



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

SCANDINAVIAN FOREST ECONOMICS

No. 41, 2006



Proceedings
of the Biennial Meeting of the
Scandinavian Society of Forest Economics
Uppsala, Sweden, 8th-11th May, 2006

Lars Lönnstedt and Björn Rosenquist (eds.)

Uppsala

Creative Learning in Vida AB: A Case to describe organizational learning as a function of management style

Peter Österberg

Abstract

Research in general suggests management style to be an important determinant for organizational adaptability in order to learn how to cope with new situations; this is important when major environmental changes encounters an organization, as the organization need to keep pace in order to staying competitive on the market. Other research suggests that this kind learning take place in an implicit communications process. It is also suggests clear and challenging super ordinate goal setting to be a strong determinant to explain individual and organizational commitment and performance in general, and to mediate organizational creativity to be market-based.

During the weekend of 8-9 January 2005, a storm, Gudrun, hit south of Sweden with hurricane-force. The impact of the storm was devastating across society as it destroyed large areas of forest. According to the Swedish National Board of Forestry, 75 million cubic meters was destroyed or damages. In this situation, the C.E.O. of Vida AB decides to buy 1 million cubic meters of the trees that had fallen due to the impact of Gudrun. In reality C.E.O. committed himself to buy 3.5 million cubic meters of fallen trees, and to take the cost for those parts that would proved to be damages.

The decision made by the C.E.O. is obviously clear and challenging, suggesting it to make members of the organization to commit themselves to fulfill that decision. But how they learned, or develop, abilities to cope with this major change is unclear.

Key words: Management style, climate, super ordinate goals, organizational performance.

Introduction

It is easy to imagine that most organizations during there lifecycle encounters situations that could be characterized as barriers. Barriers that demanding organizations to change; it could be the product portfolio or down-sizing the organization. The cause of change in both cases is due to changes in the surrounding world, calling for reorganization of thinking within an organization; on both super ordinate goal setting and on strategies to reach such goals. But whereas goals could be developed and communicated through either assignment from C.E.O. or by organizational participation, all depending on the organizations socio-cultural structure (Erez, 1986), there are other rules to explain effectiveness on strategies to reach goals; If changes happens by surprise, an organization should be prepared to encounter such changes. One such situation of change will be described in this paper; a sawmill company where management and organization was forced to change their way of thinking concerning the handling of raw material intake after a stormy winter during January 2005. The line of argument is built on a model for creative learning within organizations called Generative Learning Management, were the climate for learning, or maybe the learning-orientation, within an organization is thought to be explained by two management abilities; (1) a managers ability to create a cognitive climate within the organization that favor innovative thinking when needed, and (2) a managers ability to formulate a super ordinate goal in order to direct the organizations innovative thinking in a certain direction. The effect of such a management style is concluded to be generative learning (Österberg, 2004).

The concepts of change, generative learning, creativity, innovativeness, all has a strong interrelation and throughout the text the reader should think of them representing the same construct.

Management style and organizational climate and performance

For members of an organization to be innovative in thinking, they need a manager that can create a creative climate. In the model for Generative Learning Management, creative thinking is explained as parallel distribution of knowledge, that is, network communication. Simplified: when employees has a need for support, it could be support in decision making or just lack of knowledge on a specific task, he or she seeks contact with other co-workers who posses the demanded item of knowledge. The process is parallel as each person theoretically communicates with several co-workers simultaneously. These actions could also take place in several projects at the same time, providing a model that is hard to explain other than by its result. To compare, regular companies which are still organized as bureaucracies in order to maintain control over processes, has a hierarchical structure where workers should turn to middle managers when they need support for their actions. Where hierarchies are purposed to maintain control, networks (those with parallel distribution) are purposed to not maintain control, that is, to set the process of thinking free. In order to further understand the importance of creative thinking, an explanation of creativity should be brought about. Kirton (1987) arguing that a creative climate influences individual style of thinking and that this could be measured in a dimension which has adaptive and innovative thinking in each extreme. According to Kirton:

” Adaption is the characteristic behavior of individuals who, when confronted with a problem, turn to the conventional rules, practices and perceptions of the group to which they belong ... when there is no ready made answer provided by the repertoire of conventional responses, then the adaptor will seek to adapt or stretch a conventional response until it can be used in the solution of the problem.”

“Innovation is the characteristic behavior of individuals who, when confronted with a problem, attempt to reorganize or restructure the problem, and to approach it in a new light ... innovators thus produce answers that are less predictable and thereby sometimes less acceptable to the group.”

