new business areas now. However, even in the more serious areas of organisation theory these topics have lost their rather eccentric outsider positions and became central themes. Thus, Miner and Mezias (1996: 88) have succinctly pointed out that organisational learning is an ‘ugly ducking no more’.

In the mainstream discussion about organisational learning two distinct scientific communities has been established; the first is largely made up by

¹ At this point I have to acknowledge Arndt Sorge and John Child who strongly encouraged me to undertake this endeavour.

academics, while the second consists more of practitioners such as consultants and human resource managers (Easterby-Smith et. al., 1998). However, despite the differences in interests, there seems to be a kind of common ground about the meaning of organisational learning in both camps:

1. The argumentation has the functional bias that because the external environment is becoming increasingly unstable and less predictable, organisations cannot just improve established ways of learning, but must develop new forms of learning. The organisation's success in the past is seen as a learning barrier in the future (Argyris, 1992a; Senge, 1990, et al.).

2. The discourse is largely normative, because radical forms of organisational learning such as double-loop or deuterio-learning are seen as the key for enterprises to deal with the new challenges of the external environment (markets, technological change, etc.). Thus, these forms of learning are positively valued as a kind of 'liberation management' method (Argyris, 1992a; Field & Ford, 1995; Peters, 1994, et al.).

In other words, the main task of the 'Learning Organisation' is seen in developing radical forms of learning. In the centre is the voluntary creation of revolutionary organisational change processes that do not just transform organisational structures, rules and technical systems, but the organisation's deeply grounded culture. In this sense the 'Learning Organisation' is understood as the opposite of the traditional Weberian model of bureaucratic organisation: with rather decentral forms of learning, less hierarchical networking relations, broad skilling and training. The development and implementation of ground-breaking transformations in organisational culture is seen as a task of intervention researchers who guide, advise and educate local management in fostering double-loop learning modes and developing learning organisations. The idea is that intervention researchers enable local managers to discover and overcome intra-organisational learning barriers, become change managers and, thus, take over the leadership of the learning organisation (Argyris 1992b; Garrat 1987; Senge 1990, et al.). In this sense, Argyris sees the task of an 'interventionist (in) seeking to help members of client systems to reflect the world they create and learn to change it in ways more congruent with the values and theories they espouse' (1992c: 220).

One can draw two lessons from this understanding of organisational learning: First, intervention research is a voluntaristic model that implies that individuals in organisations can be helped to learn more effectively and also humanely. Second, the quotation is based on the idea that more congruence between the two forms of theories of action, between 'espoused theories' and 'theories-in-use', will lead to more productive learning results (Argyris, 1992c).

The particular problem of these learning models is, despite their humanitarian claims, their neglect of social and societal context where learning processes in

and of organisations take place. Instead, there is a kind of idealism that more radical forms of organisational learning are the best solution to deal with the challenges of turbulent technological and market changes.

It can be concluded that the cardinal weakness in the debate about organisational learning is the neglect and misinterpretation of the role of institutions within the process of organisational learning. Either institutions are seen as inward looking learning barriers that hinder radical change² or they are just ignored, especially the characteristics of the institutional settings beyond the intra-firm level.

Bringing institutions back in: neo-institutionalist scepticism of the idea of radical organisational learning

The most prominent stream in current organisation theory which discusses the relationship between organisational learning and institutions is neo-institutionalism. Contrary to mainstream research in organisational learning, which has a rather limited technical and economic perspective on organisational environment, neo-institutionalist scholars are 'bringing society back in' (Friedland & Alford 1991; et al.) by stressing the importance of institutional environments to understanding the behaviour of organisations.

The change of interests in organisational analysis from technical and market requirements to institutions has an important impact on how leading neo-institutionalist scholars, such as DiMaggio and Powell (1991a and 1991b), Meyer and Rowan (1992), Scott (1995a and 1995b), et al., understand the idea of intra-organisational learning. The neo-institutionalist conceptions of organisation and action are quite different from assumptions prevailing in organisational learning approaches. Organisations are not seen as technical artefacts or as constructs of more or less rational decisions, but as institutionally constituted. Contrary to the mainstream view on organisational learning, it is not the development of reflective modes of acting and learning that is at the centre of the analysis, but the ways in which routinised organisational practices occur and the reasons behind their emergence. Thus, the focus of research has moved away from the question of how far incremental or radical learning approaches fit better with challenges of new markets and technologies to the problem of adopting and imitating certain social practices.

