

How Does Management Thinking Influence Organizational Learning: What Toyota and Volkswagen Learn that General Motors Doesn't?

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According to Albert Einstein's famous statement *that you cannot solve the problems with the same kind of thinking we used when we created them* we believe that we need a new way of management thinking as the old way of managing a company by financial results has led us directly into the crises many companies are struggling with today.

Western and Eastern management thinking and underlying theories

The prevalent management idea of the last decades was that you can only manage what you can measure, popularized in Kaplan & Norton's (1992) management bestseller of the Balanced Scorecard. This Western type of management thinking has its deep root in the Cartesian worldview (Gueldenberg & Helting, 2007). Descartes (1973) lays out that the correct way to approach truth requires refraining from dealing with any objects that are incapable of yielding a level of certainty similar to that which could be arrived at through arithmetic or geometric proofs. This shows that the *concern for certainty* leads to a *methodological exclusion* of all worldly phenomena that cannot be determined according to mathematical forms. The outcome of this thinking is aptly summarized in a statement attributed to the physicist Max Planck: "*Real is that which can be measured.*" (M. Planck cited in: Heidegger, 1990: 54). Exactly the same thinking has been transferred into the world of management.

Another more Eastern grounded perception of management thinking has been practiced by Toyota, which Johnson & Bröms (2000: 12) describe in their book: "*Those who manage by results focus on the bottom-line target and consider that achieving financial goals justifies inherently destructive practices. Those who manage by means consider a desirable end will emerge naturally as a consequence of nurturing the activities all employees and suppliers in a human manner. Managing by means requires a profound change in thinking that is a bold alternative to conventional management thinking and practice.*" This view connects very well to Kitaro Nishida, founder of the so-called Kyoto school. From Nishida's (1990) point of view, the Cartesian distinction between subject and object to secure objective mathematical

knowledge comes at a high price: pursuing the process of abstraction, i.e. focusing entirely on financial goals, inevitably leads to a lack of awareness regarding other important aspects of the human self, like sensemaking, tacit knowing and intrinsic motivation.

Research question and case studies

In this paper, we argue that a different management thinking suggests different approaches to attain organizational learning, thus to stay competitive and survive. In the prevailing literature, a learning organization is understood as an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights (Garvin 1993). Moreover, scholars and practitioners alike: „... understand that the only competitive advantage the company of the future will have is its ability to learn faster than its competitors“ (De Geus 1997: 74).

Accordingly, we seek to address the research question of: How does management thinking influence the capacity and speed of an organization to learn? And more specifically: What circumstances are decisive?

We believe that the most recent developments in the automotive industry proof how the way of management thinking can have a positive or negative impact on organizational learning and as a consequence for the overall strategic performance of these companies. In particular, we study the three cases of General Motors (GM), Volkswagen (VW) and Toyota.

GM was for decades the largest automotive manufacturer and has strongly been managed by numbers. However in spite of its success in the past, GM was not able to adapt to the changing environment by e.g., responding to the market needs of smaller and more fuel efficient cars. In this paper we will seek answers to the following question: What were the barriers that hindered GM to learn and innovate?

In 2008 Toyota surpassed GM and became the largest carmaker in the world. Not only do GM and Toyota differ in their adaption to and success in the market today, but also in their approaches to management thinking. Johnson & Bröms (2000) found out that Toyota does not only have a superior production system but also a very different management system and thinking. By analyzing this in a case study, we seek to shed light on the question: How does managing by meaning influences organizational learning?

Finally, VW is likely to become number one, if the current growth of its sales continues over the next years. However, VW is very much cost driven and – as GM has been – managed by

numbers. By conducting a case study, we seek to answer the question: Why is VW successful by managing by numbers when GM was not?

By analyzing these cases our research will seek to shed light on our proposed research question.

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