

The Unintended Consequences of Organizational Forgetting

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Abstract

While organizational forgetting has been commonly acknowledged as an important mechanism that enables organizations to let go of outdated knowledge and routines, not many people notice that such a mechanism can also occur unintentionally. In this regard, organizations can accidentally lose knowledge through various circumstances, including employee turnover, organization restructuring, and poor knowledge retention. This study examines how unintentional organizational forgetting affects organizations by proposing that the mechanism erodes organizational memory. It proposes that this mechanism would eventually weaken organizations' learning capabilities and crisis preparedness. This study proposes a conceptual framework that links unintentional forgetting and organizational capabilities, leading to a finding that the mechanism leads to potential organizational risks that may serve as directions for future research.

Keywords: Organizational forgetting; unintentional organizational forgetting; organizational memory; organizational capabilities; organizational learning; crisis preparedness

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Introduction

Over the past two decades, the concept of organizational knowledge has received considerable attention among business management researchers. Numerous studies highlight the importance of organizational knowledge and organizational learning for organizational effectiveness. Unfortunately, the process of organizational forgetting has received comparatively less attention. Existing literature highlights two different perspectives on organizational forgetting. The first view posits that existing knowledge is a prerequisite for acquiring new knowledge and, therefore, an essential part of organizational learning. The second view, meanwhile, suggests that knowledge in organizations may also be forgotten accidentally (e.g., due to flawed or insufficient memory systems), negatively impacting the organization. It should be noted that managing both forms of organizational forgetting equals an important managerial task (de Holan & Phillips, 2004).

This raises an important question: What happens when an organization forgets the knowledge critical to its functioning? Unlike intentional forgetting, unintentional forgetting can have detrimental consequences for organizations, including reduced performance and productivity as well as the loss of organizational identity. This can occur, for example, when experienced employees leave the organization or as a result of organizational restructuring. Such knowledge losses can damage organizational memory and reduce an organization's preparedness for future crises (Galan, 2023).

Previous research tended to focus on organizational forgetting in relation to organizational learning and adaptation, while the unintended loss of valuable organizational knowledge, especially the ways in which knowledge loss may erode different layers of organizational memory and subsequently affect organizational learning, reliability, and crisis preparedness, has been comparatively understudied (de Holan & Phillips, 2004; Mariano et al., 2020a, 2020b). Building on this research gap, this paper develops a conceptual framework that illustrates how unintentional organizational forgetting may erode organizational memory and, in turn, weaken key organizational capabilities.

Theoretical Background / Literature Review

Unintentional Organizational Forgetting

Unlike organizational learning, the concepts of unlearning and forgetting have received relatively limited attention in the academic literature, resulting in an underdeveloped understanding of them. Unlearning can occur through various processes, including knowledge extinction, interference, inhibition, and suppression. The growing scholarly debate surrounding organizational unlearning and forgetting revolves around differing views on the definition, conceptual significance, and necessity of the term “unlearning” (Klammer & Gueldenberg, 2019). While Howells and Scholderer (2016) critically questioned the concept of unlearning, they argued that conceptualising unlearning as a manageable process that involves the deliberate abandonment of existing knowledge to enable or support subsequent learning was insufficiently supported by empirical evidence. Instead, they suggested that “unlearning” often involves setting aside, rather than erasing, a pre-existing understanding in favour of a new one. Tsang (2017a, 2017b) argued for the concepts of organizational unlearning and forgetting. In particular, he emphasized the value of organizational unlearning



as a metaphor for describing certain organizational phenomena. Furthermore, he extended his previous definition of a learning organization by highlighting organizational unlearning, alongside organizational learning, as a crucial element of a learning organization (Tsang, 2017a).

The ongoing discussion surrounding the topic itself helps to reveal the existing research gaps (Klammer & Gueldenberg, 2019).

As organizations learn, their knowledge base develops. Organizational knowledge encompasses assets, rules, routines, and standard operating procedures that influence the behavior of organizational members. It is important to distinguish organizational knowledge from the knowledge held by individual organizational members. Rather, organizational knowledge is embedded in the organization's memory system, allowing knowledge to be retained even when individual members leave the organization (de Holan & Phillips, 2004).

