

**Fallacies of Adaptation:
The Limits of Power and Learning in Organizations**

by

Murad A. Mithani

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Approved by the
Examining Committee:

Jonathan P. O'Brien, Thesis Adviser

Shyam Kumar, Member

Murali Chari, Member

Dinesh Iyer, Member

Rensselaer Polytechnic Institute
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ABSTRACT

This thesis explores three factors commonly linked to organizational adaptation: performance feedback, organizational control, and the intensity of exploratory search. My research examines the relationships between these three critical drivers of adaptation as well as their implications for sustainable performance. In the first essay, I explain why poor performance undermines the power of the organization's leaders, but superior performance has a surprisingly weak impact on reinforcing that power. The second essay shows that the organization's leaders prefer to exploit existing competencies and that reductions in their power will lead to more organizational exploration. Thus, the persistence of power constrains organizational learning while shifts in it can increase the capacity for organizations to accommodate new ideas. In the third essay, I show that direction and intensity are two distinct dimensions of organizational search. Moreover, the effectiveness of organizational learning depends on matching the intensity of search with the direction of search. I find that exploiting existing competencies can be done aggressively but that an aggressive approach towards exploration undermines its benefits. This essay shows that the process of learning entails unique challenges for knowledge assimilation, as organizations should develop the capacity to manage changes in the intensity of search as they transition between exploration and exploitation. In summation, while I show how performance, organizational control, and exploration can reinforce as well as constrain power and learning, I also show that all three mechanisms of adaptation can give rise to alternate opportunities. It is through the presence of the mostly inadvertent consequences of adaptive choices that organizations continue to preserve the potential for long-term success.