Chapter 1

Introduction

1.1 Background

Knowledge is power and if it is retained for a prolonged span of time the more its benefits are for the organizations or for the individuals. But to retain the knowledge for longer period requires vision and proper planning by the organization.

As per Oliver Serrat 2010, anyone who wants to comprehend as to how learning takes place has to know the difference between a learning organization and organizational learning. Retaining knowledge is important on part of the Organization if it want it to progress in the future times to come. This is only possible if the knowledge is shared among the organizational members collaboratively or collectively. Individual learning is not very important from the viewpoint of an organization unless it paves the path for collaborative learning.

As per Finger and Brand, 1999, an organization can become a learning organization only when the process of organizational learning is imbibed in its system as a routine activity.

The idea of Learning Organization is a relatively new concept in contemporary management practices. In 1990 Peter Senge wrote the Book “The art and practice of the Learning Organization” and it turn out to be one of the best popular book that exposed the concept of ‘Learning Organization’. However, many authors believe that to arrive at a clear definition of ‘Learning Organization’ has been difficult to obtain, as the multifarious issues dealt by learning organization is difficult to explain at length. However authors have defined it from their understanding and perspective of knowledge gained on the topics, following definitions are arrived at by few authors like Senge (the proponent himself), Pedler and Watkins as follows:-
Table 1: Four definitions of learning organization and capabilities

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<th>Definition</th>
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<td>“Learning organizations [are] organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together”. (Senge 1990)</td>
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<td>“The Learning Company is a vision of what might be possible. It is not brought about simply by training individuals; it can only happen as a result of learning at the whole organization level. Learning Company is an organization that facilitates the learning of all its members and continuously transforms itself”. (Pedler et al.,1991)</td>
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<td>“Learning organizations are characterized by total employee involvement in a process of collaboratively conducted, collectively accountable change directed towards shared values or principles”. (Watkins and Marsick, 1992)</td>
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<td>‘The ability of the organization to implement the appropriate management practices, structures and procedures that facilitates and encourage learning’, (Leonard-Barton,1992)</td>
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From the definitions as discussed above it can be deduced and concluded that organizational learning capabilities means capabilities of employees to adjust with the fast changing knowledge and business, by imbibing these changes and putting them to use in their work habits and the business as a whole. Secondly, theorist have defined ‘Organizational Learning Capability’ as; ‘the capacity of the organization to implement the appropriate management practices, structures and procedures that facilitates and encourage Learning’, Leonard-Barton,1992; Popper and Lipshitz;1993; Garvin,1993;Goh,1998.

1.2 Why Organizational Learning Capability is required? (Background of Study)

As the economy globally is expanding and moving ahead, multiple challenges are been faced by the companies and enterprises to maintain their profitability and operational viability. In this scenario, if some enterprise is competent enough to go ahead a little in relation to satisfying its customers and delighting them, than it shall have superiority over its competitors. In all it has been suggested by the researchers that in comparison with the other competitor if the organization is having better learning capabilities then it shall have definite advantage over them. Now when this organizational learning is absorbed and it becomes the part and partial of its existence, as it develops self-renewing capabilities and is able to move forward in a
synchronized and operationally successful way. This materializes because the knowledge gained is applied to transform into operational success, Arshad M.A., 2007.

Organizational members are always forced ahead to adapt the dynamically changing technological and economic environment in which it has to survive, and to adapt and device innovative methods of executing their jobs.

Management of human capital is very important, so that they contribute their best for the organization. The economic wealth is created by this human capital only. Therefore it entails that they are managed well over a longer period of time in order to stay competitive in the market, Saini A. K., Grewal H. S., Singla H. K., 2015.

The degree of individual employee’s learning has a straight impact over the learning of the organization i.e. organization’s learning can only take place if the individual employees are changing themselves to suit the requirement of the business setting and the resulting changes brought in it.

