A Conceptual Structure for Organizational Learning and Organizational Performance

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Abstract

This paper constructs a conceptual structure for organizational learning and organizational performance based on the core competitive capability view. Based on the research of organizational learning process, we use the core learning capability as the clue and provide a path that how is the organizational learning interdependent with innovation, market, leadership and executive capacity to attain high performance. The results show the mechanism to attain high performance by organizational learning based on core competitive capability and establish a synthetical Structure to represent their relationship.

Keywords: Organizational Learning, Organizational Performance, Learning Capacity

1. Introduction

Business organizations are facing increasingly complex and volatile environment nowadays, it is very important for them to improve the learning and self-rejuvenation capabilities to meet the rapid environmental changes and keep sustainable competitive advantage.

The question of whether learning leads to improved performance has attracted much research attention. This is because learning is a key process underpinning many aspects of management such as the firm performance and behaviors [1].

Research employing a learning perspective has found that learning impacts the performance of the firm and/or moderates the effect of other variables on firm performance in a number of ways. Organizational learning has been found to enhance the survival and effectiveness of acquisitions, diversifications and foreign entries; to increase customer orientation; and to facilitate innovation. For example, based on the western and eastern culture, Guoquan Chen has proposed an organizational learning system (OLS) model consisting of nine organizational learning system sub-systems (OLSSs) each of the nine OLSSs is positively correlated with organizational performance and sustainable competitive advantage [2].

There has been a substantial growth in the organization learning research and the number of citations suggests that it has also had a high impact on performance. However, in the whole, these aspects are very fragmentary. Some of them research from the marketing orientation and some from the leadership [3]. These capacities haven’t been related together. Moreover, researchers have not been clear on the underlying assumptions employed. So, based on the core capacity viewpoint, a stronger and more cogent discussion on how learning can yield performance will be held. We may reasonably consider these factors and establish an organization learning structure to study the relationship among the organization learning, organization capacity and organization performance system.

2. Organizational learning processes

The learning process has identifiable stages. Several authors have studied the process of organizational learning in order to define its dimensions. Although the terminology differs from one author to another, the defined processes are similar [2,4]. A review of the different works on the subject allows us to identify and implement eight different dimensions or phases:

1) Knowledge. Acquisition. Discover the changes through external sources or internal development and innovate new ideas to deal with the changes.

2) Innovating. To create and innovate new ideas to deal with the discovered changes, problems, challenges and opportunities in both external and internal environment

3) Selecting. To make optimal choice from various alternatives (such as innovative ideas or people) to deal with discovered changes

4) Executing. Apply and realize new ideas and knowledge to deal with discovered changes, problems, challenges and opportunities in both external and internal environment

5) Interpretation. In which individuals share and incorporate aspects of their knowledge, which are not common to all of them, achieving a shared understanding as well as co-ordination in
decision-making.

(6) Reflecting. Evaluate and seek feedback.

(7) Modifying. Review and reflect on the work already finished, and mine knowledge from past experience and modify the methods to avoid the learning trap.

(8) Accumulating. Storing knowledge for future, either in organizational systems designed for this purpose or in the form of rules, procedures and other systems.

These different learning steps cultivate different capacities for the organization [4].

3. A Conceptual Structure

By analyzing the Organizational learning process, capacity and performance, we establish the “target” structure shown in Figure 1. It is based on the view of synthetical capacity to study the relationship between the organization learning and organization performance.

![Figure 1. A conceptual organization learning structure](image)

As we can see in the Figure 1, the core is the organization performance circle. The organization learning capacity impels the organization performance, the organization performance and the organization learning capacity system is the core of the target model. It’s the core of the target structure.

The second circle in Figure 1 is the capacity circle. The capacity level includes other abilities, which are closely linked with the organization learning capacity. They are the innovation capacity, the marketing capacity, executive capacity and the leadership. These four capacities have been discussed in last section. Many scholars have discussed their effect on the relationship between the organization learning and organization performance.

In Figure 1, between the first core circle and the second level is the inner level. The inner level is the organization interior learning environment. It includes factors influencing organization learning based on the literature such as the technology, strategy, culture, the structure, learning units and experience, which has been researched by scholars [5].

The outer circle is the learning circle represents the cyclic process of the organization learning including knowledge acquisition, innovating, selecting, executing, and interpretation, reflecting, modifying and accumulating subsystems.

Out of the circle is the external environment. It includes factors of the organization learning. We mainly select the two representative aspects: time and space [5].

The capacity circle integrates the organization’s internal and exterior factors, the organization learning process and the organization performance. The improvement of the structure helps the organization to obtain the sustainable competitive advantage and high performance.

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