In this sense, organisational learning appears to be a process of adopting and imitation which is expected to improve the social legitimacy of an organisation in a specific organisational field. Indeed, the explanation of organisational learning is not limited to a single organisation in which individuals learn, or in

² In this sense institutionalised deeper structures disturb the positive outcome of double-loop learning.

which the organisation learns as a system. Instead, learning is seen as an interorganisational phenomenon. Organisational fields are conceived of as specific sectors in a society that are constituted of similar organisations. In this sense it is assumed that organisational learning in and between organisations leads to the emergence of a shared cognition, and as common rules and ideologies. The so-called institutional isomorphism appears as a process where organisations increasingly adopt similar strategies in an 'organisational field', and therefore converge in terms of both their structure and their culture (DiMaggio & Powell, 1991b: pp. 63-82). Imitation of other organisations and the adoption of legitimised social practices are seen as effective for organisations because it allows them to win increased acceptance by other organisations and societal bodies. As such it can contribute to the improvement of their reputation and make it more feasible to gain support from public and private sponsors.

Organisational learning as social practice

As we have seen above, both the micro-perspective of mainstream organisational learning theory as well as the macro-perspective of neo-institutionalists about the relationship between institutions and organisational learning, has been unable to comprehend the dynamic relationship between institutional settings in transitional societies and the processes of learning in post-socialist companies. Both perspectives, interventionist learning theory and the neo-institutionalist perspective, suffer from overestimation either of individual voluntarism or of the convergence of the organisational forms into institutional arrangements of society:

Whilst students of organisational learning stress the active role of individuals to improve the conditions for learning, for neo-institutionalism passive reaction and conformity to institutionalised environments is considered to be the foremost form of learning. Arguments on both sides overstate their contribution to the understanding of organisational learning at the expense of the other, because they fail to understand the social character of the ongoing process of organisational learning.

This leads us to the concept of enactment developed by Weick (1995). His view is very close to Granovetter's (1992) idea of social embeddedness because it rejects the inherent assumption of organisational learning research and neo-institutionalism that the environment, be it defined in technical or institutional

terms, determines how actors in organisations learn³. The enactment perspective can rather be seen as an intermediary position which combines radical ideas of the interventionists with the sceptical ideas of the neo-institutionalists.

The essence of the enactment perspective is on interactions of various actors and groups of actors, inside and outside the organisation. In this sense, the focus of research moves from seeing actors as therapists or rule-followers to viewing them as practitioners. At the centre of our research is the practice of learning; how actors socially construct their environment through various intra-organisational and interorganisational interactions. Thus, compared to intervention research and neo-institutionalism, the focus of analysis moves from questions of how internal learning barriers or disabilities can be overcome or how organisations respond to social influences, to the practice of social learning (See table 1!).

The enactment concept understands organisational environments differently. On the one hand the deterministic argumentation that organisations must adapt to social influences, which is common to neo-institutionalist approaches, is avoided. On the other hand, the enactment concept is different from the intervention research perspective which explains environments as something which can more or less be perceived perfectly. As we have seen, this refers to the individuals' ability to avoid the errors and improve the correctness of their perceptions. However, in spite of the conceptual differences, both views stress the importance of outside influences, either technical/economic or institutional, as being responsible for the outcome of learning processes. From an enactment perspective, organisational environments cannot be separated from the process of organising. It is assumed that actors in organisations 'enact' their environments (Weick, 1995). This idea combines both the assumptions of interventionists about the consequential role of actors to develop broader prospects for future learning, as well as the arguments of neo-institutionalism that organisations are not closed systems, but that institutions bring society back into the organisational context. Enacted environments are understood as entities which are actively created by members of organisations. They can select, decide and influence what belongs to their organisation (Czarniawska-Joerges, 1996; Orton, 1996; Weick, 1995).