1.2.1 Attention on Individual and Organizational Learning

Organization are dynamic in nature and the personnel keep on making exit and new personnel keep on arriving, besides the top management may also change but the organization’s learning is absorbed in its manifested behavior, thought process of its people and as a result imbibed in the organizational fabric in its totality. Both the organizational and individual learning should take place in order to make an enterprise a learning organization. As per Hedberg, 1981 at an individual level the learning takes place when a person gains knowledge, puts it to use and attains experience through experimenting with new things. In the same manner organization learns as they preserve the wisdom attained in their work culture and system as a whole. Organizations are not alive things but it comprises of the individuals who are living and alive. The individual learning for personnel becomes a part of his personality, his believe system, and slowly it becomes a part of his routine work activity, and that is how the organization behaves and looks likes by collective learning of the individuals taken in its totality.
Similarly, as per Singh and Singh, 2014 the locus of control is an important determinant of success for an individual, whether they attribute their failures or success to the external factors, fate etc. or they take the onus for their own doings and undoing. Keeping in view this aspect we can conclude in our study that the individual employee whose locus of control is internal, i.e. they take the responsibility and initiative to develop their capability rather than attributing their short comings and failures to others, such individuals learn fast and their learning capabilities are enhanced based on this belief to develop themselves and hence contribute to the organization’s progress.

1.2.2 Organizational Learning Capability and Global Operational Environment

With the advent of modern methods and business process there has been a sea change in the way an organization produces goods and provides services to its customers/clients. Since, the organizations are operating globally so the whole range and modalities of operations has also changed in this current global environment.

Castel, 2001 has postulated that the organizations are now globally operating its businesses and the capacity to produce goods and services are enhanced by the competitive forces in the
environment, and have all evolved out of knowledge generation and processing of information. The production, control and distribution of the goods and services are all controlled through a network in real time operations worldwide.

Therefore a failure to pay attention towards the organizational and individual learning in this perspective would be disastrous for its success and operational viability in the international operational scenario.

Learning can take place where there is an atmosphere of organizational trust and value for human resources, where the employees help each other to adapt new ways of executing their jobs (Narang and Kang, 2011)

The conception of knowledge generation, knowledge appropriation and putting it to use adequately should be executed within the organization and the movement of information and know-how shall only upkeep the operative success for the organization. To further add to it Lead Beater, 2000 puts forward that “technology alone cannot do this only human effort and collaboration shall pave the path for the success of an organization”

1.2.3 Identifying and taking restorative action by an Organization

More the Organizations are good at learning new methods and business processes more adaptive it shall be to the changes required to be ushered in the system, and is essentially required for its development. Being more adaptive would also mean to enable an organization to take corrective actions as needed and be competent to detect it at the right time, so as to ensure that there are no deferments in implementation of the modifications as required.

As per Argyris, 1997 ‘Effective learning would ensure that organizations are more innovative and they know the extent of their innovative capabilities so as to match with the environmental requisite’.

1.2.4 To achieve Competitive Advantage
To stay competitive in the changing environment organization has to adapt to learn and is an important premise on which accomplishment for organization rest on. As put forward by Stata, 1996 that ‘the firm’s competitive advantage for all future times to come shall be depended upon the speed at which an organization is able to learn and absorb new things and put to use them in their everyday working. Garvin (1993) indicates that “if the organizations are not learning new things and the methods of executing them, then they keep on repeating the old practices and they no longer remain in competition. This therefore gives rise to a concern for adapting the learning theories and their practices for the augmentation of the progress of the organization. Competitive advantage cannot be developed quickly, as it needs time to develop it. The organization has to leverage its core competence in order to gain competitive advantage over its rivals but development of core competence also needs time and effort to develop it. However, both the conception of competitive advantage and core competence is linked together. So the importance of both are justified for the success of the organization.

![Figure 2 Adapted from Wiki Page on Change Management, 2006](image)
1.2.5 OLC and the existence of organization

Ortanblad, 2002 advocated the concept that only those organizations will survive which are capable and fit to survive and rest shall perish and this is true for all kinds of organizations all around the world in today's business scenario, since organizations will grow only if they survive at all.

