

Index

- abductive reasoning, 124–27, 206–7
- Abramson, N. R., 180–81
- acceptable risk, 40–42. *See also* risk
- accident theory system, 89–90
- accidents. *See also* organizational learning
 - dynamic perspective of, 173–74
 - epistemic accidents, 218–19
 - evolution of, 176–77
 - investigation of, 186
 - learning from, 162–63, 170–71
 - normal accidents, 213, 218
 - Normal Accidents Theory (NAT), 164
- accusatorial approach, 182
- active errors, 176. *See also* errors
- active failure pathway, 177
- adverse effects, common-pool resources and, 51–52
- advocacy
 - devil's, 86
 - multiple, 86
- affective processes, 102
- African bees, 1–2
- agency model organization, 134
- agenda setting, 131–32
- air defense system procedure, 18–20
- aircraft carrier, as HRO, 192
- al Qaeda
 - asymmetry with US defense system, 13
 - suicide mission, foreseeability of, 20–24
 - warnings about, 23–24
- alarms, code red, 211
- Allison, G., 95, 135–38
- Aloha Airlines accident, 218–19
- ambiguity, uncertainty and, 71–73
- ambiguity reduction, 209
- American Airlines (AA)
 - AA11, timeline of events, 14
 - AA77, timeline of events, 14–17
- amplification, of signs, 211
- analogical reasoning, 74–75
- analysis, organizational failures in, 116
- analytic rationality, 113–14
- analytical model, of organizational myopia, 6–7
- anomalies, in space shuttle disasters, 42
- Ansoff, H. I., 203–4
- appropriateness, logic of, 113–14
- appropriators, common-pool resources and, 51–52
- Argyris, C., 162–63
- arrogance. *See* organizational hubris
- Arthur Andersen, 78–79, 147, 149–50, 151–52. *See also* auditing field
- Arthur Young & Co., 140
- Ashraf, N., 98
- assume the worst, 86
- auditing field
 - capacity of control, 140–41
 - companies evaluated by, 155–56
 - concentration of, 151–52
 - control practices and, 142
 - failure levels, 79–80
 - financial crisis and, 153–59
 - financing activity, 148
 - groups of actors in, 142
 - impartiality and, 78–79
 - independence, problem of, 151–53
 - individual level failure, 142, 143–46, 158
 - interorganizational level failure, 143, 150–54, 158
 - legal disputes and, 151
 - lobbying activity of, 141–42, 153
 - non-auditing activities of, 141, 147–49

- organizational level failure, 143, 146–50, 158
- public responsibility of, 140
- reform attempts, 152
- revenues of, 148
- role of, 138–40, 142
- self-discipline and, 151
- automatic processes, 102
- aviation security, as collective good, 80
- Bachelard, G., 161–62
- Bachmann, Ingeborg, 59
- Baltimore & Ohio (B &O) Railroad Museum Roundhouse, 169
- banality of organizational life, 35, 39, 49, 213
- Barber, E. G., 60
- Bardach, E., 130
- Baron, R. M., 123–24
- Basel Committee on Banking Supervision, 214
- Battle of Britain, 53–57
- Bazerman, M. H., 23, 78, 143, 166–67
- Bea, R., 196, 198–99, 200
- bees, African, 1–2
- behavior, in individual choice, 98–99
- benefits, overestimation of, 62–63
- Berger, Sandy, 27–28
- Betts, R. K., 26, 84–86
- Bhopal accident, 185
- bias. *See* confirmation bias; hindsight bias; omission bias; self-serving bias
 - of auditors, 144–46
 - in decision-making process, 146, 157
 - in IBL, 180
- The Big Five (auditing field), 78–79
- ‘big picture,’ 29–30
- Bin Laden, Osama
 - CIA reports on, 21–22
 - FBI reports on, 28
- black swan metaphor, 6, 83, 89–90. *See also* ‘bolt from the blue’
- blame culture, 177–84
- blame-free systems, 187–88
- blindness, of leaders, 167–68
- Bohmer, R. M. J., 209–10, 211
- Boin, A., 219
- Boisjoly, Roger, 33
- ‘bolt from the blue’
 - description of, 6
 - false alarms and, 84–85
 - military attacks and, 83–84
 - vs. predictable surprises, 77–78
- brain imaging experiments, 102
- Brazil/Brazilian government, 1–2
- British Petroleum oil spill, 7–8
- Burger, Warren, 140
- Burns, T., 68–69
- Busby, J. S., 163
- Bush, George W., 22–23
- Cabbage, M., 43
- calculation, errors in, 62–63
- California Independent System Operator (CAISO), 202–3
- Camerer, C. F., 98, 99, 101–2
- Carl Vinson* (US Navy carrier), 190–91, 192
- case studies. *See Challenger* space shuttle disaster; *Chernobyl* accident; *Columbia* space shuttle disaster; Easter Island; Enron financial misconduct; Karnaphuli paper mill; military strategy; 9/11 terrorist attack; Parmalat case; Three Mile Island nuclear plant accident; tragedy of the commons
- Castro, Fidel, 135–36
- Central Intelligence Agency (CIA)
 - information sharing and, 129
 - intelligence integration and, 27
 - terrorist attack signals and, 21–22
- centralized/decentralized control, 168–69
- Challenger* space shuttle disaster
 - blame culture and, 184
 - culture of production in, 42–46
 - decision making in, 33–34, 37
 - foresight myopia in, 8
 - learning from weak signs, 204
 - levels of failure in, 135
 - as manageable event, 216
 - normalization of deviance in, 39–42
 - organizational myopia and, 2
 - post-accident measures, 35
 - pressures on NASA, 34–35
 - safety standard violations, 34
 - structural secrecy in, 46–48

