

In This Issue

Tremblay's 'Assets of the Learning Firm'

In the first paper, Pascal Tremblay of the University of Woolagong, Australia, analyses the strategic variable of embedded organizational knowledge. It is no longer enough for managers to consider production and transaction costs, they must also understand the ways that organizations use their resources in order to re-create themselves, to change their own functioning, to restructure their own social relations and create new knowledge.

According to Pascal, the various economic theories of the learning 'firm' are now converging, in a synergistic manner. Evolutionary economics characterises firms in terms of their distinctive learned competencies. The transaction cost perspective sees such entities managing their own learning by modifying their boundaries. Much learning takes place in informal networks which transcend the more apparent boundaries. A third perspective then sees strategic entities as *investing in interpretation codes*. These promote the production of new knowledge and protect it from misappropriation. Strategic entities therefore confront an *optimal learning problem* in balancing multiple forms of learning, as well as an *optimal sheltering problem* of whether to hoard or share new knowledge. For example, if I acquire your knowledge you have not lost it. It may be worth less in a sense, but the very nature of wealth and 'worth' are also now changing. Put differently, what is the proper scope of learning and education in a dangerously ignorant world?

Katz's Cultural Change and Telecom

Choices 'made in the USA' are still amongst its major exports, especially choices involving programs of cultural change in major corporations. In Europe and Australasia, following the USA's lead,

a great many Telecom employees are being asked to change their practices, their purposes, their social relationships and even their language and understanding. Depending on the context, this is either the ultimate in learning and empowerment, or the ultimate in hegemony and subordination.

Three forces are driving cultural change in all TC entities. The products and services, the macro-environment and the leadership have all changed. In the past, corporate autopoiesis (self-production) logically entailed the perpetuation of an homogeneous Anglo-American managerial class. Not any longer. Shared understandings, the norms and language, must now be constructed if the entity is to exist, to have an identity, let alone survive and prosper. Thus the construction of culture is not just another fad or fashion made interesting by rapid change; rather, it lies, with ethics, *au coeur des strategies*.

Such cultural change is often facilitated by outside consultants, with change programs explicitly aimed at integrating multiple values: the *materialist* with the *transcendent*. The concept of role differentiation (the separation of the material from the transcendent in business) has become *passé*. Yet this is problematic. At least one 'extremely extensive and expensive' change initiative was terminated, when a consultant's exhortations that 'you can make it happen' deeply offended those contributors who believed that 'God makes it happen'. Meanwhile, for others, there is no church, no family, no state providing the 'differentiated' role.

Katz notes that the old 'Ma' Bell system was run at least partly as a form of social policy; but, 'of course', this has now changed. Several billion people across the globe will soon be asking '*to what?*'. *Where* is the replacement 'policy' and *to whom* is it directed? The TC players of the future will indeed be truly global entities, empires whose very existence is defined by their core values and shared language. In other words, they are donning the mantle of power that the nation state is steadily discarding. Will they also institutionalise its statesmanlike wisdom?

Irwin and More's Inter-Cultural Communication

This brief contribution comments upon the perceived need to improve communications between the multiple techno-cultures and *people*-cultures involved in the processes of technology transfer within two major Australian Industries. The Australian aerospace industry has been producing overseas designs under license and seeking international niche markets. Organisational capital has been built up by working within co-operative alliances alongside industry counterparts overseas. In TCs, multiple alliances have focused upon the Asia Pacific region where it has become 'stunningly' obvious that improved inter-cultural communication is needed. There is no possibility of relying upon the old homogeneous culture and language of the TC community within Australia, N. America and the UK. The cultural ecology has profoundly changed and it continues to shift within and around the multiple entities.

Ibarra's SAO Model from the Complexity Paradigm

The production of new concepts of 'strategy' has itself become a minor industry. In this, the fourth paper of the issue, E. Ibarra Colado makes a distinctive contribution. Referring to E. Morin's (1990) complexity paradigm, the strategy-structure nexus of traditional theory is augmented with a third element: *event*. Structure and event are locked in a permanent struggle. Ibarra then sees the typical retrospective case-based analysis of corporate strategy as concealing a cruel hoax. Behind the happy mask of implied economic development and its social outcomes lies the old, familiar face of naked power-relations, hegemony and subordination. The oppressive has become the 'good', it is what the corporate managers should do; inequality has become neutral, ideology is simply exhausted. In reality, therefore strategy is not a question of economic rationality, it is but a masked expression of power. The *circuits of power*, mapped in detail in the article, simply reflect the familiar confrontation between financial-technological interests and worker's interests.

