

## **ORGANIZATIONAL LEARNING ORIENTATION AND ITS IMPACT ON ORGANIZATIONAL AGILITY – A STUDY IN THE INDIAN CONTEXT**

**Nora Bhatia and Dr Monica Khanna**

*Learning is essential for companies to continue to adapt and be competitive in the present dynamic business climate; Chadwick & Raver (2015); Edmondson (2008); McGrath (2001).*

### **Abstract :**

The external environment that organizations operate is characterised by volatility, uncertainty, complexity and ambiguity (VUCA). The post pandemic scenario has seen a shift from VUCA to a BANI world (**Brittle, Anxious, Nonlinear and Incomprehensible**). **Organizations face various challenging scenarios most of which are unpredictable. To retain a competitive edge organizations need to be nimble and swift in performance outcomes. Organizations that are learning oriented and agile have an edge over competition. This paper is a study on Organizational Learning Orientation (OLO) and the impact that it has on Organizational Agility (OA) with reference to the Indian Context.** To test the research hypothesis a questionnaire adopted from previous literature was used and a total of 114 responses were analysed using correlation and regression analysis. The results from this exploratory study indicated that organizations which are learning oriented with an emphasis on “learning commitment”, “shared vision” and “open-mindedness” are positively associated with organizational agility.

**Key words :** *Organizational learning orientation, learning commitment, shared vision, open-mindedness, organizational agility*

### **Introduction :**

As per Garratt (1987) for an organization to endure and sustain the learning rate much match or exceed the rate at which environmental changes occur.

The environment in which an organization operates is subject to changes. If an organization's “lack of fit” with its environment becomes too significant, it will either be unable to survive or experience an expensive transition; Miller and Friesen (1980a, b); Tushman and Romanelli (1985).

The business environment today necessitates that organizations are both proactive and adaptive in their approach to achieve business outcomes. Organizations today face a continuous onslaught of changes in the marketplace coupled with commitments towards ESG (environmental, social and governance) issues. Gligor, Esmark, & Holcomb (2015) state that to survive and outperform in the midst of turbulent market conditions, organizational agility facilitates achievement of business results in the midst of various tumultuous market forces. Calantone, Cavusgil, & Zhao, Y. (2002) state that it is essential for organizations to have a

strong orientation towards learning to gain a competitive edge. Organizational learning plays a critical role in supporting an organization to reflect and adapt to the external environment.

### **Literature Review :**

This research paper is based on the “Resource Based View (RBV)” developed by Barney, (1991) which refers to each organization having resources that help them to attain a “competitive advantage”. The author states that organizations have resources that are “rare, valuable” those that cannot be easily imitated and substituted giving it an edge over competition. This paper uses the RBV theory and proposes that “Organizational Learning Orientation” can provide a unique edge to organizations as they pursue agility.

Learning may be considered a process which helps in knowledge development; (Dove, 1999).

In the study; Dove (1999) describes an agile organization as being successfully able to manage and use knowledge, and it contends that if these two capabilities are not balanced, benefit from learning will be hindered.

An organization is formed as a particular task is too complicated or huge for a single person to handle; Dixon, (1992).

As per Dixon, (1992) every employee in the organisation has to be competent on some level to complete this bigger responsibility, and in addition the organisation as an entity also needs to be competent.

The idea of organisation that learns suggests that organisations must learn in order to operate successfully; organisations are not born with competence and they must keep learning to function efficiently; Dixon, (1992).

This paper adopts the approach of Sinkula, Baker, & Noordewier (1997), wherein orientation to learning is considered a value by the company which is proliferated across the organization. This impacts the organization’s ability in creation and utilization of expertise and knowledge Sinkula, et. al. (1997).

As per Eisenhardt & Martin, (2000), Organizational Learning Orientation (OLO) may be defined as the capabilities of an organization that provides the competencies to help a company navigate through various external environmental challenges.