This aspect of survival is very basic to human nature and so in order to survive in the business the organizations have to sustain their learning continuously over an extended period of time, if at all they want to be in the business in this competitive arena of business operation.

Neilson and Pasternak, 2005 have cited the example of Caterpillar’s instinct to survive from an organization which was inflexible in its business operation and as a result sliding back in its path to progress, into an organization that developed itself into a robust organization that surged itself ahead in competition against its immediate rival Komatsu. So, Caterpillar learnt a lesson from its business losses and it gave away its bureaucratic practices and centralization of power to become a survival success story for all to learn.

1.2.6 Adaptation of New Learning

Weber and Berthion Antal (2003) have explained that as an individual learns from observing things, experiencing it and applying it to some other situations, similarly the organizations also imbibes the learning into their culture and manifested behavior. Organization’s success rest on how fast the organizations adapt these learning cycles.

Organizational life cycle is also an important factor that dictates whether the organization will adapt to the changes being brought about or not, because at times organizations that have survived for long are unable to guess the prevailing competitive forces working in the business environment, and thus it becomes hard for them to get their foot hold and manage their business successfully. Therefore, we have to take into account the life stage of an organization to ascertain its strategy and ways to learn. To be apprised here is the fact that the long
surviving organizations have to shed their old habits and norms in order to usher in new concepts and practices.

The learning for the organization is absorbed and set into the culture and daily practices of the organization. Organization’s success rest on how fast the organizations adapt theses learning cycles. Organizational life cycle is also an important factor that dictates whether organization will adapt to the changes being brought about or not, because long surviving organizations find it quite challenging to adopt new norms and practices prevalent in the business scenario, which makes an organization successful in the current time.

Therefore, it is emphasized over here that organizations have to survive first by meeting the requirement of the business market, and in order to do so they have to fall in line with the current practices prevalent. They can no longer bask in their previous success and gather laurels from the past. Rather they have to modify their norms and policies to make themselves fit to the market and its changing scenario, be it in terms of technology, process or any other business practice that directly gathers indications from the market in term of nature and quality of its products and services.

Figure 3: Taken from RapidBi @ 1999-2016, Word Press Website by the BBS Agency
1.3 General Factors affecting Organizational Learning Capability

As per Lane, 2001 the factors affecting the learning organizations are many from within the organization. Important factors that affect the learning of an organization are its background, its past history, and its existence. From theoretical point of view is understood that learning takes place by social interaction amongst the organizational members, therefore in what ways the learning is happening and what kind of learning is taking place is also of great significance from the organization perspective of growth and progress.

Prahlad and Hamel, (1994) highlighted another important aspect of organizational learning, i.e. The organization should not deteriorate on account of people leaving the organization. They emphasized the significance of organizational memory which say that learning should not only effect the current members but also the future members to come, this way the organizational learning is carried forward without losing on its learning. Further it is important for the Organization to unlearn some of the past in order to refresh the present with new ideas and thinking for its development.

Kiely, 1993; Prather, 2000; Sternberg, 2003; Thompson, 2003 have all emphasized that in order to surge ahead of competition the organization have to develop an atmosphere where learning new things and trying out new process, technology etc. is supported, and where an employee is able to churn out new ideas and thinking for the creation of novel products and services to cater to the market need most appropriately. Shallcross, 1973 has emphasized in his earlier work the importance of right leadership in creating a conducive atmosphere in which the employees are not judging each other, rather they are supporting other individual and each other to realize their potential and retain their uniqueness at work. Suh (2002) also concurred that in order to plan, learn and create, encouragement from the management is essentially required and also for promoting innovative thinking amongst workers.

As per Kumari and Bahuguna, (2012) every individual has the talent, it is required that the organization is able to exploit its potential for the development of the organization. So, if the organization is able to create right atmosphere for learning then these capabilities of the
employee can be enhanced suitably and the individual will contribute significantly in his work domain.