Based on their systematic literature review, Mariano et al. (2020a) developed an integrative framework that structures the key dimensions of current research on organizational forgetting. Within this framework, current research primarily distinguishes between two modes of forgetting: accidental forgetting and purposeful forgetting. This distinction builds on the role of intentionality in organizational forgetting, which de Holan and Phillips (2004) conceptualized as the voluntary or involuntary loss of organizational knowledge (p. 1606). Accidental or unintentional forgetting refers to the loss of organizational knowledge that is neither planned nor intended. In contrast, purposeful forgetting involves deliberate attempts to discard unwanted, often obsolete, organizational knowledge. Purposeful forgetting has also been referred to as unlearning (Galan, 2023; de Holan & Phillips, 2004; Hedberg, 1981).

Research on organizational learning has frequently paid insufficient attention to the role of organizational forgetting (Argote, 2013, p. 58). A focus on organizational forgetting within the theory of organizational learning could lead to a shift from a cumulative to a cyclical perspective. The cumulative learning perspective conceptualizes learning as a linear process in which once-acquired knowledge is permanently retained within the organization and continuously accumulates over time. However, this perspective fails to account for the fact that organizations are continuously confronted with the opposing process of forgetting. The cyclical learning perspective addresses this limitation by assuming that organizations learn in cycles that encompass both learning and forgetting. According to the model, learning and forgetting may occur concurrently or alternately. Furthermore, learning and forgetting are closely interrelated. The more an organization learns, the more knowledge needs to be stored. Given the organization's limited storage capacity, this also increases the likelihood that previously acquired knowledge will be forgotten (Broekema, 2025).

Organizational Memory

Before turning to organizational memory systems, it should be noted that, unlike human beings, organizations do not possess a central nervous system. Nevertheless, understanding organizational memory systems, as they have been conceptualized in the existing literature, is important for understanding the concept of organizational forgetting (de Holan et al., 2011). In particular, the interplay between learning, forgetting, and organizational memory systems has not yet been fully understood in the existing literature (de Holan et al., 2011; Casey & Olivera, 2011). Despite the growing interest in organizational memory across various



disciplines, there is still no universally shared understanding of the concept. Organizational Memory can be understood as an organization's ability to retain the knowledge and memories of its past for present and future purposes (Jasimuddin et al., 2008). The informational role of organizational memory enables organizations to make more efficient and effective decisions by providing access to information from past experiences. The control function of organizational memory reduces the transaction costs associated with implementing new decisions. The political function of organizational memory creates a source of dependence, whereby individuals or groups in power can influence which information is stored, shared, or filtered from organizational memory (Walsh & Ungson, 1991).

Organizational memory plays an important role in determining which knowledge should be retained and how existing knowledge can be effectively utilized to respond to changes in the organizational environment. It is not sufficient for organizations to create or acquire new knowledge; this knowledge must also be successfully retained in organizational memory. If this does not occur, newly acquired knowledge may disappear before it can be effectively integrated into the organization. Therefore, preventing the loss of acquired knowledge represents an important part of organizational learning. Importantly, even knowledge successfully transferred to organizational memory may decay and eventually be lost over time. Therefore, understanding the capacity of organizational memory to absorb knowledge is important for organizations to effectively manage and utilize their knowledge (Nafei, 2017).

There are different perspectives on organizational memory. One perspective considers organizational memory a dynamic process that is continuously constructed and reconstructed through social interactions within the organization (Casey & Olivera, 2011). From this perspective, an important question concerns where organizational memory resides. Walsh and Ungson (1991) argued that organizational memory is distributed across several different "storage bins" rather than being located in a single place. They identified six main locations in which organizational knowledge can be retained: individuals, organizational culture, transformation processes, organizational structures, organizational ecology, and external archives.

Organizational Capabilities

Organizational capabilities capture the areas in which an organization performs effectively (Crandall et al., 2012). An organizational capability must involve collective action consisting of patterned actions performed by multiple actors within the organization, such as organizational routines (Levinthal, 2000). In this sense, Fujimoto (2012) highlighted the importance of combining and coordinating multiple organizational routines into an integrated system to achieve stable competitive performance.

Crandall et al. (2012) examined four areas of organizational capabilities: marketing, supply chain, technology, and management, and their relationship with crisis readiness. Their findings show that supply chain capability positively influences crisis readiness, unlike the other organizational capability dimensions. Crisis readiness itself is understood not only as the ability to cope with the uncertainty resulting from a crisis, but also as a proactive posture aimed at preparing for future crises (Crandall et al., 2012).



