Learning about Accountability: The Case of the Operations Evaluation Department at the World Bank

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Abstract

For decades, the World Bank has been criticized for the social and environmental consequences of its practices in implementing projects. In response, many different groups, including NGOs, have demanded greater World Bank accountability. One avenue through which accountability can be achieved is organizational learning. The Operations Evaluations Department (OED) at the World Bank is one organization that can hold the World Bank accountable through learning. Therefore, this study examines the OED as a learning organization. It does this by applying Peter Senge's conceptualization of learning as "systems thinking." The study seeks to answer the question: Has "systems thinking" contributed to organizational learning in the case of the OED? The study finds that the answer to this question is "yes." This finding also has implications for the study of "systems thinking" itself through developing a method to measure "systems thinking" and for accountability at the World Bank through the OED organizational learning.

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Chapter 1 – "Systems Thinking" Learning about Accountability

I.   Introduction

The actions of any large organization, whether a government institution, a non - profit NGO or a corporation, can affect many individuals and groups of people. Those who are affected by an organization's actions may or may not have any direct influence on the policies and decisions made by it. Therefore, a need for accountability exists so that the interests of those who are affected, but not necessarily part of the decision making process, can be represented. This representation should be applied to those who are affected in the interest of fairness according to democratic principles. Essentially, all who are affected by decisions made by organizations should be considered (and represented) so that the decisions made can have a positive, rather than a negative effect on these people. Accountability can assist organizations in achieving this goal. It can do this because it fosters an environment in which organizations are forced to go beyond the assumptions made within them and consider alternative views.

There are many examples present in the world today that demonstrate the great effects organizations can have on individuals and groups of people and the necessity for accountability. The World Bank is one such example. Many of the development projects that the Bank has been involved in throughout its history have been controversial. This is true because in the process of designing and implementing Bank projects there is a constant struggle between those who the project will positively affect and those that it will negatively affect. Just as in life, there are always advantages and disadvantages to

most decisions or actions. These decisions can be especially difficult for the World Bank because they "…go where angels fear to tread" (Woods 9). In other words, they work toward international development in countries with serious geo – political problems stemming from countless causes. These causes include anything from corrupt or unstable governments to overpopulation and environmental problems to the limited opportunities available to individuals caught in extreme poverty.

It will be useful to examine one project in which the World Bank has been involved, in order to demonstrate the great effects its policies and decisions can have on people who are not necessarily part of the decision making process. The gap between the decisions made and the concerns of those affected will demonstrate the need and opportunity for accountability within the context of the World Bank.

In 1985, the World Bank and the government of India entered into an agreement to construct the Narmada Dam for the purposes of hydropower and irrigation. However, NGOs raised a resounding concern over the displacement of people that would result from the dam. This triggered the World Bank to initiate an independent review called the Morse Commission several years later in 1991 (Fox 309 - 313). "The review focused not only on the estimated one hundred thousand villagers living in the submergence area, but also drew attention to the estimated one hundred forty thousand farmers likely to be affected by the canal system, whose displacement was not taken into account in the Narmada project" (Fox 310). In this instance, the World Bank and the government of India made a decision that affected many people who did not have any influence over the decisions being made. Greater accountability in this instance could have taken the

concerns of these people into consideration so that their interest could have been better served.

Fortunately, the review itself did initiate a Bankwide review entitled *Resettlement and Development* in 1993 – 1994 (Fox 303). This review "…set a still – unmatched precedent in terms of rigor, comprehensiveness, transparency and self – criticism" (Fox 303). Therefore, the response to the lack of accountability in relation to those who were affected by the Narmada Dam decision was to attempt to create greater accountability. In this instance, the World Bank is recognizing that needs better checks on its performance. This exemplifies the necessity for accountability and how accountability can provide greater representation for the disenfranchised.

As demonstrated above, the World Bank is an organization to which accountability can be applied. This study will concentrate on the World Bank as a case study. More specifically, the Operations Evaluation Department (OED) will be the organizational unit within the World Bank that is examined. The OED itself is an accountability mechanism. Therefore, it will provide a good opportunity to examine the possibilities for accountability within a large organization.

II Literature Review

1. Organizational Learning

One method through which greater accountability can be achieved is by learning. "Learning … involves disseminating new conceptual frameworks and institutional changes throughout an organization, thus leading to new goals and priorities, as well as changes in behavior" (Fox & Brown 10). Essentially, this understanding of learning suggests that fundamental changes in thinking must occur in the learning process so that

the goals and priorities of an organization are affected. This change in thinking is the first step in organizational learning. Secondly, the resulting change in goals and priorities must translate into changes in behavior. In other words, the knowledge that is produced in the first step of the learning process must actually be used in the future in order for true learning to occur (Fox & Brown 10).

Additionally, it is important to recognize that learning in an organization must originate from within the organization itself. It is the organization that needs to recognize a need for new conceptual frameworks. This entails a process of self reflection. This reflection is operationalized through feedback loops. Feedback loops facilitate an environment within which communication can flow freely between all agents in an organization that may have an effect on the organization itself. Feedback loops can facilitate an understanding of an organization, and problems that arise within them, as constituted by cause and effect relationships (Senge 74). Feedback, "…means any reciprocal flow of influence (Senge 75)". "…It is an axiom that every influence is both *cause* and *effect*" (Senge 75). Therefore, feedback loops facilitate learning by creating an understanding within an organization that the organization does not stand alone and that it both causes and sees the effects of its decisions. The organization then has an opportunity to learn about itself and its actions. The application of feedback loops and their contribution to learning will be further discussed and exemplified in Chapters 2 and 3. In order to understand learning as accountability in an organization, it will be useful to examine the challenges to learning within an organization. It will then be useful to examine learning as accountability in depth as a theory to understand its possibilities.

2. Challenges to Organizational Learning

A. The Disconnect Between the Learning Steps

The greatest challenge to learning as a form of accountability is the disconnect between creating knowledge and effectively using that knowledge. In other words, this challenge is the disconnect between step one of the learning process and step two of the learning process outlined above. Examining this challenge will begin with considering an example.

The above example of the displacement problems with the Narmada Dam can also provide an example of knowledge being produced but not actually used. In this example, learning did not actually occur. The World Bank institutionalized a resettlement policy in 1980 and amended this policy in 1986 and 1990 (Fox 308). The existence of this policy suggests that the World Bank had produced some knowledge about resettlement. Creating a policy relative to resettlement suggests that the World Bank realized that rules and standards are necessary for projects that will involve displacement. These rules and standards represent knowledge about how resettlement projects should be implemented. The amendments to the policy also imply that some change in thinking had occurred about the displacement of people due to Bank projects and, therefore, step one of the learning process would have been satisfied. Additionally, the amendments also suggest that with greater experience the World Bank recognized that it needed to change its resettlement policies. For example, the 1986 revision "…included some remedial actions, recommendations for more staff, and more explicit policy guidelines requiring that "resettlers" be offered an alternative productive base" (Fox 309). Knowledge produced through experience could be understood as actually being used in the 1986 policy revision. Therefore, step two of the learning process would have been satisfied.

However, the actual behavioral record demonstrates that change occurred in rhetoric only. The Bank recognized the need for change, or produced some knowledge, but did not actually use that knowledge effectively enough to actually develop changes in behavior. The 1993 – 1994 *Resettlement and Development* review mentioned above concluded that between 1986, when the first amendment to resettlement policy was constructed, and 1993 roughly 2.5 million people were displaced (Fox 313). Additionally, the review found that "The number of people to be displaced by each year's projects turned out to grow over time, rising by 125 percent between 1986 and 1993…" (Fox 313). This trend demonstrates that change did not occur in behavior and that the conventional behavior actually intensified. In fact, improvements in compliance with the resettlement policy did not occur until after 1992 as a reaction to the concerns raised by the policies surrounding the Narmada Dam (Fox 309).

This example demonstrates the difference between constructing knowledge as a recognition of the need to change goals and priorities, or step one of the learning process, and actually using that knowledge to change behavior, or step two of the learning process. It will now be useful to turn to some of the dynamics that occur within large organizations that create an environment in which actual organizational learning is difficult.

B. Bounded Rationality

The concept of bounded rationality can help to explain these dynamics. This theory pertains to all people in general, and thus, it applies to bureaucrats within a large organization. In the bureaucratic situation, this idea claims that bureaucrats, in making judgments or decisions, tend to consider, "…options only until finding one that seems

acceptable given what the bureaucrat knows about his or her values and the probable consequences of that option" (Gormley & Balla 29). This process is called satisficing, and it essentially means that bureaucrats seek acceptable solutions to problems rather than the best solution to problems.

There are three main reasons why this process describes bureaucratic decision making. Bureaucrats' understanding of the outcomes of their decisions is "fragmentary." They cannot completely predict the future. Also, "…values can be only imperfectly anticipated because the experience of a value differs from the anticipation of that same value" (Gormley & Balla 28 – 29). In relation to the above example, this means that after the World Bank made a particular judgment about resettlement policy, such as "recommendations for more staff" during the 1986 revision, it may realize during the experience of devoting more staff to manage displacement problems that more staff does not translate into less displacement. In fact, in this example, more staff behaving conventionally could have contributed to the trend of greater displacement rather than less after the 1986 revision. Lastly, there is always a limited amount of time and resources available to bureaucrats and, therefore, they are only able to consider a limited number of options (Gormley & Balla 28 - 29). In other words, the adjustments made to the resettlement policy in 1986 would have only partially reflected all of the options available for better performance in managing the relevant projects.

Satisficing, in bounded rationality theory, relates to daily situations in which bureaucrats within organizations make decisions. Therefore, it helps to explain how the behavior of bureaucrats becomes firmly established. Consequently, although some knowledge may be produced, as in recognizing the need for policy change, this

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knowledge is difficult for individuals to act on because of established behavioral habits. The process of satisficing can help explain why many situations arise within organizations that only partially lead to learning. In other words, step one can be satisfied through the recognition of the need to change but step two is much more difficult because behavioral habits are hard to break. This process of satisficing demonstrates the great challenge to learning as accountability of a disconnect between steps one and two of the learning process.

Additionally, bounded rationality and satisficing create and reflect a particular culture within organizations that can also lead to difficulty in even questioning established "goals and priorities" so that step one of the learning process does not occur either. Therefore, bounded rationality and satisficing represent major limitations to learning within an organization. The culture that exists within bureaucratic organizations is due to the nature of the process of satisficing itself. This culture results in bureaucrats making decisions on a day - to day basis that apply to a particular working environment. They must be concerned with the established norms and standard operating procedures that relate to that particular working environment (Gormley & Balla 32). This concern may lead them to continue to act in a way that is not conducive to changing established goals and priorities. Additionally, bureaucrats must wrestle with the contradiction between principles that they are committed to as individuals and those that are held by the organization. This means that in many situations they are faced with decisions that may put their jobs at risk, resulting in them following the established principles of the organization (Gormley & Balla 38 - 39). Again, this concern is not conducive to change within an organization. Lastly, because of the source of their employment, bureaucrats

tend to identify their own well being with the well being of the organization (Gormley & Balla 40 – 41). This identification may also result in bureaucrats not questioning conventional goals and priorities because they feel a need to bolster the organization that employs them.

Bounded rationality helps to explain how the interactions between individuals within organizations helps organizational cultures create an environment in which a new conceptual framework with new goals and priorities is not likely to arise because the old conceptual framework is not very readily and aggressively questioned. For example, in the case of the World Bank, "Organizational learning that threatens dominant paradigms – such as the hegemony of neoclassical economics at the World Bank – is likely to provoke resistance" (Fox 11). The World Bank as a whole conceptualizes capitalism and a free market as primarily and unwaveringly beneficial for the purposes of development. Consequently, the repercussions of projects, such as displacement, are generally understood as unavoidable and acceptable as in taking the good with the bad. In other words, "… key lending decisions still tend to treat social and environmental costs as externalities and therefore as secondary considerations" (Fox 11).

