‘Organizational learning culture’: an ingenious device for promoting firm’s innovativeness

Masood Nawaz Kalyara∗ and Nosheen Rafib

aCollege of Management and Administrative Sciences, Government College (GC) University Faisalabad, Faisalabad 38000, Pakistan; bDepartment of Management Sciences, National University of Modern Languages (Lahore Campus), Lahore 54000, Pakistan

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The present study focuses on the relationship between organizational learning culture (OLC) and firm’s innovativeness. The area of innovation as well as organizational culture is crucial for organizations and for entrepreneurs because both provide the basis for sustainable competitive advantage and improved firm performance. The notion of OLC offers a set of customs and principles that enhances imperativeness of an organization. Information acquisition, information interpretation, and behavioral and cognitive changes (BCC) were used as elements of the organizational learning process. Constructs comprising innovativeness are innovative culture, and technical and administrative innovation (innovations). Data were collected from 50 randomly selected Pakistani organizations. The results show significant and positive relationships among all hypothesized variables except for between BCC and innovations.

Keywords: firm culture; innovativeness; information acquisition; performance

Introduction

Organizational innovation discusses the new traditions of work that can be organized, and accomplished within an organization which encourage and promote competitive advantage. It involves how organizations and individuals precisely, accomplish work developments in areas such as employee retention, job satisfaction, employee performance, and knowledge management. Whereas organizations around the globe are facing a common challenge that is the need to improve their performance in order to capitalize on rapid change, establish or regain competitive advantage, and ensuring long-term survival and profitability in a dynamic competitive environment (Basadur & Gelade, 2006; Sommer & Haug, 2011). With the current expansion in the global economy and the fast-changing advancement of technology and innovation, firms are fronting an ongoing need for employee learning and development. Learning will enable the employees to make innovations at the individual and the firm level which, ultimately, will contribute toward better organizational performance. The nature of culture and environment of an organization can influence the types and numbers of learning-related events and innovation as well as employee job satisfaction toward their motivation to achieve organizational goals (Egan, Yang, & Bartlett, 2004). Organizations are constantly in competitive pressures and required to re-evaluate and come up with new innovations (Cantarello, Nosella,
Petroni, & Venturini, 2011; Skerlavaj, Song, & Lee, 2010). An innovation may be a new product or service, or it can be a new production technique, a new operation procedure, or a new management strategy to an enterprise (Nonaka & Yamanouchi, 1989). Innovativeness is always essential for the organizations’ long-term survival and growth as well as playing a crucial role in the company’s future to follow the rapid pace of markets’ evolution and sustainable status quo of the organization (Kalyar, Chaudhry, Rafi, & Kalyar, 2011; Santos-Vijande & Álvarez-González, 2007).

In the organizational environment perspective, the interaction amongst OLC and firm’s innovativeness (innovative culture and innovation) has not been explored broadly. Of particular interest to firm’s innovativeness is the potential impact on innovation, innovative, and learning culture emerging from workplace environments that have characteristics strongly connected with an OLC construct. A better understanding regarding the OLC, innovative culture, and innovation would provide management practitioners and scholars with additional information concerning factors that have contributed to learning, innovation, and significant outcomes with demonstrated links to performance (Egan et al., 2004; Sitlington & Marshall, 2011). The studies of Alegre and Chiva (2008) suggested that organizational learning would enhance the innovative capacity of an organization and that firms can only innovate if they develop an efficient learning of their resources, competencies, and capabilities.

The rationale of this study is to explore the relationship among OLC, innovative culture, and innovation. The paper discusses OLC, which is anticipated and defined as ‘a set of norms and values about the functioning of an organization which is a blend of different culture types within the competing values framework’ (Denison & Spreitzer, 1991; McDermott & Stock, 1999). The purpose of the present study is to develop and test a model of innovativeness improvement. Hence, the focal point of this study is to measure the impact of OLC on firm’s innovativeness: innovative culture and innovations. This study will also help to determine whether learning environments are key elements that contribute to employee learning and improved firm performance characterized by innovative culture, and administrative and technical innovation. Such insights are very important for the development of theory and practice in human resource organizational management.