- Challenger* space shuttle disaster (*cont.*)
 system myopia in, 48–50
 technical cause of, 33
- change, organizational learning and, 163
- change blindness, 106
- Cheney, Dick, 19
- Chernobyl* accident
 foresight myopia in, 8
 as manageable event, 216
 organizational behavior in, 185
 violations in, 175
- choice/choices. *See also* rational choice theory
 individual, 98–99
 restricting flexibility of, 70
 subjective expected utility and, 97
- Choularton, R., 163
- Christianson, M. K., 169
- Churchland, P.M., 101–2
- Ciborra, C., 76–77
- civic epistemology, 161
- Clancy, Tom, 206
- Clarke, L., 72–73
- Clarke, Richard
 on Bin Laden, 22
 testimony on terrorist threats, 23–24
 Tom Clancy novels and, 206
- Clarke, S., 214
- Clausewitz, Carl von, 57
- code red alarms, 211
- coercion, common-pool resources and, 52–53
- Coffee, J., 158–59
- cognitive dissonance, 109
- cognitive errors. *See* interpretation, distortion in
- cognitive frames, 25
- cognitive overload, 25
- cognitive path-dependency, 145
- cognitive processes, 102
- Cohen, M. D., 103
- collaboration, benefits from, 130
- collective goods, 80
- collective myopia, 12–13
- collective repression, 94
- Columbia Accident Investigation Board (CAIB), 36–37, 43–44, 48
- Columbia* space shuttle disaster
 accident/technical cause, 35–36
- bureaucratic conflicts and, 117–18
- CAIB investigation of, 36–37, 43–44, 48
- Challenger* comparisons, 37
- culture of production in, 42–46
- failure of foresight in, 38–39
- framing effects in, 108
- hierarchical structures and, 125
- labeling events, danger of, 112
- levels of failure in, 135
- as manageable event, 216
- normalization of deviance in, 39–42
- organizational myopia and, 2
- recovery window in, 209–10
- structural secrecy in, 46–48
- system/systemic myopia in, 7–8, 48–50
- command and control, 195–96
- commitment, escalation of, 145–46
- common resources, management of, 52–53
- common-pool resources, 50–53
- communication, inadequacy of, 118–19
- company control, modalities of, 148–49
- competition, underestimation of, 4–5
- complexity, organizational, 47–48
- component focus, 118–19
- confirmation bias, 104, 109.
See also sloping plane of confirmation
- conflict of interest, 157
- confusion vs. ignorance, 71
- consequences, logic of, 113–14
- constraints/restrictions, as positive myopia, 96
- consultancy activity, 146–47
- contingency planning, 75
- continuity, in strategy implementation, 57–59
- control
 modalities of, 148–49
 organizational failures in, 120–21
- Control Center Management (CCM), 18–20
- control panic syndrome, 168–69
- controlled processes, 102
- convictions, fallacy of original, 57–59
- Cook, Michael, 148–49

- coordination
 failures in, 116–20
 models of, 133–34
 negative, 133
 organizational, 29
 problem of, 133–34
 coordination neglect, 29, 118
 crisis, as stage of decline, 167–68
 cry-wolf phenomenon
 devil's advocacy and, 86
 at individual/cognitive level, 25–26
 Cuban missile crisis, 135–38
 culture of production, 42–46
 customs and immigrations services, 27
 Czarniawska, B., 213–14

 Daft, R. L., 70
 Damasio, A., 99–100
 danger, underestimation of, 174
 danger perception, 111–13
 Davidson, I., 64
 Day, G. S., 207–8
 decision making
 agenda setting and, 131–32
 automatic/controlled behaviors in,
 110–11
 bias in, 157
 Cuban missile crisis example,
 135–38
 deference to expertise and, 199–200
 distorted interpretations in, 103–7
 failures in, 121–22
 forms of rationality in, 115
 framing in, 103, 107–11
 garbage can metaphor in, 103
 in-house rivalries/competition in,
 130–31
 information sharing and, 131
 in military strategy, 57–59
 multiple rationalities in, 115
 neurosciences in, 101–3
 prospect theory of, 110
 realistic theory of, 97–98
 decoy problem, 173
 Dekker, S. W. A., 181, 184
 Deloitte & Touche, 78–79, 148–49,
 151–52. *See also* auditing field
 Delta Air Lines, 4
 deregulatory policies, 93
 Desai, V. M., 119