Therefore, bounded rationality and satisficing can hinder substantive organizational learning by creating an environment in which behavioral changes are unlikely due to firmly established habits and adjusting the "goals and priorities" of organizations is unlikely because risk is involved for individuals who question the status quo. The result is a disconnect between steps one and two of the learning process. Consequently, organizational learning does not actually take place.

C. Organizational Adaptation

Instead, organizational adaptation takes place. "Organizational adaptation involves changes in behavior in response to new pressures or incentives, but without any adjustments in the organization's underlying goals, priorities or decision – making process" (Fox 10). These "new pressures" often come from outside of the organization (Fox 11). Therefore, the response to these pressures, as "changes in behavior," are likely to be changes that are meant to simply appease those external actors asserting pressure, rather than actually addressing the "conceptual framework" that causes the perceived problems. In the instance of adaptation, "changes in behavior" are not as useful as those in learning because they are a reaction to outside pressure rather than a result of "new conceptual frameworks." They essentially are actions that treat symptoms of perceived problems rather than the problems themselves.

The main challenge to organizational learning being effective as a form of accountability has been demonstrated above as the disconnect between creating and using knowledge through the tendency for organizations to engage in adaptation rather than "true" learning. However, a more in depth understanding of organizational learning itself as a theory and a practice can demonstrate its viability in creating accountability within organizations.

3. "Systems Thinking" as Organizational Learning

A theoretical understanding of learning as accountability can be demonstrated by an analysis of Peter Senge's "Fifth Discipline." A learning organization is one "…that is continually expanding its capacity to create its future" (Senge 14). More specifically, a learning organization creates an environment "… where people continually expand their capacity to create the results they desire, where new and expansive patterns of thinking

are nurtured, where collective aspiration is set free and where people are continually learning how to learn together" (Senge 1).

As demonstrated above, people interact with each other within an organization according to the idea of bounded rationality and satisficing. Therefore, they think in very particular ways on a day – to – day basis based in large part on the culture of their particular organization. However, in order for a true learning organization to exist, a change in thinking must occur among individuals in an organization and in the organization itself. Senge refers to this phenomenon as "metanoia," or a shift in mind (Senge 13). This shift in mind begins with a new understanding of looking at the world and the problems that arise in it. It requires that people understand themselves as part of the world in which they live. People create the world and therefore they also create the problems that arise within the world (Senge 12 – 13). Consequently, people must shift, "... from seeing problems as caused by someone or something 'out there' to seeing how our own actions create the problems we experience" (Senge 13). We create the world in which we live, and we must understand the world to be created by our own actions.

This shift leads to a very important analytical understanding: if we create the world, then we can also change the world. It is an understanding of empowerment (Senge 44). People must understand that they can be proactive rather than reactive. They have the power to be the change they may want to see in the world, to react effectively to problems that are presented to them or to prevent problems from arising in the first place. They are not simply situated within a defined box that gives them limited power and opportunity. Senge refers to this misunderstood situatedness as the disability of "I am My Position." A "shift in mind" in relation to this disability, requires that people see

beyond "the tasks they perform every day" in order to see "… the purpose of the greater enterprise in which they take part" (Senge 18).

Additionally, with power comes responsibility. In other words, because people do have the power to create and affect the world around them, they also are responsible for problems that arise. Problems do not simply arise because "the enemy out there" acted in a way that is harmful to others (Senge 19). Instead, they arise from a denial of the power that each agent has across and within an entire system. However, agents within an organization typically do not perceive problems to be caused by all agents, including themselves, within the system as whole. They perceive problems to be caused by someone else as a result of the disability of "I am My Position." If we understand our own roles as agents within a system to be related only to our own position, then "… we do not see how our own actions extend beyond the boundary of that position" (Senge 19). Consequently, we will also have a tendency to understand problems as being "externally caused" (Senge 19). This dynamic is understood by Senge to be the disability of "The Enemy is out There" (Senge 19).

The above discussion demonstrates the disabilities of "I am My Position" and "The Enemy out There." The disability of "I am My Position" is one in which people understand their power to be limited. They can only effect problems, or the system itself, from within the box of their daily business. Therefore, they are not able to effectively confront problems that affect the entire system. Additionally, they see these problems as being caused by "The Enemy out There" rather than considering their own contribution to problems. Having "a shift in mind" from an understanding of agents being powerless

to one in which they are powerful is integral to agents engaging in "systems thinking."
An example can help to further clarify this "shift in mind."

The current crisis with the sub – prime lending market can provide a good
example of a system that demonstrates the disabilities of "I am My Position" and "The
Enemy is out There" rather than a system in which agents understand themselves to be a
part of the system and, therefore, powerful enough to effect change within the system.
The crisis has not arisen simply because people bought homes that they cannot afford. It
occurred through a break down of the entire mortgage lending system. Real Estate
brokers list and work toward selling houses at the highest possible price so that their
commissions can be larger. Mortgage brokers pushed loans upon customers that were too
high and that did not reflect a true market value of the property. They did this so that
they could earn higher commissions. The large banks that employ these mortgage
brokers encouraged this behavior because they could earn profits in the short term and
satisfy share holders. Meanwhile, the federal government failed to enforce lending and
appraising regulations satisfactorily. In this instance, the lenders blame the borrowers.
The borrowers blame the lenders. They all blame the government and the government
blames them back. Each agent understands itself as being situated strictly within their
"position" and to be at the mercy of the others or the enemy out there. Consequently,
each agent is engaged in the disabilities described above. This is a demonstration of
people understanding themselves as separate from the world in which they live rather
than as powerful agents who are a part of and can therefore affect the entire system itself
(Senge 19).

Additionally, it is reasonable to assume that if each participating agent had understood themselves to be a part of the sub – prime mortgage lending system in a way that empowered them to make a difference in the system itself, then this crisis might have been avoided. For example, if borrowers had understood themselves to be a powerful agent of the whole system, they may not have accepted buying homes for such high prices. If banks had understood themselves to also be a powerful agent of the system, they might have been able to overcome the pressure of share holders and refuse to sell too many sub – primes loans that are not likely to be paid back. In the end, this would have kept people housed in smaller, older homes than the ones they purchased. Also, the bank generally would be able to expect to gain returns on the loans so that they actually made a profit off of a smaller number of loans rather than losing money on a larger number of loans.

The recognition that people are agents within the world and that they have power and responsibility to effect what happens and prevent problems within the world leads Senge to his "Fifth Discipline." The world must be understood in terms of systems within which everyone plays a role. Senge refers to this as "systems thinking" (Senge 12). Systems thinking applies to organizational learning because any organization can be understood as a system. Therefore, learning in the context of an organization relates to people within the system thinking of the system as whole in the decisions they make and understanding themselves to be powerful enough to affect the system itself. For the purposes of this study, the simple recognition by agents that they can effect the system creates an environment in which they can influence the goals and priorities of the system or step one of the learning process. They can also make the conscious, purposeful

decision to change behavior based on those new goals and priorities or step two of the learning process. Therefore, it is systems thinking that creates an environment in which substantive organizational learning rather than simple organizational adaptation can occur.

A theoretical understanding of a learning organization through systems thinking has been demonstrated above. Senge also examines other disciplines that contribute to the "Fifth Discipline" of systems thinking. Each "discipline" is formulated in certain conceptual terms and the conceptual terms of each "discipline" can be satisfied through actions. These "disciplines" are understood as disciplines because of the actions that agents can take to satisfy the conceptual terms of each. Therefore, the "disciplines" are very important to organizational learning because they provide actions that an organization can take in order to learn. Additionally, each "discipline" has an effect on the others so that each "discipline" contributes to the others (Senge 6). Therefore, it is the synergy among these "other" disciplines that constitutes "systems thinking" because "Each provides a vital dimension in building organizations that can truly 'learn'" and "each will … prove critical to the others' success…" (Senge 6).

The first supporting discipline is "personal mastery." This discipline provides the learning organization with a "spiritual foundation" (Senge 7). Senge describes it as "… continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively" (Senge 7). It is essentially a personal commitment to serve the overall purpose of an organization rather than letting oneself be caught up in the daily grind. Therefore, this discipline can contribute to systems thinking by committing to the overall purpose of an organization and seeing the

big picture. It can also contribute to concentrating on working toward the best conceptual

framework for an organization, or step one of the learning process.

Secondly, the discipline of "mental models" contributes to systems thinking.

"Mental models are deeply ingrained assumptions, generalizations, or even pictures or

images that influence how we understand the world and how we take action" (Senge 8).

These mental models relate to old conceptual frameworks or behaviors that are simply

part of the culture of organizations. Individuals who become new agents within an

organization are enculturated into that organization through mental models. Oftentimes,

people are not even aware that they understand the world, or organization, through

mental models (Senge 8). Mental models generally are superficial biases that individual

agents within organizations, and organizations as a whole, accept without great scrutiny

of their accuracy or usefulness. In order to contribute to systems thinking, mental models

must be recognized by agents within organizations so that assumptions and biases can be

understood and avoided. Additionally, mental models must be open to change through

self – examination and being "open to the influence of others" (Senge 9). Understanding

the evolutionary qualities of mental models can assist organizations in systems thinking

by helping them understand the changing role of the organization itself, the agents within

the organization and those that the organization serves. Fluid mental models are useful in

systems thinking because they contribute to an understanding of all agents of the system

and the system itself.

Additionally, the discipline of "building a shared vision" contributes to systems

thinking (Senge 9). A shared vision implies that all people are involved in that vision and

believe in that vision as opposed to the vision simply being dictated top - down within an

organization. "When there is a shared vision…, people excel and learn, not because they are told to, but because they want to" (Senge 9). This vision must "…foster genuine commitment and enrollment rather than compliance" (Senge 9). Therefore, building a shared vision involves leaders fostering a flexible understanding of the future of an organization and its goals. This discipline contributes to systems thinking because it fosters an environment in which all agents involved are invested in a particular systemic goal rather than a fragmentary positional goal. Consequently, the discipline relates directly to step one of the learning process in being open to a new conceptual framework.

Lastly, the discipline of "team learning" contributes to systems thinking (Senge 9). In order for team learning to occur, individual agents within a system must create an environment in relation to each other in which they are all equal and they are all engaged in "dialogue." Within this environment, assumptions and defensiveness must be effectively dealt with so that the team can engage in "thinking together" (Senge 10). Team learning is useful in creating systems thinking because "…teams, not individuals, are the fundamental learning unit in modern organizations" (Senge 10). In other words, if a team is learning together, then many agents within a system are learning together. This fosters a more uniform understanding of the system itself and the conceptual framework and behaviors that foster a shared vision.

These four "other" disciplines can contribute to organizational learning on their own. For example, building a shared vision relates directly to step one of the learning process through creating a useful conceptual framework for an organization. Additionally, creating useful and flexible mental models can foster changes in behaviors or step two of the learning process. However, it is the combination of the four disciplines

that creates an environment within which systems thinking can occur. Chapter 3 will exemplify the manner in which each "discipline" contributes to "systems thinking" by applying each "discipline" to a single learning opportunity and Chapter 4 will look back to this example to demonstrate how they work together as partners. Furthermore, it is an environment of systems thinking that leads to organizational learning through new conceptual frameworks, goals and priorities that foster changes in behavior.

4. Synthesis: Structure/Agent Analysis

The above discussion demonstrates the challenges to organizational learning and the possibilities of organizational learning through systems thinking. In this discussion several concepts have been introduced. These concepts include new conceptual frameworks, changes in behavior, systems thinking and its disciplines have been introduced above. From this juncture on, these concepts will be specifically applied in certain ways and these applications will be recognized with quotation marks. The major link between the above challenges and possibilities are the structure/agent dynamics that are present in each. Essentially, the challenges are a result of the dynamics between structure and agent within the learning organization. "Systems thinking" can respond to these challenges by bringing structure and agent into better alignment with each other. Specifically, "systems thinking" can bring agents into better alignment with the structure through its "disciplines." This greater alignment demonstrates the usefulness of employing "systems thinking" in an analysis of organizational learning.