**Literature review**

**Organizational learning culture**

OLC is one of the crucial contextual constituents to increase organizational commitment (Joo, 2010). Organizational learning is a multifaceted process and refers to the development of new knowledge and it has the potential to change behavior (Huber, 1991). The framework of Watkins and Marsick (1993) for the learning organization presents seven action essentials for a learning organization: (1) creating continuous learning opportunities (2) establishing systems to capture and share learning (3) encouraging cooperation and team learning (4) promoting dialogue and inquiry (5) empower people to have a collective vision (6) connect the organization to the environment, and (7) use leaders who develop and support learning at all organizational levels. Hence, learning organization encompasses an environment where creativity, group and teamwork, cooperation, and knowledge processes have a shared meaning and value (Confessore & Kops, 1998; Schiavone, 2011). A learning organization is viewed as one that has a capability for integrating people and structure to shift an organization in the direction of continuous learning and change (Egan et al., 2004).
Organizations that have given priority to learning and development have found an increase in employees’ job satisfaction, profitability, and productivity (Marsick & Watkins, 2003; Sambharya, 2011; Schein, 1992). They also supposed organizational culture as an outline of basic assumptions – invented, discovered, or developed by its personnel to handle its problems of external adaptation and internal integration. Vardi and Wiener (1996) claimed that the majority of scholars of organizational culture agree that shared values are a key constituent in the definition of culture. Firms that have developed a well-built learning culture are good at generating, acquiring, and disseminating knowledge (Huber, 1991). These organizations are also good at modifying behavior to reflect new knowledge and insight. Hence, organizations emphasizing on OLC must first create or acquire information, interpret it to fully recognize its connotation and transform it into useful knowledge. At the same time, they should not forget to implement behavioral and cognitive changes (BCC) in order to translate words into action.

Jones (2000) emphasizes the significance of organizational learning for organizational performance. He defines it as a process through which managers try to increase organizational members’ capabilities in order to better understand and manage the organization and its environment. Dimovski and Škerlavaj (2005) presented an overview of previous research and identified four varying perspectives on organizational learning. He merged informational, interpretational, strategic, and behavioral approaches to organizational learning and defined it as a process of information acquisition (Info.Acq), information interpretation (Info.Inter), and resulting BCC which should, in turn, have an impact on innovativeness.

**Innovativeness**

Innovativeness is more often used as a measure of the degree of ‘newness’ of an innovation (Garcia & Calantone, 2002). Highly innovative products and services are seen as having a high degree of newness. On the other hand, low innovative products and/or services sit at the opposite side of the scale. Innovativeness implies more accessibility to change and more willingness to face new challenges (Škerlavaj, Stemberger, Skrinjar, & Dimovski, 2007). It enables the organization to leverage the capabilities of innovative workforce and thereby better respond to environmental changes (Bergh, Thorgren, & Wincent, 2011; Swink & Mabert, 2000). The existing situation of the environment – characterized by uncertainty, high risk, and volatility – involves that organizations need to develop innovations in order to increase or maintain their competitiveness (Škerlavaj et al., 2007). The capacity to innovate is one of the most important factors that influence business performance (Hurley & Hult, 1998). Such innovativeness provides the organization with flexibility to choose from a broader range of options to satisfy their customers on a sustainable basis so that this will provide a basis for their long-term survival and sustainability in competitive advantage (Banbury & Mitchell, 1995).

