

A study on the effect of organizational learning on organizational performance with an emphasis on dynamic capacity

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ABSTRACT

The present study examines the effect of organizational learning culture on organizational performance by considering the role of dynamic capacity as a mediator in an Iranian bank named Refah Bank. The study uses a questionnaire, which was originally developed by Hung et al. (2010) [Hung, R. Y. Y., Yang, B., Lien, B. Y. H., McLean, G. N., & Kuo, Y. M. (2010). Dynamic capability: Impact of process alignment and organizational learning culture on performance. *Journal of World Business*, 45(3), 285-294.] and examines different hypotheses using SPSS software package with the help of LISREL method. The results show that organizational learning culture and dynamic capacity positively influenced on organizational performance. In addition, organizational learning culture had a significant positive effect on dynamic capacity and dynamic capacity variable played the mediator role to the organizational learning culture as well as organizational performance.

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1. Introduction

Knowledge is a primary valuable resource for an organization's ability to innovate and to compete. Knowledge exists within the individual employees, and in a composite sense within the firms. Strategic assets are the essential determinants of a firm's capability to keep a sustainable competitive advantage. Bollinger and Smith (2001) combined the resource-based view theory with characteristics of knowledge to demonstrate that organizational knowledge is indeed a strategic asset. They explained practical considerations for implementation of knowledge management principles. Chand and Katou (2007) investigated whether some specific characteristics of hotels influence organizational performance in the hotel industry in India. The study also investigated whether some human resource management (HRM) systems could influence on organizational performance in the hotel industry in India. Their results indicated that hotel performance was positively associated with

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hotel category and kind of hotel. In addition, hotel performance was positively associated with the HRM systems of recruitment and selection, etc. Social capital is another important asset for firms. According to Chang et al. (2006), social capital is not significantly influenced with group dynamics or later with organizational innovativeness; yet, stronger social capital would bloom more organizational learning. Organizational learning is another component of any firm and there are many studies on development of the effects of various factors on this factor (Moore, 2010; Saffold, 1988). Vera and Crossan (2004), for instance, developed a theoretical model of the effect of CEO and top manager leadership styles and practices on organizational learning. Rhodes et al. (2008) presented an integrative model of organizational learning and social capital on effective knowledge transfer and perceived organizational performance.

2. The proposed study

The present study examines the effect organizational learning culture on organizational performance by considering the role of dynamic capacity as the mediator in an Iranian bank named Refah Bank. The study uses a questionnaire, which was originally developed by Hung et al. (2010) and analyze them using SPSS software package with the help of LISREL method. The sample size is calculated as follows,

$$n = \frac{N \times z_{\alpha/2}^2 \times p \times q}{\varepsilon^2 \times (N - 1) + z_{\alpha/2}^2 \times p \times q}, \quad (1)$$

where N is the population size, $p=1-q$ represents the yes/no categories, $z_{\alpha/2}$ is CDF of normal distribution and finally ε is the error term. Since we have $p=0.5$, $z_{\alpha/2}=1.96$ and $N=1490$, the number of sample size is calculated as $n=306$. Cronbach alpha is calculated as 0.933, which is well above the minimum acceptable level of 0.70. There are four hypotheses as follows,

1. Organizational learning culture influences positively on dynamic capacity.
2. Dynamic capacity influences positively on organizational performance.
3. Organizational learning culture influences positively on organizational performance.
4. Dynamic capacity plays a mediator role on relationship between organizational learning culture and organizational performance.

Fig. 1 demonstrates the structure of the proposed study. In addition, Fig. 2 shows personal characteristics of the participants.

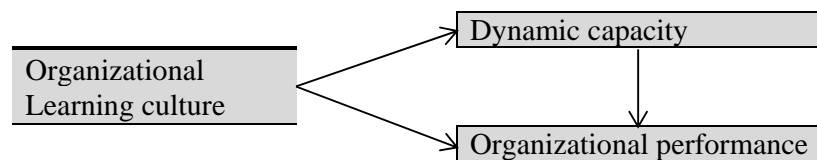


Fig. 1. The proposed study

The organizational learning culture consists of three levels of individual, team and organization. Dynamic capacity consists of three components including strategic, innovation and organizational management capacity.