The dynamics between structure and agent are conceptually easy to understand within the context of an organization. The structure is represented by the organization itself. The hierarchy of the organization represents its structure along with its rules and

regulations for the organization's operations. Most importantly the philosophical purpose, or mission, of the organization constitutes its structure. The agents within an organization are represented specifically by the individuals that work within that organization and carry out its operations on a daily basis. Additionally, within any organization, the dynamics between the structure and agents are constituted by the relationship between the structure and the agents. The structure of an organization effects the power of agents by defining the task of agents and the limitations to how the agents can and do operate. The agents, however, can affect the structure of the organization itself. They can do this by adjusting the manner in which they operate resulting in a change in organizational hierarchy, philosophical purpose, rules and/or regulations. Therefore, in any organization, there exists a constant interplay between the structure and agents in which each is constantly influencing the other to operate in a certain manner.

Because the organization itself represents structure, and therefore, the philosophical purpose of the organization, it is the structure of the organization that demonstrates step one of the learning. The organization itself can be understood as the structure that determines "new conceptual frameworks." Learning, however, is accomplished within the organization through actual agency. The second step of the learning process, or "changes in behavior," must be carried out through the individual agents that operate within the structure of the organization. Therefore, in relation to the learning process, the structure of the organization in determining "new conceptual frameworks" influences the operations of the agents in "changing behavior." It is necessary that both the structure and the agents engage in the learning process in order for true organizational learning to occur. More specifically, it is necessary for the

structure to create an environment within which the agents can exercise learning in way that brings the daily actions of the agents in better alignment with the "conceptual frameworks" determined by the structure.

However, as demonstrated above, there can often be a disconnect between the structure of the organization in step one of the learning process and the agency of "changing behavior" in step two of the learning process. The example discussed above demonstrates this disconnect. The structure of the organization created "conceptual frameworks" in relation to the resettlement policy (Fox 308). However, the structure of the organization was unable to create an environment within which agents could change their behavior in order to learn how to operate according to the established conceptual framework (Fox 313). Agency, in this case, was too constrained by the problem of satisficing. The satisficing of continuing to act in the conventional manner resulting in no change in behavior represents the difficulty agents can have in aligning themselves with the structure of the organization.

Therefore, the major challenge to organizational learning as the disconnect between steps one and two of the learning process is understood as a problem of the dynamics between the structure of the organization and the agency of the individuals who work within that organization. As noted above, it is necessary for structure and agent to work together in order for organizational learning to occur. Fortunately, "systems thinking" provides a manner through which the structure and agents of an organization can become aligned so that organizational learning can take place.

"Systems thinking" is able to create better alignment through its "disciplines." As noted above, the "disciplines" of "systems thinking" provide actions that can create better

learning. Therefore, these "disciplines" should be directly understood as agency for the purposes of this study. It is the action of the "disciplines" that provide the individuals within an organization the agency to learn in a way that will bring their actions into better alignment with the structural "conceptual frameworks" of the organization.

When these "disciplines" are employed simultaneously by the agents within an organization, they create a synergy between them resulting in a feedback loop. As noted above, an integral element of "systems thinking" is the feedback loop because the feedback loop opens the doorway for communication within an organization. Essentially, it provides a forum within which the cause and effect relationships between the structure and agents of an organization can be recognized and analyzed (Senge 74). The result of the feedback loop within an organization is the better alignment of the structure and agents of the organization so that they are working in tandem toward organizational learning.

"Systems thinking" is, therefore, useful in addressing a structure/agent disconnect within a learning organization because the "disciplines" create a feedback loop. This feedback loop brings the structure and agents into better alignment so that the organization can actually learn. Chapter 2 will demonstrate the establishment of learning through a working feedback loop and Chapter 3 will demonstrate the creation of that feedback loop through the "disciplines" of "systems thinking." The result of establishing a working feedback loop through the "disciplines" of "systems thinking" leads to organizational learning by bringing the agents into better alignment with the structure of the organization of the OED. Essentially, through the application of the structure/agent

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dynamic this study helps to demonstrate that the OED actually learns about accountability by learning how to learn through constructing a working feedback loop.

III Thesis Organization

The theoretical framework behind "true" organizational learning through "systems thinking" has now been introduced. The discussion above also demonstrated the challenge of the disconnect between creating and using knowledge through organizational adaptation rather than through learning. The study will proceed from here by analyzing the learning successes and failures of a specific organization. This organization will be the Operations Evaluation Department within the World Bank. As noted above, the OED provides a good opportunity to analyze organizational learning as accountability because it is itself an accountability mechanism and because it attempts to hold the World Bank accountable, an organization that many claim needs greater accountability.

This study will address the question: Has "systems thinking" contributed to organizational learning in the case of the OED? It will go about answering this question in two steps. The first step, in Chapter 2, will analyze part of the history of the OED. It will culminate with the beginning of the OED's history. It will start at the beginning because it is reasonable to assume that the smallest amount of experience will provide the greatest amount of opportunity for organizational learning. This chapter will identify a learning opportunity for the OED and employ a case study to analyze it.

It will also identify whether this opportunity was a success or a failure for the OED as a learning organization. However, while the study will include an analysis of the

history of the OED from its inception, the case selected as an organizational learning opportunity will culminate roughly five years after the OED's inception. It is necessary for the case to be selected from this time period because it took the OED roughly five years to develop an evaluation system. This evaluation system will be discussed further in Chapter 2.

The second step will be to analyze the case presented in Chapter 2 in terms of systems thinking. Systems thinking will be applied to this case in Chapter 3. This study will determine that systems thinking occurred in this case. Therefore, this study concludes that systems thinking has contributed to organizational learning in the case of the OED.

IV Approach to Examination

1. Variable 1: "OED Learning"

In Chapter 2, an understanding of the history of the OED will be useful in determining its success or failure as a learning organization. In examining its history, this study also examines a case of an opportunity for organizational learning. The categorization of this case will be as a success or failure for organizational learning within the OED. This categorization will be one variable necessary to determine if "systems thinking" has contributed to organizational learning in the case of the OED. Therefore, the name for this variable will be "OED learning" and the code for this variable will be "success or failure" for the case.

Evidence for the success or failure of the OED as a learning organization in this case relates to the learning process outlined above. The OED must have completed steps one and two of the learning process in order for the case to be considered successful.

Therefore, the OED must make some recognition that it is necessary to replace existing "conceptual frameworks," "goals and priorities" with new "conceptual frameworks," and "goals and priorities." Secondly, the OED must demonstrate that its behavior has changed according to those new frameworks, "goals and priorities." If it is determined that the two steps of the learning process have not been satisfied, then, for the purposes of this study, the case will be considered one in which organizational learning did not take place. It is important to note that the case will represent an OED learning failure if either step one or two or both are not met.

2. Variable 2: "Systems Thinking"

Chapter 3 will demonstrate whether or not "systems thinking" contributed to learning at the OED according to the case outlined in Chapter 2. This determination will be made by applying the "other" four disciplines that comprise the "Fifth Discipline" of "systems thinking" to the case. The study will determine the "presence or absence" of "systems thinking, this determination will be considered the second variable necessary to make a judgment about the contribution of "systems thinking" to organizational learning in the case of the OED. This variable is an independent variable and will be named "systems thinking" and be coded as "present or absent."

It is necessary to note at this point that the variables "OED Learning" and "Systems Thinking" are the variables necessary to answer the question of this study. "OED Learning" is necessary to determine if learning has taken place and "Systems Thinking" is necessary in order to determine if "systems thinking" made a contribution to this learning. "OED learning" is dependent on "systems thinking." Additionally, it is

necessary to consider another variable in order make a judgment about the "presence" or "absence" of "systems thinking."

3. Variable 3: "Disciplines"

In relation to this second variable, the concern becomes: how many of the "other" four disciplines need to be present in order for "systems thinking" to have occurred? There are several issues to consider when determining how many of the four "other" disciplines need to be present in order for "systems thinking" to have occurred. Primarily, it is necessary to determine the "presence" or "absence" of each of the "other" disciplines. This will represent the third variable necessary to making a determination of "systems thinking" in relation to the OED and it will be named "disciplines." However, because this variable will apply to each of the four "other" disciplines, it will be necessary to make a distinction between them. Therefore, for each discipline, the variable will additionally be named according to the particular discipline. For example, the study will examine the variable of "discipline: personal mastery" and will code this variable as "present" or "absent." It will then do this for the "other" three disciplines in order to make a determination regarding the "systems thinking" variable. It is necessary to note at this time that the variable "discipline" is an independent variable and the variable "systems thinking" is dependent.

On the surface, the available evidence to determine if all four disciplines are present will be somewhat limited. This will be the case because this study will employ the history of the OED according to the OED. If there is no evidence that links the concerns and considerations of the OED in relation to its development and the four "other" disciplines, then these disciplines may be impossible to apply. For instance, the

available literature surrounding the case may not include any information that is relevant to the discipline of "personal mastery." Therefore, it may be determined that two of the "other" disciplines are present, one is absent and one is not applicable. This observation implies that it may be possible to code each of the "other" "disciplines" for any one case as "not applicable." However, in Chapter 3, the study will demonstrate that all four of the "other" disciplines are present in this case.

However, using the history of the OED as the OED understands it will be comprehensive and inclusive enough overall. This is true because the document used to analyze the history of the OED is specifically comprised of personal reflections. These reflections come from the personal experience of the individuals that were a part of forming this history. Therefore, it includes those who would have been taking part in "systems thinking" if it had been "present." Additionally, it expresses the concerns of those individuals in relation to the learning opportunity case. Thus, it provides good insight into the actual working experience within the OED and is relevant to the "other" four disciplines of "systems thinking." These concerns and experiences were not characterized in explicit terms of the "other" disciplines. For instace, it is not likely that the OED in this document will refer explicitly to "personal mastery." However, because of the personal reflective nature of OED history and the personal reflective nature of all of the disciplines of "systems thinking," each discipline can be reasonably applied to each case. Therefore, it took some interpretation and judgment on my part to relate the personal concerns and experiences of the OED staff to the "other" disciplines. This personal reflection exemplifies the necessary feedback loop described in the literature review.

Now that it has been determined that applying the "disciplines" to this learning opportunity is possible through the document provided by the OED, it is necessary to determine exactly how many "disciplines" need to be present in order for "systems thinking" to have taken place. There are several ways in which "systems thinking" can be demonstrated through the "disciplines." Primarily, if all four "disciplines" are determined to be "present," then "systems thinking" will de definitively demonstrated and "systems thinking" will be coded as "present." Conversely, if the study determines that none of the "other" "disciplines" are present, then "systems thinking" will be coded as "absent." This represents a determination of "systems thinking" being based on the majority determination of the "presence" or "absence" of the "other" "disciplines."

Additionally, the determination of the majority of a "presence" or "absence" of the "other" "disciplines" will be applicable even if it is not an all or nothing determination. The case will be judged in relation to "systems thinking" according to the relative number of "present" and "absent" "disciplines." If the majority of the "disciplines" are "present," then "systems thinking" will be determined to be "present." If the majority of the "disciplines" are "absent," then "systems thinking" will be determined to be "absent." For example, it may be determined that the case has three of the "other" "disciplines" "present" and one "absent." Therefore, "systems thinking" will be considered to be "present."