Innovativeness is a process of converting opportunities into realities (Tidd, Bessant, & Pavitt, 1997). It is an interactive process in which organizations interact both with customers and suppliers, and with knowledge institutions (Freeman, 1987; Kline & Rosenberg, 1986). Innovation has been renowned as a key constituent of dynamic efficiency and competition of organizations since the work of Schumpeter (1934). In broad spectrum, innovator will make progress faster, be more efficient, and more profitable than non-innovators (Mansury & Love, 2008). The innovativeness of a new product and firm innovation potential is vital for several reasons. Innovative products provide opportunities for organizations in terms of growth and expansion into new areas as well as facilitate firms to gain sustainable competitive advantage (Cavalcante, Kesting, & Ulhøi, 2011). The innovation processes consist
of acquisition, dissemination, and use of new knowledge (Calantone, Cavusgil, & Zhao, 2002; Cambra-Fierro, Florin, Perez, & Whitelock, 2011) and successful implementation of new and creative ideas within the organization (Amabile, Conti, Coon, Lazenby, & Herron, 1996; Hurley & Hult, 1998). There seems to be wide agreement that learning climate, corporate entrepreneurship, employee satisfaction, and firm innovativeness are highly correlated and research have been conducted by many scholars to measure how they are linked (Hurley & Hult, 1998; Lee, Lim, & Pathak, 2011).

Innovativeness is a competitive instrument necessary for firms’ long-term success and survival (Deshpande´, Farley, & Webster, 1993). The degree of innovation reflects the extent of new knowledge embedded in an innovation (Dewar & Dutton, 1986). Organizations having greater innovation potential will achieve a better response from the environment and will be able to easily obtain the capabilities needed to enhance organizational performance and strengthen a sustainable competitive advantage (Calantone et al., 2002; Jansen, Curseu, Vermeulen, Geurts, & Gibcus, 2011). That is why, it is necessary for organizations to develop and improve the innovative culture so that all its members seek new product, services, or processes.

Theoretical framework and hypotheses

Deshpande´ and Farley (2004), Lau and Ngo (2004), and Khazanchi, Lewis, and Boyer (2007) have studied the effect of different types of organizational cultures on various aspects of innovations. However, there are not too many studies that have investigated the effect of OLC on innovativeness. The study of Kandemir and Hult (2005) evaluated OLC in international joint ventures and linked it with innovations. OLC was found having a positive direct effect on its cultural innovativeness and both direct as well as indirect positive impact on innovation capacity (Goktan & Miles, 2011; Rowley, Bargheh, & Sambrook, 2011; Skerlavaj et al., 2010). Most of those rare studies that have investigated the effect of OLC on innovativeness are restricted at the conceptual level and did not test their models empirically. In their work, Nonaka and Takeuchi (1995) recommended that supportive OLC would be the important factor in linking several innovative components inside as well as outside the organization.

Organizational learning process is a sequence of three phases: (1) Info.Acq, (2) Info.Inter, and (3) BCC (Skerlavaj et al., 2010). Organizations having strong OLC that put high importance on the acquisition of strategic, tactical, and operational information from both internal and external sources because the actual tactic is gathering, examining, and interpreting valued information into managerial action. Information is regarded as raw material for learning. Once information is acquired, it needs to be transformed into a meaningful piece of information through the Info.Inter phase. Organizations that give importance to ‘Info.Inter’ use face-to-face and electronic channels. For learning to happen, information needs to be acquired, understood, and above all transformed into action (Garvin, 1985; Huber, 1991). Both BCC in the functioning of organizations are needed for learning to be effective (Ho, Fang, & Lin, 2011; Murray & Donegan, 2003). Three phases of the organizational learning process, discussed above, need to be assigned greater importance in order to claim that an organization has a strong learning culture. On this basis of the above discussion, the following hypotheses are developed:

\[ H1a: \text{Greater importance of information acquisition leads to the better interpretation of information.} \]