 design, system, 202–3
 deterrence capacity, of legal disputes, 151
 deviance, normalization of, 39–42,
 149–50
 devil's advocacy, 86
 Diablo Canyon nuclear power plant,
 190, 193–94
 Diamond, J., 52–53
 Dietz, T., 52
 diffusion of responsibilities, 120–21
 Digital, 4–5
 disaster incubation concept, 172
 disaster myopia, 94
 disasters
 civic epistemology and, 161
 dynamic perspective of, 173–74
 response to, 132
 Turner's theory of, 174
 discounting the future, 105, 144
 dissolution, as stage of decline, 167–68
 distortion, in interpretation
 change blindness, 106
 confirmation bias, 104, 109
 discounting the future, 105
 egocentrism, 105
 errors of omission, 107
 filtering, 104
 omission bias, 105–6
 positive illusion, 104, 106–7
 self-serving bias, 105
 unintentional blindness, 106
 wishful thinking, 104
 dots, failure to connect, 26–32
 double-loop learning, 162–63
 Douglas, M., 68
 Douhet, Emilio, 54
 Drabeck, T., 183

 Easter Island
 civilization decline, 12–13
 deforestation consequences, 10–11
 European discovery of, 10
 island location/size, 10
 stone statues of, 10–11
 ecological level analysis, 95
 economic behavior, 101–2
 Edmondson, A. C., 165, 209–10, 211
 egocentrism, 105
 Electricité de France, 211
 Elster, J., 96, 98, 99

- emotions, in rational choice, 98–99
- Enron financial misconduct
 Arthur Andersen and, 149–50
 auditing field reform and, 152, 153
 as predictable surprise, 78–79
 systemic myopia and, 7–8
- environment, analysis of, 213
- environment uncertainty, 69–70
- environmental degradation, 51–52
- epistemic accidents, 218–19
- ergodic systems, 64–65
- Ernst & Young, 78–79, 151–52.
See also auditing field
- errors. *See also* interpretation,
 distortion in; organizational
 learning
 in calculation, 62–63
 ethic of, 161–62
 of omission, 107
 as stage of decline, 167–68
 vs. violations, 175–76
- escalation of commitment, 145–46
- ethic of errors, 161–62
- event classification scheme
 manageability, 216–19
 predictability, 215–16
- Ewald, F., 67–68
- exclusivity, organizational, 173
- executive failure, 6
- experimentations, 211
- expertise, deference to, 199–200
- extrapolation, 74
- Fahey, L., 74
- failure myopia, 168
- failure of foresight concept, 3–4,
 163–64, 174
- failure of intelligence concept, 163–64
- failure to connect dots, 26–32
- failure/failures. *See also* organizational
 failures; organizational learning
 of imagination, 24–26, 40, 122–26
 learning from, 162–63
 preoccupation with, 196
- fallacy of original convictions, 57–59
- fallacy of social redundancy, 121
- false alarms, 84–85, 116
- familiarity, pitfalls of, 144
- fancy, imagination vs., 206
- “fantasy documents,” 72
- fast-and-frugal* heuristics, 101
- fault lines, 93–94
- Federal Aviation Administration (FAA)
 AA77 and, 14–17
 hijacking protocol of, 18–20
 as HRO, 190
 intelligence integration and, 27
 responsibilities/mission of, 13–14
 terrorist threat analysis and, 21, 130
 UA93 and, 17
- Federal Bureau of Investigation (FBI)
 coordination problems of, 119–20
 failure of imagination in, 26
 information sharing and, 129
 intelligence integration and, 27–30
 Moussaoui memo, 24–25, 28, 31
 terrorist attack warning by, 22
- Federal Emergency Management
 Agency (FEMA), 132
- Federal Reserve System (FED), 88, 105
- Festinger, L., 109
- Feynman, Richard, 34
- Fidelity Investment, 211
- filtering, 104
- financial crisis. *See also* auditing field
 black swan theory of, 89–90
 difficulty of learning from, 170
 economic theory/opinion on, 89
 Greenspan on, 88
 as grey swan, 94
 neo-institutional view, 90
 as predictable surprise, 90–94
 signals approach and, 205
- financial risk management, 76–77
- financial sphere, ICT use in, 76–77
- Financial Stability Board, 214
- First World War, 59
- first-level problem solving, 165
- Fischhoff, B., 32, 81, 82–83
- Fitch (rating agency), 138, 140.
See also auditing field
- Fligstein, N., 148–49
- foresight myopia, 8, 217
- foresightfulness/foresight logic, 76–77
- fragmentation, of organizational
 structures, 117–18
- frames, information and, 26
- framing, importance of, 107–11
- framing effect, 46
- Freeh, Louis, 29