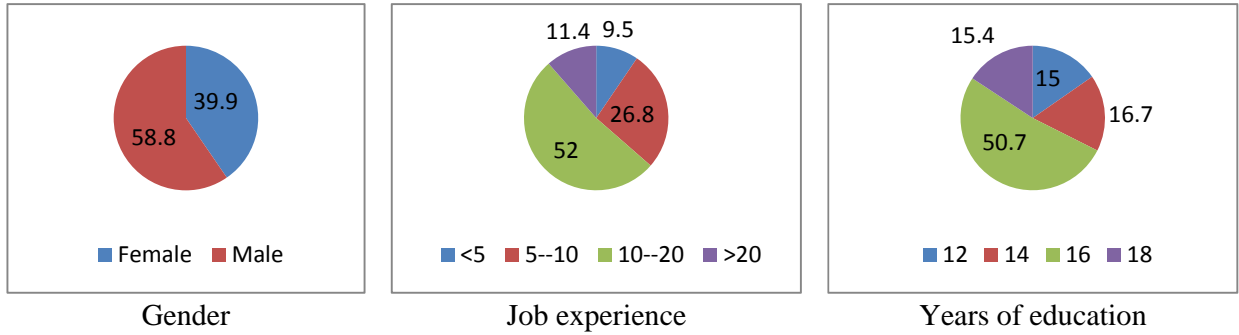


Fig. 2. Personal characteristics of the participants

As we can observe from the results of Fig. 2, most participants were male with good educational background as well as job experiences.

3. The results

In this section, we present details of the implementation of the proposed model on testing four hypotheses of the survey. The study uses structural equation modeling to examine the hypotheses of the survey and Fig. 3 shows details of our results.

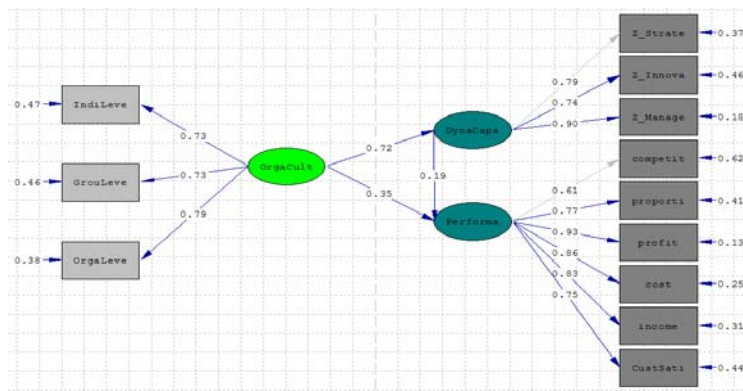


Fig. 3. The results of standard coefficients of the implementation of structural equation modeling

The results of the implementation of the proposed study have yielded some statistical observations summarized in Table 1 as follows,

Table 1
The summary of statistical observations

Description	Statistics	Value	Desirable limit
Chi-Square/degree of freedom	Chi-Square/df	2.96	Chi-Square/df < 3
Root mean square error of approximation	RMSEA	0.00	RMSEA < 0.09
Goodness of fit index	GFI	0.92	GFI > 0.9
Augmented Goodness of fit index	AGFI	0.87	AGFI > 0.85
Comparative fit index	CFI	0.91	CFI > 0.90
Incremental fit index	IFI	0.91	IFI > 0.90

As we can observe from the results of Table 1, all statistical observations are within desirable limits. Therefore, we can interpret the results of SEM. Table 2 shows details of the results of testing hypotheses of the survey.

Table 2

The summary of testing four hypotheses

Hypothesis	Value	Standard error	t-value	R ²	Sig.	Result
First	0.72	0.1	10.66	0.26	P < 0.01	Confirmed
Second	0.19	0.096	2.00	0.26	P < 0.01	Confirmed
Third	0.35	0.074	3.43	0.52	P < 0.01	Confirmed
Fourth	0.14	-	21.32	-	P < 0.01	Confirmed

The results of Table 2 confirm all four hypotheses of the survey. In other words, organizational learning culture influences positively on dynamic capacity and Dynamic capacity influences positively on organizational performance. In addition, organizational learning culture influences positively on organizational performance and finally, dynamic capacity plays a mediator role on relationship between organizational learning culture and organizational performance.

4. Conclusion

In this paper, we have presented an empirical investigation to study the dynamic relationship between organizational learning culture and organizational performance. The study has accomplished in banking industry and the results have confirmed all four hypotheses of the survey. The results of our investigation are consistent with findings of Hung et al. (2010) in the literature.

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