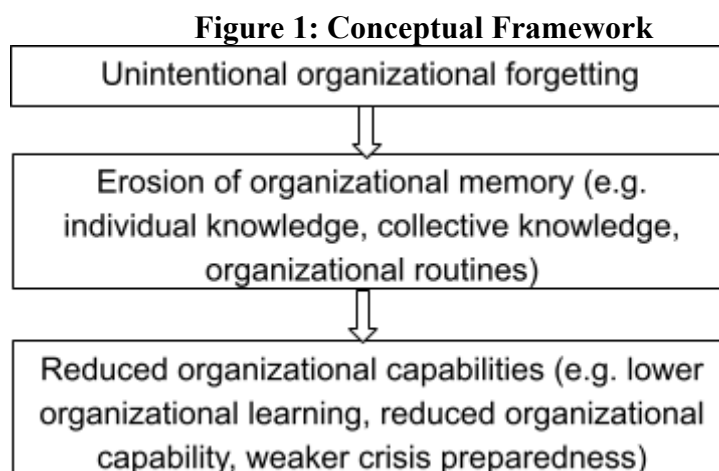
From a strategic perspective, organizational learning can be viewed as a factor contributing to differences among organizations and a potential basis for competitive advantage (Jerez-Gómez et al., 2005).

Based on these characteristics of organizational capabilities, this paper argues that a reduction in organizational capabilities may limit an organization's ability to develop and apply knowledge, thereby potentially weakening organizational learning.

Helfat and Winter (2011) conceptualize organizational capabilities as an organization's ability to reliably carry out specific activities to an acceptable standard. Based on this understanding, this paper argues that the degradation of organizational capabilities may impair an organization's ability to perform activities reliably.

Conceptual Framework

Building on the above discussion, this paper proposes a conceptual framework to illustrate how unintentional organizational forgetting may affect organizational memory, organizational capabilities, learning, reliability, and crisis preparedness. The framework posits that unintentional forgetting may erode organizational memory, particularly due to the loss of individual knowledge, collective knowledge, and organizational routines. This degradation may subsequently weaken organizational capabilities and, in turn, negatively affect organizational learning, reliability, and crisis preparedness.



To provide a basis for future empirical testing of the proposed relationships, the framework is translated into a questionnaire. The questionnaire is designed to examine whether the elements and relationships identified in the framework are observable in practice.

Questionnaire

1. What industry does your organization operate in?
2. How many employees does your organization have?



- ☐ 1–10 employees
- ☐ 11–50 employees
- ☐ 51–250 employees
- ☐ More than 250 employees

3. Have you ever experienced an unintentional loss of knowledge, experience, or established ways of working in your organization?

If yes, what happened?

4. What do you consider to be the main reason for this unintentional loss of knowledge?

5. What type of knowledge was affected by this loss?

- ☐ Knowledge or experience held by individual employees
- ☐ Knowledge shared among several employees
- ☐ Established work processes or organizational routines
- ☐ Other: _____

6. Did the loss of knowledge affect the organization's ability to perform its activities effectively or reliably?

If yes, what effects did you observe?

7. What consequences did this loss of knowledge have for the organization or its employees?

For example, in terms of organizational learning, the reliability of work processes, or decision-making.

7. Did the loss of knowledge affect how well the organization was prepared for unexpected events, disruptions, or crises?

If yes, what effects did you observe?

Exploratory Study

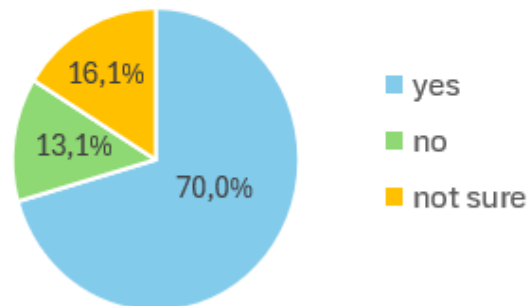
To obtain initial insights into the relevance of the proposed relationships, a small exploratory online study was conducted with 130 participants recruited through an online participant platform. The only prerequisite for participation was that applicants were currently employed or had been employed in the past. All 130 participants met this criterion.