- free-ride problem, 51–52
 Frequentist concept, 66
 Freud, Sigmund, 183
 frontline operations, 198
 fundamental attribution error, 105, 180
 future
 predictability of, 73–77
 typology of, 75
- Galbraith, J. R., 68–69
 garbage can metaphor, 103
 Garret, T. A., 132
 gatekeepers, 139–40, 157.
 See also auditing field
 General Motors (GM), 4–5
 generative organization, 186–87
 German Strategic Command, in Battle
 of Britain, 53–57
 Giddens, A., 73
 Gigerenzer, G., 99–100
 Gilovich, T., 170
 global housing boom, 90
 Goldin, Dan, 44
 Gore Commission
 recommendations of, 21
 USA security threats identified by, 23
 Göring, Hermann, 54–58
 Granovetter, M., 146
 Grant Thornton, 145–46.
 See also auditing field
 Greenspan, Alan, 88
 Greve, H. R., 129–30
 grey swan, 94
 Groeneweg, J., 83
 group thinking, 121–22
 guilty actors, removal of, 181–82
- Haas, Robert, 4–5, 58
 Hardin, Garrett, 51–52
 Hardy, George, 35
 Harwood, W., 43
 Heath, C., 29, 118
 heedful interrelating, 194–95, 199,
 200–1
Herald of Free Enterprise ferry, 175
 heuristics, effectiveness of, 100–1
 hiding hand, principle of, 59–63
 hierarchical chain, information
 handling and, 31
 hierarchical structures, 125–26
- High Reliability Organizations
 (HROs). *See also* organizational
 learning; reliability improvement;
 surprise prevention
 collective mind in, 200–2
 constructive properties of, 191–92
 description of, 7
 examples of, 190–91, 192–94
 imagination, cultivation of, 205–7
 management modalities of, 59
 mindfulness of, 125
 nearly error-free performance in, 191
 system design and, 202–3
 term definition, 190
 weak signs, detection of, 203–5
- High Reliability Theory (HRT), 164–65
 hijacking
 protocol for, 18–20
 traditional concept of, 24
 hindsight bias
 in black swan events, 6
 as cognitive mechanism, 4
 in IBL, 180
 predictable surprises and, 80–83
 prediction and, 32
 Hirschman, A. O., 60–62, 63
 Hitler, Adolf, 57
 Hogarth, R. M., 74
 homeland defense
 air defense system procedure, 18–20
 al Qaeda suicide mission and, 20–24
 failure of imagination in, 24–26
 failure to connect dots, 26–32
 organization hubris in, 22–23
- House Committee on Government
 Oversight and Government
 Reform, 88
 housing boom, 90
 hubris. *See* organizational hubris
*The Hubris Hypothesis of Corporate
 Takeovers* (Roll), 63
 human error, in organizational
 function logic (OFL), 184–85
 Hutchins, E., 206–7
 Hutter, B. M., 181, 182, 189
- IBM, 4–5
Icarus paradox, 58
 ICT (Information and Communication
 Technologies), 76–77

- ignorance
 - confusion vs., 71
 - errors and, 62–63
- imagination
 - cultivation of, 205–7
 - vs. fancy, 206
- imagination, failure of
 - at organizational level, 122–26
 - in space shuttle disasters, 40
 - in US defense system, 24–26
- impartial spectator, role of, 98–99
- In Search of Excellence* (Peters and Waterman), 4
- inactivity, as stage of decline, 167–68
- inadequate communication, 118–19
- incubation period, in organizational learning, 171–74
- independence, of auditors, 151–53
- Individual Blame Logic (IBL)
 - beliefs of, 178–80
 - demonization of errors, 182
 - description of, 7
 - fear of sanctions/legal actions, 181–82
 - organizational politics and, 180–81
 - public opinion and, 184
 - side effects of, 180
- individual choice, emotions in, 98–99
- individual level myopia
 - accidents in, 176–77
 - framing effects in, 107–11
 - intentional mode, 96
 - interpretation in, 103–7
 - rational choice theory in, 97–103
 - risk/danger perception in, 111–13
 - unintentional mode, 96
- in-family events, 40, 112, 135
- Information and Communication Technologies (ICT), 76–77
- information handling, along hierarchical chain, 31
- information jealousy, 29, 30–31
- information overload, 116
- informational difficulties, 173
- inquiry logics, 179–78
- inquisitorial system, 182
- institutional framework, establishment of, 70
- integration, failures in, 116–20
- intelligence failure concept, 163–64
- intelligence work, structural barriers to, 27–28
- intentional mode of myopia, 96
- inter/intra-agency parochialism, 29
- internal/external realities, 98
- International Atomic Energy Agency, 214
- interorganizational field level of myopia
 - accidents in, 176–77
 - agenda setting and, 131–32
 - collaboration, benefits from, 130
 - control, function of, 128–29
 - Cuban missile crisis example, 135–38
 - differentiation in, 127–28
 - disaster response and, 132
 - interdependence in, 128
 - interpersonal orientation in, 128
 - learning in, 129–30
 - network characteristics, 126–27
 - politics and, 130–31
 - special interest groups, 132–33
 - specialization/coordination problems, 133–34
 - time, orientation to, 128
 - US defense system case, 129
- interorganizational learning, 129–30
- interorganizational level, description of, 26–27
- interpretation, distortion in
 - change blindness, 106
 - confirmation bias, 104, 109
 - discounting the future, 105
 - egocentrism, 105
 - errors of omission, 107
 - filtering, 104
 - omission bias, 105–6
 - positive illusion, 104, 106–7
 - self-serving bias, 105
 - unintentional blindness, 106
 - wishful thinking, 104
- interpretive ambiguity, 25
- invisible hand, 60
- ‘irrational exuberance,’ 88
- Italian High Command, 59
- Janis, I., 121–22
- Jasanoff, Sheila, 161
- joint operations, absence of, 29