“Organizational Learning Orientation” (OLO) is an antecedent of “Organizational Agility” (OA); Braunscheidel & Suresh, (2009)

Sinkula, Baker, & Noordewier (1997), state that an organization with orientation towards learning can be described based on the following 3 dimensions :

- a) “Learning commitment”

- b) “open-mindedness”
- c) “shared vision”

### **Learning Commitment (LC)**

Braunscheidel & Suresh (2009) opine that organizations that are oriented towards learning are better organized internally with their processes and also reflects in their customer service abilities. Braunscheidel, et al (2009) further infer that such organizations constantly work on accelerating their ability to meet and exceed customer expectations. Thus an organization with a commitment to learning proactively studies, reflects and acts on information and knowledge that impact the organizations both internally and externally (Dukeov, Bergman, Heilmann, & Nasledov, 2020).

As per Crossan, Lane, & White (1999) learning happens through two methods - the employee learns and shares that with the organization (considered as “feed forward”) while the learning from the organization to the employee (considered as “feedback”).

Dixon (1992) states that organizations that constantly explore different ways of business delivery display a greater orientation towards learning.

An organization with a “commitment to learning” views learning as a significant investment which is essential to its existence. Calantone, Cavusgil & Zhao (2002)

In the Indian context there is limited empirical research that studies the direct influence of Learning Orientation (LO) on OA.

Calantone, Cavusgil, & Zhao (2002), state that learning oriented organisations urge their employees to accelerate emphasis on learning often beyond their work profile requirements.

Thus the hypothesis proposed is as follows :

*H1-a : “Learning Commitment” (LC) and “Organizational Agiltiy” (OA) are positively associated with each other.*

### **“Open-Mindedness” (OM)**

Organizations function in dynamic situations and make an effort to attain a competitive look to enhance their “knowledge base” thus require OLO; Frank A., Mitterer, & Weismeier-Sammer (2012).

According to Sinkula, et. al. (1997) companies which introspect on their various conventions, norms that are habitual aspects in their way of working are essentially making efforts to unlearn and creating opportunities for being open-minded.

Businesses must adapt to the quickly evolving technologies and volatile markets; Calantone, Cavusgil & Zhao (2002).

Unlearning ingrained habits might be just as crucial as updating or renewing existing knowledge; Calantone, Cavusgil & Zhao (2002)

Nystrom, & Starbuck (1984) state that learning involves experimenting, unlearning old habits, fostering discussion and different points of view and all of these are necessary components of learning; Fiol, & Lyles (1985).

Organizations all too often dwell on past successes to be replicated for the future and it merits to habitually question this notion. As the years go by, it is prudent to examine the “mental models” that may no longer be valid and the organization needs to be open minded to accept this reality, (Senge, 1990).

From the above, proposed hypothesis is as follows :

*H1-b : “Open-mindedness” (OM) and “Organizational Agility” (OA) are positively associated with each other.*

**Shared Vision (SV) :**

“Shared vision” is like an anchor and forms the core of learning proactively by employees as it shows the organization path to employees, (Day, 1994). In the absence of SV employees will lack alignment and also be unclear on key performance indicators being focussed by the organization, Sinkula, Baker, & Noordewier (1997)).

“Shared vision” presents a direction and focus to the diverse departments in a company which improves the emphasis of learning; Calantone, Cavusgil & Zhao (2002)

Thus the following hypothesis is proposed :

*H1-c : “Shared vision” (SV) and “Organizational Agility” (OA) are positively associated with each other.*

**“Organizational Learning Orientation” (OLO) :**

Learning Orientation” (LO) promotes the development of skills and resources required for company performance as per Calantone, Cavusgil, & Zhao, Y. (2002). They further elaborate that a company that is dedicated to learning makes a conscious effort to understand the business situations, clients, competition, and cutting-edge technology.

“Learning Orientation” is impacted by the type of “information that is gathered” Dixon (1992), the interpretation of this “knowledge”, Argyris, & Schön, (1997), and how is it “shared” Moorman, (1998).

Greater is the significance given by an organization to learning, greater is the likelihood that learning happens in the workplace; Sinkula, Baker, & Noordewier (1997).