4. Variable 4: "Systems Thinking Influence"

To complicate the possibilities further, the case may have two of the "other" "disciplines" "present" and two "absent." Essentially, this means there is no majority and another method will be necessary to make a determination in this case. In making a

determination about the "presence" or "absence" of "systems thinking" according to the "presence" or "absence" of the "other" four "disciplines," it might be necessary to relate each of the disciplines to each other. The study will consider the "strength" or "weakness" of each discipline in this case in relation to their possible bearing on "systems thinking." This will represent a fourth possible variable that will be necessary to evaluate "systems thinking" in relation to the OED. This variable is designated as "systems thinking influence" and each "discipline" will be coded as "strong" or "weak." The determination of this "strength" or "weakness" will be based on the literature and its general concern about the information pertinent to that discipline. Once this determination has been made, the study will make a judgment about the "presence" or "absence" of "systems thinking." An example here may be beneficial to demonstrating this component of the methodology. It may be determined for that the two "disciplines" that are "present" are "weak," or of little concern to the OED, and that the two "absent" disciplines are "strong," or of great concern to the OED. Therefore, the OED would not have been actively engaging in the "present" "disciplines" and essentially resisting engaging in the "absent" "disciplines." Therefore, in this case, this study would determine that "systems thinking" was not "present" and therefore could not have contributed to organizational learning.

The case will be analyzed and conclusions will be drawn based on the relationship between the determination of the "success" or "failure" of "OED learning" in relation to the learning opportunity and the determination of the "presence" or "absence" of "systems thinking." Essentially, this conceptual framework is constituted by studying the "other" disciplines in order to make a determination about "systems thinking" which tells

us about the "success" or "failure" the "OED learning." The possible conclusions from

this analysis are outlined above in "Thesis Organization."

Chapter 2 - Analysis of the History of the OED

I. History of Institutionalizing the OED

As noted above, it is necessary to analyze the history of the OED in order to select a case in which organizational learning could have taken place. The history of the OED that analyzed here is provided by the OED itself in a document published in 2003 called "World Bank Operations Evaluation Department: The First Thirty Years." In 2002 – 2003, "…the Bank's Operations Evaluations Department (OED) held a series of major events, including seminars and workshops, leading up the thirtieth anniversary of the founding of the OED by Robert McNamara on July 1, 1973" (OED xi). These events provided the framework within which this document was prepared and, in fact, part of the purpose for these events was to document the history of the OED (OED xi). Essentially, this document was produced by the people involved in actually making this history and participants in these events included "OED alumni, current and former CODE members," Director – Generals of Operations Evaluation etc. (OED xiii). The World Bank Group Archives also were used in the preparation of this document (OED xiii). Therefore, this history can be strictly understood as the history of the OED as the OED understands it, because the document was prepared by the OED with contributions from particular individuals who played a role in forming this history. The OED concluded that "two noteworthy trends" "emerge from a consideration of the OED's evolution" (OED 1). These are "the growing independence of the evaluation function" and "the growing complexity of the evaluation function" (OED 1).

Using the history of the OED as the OED understands it is especially relevant to this study because organizational learning occurs within organizations. Organizational learning by nature is a self – reflective process of understanding operations within an organization. It is a mode through which an organization holds itself accountable for its own actions and problems. Furthermore, a history of the OED, as the OED conceptualizes it, demonstrates self - reflection. This self – reflection is an example of the self – reflection necessary to learning discussed in Chapter 1.

Additionally, Robert McNamara's purpose in instituting evaluation of Bank operations through the OED was to raise evaluation "from a topic for occasional formal research and frequent ad hoc analysis into a technique for regular application, to identify lessons that would improve future Bank policies and procedures" (OED 3). Therefore, the OED was created to provide an internal mechanism within the Bank that would enhance accountability for Bank operations through learning, and this learning as accountability is the context within which this study is being conducted. Consequently, it provides a ripe opportunity for analyzing organizational learning.

In order to analyze learning opportunities within the OED, it is necessary to start at the beginning of its history. This history will summarize the OED's development of its evaluation system. It is necessary to begin analysis of learning opportunities after the evaluation system has been established because a system must actually be present in order to analyze it in relation to "systems thinking." It would be impossible to analyze the success or failure of an organization understanding itself as a system, if a system does not actually exist. Once this system is desrcibed, the study can then identify a learning

opportunity, and this learning opportunity can then be analyzed as a success or failure of the OED in learning through engaging in "systems thinking."

1. First Attempt at Evaluation: Country and Sector Evaluations

Evaluation within the OED began with the idea that it would examine the effectiveness of Bank projects and programs on two different levels. These levels became country and sector evaluations (OED 5). The first country study was conducted within the context of Columbia in 1971. Two major related lessons were learned in this attempt at evaluation.

Primarily, the OED realized that it needed to construct a fundamental understanding of "… the 'development' to which the Bank was supposedly contributing" (OED 5). Essentially, this realization means the OED established that its first step to understanding the performance of the Bank in a given country would be to identify what the Bank wanted to do in a country. The OED was able to identify rural poverty as the Bank's most pressing development issue in Columbia. However, this does not necessarily mean that the Bank understood rural poverty to be its most pressing issue.

The second lesson that the OED would learn was that "projects and programs" needed to "directly address the country's weaknesses in mobilizing its own resources and people" (OED 5 & 6). Therefore, in future evaluations, the OED needed to thoroughly consider the particular geo – political situation within a country rather than only what the Bank did specifically. This lesson extended to the Bank overall so that the OED established that the Bank needed to make a greater consideration of the overall geo – political situation within a country in producing and implementing programs.

The lesson of considering the geo – political situation should be understood as a contribution to or necessity of the first lesson of establishing what the Bank wants to do in a certain country. For example, if the Bank had given the overall geo – political situation of Columbia more consideration before it began development work there, then it might have been able to identify rural poverty more clearly as the most pressing development issue. Unfortunately, it found that the Bank had not been able to significantly affect rural poverty in a positive way and it was not addressing the development "disease" in Columbia (OED 5).

At the very least, however, the OED learned that the Bank was treating some of the development symptoms in Columbia. During this stage of evaluation, the OED established that the Bank did have a significant positive effect on "trunk infrastructure" (OED 5). This meant that the Bank was able to benefit "a significant portion of the large numbers of people who had moved from the countryside to the cities" by implementing projects related to roads and electricity (OED 5). The OED evaluation of the Bank's work in this area of "trunk infrastructure" demonstrated to the OED that the Bank was concentrating on the least pressing issues. This reinforced the lessons of establishing what the Bank actually wants to do in a country and considering geo – political concerns throughout the implementation and evaluation processes.

The sector study that was conducted during the same time period pertained to $1.5 billion of "… the Bank's cumulative lending to developing countries for electric power" (OED 6). The major lesson gained here was that the OED could examine a very large amount of lending and still gain "… useful conclusions and suggestions for future improvements" (OED 6). This study also was able to establish that certain questions

would likely pertain to all future sector studies and should be asked in the future. These questions pertained to "… the efficacy of institution building efforts…" and "… the cost effectiveness of withholding loan commitments pending borrower/government reforms" (OED 6).

A. Lost Learning Opportunity

At this juncture in analyzing the evolution of the OED, it is necessary to ask why there was no apparent overlap between the two evaluations. It seems that the finding by the Columbia country study that the "trunk infrastructure" projects, which included electricity, were successful could have been useful to the sector study in its analysis. It also seems that the country study could have used the findings of the sector study to better understand the impact of "trunk infrastructure" projects. One reason why there might have not been overlap between these two evaluations is that they were being conducted contemporaneously. While the conclusions of the country study were being developed, the conclusions of the sector study would not have been established yet. Consequently, the country study would not have had the benefit of using the sector study's conclusions in its evaluation and vice versa. If this were true, then one might ask: Why they did not simply compare notes once both were done and create a report demonstrating the combined lessons from both? Additionally, considering the fact that at this time the OED consisted of "A small staff of two Bank economists, three graduating young professionals, and several research assistants…," this lost opportunity seems even more apparent (OED 5). It does not seem reasonable to conclude that there was no communication between the members of such a small staff. The OED had an opportunity

here to examine the benefits of cross analysis between evaluations and they did not take it.

It is important to recognize that this lack of cross analysis seems like a ripe opportunity for organizational learning within the OED. The failure of the OED to engage in organizational learning in this early situation cannot be analyzed in relation to "systems thinking" because it occurred at the very beginning of the OED constructing an evaluation system. The OED had only conducted two studies to date and these studies constituted the very first stage of developing this system. Therefore, they cannot be considered for use as the learning opportunity case in this study because the "presence" or "absence" of "system thinking" for this learning opportunity cannot be analyzed. The lack of cross analysis in the face of obvious benefits exemplifies the above discussion of the necessity for a "system" to exist before learning opportunities within them can be analyzed in relation to "system thinking."

B. OED Organizational Adaptation

The next major lesson that the OED learned related to its usefulness came from pressure from outside of the Bank in 1972. "…The U.S. Congress and its audit arm, the U.S. General Accounting Office, began to press for evaluations from the Bank…" (OED 6). The result of the correspondence between the Bank and the U.S. government was that the OED realized that there were "conceptual distinctions" in evaluation that could be applied to Bank operations. These distinctions were: "effectiveness (the extent to which objectives were filled), efficiency (cost/benefit analysis) and economy (reasonableness of unit costs)" (OED 6 & 7). This was a very important lesson for the OED as these evaluation concepts have continued to be a part of its evaluation criteria of Bank

operations in project, country and sector evaluations. Effectiveness corresponds to the

current evaluation concept used by the IEG of efficacy. Additionally, efficiency

corresponds to efficiency and economy corresponds to relevance (IEG – Impact

Evaluation 1 & OED 7).

It is important to note that this situation, in which the OED created a new

"conceptual framework" should be understood more appropriately as organizational

adaptation rather than true organizational learning. Again, "Organizational adaptation

involves changes in behavior in response to new pressures or incentives, but without any

adjustments in the organization's underlying goals, priorities or decision – making

process" (Fox 10). Two reasons support this argument. First, there was no "adjustment in

the organization's underlying goals…" (Fox 10). The organization at this point had no

real specific goals. It basically only knew that it wanted to analyze Bank projects in

order to create some understanding of the success of the Bank. Additionally, the

establishment of this "conceptual framework" was a response to outside "pressure or

incentives," specifically from the U.S. government, rather than an understanding of the

need for "new conceptual frameworks" from within the organization itself. As noted

above, a necessity of organizational learning is self – reflection operationalized through

feedback loops. It cannot be the result of outside "pressure and incentives" as in this

case.

2. Second Attempt at Evaluation – Institutionalizing Reports

A. New OED Reports: "The Complexity of Evaluation"

After the establishment of country and sector reports through the experience

outlined above, the OED began to concretely establish its role by institutionalizing other

types of reports. This institutionalization began roughly in 1972. These reports were project completion reports (PCRs) and project performance audit reports (PPARs) (OED 8 & 9). Eventually by 1975, the OED considered these reports to be useful and the PPAR Review became the most comprehensive report to date. This report "would summarize the results of all PPARs produced since the last review" (OED 9). These reviews would then be used for four different types of reports, including the country and sectoral reviews mentioned above. In addition, they became the basis for management and policy reviews that related to "dealing with Bankwide procedural and process issues" and follow – up reviews that "assessed the progress that operating departments had made on the actions they had agreed to undertake in response to the recommendations of major studies" (OED 10).

This is the point at which the OED actually established an evaluation system. PCRs and PPARs evaluated individual projects and these evaluations became the basis for PPARs Reviews which summarized the Bank's work in a given year. Then this summary provided the basis for comprehensive reports regarding countries, sectors, management and policy and follow – up reviews and it is this understanding that was the most valuable to the OED. This is because it is this kind of understanding that could actually help to instruct Bank operations on what works and what does not in a certain country, sector (or both) or with a certain policy. Therefore, the structure of the OED at this point was comprised of this evaluation system and the purpose imbedded in this structure was to create better opportunities for operations staff to exercise agency toward better performance when implementing projects.