- Jonsson, E., 167–68
 just culture, 187–88
- Kahneman, D., 100–1, 108–9, 110
 Kaminsky, G. L., 205
 Karnaphuli paper mill, 60–62
 Kelman, S., 31
 Kennedy, John F., 135–36
 Keohane, R. O., 114
 Kerr, Warwick, 1–2
 Keynes, J. M., 66–67
 “killer” bees, 1–2
 Kmart, 4
 Knight, F., 66
 knowledge, specialist bodies of, 118–19
 knowledge management, 29–30
 Kodak, 4
 KPMG, 78–79, 151–52.
See also auditing field
- La Porte, Todd, 190
 Læg Reid, P., 130–31, 133–34
 Lagadec, P., 20, 219
 Lampel, J., 170
 landscape amnesia, Easter Island
 civilization and, 12–13
 languages, specific, 118–19
 ‘large-scale failures of intelligence’
 concept, 3–4
 latent factors, in OFL approaches,
 184–85
 Latent Factors Theory (LFT), 175–77
 latent failure pathway, 177
 Lay, Kenneth, 153
 learning. *See* organizational learning
 learning myopia, 94, 168
 legal action, fear of, 181–82
 legal disputes, deterrence capacity of,
 151
 Levi Strauss & Company, 4–5
 Levinthal, D. A., 168
 Levitt, Arthur, 152–53
 Levitt, B., 160, 170
 Levitt, Theodore, 4–5
 Lewin, K., 139–40
 Libuser, C., 195–96
 limited rationality, 97–98
 Linate air disaster, 185
 Lindenberg, S., 110–11
- Lizondo, J. S., 205
 ‘lock-in,’ 145
 Loewenstein, G., 98, 143
 logic of appropriateness, 113–14
 logic of consequences, 113–14
 Lovallo, D., 99
 Luftwaffe, in Battle of Britain, 53–57
 Luhmann, N., 162–63
- macro-inter-organization myopia, 6–7
 Madsen, P.M., 119
 Mahler, J. G., 163
 Mahler, M., 89–90
 Makridakis, S., 74
 Malthus, Thomas, 51
 manageability, in event classification,
 216–19
 man-made disaster theory, 174
Man-Made Disasters (Turner), 171
 March, J. G.
 on ambiguity, 71
 decision-making mechanisms, 103,
 115, 136
 forms of rationality, 115
 on learning myopia, 168
 logics of action, 113–14
 on networks of power, 133
 on organizational learning, 160
 on superstitious learning, 170
 market efficiency hypothesis, 88
Marketing Myopia (Levitt), 4–5
 Martin, J., 71
 Mason, R., 45
 Merck (pharmaceutical company), 4
 Merry, A., 180, 182
 Merton, R. K., 60
 meso-organizational myopia, 6–7
 meta-organizations, 214
 micro-individual level, of myopia, 6–7
 Milan Court, 145–46
 military strategy
 in Battle of Britain, 53–57
 ‘bolt from the blue’ and, 83–84
 errors in, 53
 of Italian High Command, 59
 strategic decision making in, 57–59
 Mill, John Stuart, 83
 Miller, D. T., 58
 Milliken, F. J., 37, 69–70, 181
 mindfulness, restraints on, 124–25

- mindless organizations, 125
 Mintzberg, H., 73
Miranda (Bachmann), 59
 Misovich, S. J., 123–24
 Mizruchi, M., 144
 modality of decision making, 57–59
 Mohamedou, M. M. O., 22–23
 Montague, R., 101–2
 Moody's (rating agency), 138, 140.
 See also auditing field
 Morgan, K. P., 143
 Morgenstern, O., 97, 103
 Morrison, E. W., 181
 Morton Thiokol (manufacturer),
 33–35
 motivational pressures, 111–13
 Moussaoui, Zacarias, 24–25, 28,
 31
 multiple advocacy, 86
 mutual coercion, 52–53
 myopia. *See also* individual level
 myopia; interorganizational field
 level of myopia; organizational
 level of myopia; organizational
 myopia
 of learning, 94
 positive myopia, 59–63
 term definition, 3
 myopic person, 3
- Narayanan, V. K., 74
 National Aeronautics and Space
 Administration (NASA).
 See Challenger space shuttle
 disaster; *Columbia* space shuttle
 disaster
 National Commission on Terrorist
 Attacks (NCTA), 129
 National Commission on the Causes
 of the Financial Crisis in the US
 (NCCFC), 91–92, 138
 National Security Advisor (NSA), 27
 National Security Council (NSC), 22,
 27
 negative coordination, 133
 negative events, absence of, 86
 network model organization, 134
 neurosciences/neuroeconomics,
 101–3
 9/11 Commission report, 20, 31–32,
 122–23, 129, 205–6
- 9/11 terrorist attack
 agency rivalries and, 119–20
 air defense system procedure,
 18–20
 asymmetry of forces, 13
 failure to forecast, 205–6
 foreseeability of, 20–24
 hijacking timelines, 18
 individual/cognitive factors in,
 24–26, 32
 levels of failure in, 135
 organizational flaws and, 129
 positive illusions and, 106–7
 as predictable surprise, 23, 78
 prediction/prevention and, 130
 preventive/reactive myopia in, 8
 recovery window in, 210
 timeline of events, 14–18
 US defense organization
 responsibility, 13–14
 Nixon, Richard, 44
 “noise,” 116
 non-ergodic systems
 characteristics of, 64–65
 risk/uncertainty in, 65–70
 uncertainty/ambiguity in, 71–73
 non-members, disregard of, 173
 normal accidents, 213, 218
 Normal Accidents Theory (NAT), 164
 normalization of deviance, 39–42,
 149–50
 norms of rationality, abductive
 reasoning and, 124
 North, D., 64, 97, 100
 North American Aerospace Defense
 Command (NORAD), 13–14,
 18–20
 Northeast Air Defense Sector
 (NEADS), 13–17
 nuclear power plant, as HRO, 193–94
- Obstfeld, D., 191–92
 Olsen, J. P., 103, 133
 omission bias, 105–6
On War (Clausewitz), 57
 operation integration, 208–9
 operations, sensitivity to, 197–98
 organizational attention, 204
 organizational complexity, 47–48
 organizational coordination, 29
 organizational exclusivity, 173