A company's learning orientation is a feature that shows how important it is to continually question the presumptions that underlie how it interacts with its surroundings as well as how well it responds to environmental changes; Baker, & Sinkula (1999).

Combining the three elements of “Organizational Learning Orientation” (OLO), the following hypothesis is proposed :

*H1-d : Organizational Learning Orientation” (OLO) (combination of the 3 dimensions i.e, “Learning Commitment”, “Shared Vision”, Open-Mindedness” and “Organizational Agility” are positively associated with each other.*

### **Organizational Agility (OA)**

The term OA was initially propagated in the “Iacocca Agency report” in 1991. Thereafter there were research studies on the concept initially in the manufacturing sector, and then progressing to other industries.

As per Zhang & Sharifi (2000), OA is a capability and consists of the following elements:

- Speed
- Responsiveness
- Flexibility, and
- Competency

There are multiple definitions of OA, and as per Becker (2001), the capacity to transform change from “an ad hoc disruption” to a necessary component of “organisational behaviour” is a demonstration of agility. An organization that is agile recognizes the ‘death of predictability’; Becker, (2000).

Gallagher & Worrell (2008) define “organizational agility” as having the ability to speedily recognize changes and being adaptive while ingeniously using resources, and talent in being responsive to these changes.

This study uses the Zhang & Sharifi (2000) definition of OA comprising of the following dimensions :

**“Speed”** is about being able to achieve results in the minimum time possible.

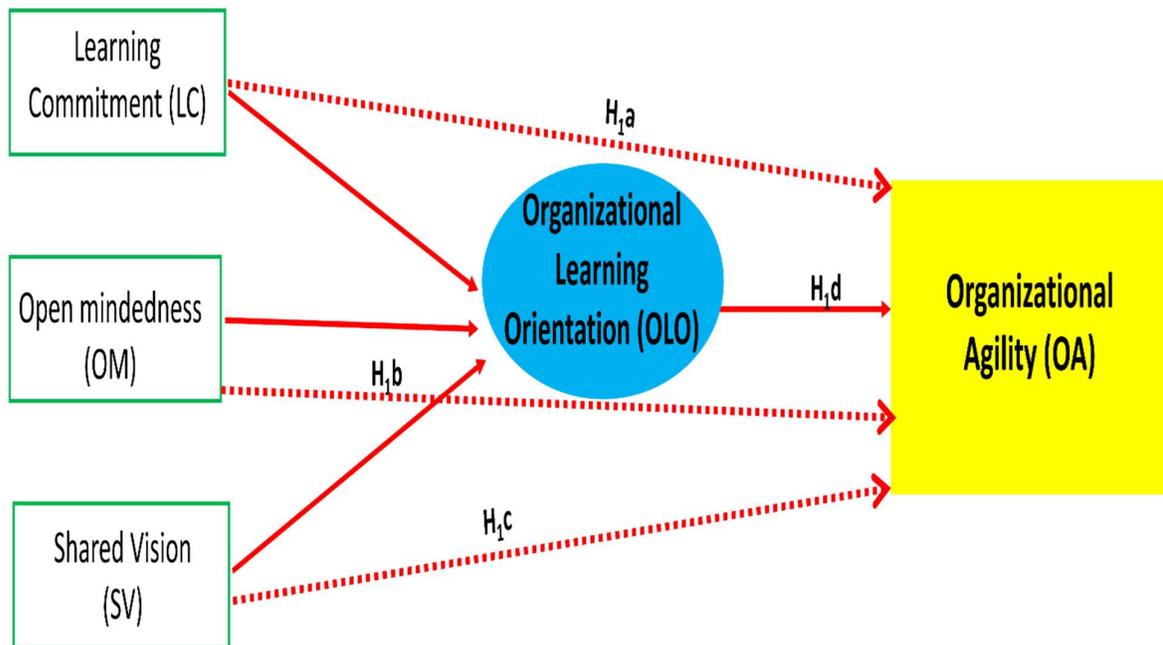
**“Responsiveness”** is about being adept at responding to changing business scenarios.