In post-industrial society, the circuits of capital (industrial, commercial and banking) have found their expression within the organization as its engineers, marketers, financial managers, who impose their project. In other words, ownership of property, the 'inter-capitalist' circuit of power, still shapes strategic direction. The second circuit of power is industrial relations. It is this circuit alone to which the growing numbers of dispossessed have at least some access. They are completely excluded from the other one. Therefore, a new conceptual instrument is urgently needed; one that recognises (i.e., truly *sees*) the everyday reality of post-industrial society. We need vision-support, not decision-support. Such an instrument might locate a way of escaping from the established dogmas that 'will soon raise their voices of sorrow and resentment'. No mask can conceal the fact that the market does not smile upon the dispossessed. According to Ibarra, the road to constructing such an instrument is just beginning. Is it too late?

John Mathews' Competing Models of Production

One of the great ambiguities in contemporary theories of strategy is the specification of the appropriate unit of analysis, the strategic-entity. Who is competing with whom? Mathews of the IRRC at NSW identifies three 'competing' *models of production*. One could identify three strategic-groups with reference to their production-management paradigm. Like the Badham et al. paper which follows, Mathews examines team-based cellular manufacturing in the Australian setting, describing the latter as an accelerated laboratory of organisational innovation. The three models are now undergoing tests. The mass production system (MPS) has been the 20 century paradigm of productivity (if one concedes, like Peter Drucker, that the 'new' century begins at least 25 years earlier). The '21 century', on the other hand, has brought the lean production system (LPS), characterised by total co-ordination, using less of everything, with an elimination of tradeoffs.

A third model, the *socio-technical* production system (SPTS) may also be distinguished. This is a human-centred approach, characterised by team-

based cellular production systems, delegation of authority and responsibility for coordination and quality. In STPS, machines are used in order to extend the capacity of people, rather than replacing them or eliminating human factors. Optimality is sought with respect to the social *and* the technical system. Put differently, if scientists and engineers cannot be held responsible for how society uses their discoveries and inventions, then some other entity must be.

Each model of production carries with it distinctive implications for industrial relations systems. MPS involves job-classification based on machines, front-end training and defence of position. LPS involves skill-based classifications, enterprise bargaining, career-paths and the professionalisation of workers. STPS industrial relations are characterised by a *Win-Win* bargain, at least by the incumbent players. Skill-formation and work organisations become central to bargaining. Yet, there remains a paradox. As LPS has spread, there has also been ‘workerisation’ of professionals. Just as Taylorism had great social costs, so the costs of lean production, (e.g., unemployment, vehicular pollution from hourly deliveries) must also be considered. The best choice of production model involves attention to *all* these things, not a selective perception driven by a fallible ideology. In reality, many entities are groping for whatever appears to be workable, for a while. ‘Workability’ implies attainment of balance and harmony amongst the multiple criteria.

Badham, Couchman and Little’s ‘Action Research’

The relationship between scientific knowledge and effective managerial action is a central concern of human systems management. How does one link *practical-rationality* with *theoretical-rational-*

ity? In terms of institutions, this *meta-rational* argument swings on how one can mobilise the resources of universities to more directly assist society and economy. In terms of research orientations, it swings on development of *post-positivist* modes of inquiry to replace waning logical positivism in management research.

The authors have gone beyond thinking about this problem and have themselves taken appropriate practical action. They have used their knowledge to inform (i) the piloting of an information system in a rail transport undertaking, (ii) a major experiment in modernisation and industrial democracy in the Australian Tax Office, and (iii) a project to design and implement team-based manufacturing cells in three Australian companies. The latter included a press-shop, an instrument panel assembly line and an injection-moulding and assembly plant for plastic irrigation-components. In all of the projects, priority was given to influencing both the management and the workforce. The human-centred principles of job-enrichment, autonomy and control, rewards and recognition, were all promoted. Despite limited success, it is claimed that, in societies like Australia there is a ‘crying need’ for understanding, modification and adaptation of ‘foreign’ models of best practice. In other words, a society learning from its mistakes and building upon experiments conducted by others, in the very best tradition of scientific rationality.

Taken together, these six contributions to the discussion of organizational capital make it quite apparent that all types of strategic entity, not only individuals and nation-states, must now embrace the multiple forms of rationality. Put differently, human systems, their subsystems and their managers must engage in *strategic thinking* without boundaries. Once again, to paraphrase Becker [1, p. 237] it could be that *this* assertion is obvious, but obvious truths can be extremely important.