- organizational failures
 - in analysis, 116
 - in control, 120–21
 - in coordination/integration, 116–20
 - in deciding, 121–22
 - of imagination, 24–26, 40, 122–26
- Organizational Function Logic (OFL), 7, 178, 179–78
- organizational hubris
 - in homeland defense system, 22–23
 - meaning of, 4–5
 - in military strategy, 58
 - positive myopia and, 63
 - in space shuttle disasters, 45–46
 - of US defense system, 31–32
- organizational intelligence, 3–4, 163–64, 171
- organizational learning. *See also* High Reliability Organizations (HROs)
 - blame shifting and, 170–71
 - change and, 163
 - civic epistemology and, 161
 - as cognitive process, 160
 - control panic syndrome, 168–69
 - double-loop learning, 162–63
 - ethic of errors and, 161–62
 - event probability and, 170
 - HRO approach, 164–65
 - incubation period in, 171–74
 - individual blame logic, 177–84
 - interorganizational, 129–30
 - latent factors in, 175–77
 - learning disabilities, 167
 - NAT approach, 164
 - organizational decline, stages of, 167–68
 - organizational function logic (OFL), 178, 184–88
 - problems vs. errors in, 165–66
 - from rare events, 169–71
 - single-loop learning, 162–63
 - as socially constructed process, 161
 - superstitious learning, 170
 - unlearning, 168
- organizational level analysis, 26–27, 95
- organizational level of myopia.
 - See also* organizational failures
 - accidents in, 176–77
 - logics of action, 113–14
 - multiple rationalities in, 114–15
 - routines in, 114
- organizational myopia.
 - See also* individual level myopia; interorganizational field level of myopia
 - consequences of, 3–4
 - in failures/disasters, 2
 - levels of, 6–7
 - meaning/mechanisms of, 3
 - range of action, 4
 - recommendations to reduce, 219–20
 - types of, 7–8, 217
- organizational planning, 72–73
- organizational routines, 114
- organizational theory, 95
- organizational triangulation, 204–5
- organizational/interorganizational factors, 26–32
- organizations, realization of objectives in, 114
- Organizations in Action* (Thompson), 68
- original convictions, fallacy of, 57–59
- Ostrom, E., 52–53
- out-family events, 112, 135
- overestimation of benefits, 62–63
- overload of information, 116

- Palmer, D., 89–90
- paper mill case study, 60–62
- Parker, C. F., 25, 32
- Parmalat case, 145–46, 150
- parochialism, 26–27, 29
- partition focus, 118–19
- passions, in individual choice, 98–99
- Peirce, Charles Sanders, 83
- perceived environmental uncertainty, 69–70
- perception, rigidity of, 173
- perception of risk, 111–13
- Perrow, C.
 - accident theory system of, 89–90
 - on accidents, 170–71, 218
 - on complex interactions, 193
 - on complexity/coupling, 91
 - on disaster responses, 86–87, 132, 213–14
 - on hubris, 22–23
 - on learning process, 164
 - on organizational failures, 115–16
 - on sloping plane of confirmation, 109–10

- personal accountability, 187–88
 Peters, T. J., 4
 Pidgeon, N. F., 129, 163–64, 167, 183
 planning, rational, 72–73
 police jurisdictions, intelligence
 integration and, 27
 political nature, of organizational life,
 130–31
 Popper, K. R., 83, 161–62
 Porter, M. N., 76, 126
 positive illusion, 104, 106–7
 positive myopia, 59–63, 96
 Posner, R. A., 126
 Power, M., 67–68, 133, 142
 power grid, system design and, 202–3
 predictability, concept of, 215–16
 predictable surprise
 vs. bolt from the blue, 77–78
 concept of, 6, 78–80
 financial crises as, 90–94
 hindsight bias problem in, 80–83
 myopia of learning and, 166–67
 9/11 terrorist attack as, 23
 prediction, activity of, 73
 predictive methods, 74–77
 President's Daily Brief (PDB), 21–22
 preventive/reactive myopia, 8, 218
 PriceWaterhouse-Coopers, 78–79, 148,
 151–52. *See also* auditing field
 principle of the hiding hand, 59–63
 private certification, 151–52
 privatisation, in common resources
 management, 52
 probability, of events, 101, 170
 problem solving, 165–66
 problems, underestimation of, 62–63
 process auditing, 195–96
 production, culture of, 42–46
 prospect theory, 110
 psychological factors, in
 decision-making process, 103–7
 Public Company Accounting
 Oversight Board (PCAOB), 152.
 See also auditing field
 public goods dilemma, 50–53
 public opinion, 184
 punishment/disciplinary sanctions,
 180–81, 184