³ The basic ideas of both views fit with the distinction between an undersocialised and an oversocialised conception of social action in sociology and economics (Granovetter, 1992). The undersocialised conception of organisational learning of interventionists, and the oversocialised interpretation of neo-institutionalism, are based on a rather static and mechanical view about the relation between organisations and their external environment, about the interdependence of structure and action, as well as about the role of social context.

Through the redefinition of the role of actors and the introduction of the idea of enacted conception of environments, the concept of organisation has to be reconsidered. The idea that organisations are socially constructed is different from seeing organisations as an information-processing system that enables individuals to perceive their environments more or less correctly. Nor can organisations be directly influenced through external institutions. The focus of analysis thus cannot be reduced to the question of common organisational learning research, namely how individuals overcome learning barriers and disabilities in organisations. Equally lacking is the neo-institutionalists emphasis that learning through adoption and imitation is a consequence of the institutional environment. From an enactment perspective, organisations cannot simply be characterised accordingly to more or less accurate organisational designing principles or how ideas, rules and routines are adopted in response to their institutional environments, but as should be viewed as a ‘community of practice’ constructed through social relations (Gherardi et al., pp. 275-279). This view has consequences for the conception of organisational learning. It can neither be reduced to the successful improvement of individual cognition and information-processing capacities of the whole system, nor to the extent of adoption and imitation for the purpose of increasing the organisation’s social legitimacy. Rather, organisational learning as a social practice occurs through interaction and participation in social relations, inside and outside of the organisation.

Table 1

	Organisational Learning	Neo-Institutionalism	Enactment concept
Theories of actors □	Individuals are designers and therapists.	Actors are rule-followers.	<i>Actors are practitioners.</i>
Theories of organisation □	Organisations are information-processing systems.	Organisations are constituted by institutionalised rules of the society.	<i>Organisations are socially constructed.</i>
Theory of environment □	Concept of technical environments	Concept of institutional environments	<i>Concept of enacted environments</i>

Theory of organisational learning □	Learning occurs through individual learning and learning of the whole system	Learning occurs through adoption and imitation	<i>Learning occurs through social interaction and social engagement</i>
--------------------------------------------	------------------------------------------------------------------------------	------------------------------------------------	-------------------------------------------------------------------------

Thus, we can summarise that the enactment concept allows for the explanation of how organisational learning processes at the micro-level are linked with institutional change at the macro-level of society. However, different to mainstream organisational learning approaches and neo-institutionalism the macro-level institutions are not seen as distinct from the interactionist learning processes. In our view the institutional constraints and choices emerging from within the process of organisational learning are understood as socially constructed through social interactions and engagement.

Empirical background and analytical concepts

In the discussion about the social and economic transition in Central and Eastern Europe, the changes in the institutional context⁴ are closely linked to the transformation of work systems and organisation. Thus, institutional change produces various ‘triggers’ for organisational learning in former state-owned companies. In this sense Merkens et al. (2000) argued that even when radical changes in former state-socialist countries triggered organisational learning generally from outside the organisation, the speed, direction, and the results of organisational learning must be understood rather as an interactionist process where structuralist (change of structures) and constructivist learning (change of behaviour) come together (ibid.).

Consequently, the empirical background of social and economic transition in Central and Eastern Europe seems to be ideal for our particular interest in how institutions affect organisational learning and vice versa. Thus we agree with Weick (1985), that one can obviously learn more about the significance of institutions and culture in organisations when the daily routines break down (p.386); and this might be happening with differences in time scale and intensity in most of the former state-owned firms in this historically unique time of societal transition.