**“Flexibility”** is the ability to bring out nimbleness in business operations based on changing customer requirements.

“**Competence**” is the ability to achieve the organizational goals while being efficient in achieving performance outcomes.

OA provides a competitive edge and facilitates organisational performance. OA can be viewed as a trait that helps organizations to navigate external business challenges

**Proposed Research Model :**



**Research methodology :**

The objective of this research is to understand the impact of OLO on OA. The aims of the exploratory research study are :

To study the impact of :

- “Learning Commitment” (LC) on “Organizational Agility” (OA)
- “Open Mindedness” (OM) on OA
- “Shared Vision” (SV) on OA.
- “Organizational Learning Orientation” (OLO) (which is the combination of the 3 dimensions *i.e.*, LC, OM and SV) on OA.

Mixed method research was used to conduct this research. In-depth interviews of six senior managers was conducted on this topic. Based on the findings from the in-depth interviews, a questionnaire was prepared for pilot survey. Based on the feedback of the pilot survey, a final questionnaire was prepared for the survey. The questionnaire survey method is used in this study. This is an exploratory study based on convenience sample of the target group for the

research study. The target group comprises employees with a baseline designation of ‘Managers’ and beyond who were contacted at an All India Conference held in Mumbai.

**Sample :**

A sample of 150 respondents were selected through convenience sampling and they responded to a hardcopy questionnaire which was distributed at a Conference which included employees from multiple industries. Respondents included employees designated as ‘Manager and above’ with a minimum of five years work experience from metro cities across India (e.g. Delhi, Kolkata, Chennai, Mumbai, Jaipur, Patna, Bangalore, etc) and covered industries like FMCG, Fintech, Manufacturing, ITES, Agri sector, etc. The type of companies included a mix of traditional manufacturing companies, service industries, large companies, small and medium (SME) and a mix of Indian and Multinational companies. Total completed questionnaires received were 119 with 5 questionnaires being excluded due to missing responses.

**Research instrument :**

A five point Likert scale has been used for questionnaire items with one being “strongly disagree”, three as “Neither Agree nor Disagree” and five as “Strongly Agree”. Research instruments from previous literature were adopted for this study. The research instrument created by Zhang & Sharifi (2000), was used to measure OA. OLO has been measured with the research instrument by Sinkula, et. al. (1997)

**Data Analysis :**

SPSS has been used to run the correlation and regression analysis for this study.

The Model Summary is as follows :

The table highlights the R and R<sup>2</sup> value. R value illustrates “simple correlation” that is .874 and it denotes a “high degree of correlation”. The R<sup>2</sup> illustrates the variation that is observed in dependent variable OA which can be explained by the independent variable, “Organizational learning”, which is 0.764 which is large.

**Table – 1: The Summary of the Model**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874(a)	.764	.762	.43533

a. Predictors: (Constant), Organizational Learning

**Table – 2a: Correlations**

		Commitment to learning	Organizational Agility
LC	Pearson Correlation	1	.691(**)
	Sig. (2-tailed)		.000
	N	119	119
OA	Pearson Correlation	.691(**)	1
	Sig. (2-tailed)	.000	
	N	119	119

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Table – 2b: Correlations**

		Shared vision	Organizational Agility
SV	Pearson Correlation	1	.889(**)
	Sig. (2-tailed)		.000
	N	119	119
OA	Pearson Correlation	.889(**)	1
	Sig. (2-tailed)	.000	
	N	119	119

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table – 2c: Correlations

		Open-mindedness	Organizational Agility
OM	Pearson Correlation	1	.968(**)
	Sig. (2-tailed)		.000
	N	119	119
OA	Pearson Correlation	.968(**)	1
	Sig. (2-tailed)	.000	
	N	119	119

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table – 2d: Correlations

		Organizational Learning	Organizational Agility
OLO	Pearson Correlation	1	.874(**)
	Sig. (2-tailed)		.000
	N	119	119
OA	Pearson Correlation	.874(**)	1
	Sig. (2-tailed)	.000	
	N	119	119

\*\* Correlation is significant at the 0.01 level (2-tailed).