\[ H1b: \text{Ascribing greater importance to information interpretation leads to more action in terms of behavioral and cognitive changes.} \]
The study of Kandemir and Hult (2005) proposed that positive behavioral changes (changes in the way people act) and cognitive changes (changes about the perception regarding internal and external environments) are expected to have a positive influence on innovative culture. It was also theoretically advocated that BCC also have a positive impact on both technical and administrative innovations (Hotho & Champion, 2011; Skerlavaj et al., 2010). In particular, changing actions and cognitive perceptions of organizational members should lead to the understanding that people are encouraged to experiment in order to be creative, innovation proposals are welcome in the organizations, and people seek a higher level of managerial support for creative processes and innovative ideas. Hence, strong OLC supports values and beliefs related to innovative culture (Mainardes, Alves, & Raposo, 2011; Naranjo-Valencia, Jiménez-Jiménez, & Sanz-Valle, 2011). Therefore, culture that values experimentation, creativity, and innovation are supposed to result in more technical as well as administrative innovations. Similarly, a strong OLC should mean that an organization learns and acts faster and is therefore better in dealing with its innovation processes (Huang & Yu, 2011; Skerlavaj et al., 2010). Hence, OLC should also have a direct relationship with improved technical and administrative innovations. If members of an organization have the required information, fully understand it, and are able to transform it into action, this should mean that organizational members can be more innovative (Figure 1).

\[ H2a: \text{Improved behavioral changes and cognitive changes will have a positive effect on innovative culture.} \]

\[ H2b: \text{Improved behavioral and cognitive changes will also have a positive link with technical and administrative innovations.} \]

\[ H3: \text{Improved innovative culture will have a positive impact on technical and administrative innovations.} \]

**Research methodology**

**Data collection and sample**

The research study involves the analysis of a survey questionnaire. The survey questionnaire instrument provides the statements relating to the OLC and innovativeness: innovative
culture and innovation (technical and administrative). All the survey items were measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Data were collected from 247 participants from 50 randomly selected organizations in Pakistan. A total of 600 questionnaires were distributed among the participants. Participants were assured of confidentiality and the researchers’ independence from the organization.

Overall, 233 participants (94.32%) were men and only 14 participants (5.68%) were women. The age of the participants ranged from 22 to 58 years (mean = 33.4). Ninety-nine (40.14%) had an education of graduation level and 148 participants (59.86%) had an education at the master level or higher. The participants had experience ranging from 1 to 30 years (mean = 8.25). Data were collected from 50 organizations in Pakistan.

Construct measurement

Organizational learning culture: The five-point Likert scale survey instrument was used to measure OLC ranging from 1 (strongly disagree) to 5 (strongly agree). Questionnaire items for the construct were drawn from Skerlavaj et al. (2007). The concept of OLC is composed of three constructs: Info.Acq, Info.Inter, and BCC. Nine items were used for their formation.

Organizational innovativeness: A five-point Likert scale survey instrument was used to measure organizational innovativeness ranging from 1 (strongly disagree) to 5 (strongly agree). Organizational innovativeness consists of two constructs: innovative culture and innovations. Innovative culture is a first-order construct having five items and was adopted from Hurley and Hult (1998), while innovations are the second-order construct composed of two constructs: Technical (product and service) innovations and administrative (process) innovations. The items for the innovation construct were drawn from Daft (1982) and Skerlavaj et al. (2010).

Control variables: To strengthen the internal validity of the study, gender, age, and tenure were treated as control variables. Participants provided the information of gender, age, and tenure through self-report when completing the survey instrument. Significant contribution to the variance in the dependent variable was found by these control variables (Carmeli, Meitar, & Weisberg, 2006).

Data analysis

For the purpose of validating the measurement instrument and modeling the structural relationships among the various constructs of OLC and organizational performance, we used a combined exploratory–confirmatory approach. Principal components analysis (PCA) was used as a factor extraction method in exploratory factor analysis (EFA). EFA was run in SPSS Statistics 19. When PCA is used, it is generally assumed that the original variables or items are correlated, and PCA will develop a new group of variables that are uncorrelated (Chatfield & Collins, 1980). When using PCA, issues such as normality, homoscedasticity, and linearity are not of importance (Hair, Anderson, Tatham, & Black, 1995). In EFA, a critical value of 0.40 was chosen as the cut-off point (Boone, Pontón, Gorsuch, González, & Miller, 1998). In the iterative process of purifying the scales, four items were excluded from further analysis. Once the factors were identified from the PCA, they were tested for validity, using confirmatory factor analysis (CFA). CFA was applied using the AMOS 16 software package. In the final model, five more items were excluded that were not exceeding the threshold of 0.30 (Reise, Widaman, & Pugh, 1993). The reliability of constructs of the final model was tested using Cronbach’s alpha. The values of Cronbach’s alpha are $\alpha = 0.67$ for Info.Acq, $\alpha = 0.79$ for Info.Inter,
a = 0.76 for BCC, \( \alpha = 0.83 \) for innovative culture and \( \alpha = 0.78 \) for innovations. Table 1 presents means, standard deviation, and Pearson’s coefficients of correlations.

