



Organizational Myopia

Could the terrorist attacks on the Twin Towers have been avoided? What about the control failures in the recent global financial crisis? Behind these apparently very different events, it is possible to identify a common element of organizational myopia – a syndrome that severely limits the capacity of organizations to foresee the effects of their own decisions and to recognize signs of danger or opportunity. *Organizational Myopia* explores the barriers that impede organizations from identifying an effective response to the problems that they have to confront. Using real-world cases, the author investigates the mechanisms that generate myopia in organizations at the individual, organizational, and interorganizational level in contexts that are complex, uncertain, ambiguous, and changeable. This book will help readers understand how to limit the origins of myopia and therefore increase the capacity of organizations to anticipate and contain unexpected events.

MAURIZIO CATINO is Associate Professor of Sociology of Organizations in the Department of Sociology and Social Research at the University of Milan–Bicocca, Italy, and Visiting Scholar in the Department of Sociology at New York University. He has published several articles on the dark side of organizations, human error in complex systems, and organizational theory. He is the author of *From Chernobyl to Linate: Technological Accidents or Organizational Errors?* (Bruno Mondadori 2006), and *Understanding Organizations* (Il Mulino 2012). He served as policy advisor for many public and private institutions, including the Italian Parliamentary Commission on Medical Errors and the Italian Air Force.

Organizational Myopia

Problems of Rationality and Foresight in Organizations

MAURIZIO CATINO
University of Milan–Bicocca, Italy



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press
978-1-107-02703-9 — Organizational Myopia
Maurizio Catino
Frontmatter
[More Information](#)

CAMBRIDGE
UNIVERSITY PRESS

University Printing House, Cambridge CB2 8BS, United Kingdom
One Liberty Plaza, 20th Floor, New York, NY 10006, USA
477 Williamstown Road, Port Melbourne, VIC 3207, Australia
314-321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre, New Delhi - 110025, India
79 Anson Road, #06-04/06, Singapore 079906

Cambridge University Press is part of the University of Cambridge.

It furthers the University's mission by disseminating knowledge in the pursuit of education, learning and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/9781107027039

© Maurizio Catino 2013

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2013

First paperback edition 2014

A catalogue record for this publication is available from the British Library

Library of Congress Cataloging in Publication data

Catino, Maurizio.

Organizational myopia : problems of rationality and foresight in organizations /
Maurizio Catino.
pages cm

Includes bibliographical references and index.

ISBN 978-1-107-02703-9

1. Organizational learning. 2. Organizational behavior. I. Title.

HD58.82.C38 2013

302.3'5-dc23 2012036678

ISBN 978-1-107-02703-9 Hardback

ISBN 978-1-107-44721-9 Paperback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs for external or third-party internet websites referred to in this publication, and does not guarantee that any content on such websites is, or will remain, accurate or appropriate.

Contents

<i>List of figures</i>	<i>page</i> vii
<i>List of tables</i>	viii
<i>Abbreviations and acronyms</i>	ix
<i>Acknowledgments</i>	x
Introduction	1
1 Cases of myopia	10
1.1 Myopia of a society: the trees of Easter Island	10
1.2 Myopia of a nation: the 9/11 terrorist attacks	13
1.3 Myopia of an organization: NASA and the space shuttle accidents	33
1.4 Other cases of myopia	50
1.5 Positive myopia and the principle of the hiding hand	59
2 Uncertainty and predictability in organizations	64
2.1 Risk and uncertainty in complex non-ergodic systems	64
2.2 Organizations and the future	73
2.3 Predictable surprises versus bolts from the blue	77
2.4 Financial crises: black, white, or gray swan?	88
3 The mechanisms of organizational myopia	95
3.1 The various levels of myopia	95
3.2 Myopia of the gatekeepers	138
4 Anticipating risk: the problem of learning	160
4.1 Learning from failures, errors, and problems	160
4.2 Myopia of learning and rare events	166
4.3 Incubation period and latent factors	171
4.4 Beyond human error: individual blame logic versus organizational function logic	177

vi	<i>Contents</i>
5	Implications for organizational design 189
5.1	High Reliability Organizations 189
5.2	Detecting weak signs 203
5.3	Preventing surprises, managing the unexpected 207
	Epilogue 213
	<i>Bibliography</i> 221
	<i>Index</i> 246

Figures

2.1 Organizations and the future: a typology	<i>page 75</i>
3.1 Two frames of reference	108
4.1 Multilevel model of accident evolution	177
4.2 The vicious circle in the individual blame logic	183
4.3 The virtuous circle in the organizational function logic	186

Tables

1.1 American Airlines 11 (AA11), flying from Boston to Los Angeles	<i>page</i> 15
1.2 United Airlines Flight 175 (UA175), flying from Boston to Los Angeles	16
1.3 American Airlines Flight 77 (AA77), flying from Washington, DC to Los Angeles	16
1.4 United Airlines Flight 93 (UA93), flying from Newark to San Francisco	17
1.5 Summary of the hijacking timelines	18
3.1 Revenue for service lines of main auditing firms (in billion dollars)	148
3.2 Revenue mix for service lines of main auditing firms	148
3.3 Auditing company financing	153
3.4 The main banks and financial companies involved in the crisis had been evaluated positively by auditing firms in 2008 for activity in 2007	155
3.5 Summary of the various critical factors and mechanisms at different levels	158
4.1 Inquiry logics: a comparative overview	179
E.1 Types of organizational myopia	217

Abbreviations and acronyms

AA	American Airlines
CAIB	Columbia Accident Investigation Board
CCM	Control Center Management
CIA	Central Intelligence Agency
CONR	Continental NORAD Region
CONSOB	Commissione Nazionale per le Società e la Borsa
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FED	Federal Reserve System
FEMA	Federal Emergency Management Agency
GAO	Government Accountability Office
HRT	High Reliability Theory
IBL	Individual Blame Logic
LFT	Latent Factors Theory
NASA	National Aeronautics and Space Administration
NAT	Normal Accidents Theory
NCCFC	National Commission on the Causes of the Financial Crisis in the US
NCTA	National Commission on Terrorist Attacks
NEADS	Northeast Air Defense Sector
NORAD	North American Aerospace Defense Command
NSA	National Security Advisor
NSC	National Security Council
OFL	Organizational Function Logic
RAF	Royal Air Force
SEC	Securities and Exchange Commission
SOA	Sarbanes-Oxley Act
SWFs	Sovereign Wealth Funds
UA	United Airlines
WTC	World Trade Center

Acknowledgments

I have been working on the theme of organizational myopia since 2006, and a first version of this book was published in Italian by Il Mulino (Bologna) in 2009. The current book is a largely revised and updated version of my original work, with new chapters, new cases, and a more advanced analytical framework.

I owe a debt of gratitude for our conversations and for helping me on this project to Delia Baldassarri, Paul DiMaggio, Luca Lanzalaco, Antonio Mutti, Marta Tienda, Diane Vaughan, and two anonymous reviewers. Last but not least, I wish to thank Paula Parish, editor at Cambridge University Press, and the editorial team for working with me to substantially improve the quality of the manuscript.