This evaluation system was a very important development in the OED's evolution toward better performance because it is this system that would provide the foundation for how the OED operated into the future. This foundation has continued to be the basis for evaluation ever since the establishment of this system (OED 18).The relationship between these reports is much the same as it was 1970s. However, the specific methods and goals of each report type may have changed since then (OED 1 – 30). The establishment of this system also demonstrates the developmental "trend" of the complexity of evaluating the Bank's performance mentioned above.

B. Institutionalizing the OED: The "Independence of the Evaluation Function"

During this time period, there were also developments in the "trend" of independence. The first major change was that of officially establishing the OED in 1973 as opposed to the haphazard group of evaluators mentioned above (OED 8). The following year, the OED was officially tied directly to the Board of Executive Directors by establishing that the OED would answer to the Director – General of Operations Evaluation. This director would be selected by the executive directors from a list provided by the president of the Bank (OED 9). Therefore, establishing this independence added another element to the structure of the OED.

It is the establishment of the position of the Director General that leads to the learning opportunity that will be described shortly. The first Director General was Mervyn Weiner who had been promoted to that position from a projects director. As a projects manager, Weiner had encountered the OED. However, he understood it to be a point of "friction" because operations staff felt that the OED was commenting on projects

in which they had no experience, and therefore, were not educated enough to make a judgment about them. Consequently, when Weiner became Director General of Evaluation, he set out to change alleviate this "friction" by creating a working feedback loop. This demonstrates an instance in which the agency exercised by on agent within the system had an effect on the entire structure of that system. The creation of this feedback loop will be discussed further.

The combination of the report system and the official establishment of the OED produced an integral step between OED evaluations and their use by Bank operations. In 1975, in order to create this feedback loop, Weiner set out to systematically operationalize the use of the above mentioned PCRs and PPARs by emphasizing "…the self – evaluation aspect…" of reports (OED 11). "A first formal statement of the Bank's Standards and Procedures for Operations Evaluation, covering in particular the content of PCRs and PPARs and processes for their preparation and review, was submitted to the executive directors and approved in April 1976, and then widely disseminated" (OED 11). The "self – evaluation aspect" of this "statement" was essentially an operational tool used to ensure that there was communication between the OED and operations staff so that the latter would be at least somewhat aware of the knowledge the OED was creating. This "self – evaluation" was created by the OED's "… solicitation of comments on draft reports from all who might be particularly interested in the project and from the borrower" (OED 11). The "solicitation" ensured that the OED had greater objectivity in its reports and that "… the constant danger that evaluation products would not get far enough up in people's in – boxes actually to be read" would be reduced (OED 11). Therefore, it is this "self – evaluation aspect" to creating reports included in the above

"statement" that initialized and institutionalized the relationship between the OED and operational staff by giving the operational staff some agency in creating PCRs. This institutionalization is significant in the history of the OED because it more concretely establishes the operational system of evaluation as the structure of the OED which contributes to an understanding of how the rest of the Bank can exercise agency in using the work of the OED.

Therefore, at the end of this first period of the history of the OED, the OED had basically learned how to analyze projects, countries and sectors and had systematized this lesson in an operational manner. It also had generally learned what its relationship would be to the rest of the World Bank through its establishment as an independent department responsible to the Board and both its procedural relationship with Bank operations through "self – evaluation."

II "Forging the Relationship Between Evaluation and Operations" (OED 18)

By 1975, the Bank had established a system of evaluation that could be operationalized. It consisted of creating reports starting with those about individual projects (PCRs) (OED 8 & 9). These reports would then be used to analyze Bank projects and procedures comprehensively through creating PPAR Reviews. These reviews then became the basis for country, sector, management and policy and follow - up reviews (OED 8 – 10). It is this system of reports and reviews that provided the structure within which the OED carried out evaluation operations. The OED also established that it should disseminate knowledge that it had created through these reports

throughout the Bank so that it became part of the daily operations of Bank staff (OED 11). This would provide the staff with agency in using the information for implementing current or future projects.

1. Learning Opportunity

Unfortunately, however, the OED had a problem with making the evaluation system useful to the Bank as a whole. Despite the beginnings of a working feedback loop through "self – evaluation," by 1975 the OED concluded that it was most productive "…in assessing the results of work already done, rather than trying to second – guess the decisions of those responsible for current work…" (OED 13). This was mainly a result of the long timeline necessary to produce reports. During this time, "…large volumes of similar loans might have been committed" (OED 13). Essentially, this meant that the usefulness of the OED was not as great as had been hoped. It had not learned how to make its work worthwhile to the extent of understanding, "…the Bank's contribution to development as a way of improving performance on the ground" because it could not work quickly enough to have a great effect on future Bank projects (OED 1).

Institutionalizing a feedback loop through the dissemination of report drafts throughout the Bank for comment demonstrates the "learning opportunities" that the OED would continue to strive for. It presents a "learning opportunity" because the OED in 1976 had not yet found a way to make its work useful to operations staff despite the institutionalization of "self – evaluation" through commenting on report drafts. It is also this "learning opportunity" that will serve as the case to be analyzed by this study. The following analysis will determine the success or failure of the OED in learning how to

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make evaluation useful to operations staff according to the two steps of the learning process.

This also was a "learning opportunity" for the OED because it presents a problem to the OED of its knowledge being used. The OED found that in disseminating reports to operations staff for comment that the staff generally resisted OED criticisms. The OED accepted some comments operations staff made and included them in reports that went to the board while simply discarding others (OED 19). If the OED was not accepting comments made by the operations staff, then the Department was interfering in the feedback loop between the operations staff and the Board, and it is this feedback loop that was expected to facilitate learning. This was very problematic for the OED because its purpose was to institutionalize learning. Instead, it was paralyzing the learning process. The operations staff was not necessarily protected in any way from OED criticism. The result was "friction" between the OED and operations staff. The OED was basically defeating its own purpose in disseminating reports (OED 19). Essentially, "…the friction undercut the feedback benefits of OED's good work" (OED 19).

Therefore, this problem represents a disconnect between the structure and agents within the system of the OED. The structure is represented by the evaluation system. However, it was not allowing for agency in using the PCRs because of the inefficient timeline and interference in the feedback loop. Consequently, the OED had to change the structure in a way that allowed for better learning by the operations staff through creating agency that resulted in a working feedback loop.

A. Step One of the Learning Process

Consequently, the OED adjusted its structure to allow for greater agency by establishing a "new conceptual framework" in order to build a better relationship between itself and the operational staff. The "new conceptual framework" was comprised of two parts. First, the OED became committed to "Making operational staff an integral part of the evaluation process rather than having them just contribute to OED reports" (OED 19). This "new conceptual framework" exemplifies the OED's understanding of its evolution in relation to the "trend" of "the growing complexity of the evaluation function" (OED 1). This "complexity" relates in this case to the OED realization that it could not operate on its own. Secondly, the OED became committed to "Giving them [the operations staff] a protected voice in the Board alongside OED's" (OED 19). The second component of the "new framework" demonstrates the "trend" of "the growing independence of the evaluation function" (OED 1). This "independence" is exemplified by the OED *and* the operations staff being protected by the Board in evaluation.

In theory, adjusting this conceptual framework would make the knowledge that the OED produced more useful. The intention was that greater usefulness for OED knowledge would exist if operations staff were considered to be a larger part of the feedback loop rather than simply a source that could provide some information for reports. This greater usefulness could be facilitated by operations staff having a "protected voice." This voice would make them less adverse to criticism. That criticism would become an institutionalized part of the feedback loop rather than a point of "friction" between staff and the OED. This structural "new conceptual framework" demonstrates that step one of the learning process occurred in this case.

B. Step Two of the Learning Process

In order to understand whether or not this case was a "success" or "failure" of organizational learning for the OED, it is necessary to analyze it in relation to step two of the learning process. Now that the OED had adjusted its structure in step one of the learning process, it needed to make sure that this adjustment resulted in better agency through "changes in behavior" in step two of the learning process. The OED attempted create better agency by adjusting the way in which operations staff used knowledge the OED produced. As demonstrated above, until this point, the OED had attempted to create a relationship between the OED and operations staff by disseminating its reports throughout the staff for comment (OED 11). The purpose of this was to create a feedback loop that would provide self – reflective agency for the operations staff operationalized through the OED. This strategy had not been very successful however because it tended to create "friction" between staff and the OED (OED 19). Additionally, until this point, PCRs had been produced in a somewhat haphazard manner. When PCRs were institutionalized, they were meant to be prepared by operations staff. They would then be reviewed and adjusted by the OED before going to the Board for approval. In practice, however the OED became "…the unit of last resort for delivering acceptable completion reports to the Board" (OED 20). Essentially, this meant that the OED had taken on greater responsibility in preparing PCRs than the operations staff.

The operations staff did not prepare acceptable completion reports because they felt constrained by their daily activities so that "performance was spotty" (OED 20). Staff were "…confronted with scheduling and budget pressures to meet lending programs…" (OED 20). As a result, the PCRs themselves were not reliable: "…Some weren't produced at all. Some turned out to be inadequate for submission to the Board,

being little more than unfiltered compilations of supervision documents that just reported the implementation history of the project, and were completely insensitive to the cost and audience for their reports" (OED 20). Essentially, the additional responsibility of preparing PCRs was contributing to the "friction" between the OED and operations staff. This "friction" due to integrating additional responsibilities into the daily lives of the operations staff exemplifies the satisficing discussed earlier.

Therefore, the PCRs, in many cases, did not include any useful self – reflective analysis by the operations staff that the OED could use in final PCRs themselves or in further "sector, country, impact or process reviews" (OED 20). Additionally, without taking the PCRs seriously, the real concerns of the operations staff about implementing projects were not being expressed. Instead, the only concerns that the operations staff actually expressed would have been those that reacted to OED reports and contributed to the "friction" between the units.

The consequence of this "friction" and unreliable PCR production was a dysfunctional feedback loop. The structure of the OED was not able to create agency for operations staff because it had not institutionalized their involvement strongly enough. Therefore, the agency of operations staff was limited and they simply engaged in the satisficing described above. The operations staff were not able to learn from the knowledge the OED produced because they had no useful agency in creating this knowledge and, therefore, they did not engage in the process. This lack of engagement resulted in no self – reflective process between the OED and staff. Therefore, no working useful feedback loop existed. Consequently, it was necessary for the OED to adjust the structure in a way that created more useful agency for the operations staff by

institutionalizing their involvement in the process. Ultimately, the goal at this point, for

the OED, was to create a working feedback loop so that operations staff and the OED

learned from each other by the operations staff becoming a important and engaged agents

in the process of the production of PCRs. Essentially, what this would accomplish is

bringing the agents in line with the structure of the OED. It accomplished this by making

"changes in behavior" through re – operationalizing the PCR production process.

The OED decided to address the above "new conceptual frameworks" by re –

operationalizing the manner in which PCRs would be prepared. The former operation

was one in which the OED ultimately was responsible for PCRs and it, in practice, only

solicited information from the operations staff. The new approach to PCRs would be one

in which "…the foundation of the evaluation system would have to be timely and

acceptable completion reporting by operational staff" (OED 20). Essentially, this new

formulation meant that PCRs went from being the responsibility of the OED to being the

responsibility of the operations staff. This aspect of re – operationalizing directly

addressed the "new conceptual framework" of "Making operational staff an integral part

of the evaluation process rather than having them just contribute to OED reports" (OED

19).

Additionally, "…whenever differences in views arose, their [the operations

staff's] dissent would henceforth be included in the final OED report" (OED 20). The

"friction" between the operations staff and OED was mitigated because all discussion, or

feedback, between the two groups was recorded, rather than the views of the OED being

expressed and those of operations staff being devalued or discarded. Therefore, this

element of re- operationalizing the preparation of PCRs satisfied the "new conceptual

framework" by providing the operations staff with "…a protected voice in the Board alongside the OEDs" (OED 20).