However, we are not looking for general features of organisational learning in the social and economic transformation of former East German firms, the empirical background of this study. Our thesis is that societal change as a

⁴ According to Whitley (1995, p. 13-19) institutional change in former state socialist societies in Eastern Europe comprises: 1. privatisation of state-owned enterprises, 2. an emerging lack of an indigenous class of capitalists, 3. an emerging lack of intermediary institutions, 4. the remaining central role of the state in the transforming process of these societies.

whole, such as has occurred in the former GDR or in Central and Eastern Europe, does not directly influence how and why certain organisational learning forms appear. Rather, the macro perspective of societal change has to be related to the actual practice of organisational learning in a specific social context. Thus, we are interested in understanding how certain social and economic conditions influence the learning opportunities in an organisation, and, vice versa.

Although we used structural features, such as the origins of the organisation, products and services, product differentiation and manufacturing type, to describe the specific differences in learning situations, we want again to stress that the focus of this project is the analysis of organisational learning as a social process (See table 2!). Strictly speaking, our interest is in understanding those events that give the process of organisational learning direction and meaning. Once organisational actors start to make commitments (Weick, 1993) or strategic choices (Child, 1972 and 1997) they lay down the constraints and opportunities they face when they are learning. In this respect we agree with Weick (*ibid.*) when he emphasises that small events, such as the decision to stay within an established market niche, can have large consequences for the emerging organisational possibilities. Subsequently, we want to find out how specific starting conditions such as whether actors can refer back to traditional markets or not, whether they persist within or change their manufacturing type, whether they develop customised products or are just starting to search for or create new markets, influence the ways in which organisational actors actually learn.

Research design: Building theories from case study research

The discussion above can be summarised as an attempt to criticise established theory of organisational learning and institutional analysis. As we have seen, in both concepts the dialectic between organisational learning is neglected. However, the developed enactment perspective should be seen as an attempt at theory building. In this sense, our comparative case study research will show what can be gained from such an interactionist framework. In line with Eisenhardt (1989 and 1991), we want to show that multiple case studies can be used as powerful tool to create novel conceptual insights.

Table 2 shows that we have selected quite different case studies, from a supplier in the automobile market to a profit centre in the tool-making industry to a platform organisation in the job creation sector, to explain the dialectic relationship between institutional settings.

The selection of the three case studies was based on two principal assumptions: Firstly, we decided to select firms with a broad variety in their institutional embeddedness at the macro-structural level. Our presumption was that what

people learn, how they learn with each other and what this means for their prospects of further learning is influenced by the institutions which constitute and are constituted by a particular ‘community of practice’ (Gherardi et al., pp. 275-279). In this sense, we searched for organisations which are socially embedded in quite distinct communities of practice for the purpose of analysing and comparing how interactive learning processes are represented differently in the local cultural systems. Secondly, we decided to select firms which have implemented reorganisation strategies or have announced plans to do so. In such firms organisational learning could be expected to play a critical role⁵.

Table 2

Key characteristics	CASE STUDY: SUP	CASE STUDY: TOOL	CASE STUDY: CREAT
Key organisational tasks □	Assembly of standard price-competitive products	Creation and production of customised quality products	Job projects and spin-offs of small businesses
Construction of the organisational system	Highly-structured manufacturing	Medium-structured profit centre organisation	Low-structured platform organisation
Focus of organisational learning □	The implementation of effective organisational design principles	The development of customer-specific organisational forms	The development of employment projects

At the same time, local managers of these firms seemed interested in learning more about their own strategies such as introducing new management ideas in form of ‘Team orientated Production’ (TOP) or ‘Continuous Improvement Process’ (CIP) in SUP, the creation of profit centre structures in TOOL or the development of job creation projects in CREAT. Even when the interests of management in some kind of action research were rather diffuse, their focus on this issue helped to create a relatively open research environment.

⁵ With respect to questions, which have occasionally raised about how the selection of the cases influenced my research and whether the number of case studies is sufficient, I want again to refer to Eisenhardt's (1991) idea of using case studies for theory building: ‘the concern is not whether two cases are better than one or four better than three. Rather the appropriate number of cases depends upon how much is known and how much new information is likely to be learned from incremental cases...’ (p. 622).