 quality assurance, 195–96
 Quarantelli, E., 183

 radical uncertainty, 140–41
 Rajan, Raghuram, 89, 90–94
 Rangel, A., 101–2
Rapa Nui. See Easter Island
 rare events, learning from, 169–71.
 See also organizational learning
 ratings agencies, 138, 140.
 See also auditing field
 rational choice theory
 criticisms of, 97
 definition of, 97
 emotions, relevance of, 98–99
 heuristics in, 100–1
 internal/external realities, 98
 neurosciences in, 101–3
 satisfaction level in, 97–98
 rational markets theory/ideology, 88
 rational planning, 72–73
 rationality
 limitations on, 97–98
 norms of, 124
 symbols of, 72
 reactive myopia, 8, 218
 reality, internal/external connection, 98
 Reason, James, 175, 177, 186, 187
 receptivity fatigue, 25
 recommendations
 for managers, 219–20
 nature of, 174
 recovery windows, 5, 209–12
 regulation/regulations
 of corporate risk, 214
 failure to comply with, 174
 resistance to, 133
 Reinhart, C. M., 94, 170, 205
 reliability improvement. *See also* High
 Reliability Organizations (HROs);
 organizational learning
 expertise, deference to, 199–200
 failure, preoccupation with, 196
 management model for, 195–96
 operations, sensitivity to, 197–98
 resilience, commitment to, 198–99
 simplification and, 196–97
 Rerup, C., 204–5
 resilience, commitment to, 198–99
 responsibilities, diffusion of, 120–21
 restrictions/constraints, as positive
 myopia, 96
 reward system, 195–96
 Rice, Condoleezza, 22

- Risen, J., 170
- risk
 acceptability/acceptance of, 40–42, 68
 concept of, 65–66
 in contemporary society, 68
 perception and, 66
 term meaning, 65
 vs. uncertainty, 66–67
 understanding/management of, 68
- risk duality, 76–77
- risk incubation, 171–74
- risk management, 195–96
- risk perception, 111–13
- risk society, 67–68
- Roberto, M. A., 208, 209–10, 211
- Roberts, K. H., 119, 126, 190, 191, 195–96, 198–99, 200
- Rochlin, G. I., 181, 190, 191
- Roe, E., 202–3
- Roger, William, 33
- Roger's Commission, 35
- Rogoff, K. S., 94, 170, 205
- Roll, Richard, 63
- routinization of tension, 25–26, 84–85
- Royal Air Force (RAF), in Battle of Britain, 53–57
- rules, uncertainty and, 70
- sabotage, 175–76
- safe areas, in HROs, 165
- safety issues, organizational learning and, 167
- safety theory, 174
- Samuelson, I. A., 64
- sanctions, fear of, 181–82
- Sarbanes-Oxley Act (SOA), 152, 154, 157
- satisfaction, rationality and, 97–98
- scapegoat concept, 170–71
- scenario-based learning, 75–76
- Schoemaker, P. J. H., 207–8
- Schön, D., 162–63
- Schulman, P. R., 165, 193, 202–3
- Schwartz, P., 214
- Schwinn (bicycle manufacturer), 4
- second-level problem solving, 165
- secrecy, structural, 46–48
- Securities and Exchange Commission (SEC)
 auditing field and, 78–79
- consultancy activity growth and, 146–47
- legal disputes and, 151
- reform attempts by, 152
- selective attention, 116
- selective interpretation.
See interpretation, distortion in
- self-discipline, in auditing field, 151
- selfish-actor myopia, 51
- self-serving bias, 105, 144
- sensemaking, 26, 58, 71, 178, 219
- Senyshyn, Y., 180–81
- September 11th attacks. *See* 9/11 terrorist attack
- serendipity, concept of, 60
- Serigstad, S., 130–31, 133–34
- Shamsie, J., 170
- Shapira, Z., 170
- shareability constraint, 123–24
- Shepherd, J., 76
- short-term preference myopia, 53
- signals approach, 205
- signal-to-noise problem, 25
- Sikka, P., 148
- silos of knowledge, 118
- Simon, H. A., 97–98, 101, 111–14, 136, 160, 213
- simplification, process of, 196–97
- single-loop learning, 162–63
- sloping plane of confirmation, 109–10
- Slovic, P., 101
- Smith, Adam, 60, 98–99, 180, 182
- Snook, S.A., 58, 95, 118
- Sobel, R. S., 132
- social amplification concept, 111–12
- social redundancy, fallacy of, 121
- socio-psychological level analysis, 95
- Sovereign Wealth Funds (SWFs), 140–41
- Soviet Union, 135–37
- 'space between,' 119
- spatial myopia, 168
- special interest groups, 132–33
- specialist bodies of knowledge, 118–19
- specialization, problem of, 133–34
- Stalker, G. M., 68–69
- Standard & Poor's, 138, 140.
See also auditing field
- Starbuck, W. H., 37
- status quo maintenance, 105–6, 107, 132