ANOVA table", demonstrated the suitability of the "regression equation"

Table – 3: ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.827	1	71.827	379.020	.000(a)
	Residual	22.173	117	.190		
	Total	94.000	118			

a Predictors: (Constant), OLO

b Dependent Variable: OA

This model is able to predict the dependent variable appropriately. The Sig column above is less than 0.05 which demonstrates "the regression model" is "statistically significant" is a "good fit".

From the table above we observe "a strong positive relationship" exists between "OLO" and "OA". The three sub-dimensions of OL constituting LC, SV and OM also indicate a positive relationship with OA.

All the P values are less than 0.05 so we “reject null and accept alternate hypothesis”, we can stated that “the model is statistically significant”.

### **Discussion/Conclusions :**

Celuch; Kasouf; Peruvemba, (2002). discovered that companies with better OLO reported “stronger order fulfilment, external partnership abilities, service, and top management competences”

Organizations are founded on account of tasks being big or multifaceted and this in turn requires employees in the organization to be competent and similarly the company too needs to be competent. (Dixon, 1992).

The research findings in this paper are consistent with the previous research done by Bahrami, Kiani, Montazeralfaraj, Zadeh, & Zadeh, (2016) which indicated that organizational learning and organizational agility have a significant relationship in the teaching hospitals at Yazd city in Iran.

As per prior research by Brett & VandeWalle (1999) and Kozlowski, Gully, Brown, Salas, Smith, & Nason (2001) “learning orientation” promotes the “acquisition” and development of knowledge and abilities; Gong, Huang, & Farh (2009)

Calantone, Cavusgil & Zhao (2002) in their research paper conclude that “Organizational learning orientation” improves the performance of an organization and positively impacts “competitive advantage”. Their research paper evaluated the research model using information gathered from major US businesses. Their findings are aligned with the findings based on the research done by Baker & Sinkula (1999) whose study concluded that there is a “positive relationship between learning orientation and firm performance”

In addition, in their study Santos-Vijande, López-Sánchez, & Trespalacios (2012) demonstrated the “organizational learning” improves a company's “strategic flexibility”, or its capacity to react quickly to external changes.

Results of this study indicated that organizations that are learning oriented with an emphasis on “learning commitment”, “open-mindedness” and “shared vision” exhibit organizational agility as confirmed by the outcomes of the survey.

### **Implications – Research & Practical :**

Employees in the modern digital era are eager to “continually upskill and reskill themselves” in order to continue to be “employable in the always evolving “technology environment”. Aboobaker, N., & KA, Z. (2021).

This research paper has insights for managers and leaders as they navigate through external environmental challenges. Usually there is a tendency to view learning expenses as a cost rather than an investment. Apart from the short-term emphasis, managers require focus on medium and long-term survival and growth of the organization and agility is an imperative for organizations to thrive. A culture towards learning should be relentlessly nurtured by an

organization as skill and technology redundancy of employees will ultimately lead to outdated organizations. Employees who are outdated will be unable to comprehend the VUCA or BANI world and incapable of handling these changes. Organizational learning orientation can be a crucial differentiator and a competitive advantage for an organization to survive, thrive and accelerate in the VUCA or BANI world.

#### **Limitations of the study :**

The responses received to the questionnaire have been treated as one whole group and not segregated into industry types.

#### **Future research :**

Future research could include a large scale survey segregating the responses into industry types.

Future research can also focus on case studies of companies that closed down or have been negatively impacted due to VUCA or BANI world. The questions that may be addressed include whether lack of organizational learning culture was one of the underlying reasons for their inability to handle the VUCA / BANI world?. There may be inherent issues such as corporate governance, technological disruptions, organizational inertia due to bureaucratic setup, lack of capital funding to invest in changes in technology or unforeseen socio-economic-political-cultural issues of MNCs fitting into foreign countries which may be the emphasis of future research.

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