Each firm belongs to a quite distinct community of practice with different resources, social competencies, rules and routines. SUP represents an established international supplier of car headlights in the automobile market. TOOL represents an established producer of tools and machine tools, which was transformed into profit centre organisation and is in search of a market niche. CREAT represents a newly founded job creation centre, which had just started spinning-off new business activities and developing projects to establish long-term employment prospects through public sponsorship.

Our question is how these quite different starting conditions in each community of practice (here characterised by key organisational tasks, social construction of the organisational system, and the focus on organisational learning and employment development) influenced the opportunities and constraints which emerged when actors and groups of actors learned from and together with each other. Each of the above mentioned characteristics draws our attention to three quite distinct organisational domains with specific interaction, work and organising patterns which are the subjects of our analysis.

Contrary to the single-case study methods, primarily used by the leading scholars in the organisational learning literature to illustrate their normative learning models, we not only developed a multiple-case study research design, but actually carried out longitudinal case studies by having regularly visited all three firms over a period of approximately 2 years. The first contact to the field was 1993 when we started our intensive research in TOOL. We concluded intensive field research in 1996 in SUP.

For the prementioned purposes, our comparative case study research is mainly based on qualitative research methods such as open and semi-structured narrative interviews, analysis of documentation, group discussion and participant observation. We examined a broad number of interviewees (key players) in each firm, some of them several times.

Intertwining organisational learning and institutional settings

In this section we want to describe the interdependence between social context and organisational learning. We will emphasise the dialectics of institutional tensions emerging in the observed organisational learning processes and differences in the social construction of cultural systems that appeared to be central to understanding the relationship between organisational learning processes and institutionalisation such as:

- tensions between traditional and novel tasks (old and new)
- tension between intended and non-intended forms of organisational learning (theory and practice)

- differences in the awareness of the cultural systems (conformity and diversity)
- differences in the structuration of the cultural systems (imitation and creation).

The tension between traditional and novel tasks

The tension between traditional and new tasks in institution building does not only influence how organisations learn, but also how they forget. Moreover, it seems to be the case that the openness to new tasks is more related to ignoring the established organisational knowledge base rather than improving it. In the conventional literature these aspects are often discussed as a problem of ‘unlearning’; it is assumed that the learning of novel tasks requires unlearning (Hedberg, 1981; et al.).

In the comparison of our three case studies we have seen that the openness for novel tasks cannot be compared with an intentional discovery process. Instead the emergence of more open learning approaches and the forgetting of established ways of thinking and acting are driven by the dialectic between the decline of established institutional arrangements and the building of new ones. In this sense, organisational learning cannot be understood as a cumulative process, which delivers more detailed information about a certain problem and increases the organisation’s knowledge base. Equally, ‘unlearning’ cannot be understood as deleting a certain amount of past learned behaviour in order to increase the firm’s flexibility. We have seen that only knowledge which is institutionally supported is developed further and refined as in the case of SUP, and that the decline of institutional stability influenced the processes of forgetting as in the cases of TOOL and CREAT (Douglas, 1991; Johnson, 1992). In the case SUP, the reorganisation process was seen traditionally as the improvement of the firm’s technical core and its functions. In this sense, the implementation of teamwork was not understood as a process that gives more space for direct participation and self-organisation, but as an attempt to optimise production processes. In SUP, forgetting played a functional role in the management’s attempts to optimise the production process in order to increase competition within the established organisational domain. Functions and departments which did not directly contribute to the manufacturing task were closed. The remaining activities within the firm were focused on the ‘continuous improvement’ of the production task. In the other two firms, the decline of established institutional settings, the ambiguity about the future ownership of the firm and the market situation did not support the development of more systematic forms of forgetting, but led to the development of forgetting patterns which Johnson has called ‘creative forgetting’ (1992: 29-30). With ‘creative forgetting’ the author implies that institutional forgetting can be reasonably proactive. Learning and forgetting can, as in SUP, be directed along

the established technological trajectories or it can be more orientated to develop and do different things as in the case of CREAT. In this enterprise the decline of traditional institutional arrangements did lead to more radical learning attempts, which not only led to the forgetting of past learned habits and routines, but also involved, more than in the other two case studies, a certain ignorance about the risks at stake and the ambivalence of the output. In TOOL, the ties between traditional and novel tasks are closer than in CREAT, but, contrary to SUP, the search for new market segments involved forgetting and more radical learning approaches. The loss of traditional user-producer-relations led to the recombination of established work routines and the creation of new customer relations.