It has been postulated by Amabile (1998) that to create a learning culture six management practices are present: 1) Giving challenging work to employees; 2) Innovative freedom; 3) Resource availability for developing new ideas and products; 4) Giving diversity in relation to perspective and background within the work groups; 5) Providing encouragement to supervisors; 6) Support from the organization for the efforts made by the employees.

Another aspect is the history or the past happening relating to the organization, for knowing the past attempts and ventures and to what extent they were fruitful in achieving the desired results. Lane (2001) emphasized the necessity to know as to what extent in the past the learning has been successful. Mental models are created in order to learn and retain the learning and carry it forward to the other participants of the organization. For an organization to develop itself into a learning organization over an extended period of time, it has to infuse and diffuse both the new and earlier data and information.

To survive is the basic foundation for an organization to learn. Mostly, major proponent of Organizational Learning has always emphasized the importance of survival as an important object for learning. Darwinian theory of survival of the fittest holds good with respect to an organization as well, further learning should not be sporadic or intermittent, rather it should be consistent over a period of time in order to reap success Ortenblad (2002).

1.4 Human Resource factors influencing Organizational Learning Capabilities

To understand the factors that affect the organizational learning is very essential for an organization. Element influencing the organizational learning is very significant and valuable for the individuals working in the organization as they can leverage these factors to their advantage and achieve better results for their organization.

The collective learning and sharing of knowledge amongst the organizational participants generates an atmosphere in which everybody contributes to the synergy working for the organization.
Lohman, (2005) investigated few of the factors like pro-activeness, positivity of personality, work commitment and development, work attentiveness, being result oriented and interest in learning enhanced the motivation for informal organizational learning. On the other side if the organizations are not very supportive for the learning initiatives and learning culture then it has an adverse influence on the learning for the Organization. Similarly if the participants are unwilling, time shortage and lack of motivation for learning are all contributing to a negative atmosphere, and in such a scenario organizational development and progress suffers.

Knowledge sharing amongst the employees leads to organizational learning, and when this learning takes place on a continuous basis, it leads to enhancement of organizational performance, competence and its survival in the long run (Goyal, Kiran and Hakku, 2012).

Shipton, Dawson, West, and Patterson (2002) found out in their research on manufacturing sector that only two factors were predominant i.e. How their human resource were managed?, and the quality control, other factors were not that significant in their research. (Albert, 2005) found that “when the management takes initiatives to make the organization a learning one then only learning happens, and also the hiring of external consultants/experts also smoothened the way towards making it a learning organization”.

1.5 Time Factors effecting Organizational Learning Capability

As explained by Weber and Berthoin Antal (2003) that “there are six variables relating to time, time outlook, pressure relating to time, harmonization and providing opening for opportunity, learning cycles and life cycles, and history”.

1.5.1 Importance of time outlook

The various people working in the organization, the group within it and the various functional departments may have a different outlook as to what importance the time has to be given?, and importantly in relation to the learning taking place within the organization. Hence, it becomes very essential that the top management take cognizance of this fact that there has to be a unified organization vide time perspective being developed for its proper decision making and learning which is more reliable from organization point of view for its effectiveness.
1.5.2 Time Pressure

Time pressure effect the learning both from outside and also from inside the organization. From inside, the pressure is from senior level from above or at the peer level. From the external sources it has to be from the customers, suppliers and competitors and also from society.

Similarly, at times the organization can remain inactive because of fear of failure or the thinking that it may result in undesirable outcomes, so such a situation may result in slow down of learning.

1.5.3 Synchronization and opening windows of opportunity

Learning can take place at its best when the opportunity to learn is just right for it, in a situation like this where opportunity meets the right timing to initiate learning, synergy may happen and the organization can get benefitted in a big way.