Kirton arguing, with reference to Weber (1970), Merton (1957) and Parsons (1951), that larger organizations with large budgets tend to desire conformity in order to maintain control and discipline. Opposite to that, the model of ‘Generative Learning Management’ opens communication in order to take away control of processes, by applying parallel knowledge distribution. Brunsson (2000) argues that successful management deals with the process of motivating people and creating a good working climate as well in creating suitable social networks of powerful organizational ideologies. Ekvall (1996) describes climate as: ”a conglomerate of attitudes, feelings, and behaviors which characterizes life in the organization, and exists independently of the perceptions and understandings of the members of the organization”, and arguing that: ”the climate has this moderating power because it influences organizational processes such as problem solving, decision making, communications, co-ordination, controlling, and psychological processes of learning, creating, motivation, and commitment.”

But, in order to work properly on the marked this creative process must be directed. This is fulfilled by the manager’s second ability: to formulate and to communicate super ordinate

goals to the organization, that are clear and challenging. Other results within management research give indication that managers' ability to be clear reduces the risk of conflict within the organization; Consensus among members of the organization implies symbolic convergence to occur (Bormann, 19985), that is, members of the organization perceive the super ordinate goal in a consistent way. If it's not possible to establish symbolic convergence, members of the organization interpret meaning differently, then spending time to convince each other about the correct interpretation. The importance of being clear seems obvious. To be clear does not only imply lack of conflict, it also implies increased general performance for both individuals and organizations (Locke & Latham, 1985; Unnikrishnan Nair, K. 2001). Therefore, the interaction between parallel knowledge distribution and super ordinate goal setting will result in market-based generative learning within the organization (Österberg, 2004, figure 1).

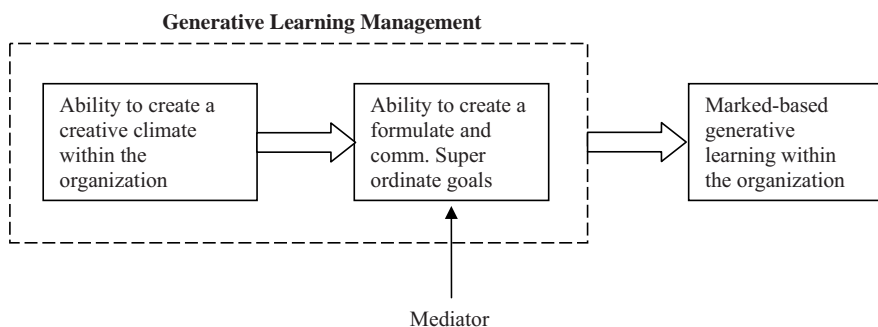


Figure 1

To conclude and repeat, a manager's ability to create a climate that supports generative learning increases the organization ability to be creative. And a manager's ability to direct this creativity increases the organizations ability be creative on specific tasks, i.e., market-based generative learning.

Vida AB and Generative Learning Management

The storm came in from southwest, and hit south of Sweden with hurricane force. It was named "Gudrun". When she passed on, 75 million cubic meters meter of trees was damages or destroyed. And instantly, the geographical picture of this part of Sweden was changed for a long period of time. It's easy to imagine a local landowner's feeling of hopelessness. On the other hand there where the sawmill companies, that now had to change their logistics in order to cope with this new situation. Vida AB is one such sawmill, the largest private owned in Sweden, with a turn over exceeding 200 000 000 Euros, having 600 personnel. Head Quarter is located in Alvesta in Småland, with approximately 10 subsidiaries located not far from there.

In an interview with C.E.O. on 11 of January 2006, I got the impression that the handling of timber at Vida AB was marked by deep-routed routines. The raw material had looked the same since the dawn of time. Even so, minor changes were constantly executed in order to rationalize processes within the company. During the interview, C.E.O. returned to the issue of change several times. I therefore assumed, but could not confirm empirically, that C.E.O. had established some kind of climate for change at Vida AB. With change comes the

opportunity for generative learning, that is, to be creative or innovative in problem solving by communicating your fellow co-workers in a parallel fashion.