Finally, structural equation modeling (SEM) was used to test the structural relationships among constructs. AMOS 16 was used for the purpose. SEM is useful for the modeling of both observed and latent variables, and to test several structural relationships simultaneously (Prajogo & McDermott, 2005). Maximum likelihood (ML) method was deployed to estimate the parameter values. Although several methods can be used for the purpose, but ML is used most frequently and has the advantage of being statistically efficient. At the same time, it is also the specification-error sensitive because it demands only complete data and does not allow for missing values. However, all methods will lead to similar parameter estimates where the sample is large enough and the model is not mis-specified (Jöreskog & Sörbom, 1993). Coefficients of determination (\( R^2 \)) are also stated for each endogenous variable to explain the amount of variation in an endogenous variable explained by the proposed model. Multiple goodness-of-fit indices (GFIs) were used in assessing the fit of the model (Anderson & Gerbing, 1988; Jöreskog & Sörbom, 1993). These fit indices are the chi-square divided by the degree of freedom (\( \chi^2/df \)), relative fit index, normed fit index (NFI), comparative fit index (CFI) and the Tucker–Lewis coefficient. Jöreskog and Sörbom (1993) suggested the following criteria for GFIs to be used in assessing the fitness of model: \( \chi^2/df \) ratio was recommended less than 3; the values of NFI, GFI, and CFI were recommended to be greater than 0.90. For our model, a chi-square divided by the degree of freedom (\( \chi^2/df = 2.41 \)); and some other goodness-of-fit statistics (GFI = 0.948; CFI = 0.945; and NFI = 0.927) indicated goodness-of-fit of the data agreeing well to the model. Table 2 presents the standardized

### Table 1. Descriptive statistics and correlation.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age</td>
<td>33.4</td>
<td>3.70</td>
<td>-0.142</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Experience</td>
<td>8.25</td>
<td>4.49</td>
<td>-0.110</td>
<td>0.180*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Info.Acq</td>
<td>4.34</td>
<td>0.39</td>
<td>-0.325**</td>
<td>0.241**</td>
<td>0.522**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Info.Inter</td>
<td>4.19</td>
<td>0.37</td>
<td>-0.144</td>
<td>0.109</td>
<td>0.626**</td>
<td>0.425**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. BCC</td>
<td>4.26</td>
<td>0.37</td>
<td>-0.147</td>
<td>0.208*</td>
<td>0.608**</td>
<td>0.553**</td>
<td>0.382**</td>
<td></td>
</tr>
<tr>
<td>6. Innovative culture</td>
<td>4.23</td>
<td>0.38</td>
<td>-0.197*</td>
<td>0.228**</td>
<td>0.563**</td>
<td>0.691**</td>
<td>0.550**</td>
<td>0.527**</td>
</tr>
<tr>
<td>7. Innovations</td>
<td>4.27</td>
<td>0.30</td>
<td>-0.197*</td>
<td>0.228**</td>
<td>0.563**</td>
<td>0.691**</td>
<td>0.550**</td>
<td>0.527**</td>
</tr>
</tbody>
</table>

Note: \( N = 247 \).

\* \( p < 0.05 \).

\** \( p < 0.01 \).