The above discussion demonstrates how re – operationalizing the PCR preparation process addresses the "new conceptual frameworks" by making the OEDs work more valuable to operations staff. This re – operationalization demonstrates a "change in behavior" on the part of the OED staff. The OED concluded in relation to this "change in behavior" that, "Accountability for portfolio performance and evaluating operating experience overall became firmly institutionalized and have continued to serve staff …" (OED 20). Furthermore, this institutionalization of the "change in behavior" demonstrates that part two of the learning process occurred in this case. Essentially, what this re – operationalization did, was bring the agency of the operations staff into alignment with the goals of the structure of the OED itself. For the purposes of this study, the case is a "success" in organizational learning.

Chapter 3 Application of "Systems Thinking" to the Learning Opportunity

I "Disciplines"

In Chapter 2, the case of "Forging the Relationship Between Evaluation and Operations" concluded that the OED succeded in organizational learning because it satisfied both steps of the learning process. It is now necessary to test the variable of "systems thinking" in relation to this case. The "presence or absence" of "systems thinking" in this case will be determined. This determination will be made examining the "presence or absence" of the "other" disciplines in this case. In other words, the variable of "disciplines" will demonstrate the "presence or absence" of "systems thinking" through the "presence or absence" of a majority of the "other" disciplines. Therefore, it is first necessary to examine the "presence or absence" of the "other" disciplines in this case.

Evaluating the "presence or absence" of each discipline relates specifically to the theory of these disciplines Senge provides (139 – 269). Each discipline is first described in conceptual terms. These terms relate specifically to what the discipline is and its contribution to "systems thinking." Secondly, for each discipline, Senge provides disciplinary actions that an organization can take in order to foster "systems thinking." The conceptual terms and disciplinary actions of each discipline will provide an indicator of the "presence or absence" of each disciplines. Each discipline will be examined on the basis of its demonstration of the conceptual terms, the disciplinary actions, or both.

1. Discipline: "Personal Mastery"

"Personal mastery" is one of the "other" four disciplines that contributes to "systems thinking." Chapter 1 noted, Senge describes it as "… continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively" (Senge 7). It is present in this case. There are two major demonstrations of this presence. Primarily, "clarifying and deepening our personal vision" played a role in "changing behavior." Secondly, "seeing reality objectively" also played a role in "changing behavior."

"Personal vision" constitutes the primary disciplinary action an organization can take in order to foster "personal mastery" (Senge 147). Senge states that, *The ability to focus on ultimate intrinsic desires, not only on secondary goals, is a cornerstone of personal mastery"* (Senge 148). In this case, the "intrinsic desire" to learn is demonstrated by creating a working feedback loop. This feedback loop was created in this case by "Making operational staff an integral part of the evaluation process…" through the process of preparing PCRs beginning with the operations staff. Once the staff actually produce the PCRs, they can then be evaluated by the OED itself. This evaluation contributes to the usefulness of the knowledge produced through PCRs by developing them in a manner that will create more useful recommendations to the Board. This cross evaluation by the operational staff and the OED represents the first link in the feedback loop. The Board will then consider these recommendations in order to determine their usefulness. This usefulness will then be expressed by the Board back to the OED itself and to the operations staff. This expression represents the second link in the feedback loop. Creating a more effective feedback loop exemplifies the "intrinsic desire" of the OED to use feedback loops in its operations.

Additionally, this feedback loop is an alternative to the "secondary goal," in relation to the operations staff of "…having them just contribute to OED reports." In other words, before this shift in the operations of preparing PCRs, the OED was simply considering information provided by the operations staff with their comments on OED reports. The combination of concentrating on the "intrinsic desire" of a feedback loop and the de – emphasizing of the "secondary goals" of simply seeking information from the operations staff through comments demonstrates "personal mastery." Consequently, this demonstration contributed to the "changing behavior" of the OED and the operations staff.

"Personal mastery" is demonstrated in a second manner. "Changes in behavior" are generated by "seeing reality objectively." This "seeing reality objectively" relates directly to "personal vision," because the "vision" is the unit against which reality is measured. In other words, in order to understand reality in its current state, there needs to be a unit to compare it to. One needs to have a goal, or "vision," in order to understand how far current reality is from that goal. Senge refers to this as "Holding Creative Tension." This "creative tension" represents the "gap" between the "vision" and reality (Senge 150 – 151). "The principle of creative tension is the central principle of personal mastery…" (Senge 151). It is also the second disciplinary action Senge provides for fostering "personal mastery" (Senge 150).

In this case, the "vision" of the OED was to create a working relationship between itself and operations staff through an effective feedback loop. However, the "reality" was that the working relationship was not useful because it resulted in "friction" between the OED and operational staff rather than partnership. This "gap" between "vision" and

"reality" is what the OED was working to amend in re – operationalizing the preparation of PCRs. The OED addressed this problem by "Giving them [operations staff] a protected voice in the Board alongside the OED" by codifying operations staff concerns and criticisms (OED 20). Therefore, the OED mitigated this "friction," and in the process, helped to build a better relationship between the operations staff and the OED. Consequently, the "reality" became closer to the "vision." "Seeing reality objectively" in relation to a "vision" demonstrates "personal mastery" and its contribution to "changes in behavior." In this case, "personal mastery" is present and contributes to "systems thinking" through its engagement with two disciplinary actions of the discipline itself.

2. Discipline: "Mental Models"

The second of the "other" disciplines is "mental models." As noted above, "Mental models are deeply ingrained assumptions, generalizations, or even pictures or images that influence how we understand the world and how we take action" (Senge 8). These "images" "affect what we see" (Senge 175). More specifically, they determine what we decide to recognize or pay attention to. Consequently, they "influence how we understand the world" (Senge 8). Therefore, they have influence over how we respond to the "images" themselves through our own actions. "…What is most important to grasp is that mental models are active…" (Senge 175).

"Mental models" can be accurate or inaccurate understandings of reality. However, "the problems with mental models arise when they are tacit…" (Senge 176). If they are tacit, then we may not recognize them. Consequently, we do not have the opportunity to judge their accuracy and cannot change them if they are detrimental to learning (Senge 176). The key to mental models in relation to "systems thinking" is to

recognize them and use them to one's advantage in learning. "Mental models" that are

recognized to be accurate, or that develop from questioning and changing existing

"mental models," can be useful in understanding a "system." If they are useful in

understanding the "system," then they will be useful in predicting the future and

addressing problems (Senge 174 – 186).

Therefore, there is inherent value in recognizing "mental models." This

recognition of "mental models" can lead to changing those "models" in a manner that

will be useful. Any recognition of the failure of a "mental model" can facilitate the

adjustment of that "model" into something more useful for the organization. In this case,

the original "mental model" was one that conceptualized a working feedback loop

through simple solicitation of comments (OED 20). The OED was then able to recognize

this "mental model" and its major flaw in creating "friction." It then adjusted the

"model" so that the operations staff played an integral part of the production of PCRs and

thus created a more useful feedback loop (OED 20). The simple recognition of "mental

models" can lead to change and learning within an organization. This process was

demonstrated above for this case. The demonstration illustrates the use of "mental

models" and suggests how they contribute to "systems thinking."

This case also exemplifies the employment of an approach to creating useful

"mental models." The approach is called "planning as learning," and it is a disciplinary

action that contributes to fostering "mental models" (Senge 187). This approach entails

understanding planning to be dynamic rather than static so that a "single future" does not

comprise the "mental models" of the organization (or "system") (Senge 187 – 188).

"Planning" should be understood as "learning" so that "mental models" are open to

"alternative futures" in which problems may arise (Senge 188). "Planning as learning" encourages useful "mental models" because the "plan," or "mental model," is flexible. Essentially, the "plan" represents a "mental model" because it demonstrates an "image" of organizational operations. Consequently, "planning" generates "mental models" about how an organization does, and therefore should, operate. Therefore, a change in "planning" represents a change in "mental models," or an understanding of how an organization operates. "Planning as learning," however, demonstrates a process in which "alternative futures" can be considered. Also, changing the "plan" according to an "alternative future" essentially demonstrates a test of an alternative "mental model." This test, and new "mental model," then can be judged against the old "mental model" in order to evaluate each "model." The organization is "learning" about which if either "mental model" facilitates better performance.

In relation to the focal case, the OED has engaged in "planning as learning" in a manner that facilitates a positive use of "mental models." The "planning" of the OED in this case was to produce PCRs so that they could be the basis for more in - depth studies and reviews (OED 20). Additionally, the OED "planned" to use operations staff in the preparation of these reports so that a feedback loop could help to facilitate learning. However, the operational aspect of this "plan" was poor in a manner that caused "friction" between the OED and the operations staff resulting in the OED being "the unit of last resort for delivering acceptable completion reports to the Board" (OED 20).

In this case, the original "mental model," was using operations staff's comments as a sufficient link in the feedback loop. The OED was forced to change the "plan" according to an "alternative future." The alternative "plan" was re- operationalizing the

production of PCRs so that the PCRs necessarily originated from the operations staff and the "alternative future" was a better feedback loop and mitigated "friction." Consequently, the "mental model" also changed into a new understanding of how to operationalize the feedback loop. As noted in Chapter 2, this new "mental model" of better operations has served the OED well (OED 20). This new "mental model" was fostered through the disciplinary action of "planning as learning."

This discussion demonstrates that "mental models" were "present" in this case. The recognition of "mental models" can be conducive to learning. The discussion demonstrated how the OED was able to recognize a "mental model" that was prohibitive for their purposes. Secondly, the OED was able to actually use the approach of "planning as learning" to change its "mental model" in a positive way. The conceptual terms of recognizing "mental models" and the use of the disciplinary action of "planning as learning" demonstrates an engagement with "mental models." Thus, the second discipline of "mental models" was "present" in this case and contributed to "systems thinking."

3. Discipline: "Shared Vision"

The third "other" is a "shared vision." A "shared vision" is "… a force in people's hearts, a force of impressive power" (Senge 206). This "power" contributes to "systems thinking" because it represents the "power" to change the "system" and the responsibility to use this "power" effectively. Additionally, "Shared vision is vital for the learning organization because it provides the focus and energy for learning" (Senge 206). This "focus and energy" is a result of most everyone within a "system" "sharing the vision" through a "*commitment*" to everyone "sharing the vision" (Senge 206). This

"commitment" represents the conceptual terms of this discipline, and the "commitment" appears to be "present" in the case. Another element of the conceptual terms of this discipline is "present" in the relevant case. A "shared vision" within an organization can change the relationship between individuals and the organization. Essentially, it can bring the agency of the organization into better alignment with the structure by creating a common ground between the agents and structure. In this change, "their" organization becomes "our" organization (Senge 208). The presence of these two conceptual terms in relation to this case is one indicator of the "presence" of a "shared vision."

A second demonstration of a "shared vision" also is present in this case. It relates to the disciplinary action necessary to facilitate a "shared vision." This action is "commitment" or "enrollment" in the vision rather than "compliance." Senge notes that in order to have an effective "shared vision" it must "…foster genuine commitment and enrollment rather than compliance" (Senge 9).

Primarily, the "commitment" to everyone "sharing a vision" is demonstrated in this case. The relevant actors that commited to a "shared vision" are the agents of the OED, the agents of the operations staff and the structure of the Board. The "shared vision" that emerges is a better feedback loop through this "commitment." The OED committed to a better feedback loop by re – operationalizing the production process of PCRs. The operations staff committed to greater responsibility in the preparation of PCRs through supplying better information and criticisms of the OED. The Board committed by codifying the re – operationalization resulting in a new relationship between the OED and operations staff in the "Standards and Procedures" (OED 20). Therefore, each actor demonstrated a "commitment" to a "shared vision" and this

"commitment" represents the "presence" of a "shared vision" in relation to the conceptual terms of the discipline.

