Learning How to Govern and Solve Problems: On the Co-evolution of Competences, Conflicts and Organisational Routines

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Presentation Summary

1. Introduction
2. Proposition
3. Example
4. Conclusion
Introduction

• Given the same constraints, different corporations produce different results and growths.
• The difference is even more pronounced when compared across countries
• Note that:
  1. Firms also differ in characters and behaviours
  2. ‘Superior’ organisational forms diffuse very slowly within industries and across national borders
• Origins and role of different organisational routines affect growth and sustainability of corporations
• Knowledge within firms are embedded in their routines and modified through time. The collective property of routines are called competences
• Organisational routines have double roles, in terms of:-
  i. Cognitive (problem solving)
  ii. Governance
• Competences affect the efficiency that a firm displays and also govern internal relationship.
• Structures and strategies reflect country-specific characteristics and are persistence and inertial
• This makes each organisation quite differentiated, and sub optimal in their ability to seize opportunities.

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Propositions regarding organizational learning

- Knowledge is embodied in organisations which reproduce and augment it via procedures and routines
- Behavioural discretion is very high. Learning or selection are not likely to induce any equilibrium behaviour.
- Technological and organisational learning within each firm is to a good extent local and path dependent.
- Firms embody inertial competences, decision rules and internal governance structures which co-evolve with the environment in the long run

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Old Production model

- Productivity = \( \frac{\text{Output}}{\text{Input}} \)
- Organisational Black Box
- Only the contractors know the methods of production
- Risk of soldiering
  - Incentive structure
  - “Scientific Management”

“Time and Motion Studies”/Taylorism

- A method created to determine the ‘correct time’ and “motion” it takes to complete a certain task
- Establishment of department of planning
  - Analysis/Fragmentation/Allocation of tasks
  - Break labour down into components parts to improve efficiency
  - Establishes the coordinating procedures
- Transfer of knowledge from individual worker to company (embedded in routines)
- Focused on specialization of labour (internal governance)
  - Managers think, Workers work
Pros and Cons of Taylorism

- Increasing fragmentation of tasks proved to be conducive to efficient manufacturing of high volume
- Low cost products

- Ignored the human factor - saw man as an isolated and totally rational economic being and not as a social being and part of a group in the work place.
- Less suitable for high quality products

Fordism

- Based on the Taylorism
- Introduction of the five-dollar day (incentives)
  - Above market wages
  - Validated the efficiency-wage theorists
  - With the pay rise, the employees bought a Ford
- Predetermined speed of conveyors along the assembly line to control the working pace of their employees
- Systematic screening and testing of workers
“Just in time”/ Ohnism

• After WWII, Japan was forced to find ways to achieve productivity gains
• Just producing what can actually be sold rather than stocking and expecting of future sales
• To reshape the distribution of knowledge away from variegated groups of highly skilled workers
• Principle of ‘auto-activation’
  ✓ Multiplicity skills of each worker
  ✓ Autonomy of decision making
  ✓ Patterns of coordination between production tasks from inputs to outputs
• A base salary, Individual bonuses and Collective performance bonuses

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• Based on the two examples, skills and knowledge are embedded in organisational routines.
• Internal governance structure is influenced by the environment where the company resides.
• In the long run, new competences will influence the evolvement of organisation structure.

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