### Table 2. Standardized direct, indirect, and total effect.

<table>
<thead>
<tr>
<th>Path</th>
<th>Standardized total effect</th>
<th>Standardized direct effect</th>
<th>Standardized indirect effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Info.Acq – Info.Inter</td>
<td>0.52</td>
<td>0.52</td>
<td>–</td>
</tr>
<tr>
<td>Info.Inter – BCC</td>
<td>0.64</td>
<td>0.64</td>
<td>–</td>
</tr>
<tr>
<td>BCC – I.Culture</td>
<td>0.68</td>
<td>0.68</td>
<td>–</td>
</tr>
<tr>
<td>BCC – Innovation</td>
<td>0.71</td>
<td>0.14†</td>
<td>0.58</td>
</tr>
<tr>
<td>I.Culture – Innovation</td>
<td>0.85</td>
<td>0.85</td>
<td>–</td>
</tr>
</tbody>
</table>

Note: Path coefficients are significant at \( p < 0.001 \) except for †.
direct, indirect, and total effects of the predictors. All the values are significant at the level $p < 0.001$ except for the direct effect of BCC on innovations.

Figure 2 presents parameter estimates for both aspects of innovativeness (innovative culture and innovations) as well as for the three phases of organizational learning. In Figure 2, the overall coefficients of determination ($R^2$) for each one of the endogenous constructs are 0.27 for Info.Inter, 0.19 for BCC, 0.46 for innovative culture, and 0.89 for innovations. This means that the model explains variance in observed endogenous constructs very well. As mentioned in the beginning of the data analysis section, a mix of exploratory and confirmatory approaches was used for generating the model. The ultimate objective was to develop a model that makes both theoretical sense and has a reasonable correspondence to the data (Jöreskog & Sörbom, 1993; Prajogo & McDermott, 2005).

From a substantive point of view, five relationships among the concerned constructs were hypothesized. All of them were found to be statistically significant at least at $p < 0.01$, except one hypothesis relating direct effects of BCC on innovations.

The standardized total effect of Info.Acq for Info.Inter was 0.52 which means valuing the acquisition of different types of information leads to a better understanding and interpretation of the acquired information. The effect is strong (standardized effect = 0.52), positive, and statistically significant ($p < 0.001$). Assigning a high level of importance to different ways of Info.Inter leads to greater actions in terms of BCC (standardized effect = 0.64) and statistically significant ($p < 0.001$), meaning that more learning has occurred.

The BCC construct has a strong, statistically significant, and positive effect on innovative culture (I.Culture); one aspect of innovativeness. This effect is stronger and direct (standardized effect = 0.68, $p < 0.001$). On the other hand, the direct effect of BCC on innovations (technical and administrative innovation) is poor and statistically insignificant (standardized effect = 0.14, $p = 0.327$), not supporting hypothesis $H2b$. However, it has a strong indirect effect on innovations via the innovative culture (standardized effect = 0.58, $p < 0.001$). The effect of innovative culture on innovations...
(technological and administrative innovations) is very strong in size (standardized effect 0.85), and positive and statistically significant ($p < 0.001$).

In summary, four out of the five hypotheses involving firm’s innovativeness were supported by the data. The significant and positive path between Info.Acq and Info.Inter, between Info.Inter and BCC, between BCC and innovative culture, between innovative culture and innovations, fully supporting $H1a$, $H1b$, $H2a$ and $H3$, respectively. No support was found for $H2b$ (the direct effect of BCC on innovation).

Discussions and conclusion
This study developed and tested a conceptual model for the joint effects of OLC on two outcome variables: innovativeness (innovative culture and innovation). Overall, the results of SEM analysis were consistent with four out of five hypotheses. OLC is a valid construct in predicting two aspects of firm’s innovativeness. By developing and testing the structural model, a detailed understanding has been developed illustrating how learning culture may directly or indirectly influence these outcome variables. This paper advocates that firm’s innovativeness is linked with OLC, and that these constructs are highly correlated and tend to be conceptually distinct.