This establishment of a "shared vision" of a working feedback loop also exemplifies the conceptual terms of the discipline that describe the relationship between agents and structure of the organization. Before the "shared vision" of an effective feedback loop through its re – operationalization, the operations staff only sporadically participated in the preparation of PCRs. Additionally, the individuals of the operations staff who disagreed with, or were criticized by, the OED were not protected from criticism from the operations department or the Board (OED 19 – 20). However, in creating a "shared vision" in which individual staffers would be "an integral part of the evaluation process "and protected from criticism, the relationship between these individual operations staff and the OED changed so that the OED was no longer simply "their" organization but closer to "our" organization because the operations staff became an part of the organization in the sense that they became an institutionalized part of the process of producing PCRs . This change in relationship demonstrates another element of the conceptual terms of the discipline that is present in this case.

Secondly, this case demonstrates disciplinary actions taken in this case by furthering "enrollment" rather than simple "compliance" (Senge 218 – 222). "Enrollment" entails choosing to endorse an idea and following through with action. In this case, if "enrollment" had been present from the beginning, then the operations staff would have willingly done a sufficient job of producing PCRs. However, the operations staff instead acted by "compliance." This means that they were going through the motions of producing the reports only enough so that they wouldn't be reprimanded

(OED 20 & Senge 218 – 222). The OED responded by encouraging "enrollment" from the operations staff by making a reasonable argument about the necessity of operations staff input. This argument was that further reports and reviews could not be sufficient without "comprehensive" input by the operations staff (OED 20). The staff was encouraged to "enroll" in the "shared vision" of institutionalizing a working feedback loop by the inclusion of *all* staff concerns and comments, rather than just some of them (OED 20). When re – operationalizing the feedback loop resulted in more useful PCRs, the operations staff was engaging in the "shared vision" rather than simply "complying" with it. Therefore, the disciplinary action of "enrollment" rather than "compliance" contributed to creating a "shared vision" of a working feedback loop.

The "presence" of a "shared vision" has been demonstrated through the relevance of the concept itself in a "commitment" by all relevant actors and a change in the relationship between the organization of the OED and the operations staff. A "shared vision" is also demonstrated through encouraging "enrollment" rather than "compliance." Therefore, a "shared vision" was "present" in this case.

4. Discipline: "Team Learning"

Finally, this study explored the fourth of the "other" disciplines, "team learning." "Team learning" contributes to "systems thinking" because it "develops the capacity of a team" to achieve its goals (Senge 236). Teams can achieve their goals by creating an environment of "alignment." "Alignment" refers to a phenomenon "when a group of people function as a whole" (Senge 34). If a team is "aligned," then "a commonality of direction emerges, and individuals' energies harmonize" (Senge 234). Therefore, "alignment" results in a team being the learning unit within an organization (Senge 236).

It is necessary for a team to be the learning unit because it is the team that must act upon knowledge that is created (Senge 236). One individual learning and acting on that knowledge is useless because one individual cannot, by themselves, carry out the function of, or realize the goals of, an organization. It is the "alignment" of a team into a unit that can learn that develops its capacity to achieve its goals. This understanding of "alignment" represents the conceptual terms necessary for "team learning" to be present.

In the case examined here, "team learning" is demonstrated by a shift from useless individual learning to better "team learning" through "aligning" the team as a learning unit. Useless individual learning is demonstrated before the re – operationalization of producing PCRs. Some individuals within the operations staff produced the necessary PCRs, and thus were producing some knowledge (OED 20). That knowledge was not very useful, however, because it could not be understood comprehensively in conjunction with *all* PCRs because not all PCRs were being reliably produced. Consequently, the individual learning that took place in relation to a select few PCRs was limited in its usefulness for larger "country, sector, impact and process reviews" (OED 20). The "team" could not act upon any "learning" that took place because the "learning" was individualized and incomplete. Therefore, a disconnect existed between the operations staff and the OED that constrained these agents from functioning "as a whole."

However, in re – operationalizing the production of PCRs into a process in which operations staff were fundamentally involved and protected against OED criticism, "team learning" was able to take place, because the OED became better "aligned" with the operations staff so that they were working as one "learning" unit. The OED became

"aligned" with the operations staff by changing the relationship between these two actors within the team. The OED essentially needed the operations staff in order to fulfill its goals. It re – operationalized the production of PCRs so that the reports necessarily originated from the operations staff and were presented to the Board through the OED. Each agent needed the other in order to produce useful PCRs. In this way, they came to function "as a whole." The OED also "aligned" itself more comprehensively with the operations staff by codifying the staff's criticism of the OED and the OED's criticism of the staff (OED 20). This codification meant that each actor within the team was free to be an equal part in the process of producing PCRs. The addition of this codification, therefore, also resulted in the "team" functioning "as a whole" because each actor was no longer in contention with the other. The "alignment" of the OED and the operations staff into a "team" that functioned "as a whole" represents the presence of the conceptual terms under which "team learning" takes place.

In addition, the creation of a working feedback loop between the OED and the operations staff, operationalized by the origination of PCRs in the operations staff and the codification of criticism, represents "dialogue" within the "team" itself. "Dialogue" is the fundamental disciplinary action that contributes to "team learning" (Senge 242). "Dialogue" entails understanding thinking as a collective, active process in which all actors are participants in the process rather than as an individualized reactive process in which actors think on their own (Senge 241 – 242). Three dynamics must be present in order for "dialogue" to take place. Primarily, participants must "be aware" of assumptions and hold "them up for examination" (Senge 243). The codification of criticism created an environment in which "assumptions" were voiced and evaluated by

others. Consequently, thought could be participatory and flow between agents, rather than operations staff simply reacting to OED "assumptions" defensively while the OED discarded "assumptions" made by the operations staff, thus creating "friction."

Secondly, "Dialogue can only occur when a group of people see each other as colleagues in mutual quest for deeper insight and clarity" (Senge 245). Essentially, "seeing each other as colleagues" contributes to "dialogue" because it creates friendlier and creative environment for analysis of "assumptions" (Senge 243). People are more likely to be honest and understanding of others' "assumptions" if the environment is friendly rather than adversarial. Holding up one's "assumptions" for "examination" is risky because one is vulnerable to criticism (Senge 243). However, "Treating each other as colleagues acknowledges the mutual risk and establishes the sense of safety in facing the risk" (Senge 243). In this case, an adversarial environment of friction existed before the re- operationalization of the PCRs production process. The agents did not understand each other as "colleagues." In codifying criticism, however, each actor's "assumptions" became protected, mitigating much of the "risk" of the criticism itself. A level playing field was established within which all actors could be considered equal "colleagues."

Lastly, there needs to be some "facilitation" of the "dialogue" itself. This "facilitation" includes "helping people maintain ownership of the process and the outcomes" (Senge 246). The "team" must be understood as responsible for creating knowledge through "dialogue." Before the re – operationalization, the OED was "the unit of last resort for delivering acceptable completion reports to the Board" (OED 20). Therefore, only the OED was ultimately responsible. By necessarily including the operations staff in the preparation of the PCRS, the OED created joint responsibility

between itself and the operations staff, "facilitating" a "dialogue" of joint "ownership of the process" (Senge 246). Additionally, the "facilitator" must "influence the flow of development simply through participating" (Senge 246). This "participation" essentially keeps the learning process going. The OED certainly contributed to the "development" of knowledge through "participating" in the production of PCRs and facilitated the learning process by using those PCRs for further reports. Therefore, the OED is engaged in the disciplinary action of "dialogue" in order to facilitate "team learning." The combination of this disciplinary action with the conceptual terms of "alignment" demonstrates the presence of "team learning" in this case.

II "Systems Thinking"

This Chapter's discussion demonstrates the presence of all four of the "other" disciplines in this case. Therefore, a majority of the "disciplines" are "present" and "systems thinking" is demonstrated as contributing to organizational learning in this case. "Personal mastery" was demonstrated by the engagement of the OED in two disciplinary actions. It acted to create a "personal vision" by emphasizing the "intrinsic desire" of a working feedback loop rather than the "secondary goal" of simple operations staff contribution through comments. The OED also took the action of using "creative tension" by transforming the "reality" of a broken feedback loop into the "vision" of an effective feedback loop. Secondly, "mental models" were demonstrated by the OED's engagement in the fundamental conceptual terms of recognizing the "mental model" of simple incomprehensive solicitation of operations staff comments. The OED also took the disciplinary action of using "planning as learning" to create more useful "mental models" by testing the "alternative future," or "plan" of a better feedback loop through

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the origination of PCRs from the operations staff. The discipline of a "shared vision" also was present and can be demonstrated by the presence of two elements of the discipline's conceptual terms. Primarily, "commitment" by the operations staff, OED and the Board to producing useful PCRs demonstrates the conceptual terms of the discipline. Also, the transformation of the OED from "their" organization into "our" organization through institutionalizing operations staff involvement similarly demonstrates the conceptual terms of the discipline. The OED engaged as well in the disciplinary action of "enrollment" in relation to a "shared vision" by making a reasonable argument about the necessity of useful PCRs. The resulting better PCRs demonstrates this "enrollment." Lastly, "team learning" is demonstrated in this case through the conceptual terms of "alignment." The OED and operations staff came to function "as a whole" through a partnership in producing PCRs. "Team learning" also is demonstrated by the OED engaging in the disciplinary action of "dialogue" by creating an environment in which all actors are participants in learning and encouraging "dialogue" by practicing its three necessary dynamics.

In summarizing the findings in this Chapter, one can see the contribution of each discipline to creating a working feedback loop. This suggests that the "disciplines" worked together in order to facilitate OED learning. They came together to create some "systems thinking" that could help the OED solves its problem of a broken feedback loop. Additionally, each "discipline" provided some action that agents of an organization could take in order to facilitate this process. Therefore, the creation of a working feedback loop through these "disciplines" provides the agency needed in order bring the agents of an organization into better alignment with the structure. This better alignment

through the "disciplines" demonstrates to the OED less about accountability and more about how it can actually learn. It demonstrates to the OED how it can effect change within the World Bank, essentially helping the OED learn about learning. In other words, it helps the OED learn how to do its job. This represents a conclusion of the study and will be further discussed in the next Chapter.

Chapter 4 Conclusions

Several conclusions can be drawn from this study. They center around three main topics and that relate directly to Chapter 1's discussion. The first major conclusion relates to the research question presented above: Has "systems thinking" contributed to organizational learning at the OED? The general answer to this question is "yes," and it will be discussed shortly. Secondly, this study draws some conclusions about the utility of applying "systems thinking" to the study of learning organizations. I will contend that this study is a successful demonstration of a method for analyzing "systems thinking." The overlap between each discipline demonstrates how each contributes to the other and how this synergy helps create "systems thinking." Lastly, the study demonstrates some internal accountability at the World Bank through the OED's success in changing operations within the World Bank. The OED's success here, more specifically, demonstrates that it learned less about accountability directly and more about how it can hold the World Bank accountable through learning. In other words, it learned about how it ca do its job.

I Has "systems thinking" contributed to organizational learning in the case of the OED?

1. Conclusion

The specific research question of this study is: Has "systems thinking" contributed to learning in the case of the OED? In order to answer this question, two determinations need to be made. Primarily, it must be an established that of learning

occurred within the organization of the OED. Chapter 2 has established that learning has occurred in the OED. It tested learning by identifying a learning opportunity for the OED and applying an understanding of learning provided by Jonathan Fox to this learning opportunity.