Contrary to common arguments about learning organisations and their improved capabilities to develop systems thinking (Senge, 1990) or their well-directed interventions that seek to uncover and defeat internal learning barriers (Argyris & Schön, 1996), processes of ignoring and forgetting appear to deal with institutional dynamics and its ambiguities. In SUP, we have seen that the actors tried to avoid interruptions and failures in order to improve the established routines and procedures. But in the other two case studies, the actors learned to deal with the discontinuities of the institutional environment. Especially in the case of CREAT, organisational learning was not guided by elaborated learning recipes to regulate the avoidance of failures and interruptions as was the case in SUP. The openness to such novel tasks as the realisation of uncertain project ideas required the company to ignore, to a certain degree, the risks and failures that could well be faced during the realisation of the project.

It can be concluded that organisational learning processes that are developed in tension to the traditional task environment have less to do with continuous perfection of the organisation's knowledge base or the development of accurate goals for learning, than with the 'art of ignoring' (Kühl, 2000; Luhmann, 1999). Moreover, the comparison of the case studies showed that the 'creative forgetting' of traditional modes of organising and openness for novel tasks is not a question of improving reflexive learning modes (Senge, 1990) or of improving the speed of organisational learning (Wildemann, 1996), but of practising learning.

The tension between intended and non-intended forms of organisational learning

The dialectical relationship between intentional and non-intentional organisational learning can be conceived of in terms of the metaphor of a game. Gehlen distinguishes two kinds of learning games (1986: 205ff.). The first type, so-called 'polyphone games', lack both an obvious goal as well as a clear intention. People play such 'amusing' games just for the purpose of having fun and entertainment. More serious purposes of such games at best develop at a

later stage of the organisational development. The second type of games becomes more structured and serious over time. They are played with quite specific goals in mind. Such games take place in the context of stricter rules of the sort that characterise chess games or soccer matches. However, compared with 'polyphone games', the new quality of these more institutionalised games is not just their seriousness, but the increasing regularity and homogeneity of the learning process between the players of the game.

Comparing the organisational development in our three case studies, we found that games were most institutionalised in SUP. Games in CREAT, on the other hand, exhibited the lowest degree of institutionalisation, with TOOL occupying a position somewhere in between these two extremes. The more institutionalised a game was, the more specified its goals became and the more detailed its rules were.

The discussion showed that all attempts to increase efficiency, such as technological perfection in the case of SUP or cost awareness in the case of TOOL, led to the disappearance of creative learning modes and to the decline of spontaneous co-operation. It also became evident that the lower degree of intended learning approaches in CREAT (to a lesser extent also in TOOL) appeared to be useful for creative learning and for openness towards novel tasks. In contrast to the conventional debate about organisational learning, which is concerned about the limitations of institutions in terms of deuterolearning or neglects it altogether, one can argue that those institutional arrangements that are not created for economic reasons are beneficial to the emergence of creative learning modes. In reference to Streeck (1997), one can argue that emerging side effects, which differ from intended learning modes, are the prerequisites for creativity and further learning.

In this sense, we can conclude that 'polyphone games' as described by Gehlen (1986) are always in danger of losing their openness and creative character. Even in CREAT the more playful character of projects changed when goals became more closed and focused upon more specific outcomes. Organisational arrangements became more functional and came to be characterised by settled rules and work routines. However, what makes the case study CREAT different from the more structured learning processes in SUP, is that learning goals were less precisely defined beforehand and that they were often acknowledged by the actors retrospectively. Learning processes in CREAT were more pragmatically driven by sub-optimal solutions than by the search for accurate designing principles for a single problem.