When the effect of the storm came clear, C.E.O. decided to buy 1 million cubic meters of timber due to the impact of Gudrun (The final amount of timber actually exceeded 3.5 million cubic meters). The decision contained two strong rhetorical characters. The decision was not only (1) clear, it was also (2) challenging; the investment should be fulfilled whatever the cost, that is, Vida AB should fulfill the buy even if the timber turned out to be damaged. There are good reasons to suggest that the C.E.O. of Vida AB has the ability to communicate clear and challenging decisions to the organization, exemplified by his statement to buy 1 (3.5) million cubic meters timber even if the timber later would turn out to be damaged.

The interview also gave some indication of the occurrence of a climate within Vida AB open for change, which also could be a climate for generative learning (creative thinking). In accordance with the theoretically description of Generative Learning management above, I will therefore argue that this sawmill organization was able to sustain its operations on a normal level after Gudrun, partly because C.E.O. had established an organizational climate that allowed individuals within the organization, and therefore the organization as a whole, to instantly comply with changes which enables them to be creative in thinking.

As the interview with C.E.O. of Vida AB did not give any indication that he had a desire to maintain control over processes of the organization, it seemed that he had a holistic perspective about the organization. Exactly how things were done was not the most important, rather what the organization achieved on general goals. This way of thinking is consistent with papers written about creative problem solving as a function of parallel distribution. Parallel distribution is said to be used mostly on complex matters, and the process is sometimes described as procedural or implicit learning (Seger, 1994). The reason for learning to be implicit is that a specific problem space contains so many rules for decisions that it will be impossible to explicitly maintain control over each one of them. This is especially true in large organization, where many people work parallel on solving different kinds of problems. By setting the process of problem solving free, a manager optimizes the probability that the organization solves complex and new problem in the most cost-efficient way. But as the presence of such a climate was not confirmed empirically, further research must be conducted in order to fully answer that question.

Conclusion

For managers in general, organizational working climate is the key to long term success. This proposition is general, and therefore also true for the forest industry. The reason for this is that the cognitive function is general among individuals. Humans in general perceive and processes messages the same way; the members of an organization will follow the manager's directives about intra-organizational communications style. If the message is that members of an organization should only speak to middle managers in case they need to ask something, they all will become adaptors, with the characteristic behavior of individuals who, when confronted with a problem, turn to the conventional rules, practices and perceptions of the group to which they belong. In case the manager has a holistic management style, members of an organization will turn innovators who, when confronted with a problem, attempt to reorganize or restructure the problem, and to approach it in a new light. I argue that this is the case in Vida AB, even though I can't prove it empirically. That is yet to come.

Goals setting triggers the individuals mind or cognition function, creating a mental image that could be either unambiguous or ambiguous, depending on the rhetorical characters of the

message. Unclear messages like: -this year we should improve sales, could mean different things for different people. This is also true when using descriptions like: -we shall not do this and that. If many people only know what they should not do, could there possibly emerge a situation with symbolic convergence?

The message sent, to instantly buy 1 million cubic meters of timber, is unambiguous. It means what it says. And to add that this will be done even if it turns out that the trees are all damaged, gives the goal a challenging character; there's risk Vida AB fails to accomplish this task.

I finally conclude that Vida AB and its CEO has the prerequisite to generative learning established within the organization, due to the fact that the CEO – Santhe Dahl is a Generative Learning Manager.

References

Bormann, E. (1985). Symbolic Convergence theory: A communication formulation. *Journal of communication*, autumn, 128-138.

Brunsson, N. (2000). *The Irrational Organization: Irrationality as a Basis for Organizational Action and Change*. Fagbokforlag, Bergen.

Ekvall, G. (1996). Organizational Climate for Creativity and Innovation. *European journal of work and organizational psychology*, 5(1), 105-123.

Erez, M. (1986). The Congruence of Goal-setting strategies with socio-cultural values and its effect on performance. *Journal of Management*, 12(4), 585-592.

Kirton M.J. (1987). Cognitive Style and Personality. In S.G. Isaksen (ed.), *Frontiers of Creativity research: Beyond the basics* (pp. 282-304). Buffalo, NY: Bearly Limited.

Locke, E.A., Latham, G.P. (1985). The application of goal settings to sports, *Journal of Sport Psychology*, 7, 205-222.

Österberg, P. (2004). Generative Learning Management – A hypothetical model. *The Learning organization*, 11 (2), 145-158.

Seger, C.A. (1994). Implicit Learning. *Psychological Bulletin*, 115(2), 163-196.

Unnikrishnan Nair, K. (2001). Adaptation to creation: progress of organizational learning and increasing complexity of learning systems. *Systems Research and Behavioral science*, 18 (6), 505-521.