- Staudenmayer, N., 29, 118
 Stearns, L., 144
 Stech, F. J., 205
 Stern, E. K., 25, 32
 Stern, P. C., 52
 Stevens, M., 146–47
 strangers, involvement of, 173–74
 strategic planning, 73
 strategy, continuity in implementation of, 57–59
 structural secrecy
 information deficits and, 163
 organizational specialization and, 150–51
 in space shuttle disasters, 46–48
 subjective expected utility theory, 97
 suicide missions
 failure to imagine, 24–26
 US defense systems and, 18–20
 superstitious learning, 170
 surprise prevention
 ambiguity reduction, 209
 operation integration, 208–9
 recovery window extension, 209–12
 unexpected events, 207–8
 sustainable exploitation, 52
 Sutcliffe, K. M., 191–92, 195–96, 198, 199
 systematic distortion, 101
 systemic myopia, 7–8, 216–17
 systemic risk management, 76–77
 systems of representation, 67–68
- tail risks, 91
 Taleb, Nassim Nicholas, 83, 94
 teamwork, under pressure, 211
 temporal myopia, 168
 temporal pressures, 111–13
 Tenet, George, 21–22
 terrorism, information sharing and, 131
 terrorist attacks, 2. *See also* 9/11 terrorist attack
The Theory of Moral Sentiments (Smith), 98–99
This time is different syndrome, 170
This Time its Different (Reinhart and Rogoff), 94
 Thompson, J. D., 44–45, 68, 69
 threat identification process, 84–85
- Three Mile Island nuclear plant
 accident, 8
 time pressures, 112
Titanic Effect, 213
 Tonna, Fausto, 145–46
 top-down organization, 133–34
Totem and Taboo (Freud), 183
 tragedy of the commons, 50–53
 truth, theory of, 161–62
 Tsoukas, H., 76
 Tucker, A. L., 165
 Turner, B. A., 3–4, 129, 163–64, 167, 171, 174, 183
 Tversky, A., 100–1, 110
 TWA800 explosion (July 1996), 21
 Twin Towers, organizational myopia and, 2
- US defense systems. *See also* 9/11 terrorist attack
 al Qaeda and, 13, 20–24
 failure of imagination in, 24–26
 information sharing and, 126
 intelligence integration and, 27
 9/11 terrorist attack and, 18–20, 135
 organizational hubris of, 22–23, 31–32
 organizational responsibility, 13–14
 suicide missions and, 18–20
 UA175, timeline of events, 14
 unavoidable myopia, 8, 217–18
 uncertainty
 auditing field and, 140–41
 risk and, 65–70
 underestimation of problems, 62–63
 unexpected events, management of, 207–8
 unintentional bias, 143
 unintentional blindness, 106
 unintentional myopia, 96
 United Airlines (UA)
 UA93, timeline of events, 17
 UA175, timeline of events, 14
 unlearning, 168.
 See also organizational learning
 utility, rational choice theory and, 97
- Vaughan, Diane
 on assignment of responsibility, 184

- on benefit of explanations, 182–83
- on learning from weak signs, 204
- on levels of analysis, 95
- on normalization of deviance, 39–42
- on organizational flaws, 35, 129
- on safety standards, 37–38
- on structural secrecy, 46–47
- veto players, 132–33
- violations, vs. errors, 175–76
- Vioxx (painkiller), 4
- vision, lack of, 29–30
- Volcker, Paul, 157
- Von Braun, Werner, 44
- Von Neumann, J., 97, 103

- Wagenaar, W. A., 83
- Waterman, R. H., 4
- Watkins, M., 23, 78, 166–67
- Waxman, Henry, 88
- weak signs, detection of, 203–5
- Weick, K. E.
 - on cognitive processes, 191–92
 - on environment interpretation, 70
 - expertise, concept of, 199
 - on frontline operations, 198
 - on individualism, 201–2
 - on organizational reliability, 195–96
 - on organizing, 193
 - on reportable events, 40
 - on shareability constraint, 123–24
- Weitzel, W., 167–68
- white swan, financial crises as, 90–94
- Whitehead, Alfred North, 73
- Wilensky, H. L., 3–4, 117–18, 163–64
- wishful thinking, 99, 104, 144
- Wohlstetter, Roberta, 32, 80–81
- World Health Organization, 214
- World Trade Center (WTC)
 - AA11 collision with, 14
 - UA175 collision with, 14
- World War I, 59
- worst cases, as unthinkable, 214
- Wright, P., 111–13

- Xenophanes, 161–62
- Xerox, 4

- Zakay, D., 111–13
- Zegart, A. B., 30–31
- Zelikow, P., 95, 135–38
- Zollo, M., 170