After the OED had established a system for evaluation by 1975, it realized that this system was not as effective as was hoped (OED 9). The system was based on PCRs, which are reports that summarize a particular project's implementation and success. These reports would then serve as the basis for all other OED reports regarding country, sector, management and policy and follow - up reviews (OED 8, 9, 11). The OED's purpose in producing these reports was to disseminate them throughout Bank operations so that the knowledge included in them could be a part of the daily operations (OED 11). It also was necessary for these reports to be disseminated and discussed with Bank operations staff in a timely manner so that they could have some influence on current projects. Therefore, the OED had developed a structure for operation and the purpose included in this structure.

Unfortunately, the OED was unable to disseminate these reports in a timely enough manner for operations staff to use them comprehensively (OED 13). It was also unable to enlist the operations staff effectively in contributing to these reports. Instead, the contribution made by the operations staff were unreliable, and therefore not very useful (OED 20). Consequently, agency in relation to PCRs was severely limited. The combination of untimely dissemination of reports and unreliable contributions by the operations staff prohibited a working feedback loop between the OED and the operations staff (OED 13). Without this feedback loop, the OED's work was not able to be

effectively used by the operations staff. The problem here was one in which the structure and agents of the OED were not effectively aligned. This problem presented a learning opportunity for the OED to create better structure/agent alignment through a working feedback loop and was identified as such by this study.

The OED was succeeded in respomding to this learning opportunity because it did learn how to create a working feedback loop. It satisfied both steps of the learning process suggested by Jonathan Fox. It satisfied the first step by recognizing the need for change and establishing "new conceptual frameworks." These "new conceptual frameworks" were "Making operational staff an integral part of the evaluation process rather than having them just contribute to OED reports" and "Giving them a protected voice in the Board alongside OED's" (OED 19). These "new conceptual frameworks" of step one of the learning process represent the organizational structure of the OED. The OED also was able to create "changes in behavior" by re – operationalizing the feedback loop. These "changes in behavior" satisfy the second step of the learning process and these "changes" demonstrate the agency of step two of the learning process. The OED re – operationalized the production of PCRs so that the responsibility for producing them fell more firmly on operations staff, rather than solely on the OED (OED 20). This re – operationalization demonstrates the alignment of the structure and agency through the feedback loop. It also directly addressed "Making operational staff an integral part of the evaluation process…" (OED 19). The "new conceptual framework" of "Giving them a protected voice…" also was addressed through a "change in behavior" by recording the "dissent" of operations staff in "the final OED report" (OED 20). This effectively meant that disagreement between the OED and the operations staff became an institutional part

of the feedback loop rather than a point of "friction." Both steps of the learning process were satisfied, and learning did occur within the context of the OED.

The second determination that is necessary to make in order to answer the research question above is whether "systems thinking" was "present" in relation to the learning opportunity and this study has determined that it was indeed "present." This determination has been made by applying each of the "other" four "disciplines" to the learning opportunity and establishing that all four of these disciplines were "present" in this case. These "disciplines" provide individuals with the agency to work toward better performance and, in performing better, learning about how the organization of the OED should operate. Again, this demonstrates the OED learned about how to learn and do its job.

"Personal mastery" was determined to be "present" because the OED engaged in two disciplinary actions, "personal vision" and "creative tension." "Mental models" were determined to be "present" because the OED engaged in the conceptual terms of simply recognizing "mental models" and through the disciplinary action of "planning as learning." "Shared vision" was determined to be "present" by the OED's engagement in two integral elements of the conceptual terms of the discipline. These terms are demonstrated by a "commitment" to better PCR production and a transformation from the OED being understood as "their" into "our" organization from the point of view of the operations staff. Additionally, a "shared vision" is demonstrated through the disciplinary action of "enrollment." Lastly, "team learning" was determined to be "present" through an engagement with the conceptual terms of "alignment" and the disciplinary action of "dialogue."

The "success" of the OED in relation to the learning opportunity described above and the "presence" of "systems thinking" leads to the conclusion that "systems thinking" did contribute to learning in the case of the OED. This conclusion can be drawn because "systems thinking" is directly demonstrated in the re – operationaliztion of the production of PCR reports. Additionally, this conclusion can be drawn because this same re – operationalization of the production of PCRs demonstrates learning.

2. Further Research

The major limitation of this study is that only one learning opportunity has been analyzed. Therefore, it can only be definitively determined that "systems thinking" contributed to organizational learning in this specific case. It cannot be determined if the OED actually has a habit of "systems thinking" in relation to learning or even a habit of learning itself. In order to asses whether if the OED actually has a habit of organizational learning and one in which "systems thinking" contributes, it would be necessary to repeat this study examining other learning opportunities.

If several learning opportunities were analyzed, then there would be an opportunity for cross analysis between them. This cross analysis would provide the opportunity for making a better judgment about the contribution of "systems thinking" to organizational learning in the case of the OED. For example, if it is concluded that in one case "systems thinking" contributed to the success of the OED as a learning organization but in another case "systems thinking" was not present when the OED was unsuccessful as a learning organization, the argument for "systems thinking" contributing to organizational learning in the case of the OED would be very strong. Conversely, if it is concluded that in one case the OED was successful as a learning organization but no

"systems thinking" occurred and in another case the OED failed as a learning organization but "systems thinking" did occur, then the argument for "systems thinking" contributing to organizational learning would be weakened. It would also suggest that OED accountability for the World Bank is weak.

II Method for Analyzing "Systems Thinking"

1. Conclusion

This study also provides one major conclusion that can be drawn from the method used to analyze "systems thinking." Specifically, this method conceptualizes "systems thinking" strictly in terms of its four contributing "disciplines." This conceptualization is useful because, as the literature review noted, "systems thinking" cannot occur without these "other" disciplines. It can not occur because it is the actions of these "disciplines" that constitute "systems thinking" through the synergy among them (OED 6 & 13). Consequently, it is the "disciplines" that provide the agency necessary for learning through a feedback loop. The method applies each "discipline" individually to a single learning opportunity. This application also showed the manner in which each "discipline" contributes to the other, creating synergy between them. This synergy occurred here in relation to the re – operationalization of the feedback loop, creating better alignment between the structure and agents of the OED. It is also this re – operationalization that represents the lesson learned by the OED. One conclusion that can be drawn from this study is that this method is useful in analyzing "systems thinking" because it demonstrates the synergy among the "other" "disciplines."

In order to elaborate on this conclusion, it will be useful to examine the synergy that occurred between these "disciplines" in the learning opportunity. This synergy can

be demonstrated by the contribution "personal mastery" makes to a "shared vision" and the contribution a "shared vision" made to "personal mastery." "Personal mastery" made a contribution to a "shared vision" through its disciplinary action of a "personal vision." In this case, the "personal vision" became a "shared vision" through the disciplinary action of "enrollment." The OED had the "personal vision" of a better feedback loop through originating the production process of PCRs in the operations staff. This "personal vision" became a "shared vision" when the operations staff became "enrolled" in that vision. This "enrollment" was demonstrated by the operations staff taking on the responsibility of producing more "comprehensive" PCRs (OED 20). Therefore, "personal mastery" contributed to a "shared vision" through the disciplinary action of a "personal vision" creating the foundation from which a "shared vision" of a working feedback loop was developed through "enrollment."

At the same time, a "shared vision" contributed to "personal mastery." The disciplinary action of "creative tension" that is integral to "personal mastery" needs a "vision" that reality can be compared to. In the above discussion of "personal mastery," a "personal vision" provided this "vision." However, a "shared vision" also can provide this "vision" and, in this case, a "shared vision" created a goal to which reality was compared. As noted above, a "shared vision" was demonstrated in this case by a "commitment" to a working feedback loop. The OED, operations staff and the Board were able to consider this "shared vision" in re – operationalizing the production of PCRs to make a working feedback loop a reality. A "shared vision" contributed "personal mastery" by providing an integral element to the disciplinary action of "creative tension."

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The contributions of "personal mastery" to a "shared vision" and of a "shared vision" to "personal mastery" demonstrate the synergy between these disciplines. This synergy shows how "systems thinking" operates in relation to a single learning opportunity.

2. Further Research

This study applied a method for tapping "systems thinking" to the OED and demonstrates that the method is useful for analyzing organizational learning. However, because it was applied only to the OED, the study has not shown definitely the method's usefulness for other organizations definitively. This points to a generalizability limitation for the study. In order to address the generalizability issue, it would be useful to apply the method of analyzing "systems thinking" to other organizations. Considering "systems thinking" in relation to the OED does, however, theoretically demonstrate the manner in which this method might be applied to other organizations.

The "Fifth Discipline," as written by Senge, has been applied mostly to profit seeking corporations. For these organizations, the major goal is profit, and "systems thinking" seeks to enhance performance in pursuing this goal. The World Bank itself has a similar goal in that it seeks to profit from its lending. Learning in the context of the World Bank as a whole is for better performance toward the goal of profit.

However, the OED's goal is to enforce accountability within the World Bank. It seeks to ensure compliance from the operations staff so that projects are implemented in the manner in which the World Bank states they should be implemented. This study's application of Senge to the organization of the OED demonstrates that the goal of "systems thinking" does not necessarily need to be restricted to profit. Instead, the

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purpose of "systems thinking" is better performance in relation to any goal an organization may have. For example, an organization may exist simply as a task force to lobby local government to enact a law. In this case, "systems thinking" would seek to encourage better performance toward that goal. It would encourage the organization to attempt different methods of achieving this goal in order to learn which method was most effective. "Systems thinking" then seems applicable to any organization for any purpose. Consequently, its usefulness should be considered by *all* organizations including government agencies, IGOs, and NGOs.

The discussion here demonstrates how applying this method to the OED exemplifies the manner in which it could be applied to any organization because the purpose of "systems thinking" is to achieve an organizational goal no matter what that goal is. It would be useful to apply this method of analyzing "systems thinking" to other organizations in order to test its expected usefulness.

III Accountability at the World Bank

1. Conclusion

The introduction discussed the context in which this study was conducted as relating to accountability for the World Bank. Specifically, it has considered the OED as an internal mechanism for accountability. Accountability for the World Bank in this case was understood as holding the operations staff responsible for implementing projects in the manner in which the World Bank states they should be implemented. In other words, the OED seeks to make the World Bank do what it says it is going to do. This study does demonstrate that the World Bank can be held accountable by the OED. The OED enforces accountability because it at least in the case examined here actually was able to

change the behavior of the operations staff (OED 20). Therefore, one conclusion that can be drawn from this study is that the OED can enforce accountability at the World Bank.

More specifically, the OED can work toward accountability through constructing a working feedback loop. The role that the feedback loop plays in creating accountability for the World Bank is that it provides the OED with an important lesson. This lesson is that the OED learned how to learn. As noted above, the purpose of the OED is to hold the World Bank accountable by holding it to certain standards. The OED was able to effect change in the World Bank by "changing the behavior" of the operations staff. Therefore, the OED learned that it could create the results it wanted to see by creating a working feedback loop that brings the structure into better alignment with the agents. Essentially, this means that the OED learned about how it can do its job or hold the World Bank accountable.

2. Further Research

The OED in this case enforced accountability specifically through learning how to perform better by engaging in "systems thinking." Moreover, if the OED could effect change in this case by using "systems thinking" to learn how to perform better, then it can effect change in other cases in the same manner. Although the OED has engaged in "systems thinking" to learn how to enforce greater accountability at the World Bank, the OED does not necessarily recognize that it has engaged in "systems thinking" in the document used for this study. This study can be useful to the OED if it tried to use it as a method to understand itself as a learning organization that engages in "systems thinking." If accountability can be achieved through organizational learning as a result of

unrecognized "systems thinking," then *purposeful* "systems thinking" may have an even greater effect on learning and accountability.

Therefore, further research, on the OED enforcing accountability through changing behavior in the operations staff by learning how to manifest this change through "systems thinking" must involve the OED purposefully conceptualizing itself as a "systems thinking" learning organization. It could then make a judgment about the utility of "systems thinking" by comparing the effectiveness of the OED before the purposeful use of "systems thinking" to after the purposeful use of "systems thinking."

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