In brief, the perfection of internal designing principles are, in contrast to the postulates of the conventional organisational learning debate, not important for the development of more open organisational learning processes. This appears to be a dilemma for organisations to understand how less structured creative forms of learning can be developed and maintained. Weick and Westley (1996:

440-458) use the ‘oxymoron’ metaphor to provide more understanding of this problem. For them organising and learning are essentially antithetical processes, because they see learning as a process of disorganising and increasing variety, and organising as a detached process and reducing variety.

Differences in the awareness of the cultural systems

Scholars such as DiMaggio and Powell (1991a and 1991b), Meyer and Rowan (1992), et al. describe institutional environments as relatively abstract, monolithic and compelling systems. However, our comparative case study research has shown that the degree to which actors saw their internal and external environment as a given reality differed greatly in each of the three case studies. Societal transition and ‘external triggers’ of institutional change (Merkens et al., 2000) have not affected all three companies in the same way after the wall came down. However, the question now is how can we explain all these differences at the micro-level of organisational learning. The conclusion reached by this study is that the micro-macro problem reveals the significance of local cultural systems. The systematic comparison of the empirical findings has provided evidence in favour of Weick’s thesis, that in the practice of learning, people are most likely to notice the cultural dimension of their institutions when their daily routines break down (1985: 386). Moreover, we have criticised the ideal of continuous learning organisations and demonstrated that occasions for more open organisational learning processes were more likely to appear in crisis situations when established modes of organising became ambiguous. However, even in such situations, traditional ways of thinking were not simply abandoned, nor was it the novelty of the new situation alone that caused organisational learning processes to become more open. Instead, our comparison has shown that the actors in the case studies of TOOL and CREAT became more aware of their organisational culture and thus learned more actively. This does not indicate that the actors in SUP have not learned, but rather that, in contrast to the other two case studies, most of the people in SUP learned more repetitively and did what they always had done. In contrast to the other two case studies, the concentration on the failure-free and continuous learning circles hindered actors in becoming more aware and thinking about alternatives to their traditional ways of thinking and producing. This shows that the degree of awareness of culture or the extent to which institutions were taken for granted varied greatly in each case study. In this sense we agree with neo-institutionalism that the institutions incorporated in the heads of actors as cognitive frames influence organisational behaviour (DiMaggio & Powell, 1991a; Scott, 1995a). However, what the authors neglect to discuss is that the degree of institutionalisation between organisational forms can differ greatly, even when they belong to the same population or organisational field.

We have noticed that actors in organisations which see their internal and external environment as less changeable than really is the case, fit better into the

context of the arguments made by neo-institutionalists, who stress that extra-organisational institutions such as national or branch cultures influence the processes of organising. However, whether and which part of these ideological patterns are interpreted as being given cannot be predetermined as in the case of macro-institutional approaches. In highly structured cultural systems, how actors interpret organisational design, technology or potential customers seems to be significantly linked to how an organisation conforms to institutional expectations of relevant interest groups as seen in the case study of SUP. However, the increase in cultural diversity stimulated through the co-existence of different organisational forms led to less conformity and more adaptive learning forms. This refers closely to the idea of Weick that perfect adaptation would exclude adaptability and with this more open forms of organisational learning (1995: 265).

Differences in the structuration of the cultural systems

Even when the context of social and economic transformation can be understood as conditions or "*triggers*" that initiate organisational change, we have seen that how organisations transform can be quite different because of the way in which actors structure their local cultural system (Geppert & Merkens, 1999; Merkens et al., 2000). As we have demonstrated, based upon our systematic comparison of the empirical findings, when actors are strongly committed to their past experiences and traditional ways of thinking, the openness of organisational learning is underdeveloped.