Of these, 91 participants (70.0%) reported having experienced or observed an unintentional loss of important organizational knowledge, while 22 (16.9%) were unsure and 17 (13.1%) reported having no such experience (see figure 2).

Figure 2: unintentional knowledge loss



Have you ever experienced or observed at your workplace that important knowledge was unintentionally lost or was no longer available within your organization?



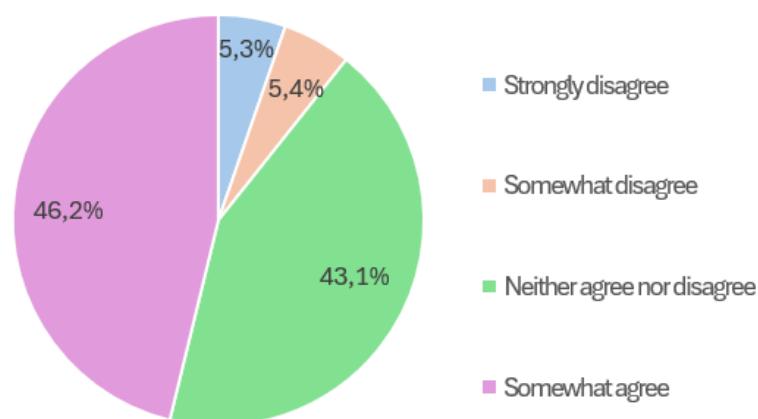
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When asked about whether they agreed that unintentional organizational forgetting negatively affects organizational performance, 46,2% of respondents said “somewhat agree”, suggesting that nearly half of them acknowledged the phenomenon’s negative impacts (see figure 3).

Figure 3: Unintentional Knowledge Loss and Its Consequences

How strongly do you agree with the following statement?

“The unintentional loss of important knowledge in an organization can negatively affect its performance, learning capability, reliability, and

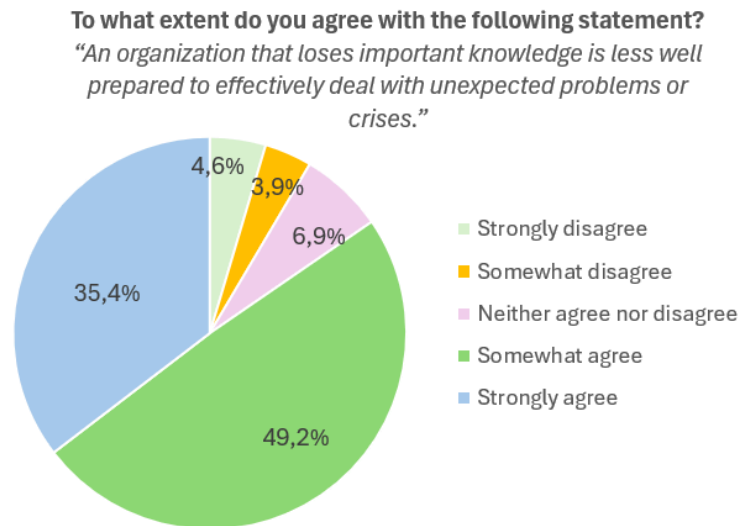


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In addition, 49,2% of respondents (see figure 4) said “somewhat agree” when asked if they agreed that unintentional organizational forgetting makes organizations less prepared to

effectively deal with crises, further confirming the phenomenon's negative impacts (as shown in figures 3 and 4).

Figure 4: Knowledge Loss and Crisis Preparedness



Source: own figure

Conclusion

This study filled the gap in the research field by covering unintentional organizational forgetting, as existing research only focuses on intentional organizational learning and unlearning practices. In this context, it proposes that unintentional organizational forgetting may erode organizational memory due to the loss of individual and collective knowledge as well as organizational routines. Such a degradation negatively affects organizational learning, reliability, and crisis preparedness by weakening organizational capabilities. To support this hypothesis, the researcher surveyed 130 respondents and found that this study's hypothesis was justified. Overall, this study confirms that unintentional organizational forgetting is a natural part of the organizational learning framework that serves as a foundation for organizational vulnerability assessment. Understanding this phenomenon, thus, may help organizations maintain their capabilities while preparing themselves for future challenges.

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