$H1a$ and $H1b$ indicate that organizational learning is, in fact, a process in which information as a raw material is converted into actions. Organizations that value systematic approaches to organizational learning thus emphasize on the importance of acquiring operational, tactical, and strategic information from both internal and external sources. The better a firm is at Info.Acq the more understanding it can get from it. In other words, Info.Acq positively influences Info.Inter, which is nothing, other than the ability to recognize entrepreneurial opportunities. BCCs mean converting words into actions and availing these opportunities, which wraps up the organizational learning cycle (Skerlavaj et al., 2010; Van Riel, Semeijn, Hammadi, & Henseler, 2011). Firms that give greater importance to the elements of this process integrate them into their set of norms and values and may be considered to have an OLC. Because organizational learning integrates systems, mechanisms, and processes that ever enhance the competencies and capabilities of individuals.

The paper shows that an OLC has an influence on firm’s innovativeness. Specifically, OLC has a direct impact on innovative culture that ultimately promotes technical and administrative innovations. Each of these findings might help to elaborate the efficiency and effectiveness of the OLC’s application to workplace innovation in Pakistani firms that are facing unpredictable economic and global challenges. Heo (2008) advocated that OLC depends upon Info.Acq, Info.Inter, and the creation of organizational knowledge. Moreover, firm’s innovation is significantly accounted by OLC and positively influenced by the interaction between the type of organizational learning and environmental uncertainty (Chang, 2008; Vasconcellos e Sá, Oláo, & Pereira, 2011). The results of the present study may provide acceptable rationales and increase the reliability of current research. In short, the learning culture can result in maximizing the capability of innovation in a high performance organization. Organizational learning promotes a culture characterized by an environment in which organizational learning is structured so that creativity, teamwork, collaboration, and knowledge processes have a shared meaning and value (Confessore & Kops, 1998), and it also enables the organization in creating and expanding capability for integrating people and structure to shift the organization in the direction of continuous learning and change. This continuous learning allows the organization to innovate through leveraging the capabilities of innovative workforce
and thereby better respond to environmental changes (Swink & Mabert, 2000). The capacity to innovate is one of the most important factors that influence business performance. Innovativeness provides the organization with flexibility to choose from a broader range of options to satisfy their customers on a sustainable basis so that this will provide a basis for their long-term survival and sustainability in strategic competitive advantage (Banbury & Mitchell, 1995; Kalyar, 2011).

The significance of learning culture and related effects on employee learning and performance are emerging as a hallmark for the field of human resource development. Although future research is needed to confirm and extend the findings of this study, these findings are in association with the evolving theory and research identifying positive contributions of OLC on employee and organizational success (Marsick & Watkins, 2003). Combined with the available literature on innovation, we move closer to affirming the idea that efforts to support OLCs have positive benefits for organizations as well as for employees. As mentioned earlier, increases in innovativeness have been found to increase organizational productivity and performance (Santos-Vijande & Álvarez-González, 2007; Swink & Mabert, 2000). Findings of the present study along with those of Khazanchi et al. (2007) and Prajogo and McDermott (2005) extend the proposed benefit for OLC beyond firm-level performance to include positive implications at the employee level.

Limitations and future research directions

Although the findings of this study confirmed a number of research hypotheses and these findings have both theoretical and practical implications, but there are also some methodological limitations. This study is limited in its scope, variables of study and the nature of relationship among them. First, the study was cross-sectional and the conceptual model does not allow for conclusions to be drawn on causal inference. For example, it was supposed that OLC has an influence on innovativeness instead of vice versa. The alternative assumption may be suitable if we assume that high innovativeness might cause some respondents to rate their organizations highly in the aspect of learning culture. Second, although the findings have several implications, but the sample size was too small for drawing some generalized inferences.

Contributions to organization and innovation literature can be made by studying the causal relationship among OLC and innovativeness based on the longitudinal study design or explaining the nature of relationship based on multilevel modeling techniques. Furthermore, the cross-sectional nature of investigation in the study remains a potential concern. Future research may be based upon a longitudinal design and might examine the dynamics between internal and external sources and antecedents of innovativeness across a period of time. A comparison between young and old firms in the same industry may also throw light on relationships among individual innovation and its antecedents.

References