Despite such structural triggers as the shift of ownership or the decline of established markets in Eastern Europe resulting from institutional change at the macro-level of society, in SUP traditional forms of learning survived. Here it is evident that the commitment to and justification of traditional organisational design had significant consequences for how the firm enacted their internal and external environment. Through concentration on planning and the perfection of organisational design principles etc., the 'map became the territory' for SUP (Weick 1995: 355-358). Thus we saw that highly institutionalised or structured cultural systems created a sort of collective senselessness or ignorance which hindered their ability to learn from their present actions. At one point, actors began to take their ways of organising and even their enduring economic success on the car supplier market for granted. Because of the focus on their past experiences, new management concepts such as 'team work' or 'continuous improvement' were seen merely as instruments to improve the accomplishment of traditional tasks. There seemed to be no alternative to the traditional production systems and markets. However, this TINA ("There Is No Alternative") effect was less evident in the other two case studies. Here the structural triggers were interpreted differently, although not voluntarily so. In firms TOOL and CREAT, the actors discredited their old causal maps (Weick 1995: 355-358) and with it the structuration of their cultural systems. However,

unlike in the case of SUP, the change of formal structures in the other two companies had greater consequences, because learning processes involved the transformation of established ways of interpreting and making sense of things. However, the main difference between the case studies TOOL and CREAT became evident in the degree to which each firm started to act as a newcomer. Despite the fact that TOOL became a new competitor in the local market, it was no real newcomer; unlike CREAT, the transformation of the cultural system was quite moderate in order to meet the new demands of a more customer-oriented production. The discrediting of the established cause map was basically less marked than in CREAT, where the actors were actual newcomers with no established route by which to gain access to future markets. While the other two firms had fewer problems in justifying their business activities or the existence of their firms because of their established status as professional production firm and because powerful interest groups more or less supported their business activities, in the case of CREAT, actors had just begun their search for potential interest groups and had more difficulties in convincing these groups of their loyalty. These less structured commitments and the ongoing problems in justifying job creation projects and commercial activities led to emergence of a much more weakly structured cultural system.

In line with neo-institutionalism, we have explained the central role of legitimacy for organisational behaviour, an aspect which is completely neglected in the mainstream studies about organisational learning. Yet, unlike neo-institutionalism, we have shown that not only is legitimacy important, but even more so its meaning and how it is created, and that this, as we have examined, differs according to the degree to which organisational learning processes have been institutionalised. We agree with neo-institutionalists that the adoption or imitation of institutionally legitimised formal structures is one way to improve the image of an organisation. Especially for developmental entrepreneurial ventures and projects in CREAT it was important to develop strategies to achieve a wider reputation and to document the organisation's professionalism and accountability. However, what neo-institutionalist approaches fail to address is that the degree to which these commitments and justifications are directed can be quite different. In this sense it can be concluded that less structured cultural systems, such as projects, seem to be better suited for dealing with uncommon and novel situations than highly structured and well-established organisational forms.

Conclusions

The main empirical finding of the systematic comparison of our three case studies is that institutional inertia and creative learning cannot be discussed separately from each other. Contrary to the basic assumptions in the debate about organisational learning, even more radical learning approaches in the

cases of TOOL and CREAT were institutionally intensive. Thus institutional settings and the observed forms of learning are interdependent. In line with Weick (1993), we see organisational learning as ‘micro-events with large consequences’ on the level of (macro-level) institutional settings. Thus, we criticised the fascination with the universal behavioural model of organisational learning and suggest instead the search for paths of organisational learning which can be more or less open to novel tasks, to creative acting and even to radical organisational change (Geppert, 1996).

We have seen that the development of organisational knowledge in our three East-German companies has been interdependently linked with institutional settings which changed or stabilised in the ongoing processes of learning. Thus, organisational learning cannot be explained just in reference to organisational design principles that more or less closely correspond with the ideal of the learning or holographic organisation (Morgan, 1986: 77-109). Rather, there seems to be different extents to which the goals for organisational learning are internally or externally generated. This, again, has implications for the emergence of more creative forms of interacting, where original goals of learning might change and novel possibilities for learning might appear.

Insofar, organisational learning can be understood as ‘pervasive learning’, which can be characterised as institutionally intensive, in bringing forth distinct (or new) institutional settings that are continuously linked with previous dispositions and developing them into new manifestations⁶. The openness or closeness of such pervasive learning paths can be contrasted through analysing the ongoing dialectic of stability and change in the deeper institutionalised structures.

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⁶ This apposite term I adopted from Arndt Sorge, who used it in one of his thoughtful comments on my research.

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