For the effectiveness of learning it is therefore very much required to grasp and grab the opportunity and work upon it to gain maximum benefit out of it. There are times when it is a question of survival for the organization at that moment it has nothing else to do than learn ways to come out of a difficult situation and resuscitate itself.

1.5.4 Learning cycles and Life cycles for Organization

Organization during its life cycle keeps on learning from its experiences and transfers those learning to other situations in times to come. Learning cycle- how fast it is taking place has a major bearing upon the progress of an organization, because organizations cannot afford to lose opportunity to learn and progress. The learning continuum has to go on as it is inherently linked to its survival and growth.

The age of the organization is also an important aspect when learning is concerned because for example; if the organization has survived for long then it has old habits and norms of
functioning and until those are done away with it, it cannot imbibe new learning and practices, which are very much essential for its development and advancement. Organization also needs to breaks it established norms and come out of its mold which is often marred by resistance to change, as the old ways and norms enshrined in its cultural ethos are tough to crack until something attractive enough that motivates the workers to change is visualized by them.

1.6 History (Learning Perspective) and OLC

Weber, Berthoin Antal (2003) have contended that “history plays an important role in identifying the fact that how successfully the organization in the past has been able to put to use the learning it had, which has a future bearing when it tries to put the learning perspective again in its life cycle”. The collective learning of the people working in an organization is reflective of its history and its uniqueness. After the passage of sometimes this learning is reflective and embedded in its functioning and culture in its totality.

The effect of the past history can be functional in addition to being detrimental also depending upon an organizations application of the knowledge acquired in the past. This understanding and knowledge capability acquired if put to use to resolve current issues is very useful in situations, whereas if it sticks to its old norms and modalities, without applying the learning in their current context, then it shall lead to obsolesce, as it shall be devoid of newer aspects of gaining knowledge and its application.

As per Starbuck and Hedberg people individually are capable of effecting change in contrast to teams and groups; lack of bringing effective change in a timely manner hinders development for an organization.

According to Maurer (2004); Kaizen the Japanese concept of continuous improvement by taking small steps is very useful for organizational learning. It has further been advocated by Starbuck and Hedberg (1978) that daily incremental change is more effective for an organization, so the idea of evolutionary learning is always better the revolutionary learning.

1.7 The conception of organizational learning
Organizational learning is an impression for which has been defined in different definitions. Researchers have adopted different views on this concept, which cover a wide area of research. One of the earlier definitions given to organizational learning is given by Argyris and Schon (1978).

They defined organizational learning in relation to error recognition and amendment. Considering what they aim through that they are interested in the following ways of defining organizational learning. At its most basic definition- Slater & Narver, (1994), in Bontis et al., (2002) postulated that advancement of novel information and its understanding greatly affects the behavior of the persons working in an organization. As per Crossnan, et.al.(1995) the methods that changes the understanding and performance of the people can be termed as learning.

Argote and Smith (2011) also added the following definition to the previous ones: Organizational learning may be defined as “a change in cognition or changes in behavior”. Their contention supports Fiol and Lyles (1985) who have defined it as the learning takes place in the mind of the people and it is reflected in their outer behavior.

Argote (2011) states that it is acknowledged by many researchers that organizational learning mean changes at the level of an organization’s knowledge that occur, as a function of experience. As per Argote,(2011) taking into consideration that the context is a moderator between experience and the process of organizational learning or outcome of organizational learning. Therefore, it can infer that within the context of an organization, learning can take place or may not take place for the different individuals experiencing the same situation.

(Antonacopoulou, 2006, Argyris and Schon, 1978) point out that one of the fundamental questions that has appeared in literature is; do organizations learn?

Antonacopoulou further puts light on it that, this question may be answered in a positive term or in a negative term; however other researchers have even explained this in terms of individual learning that takes place in an organization.
This viewpoint comes in the visualization, according to which we cannot discuss organizational learning because organizations would be given human like qualities (Kim, 1993; Antocacopoulou, 2006. But, Tetrick and Da Silva 2003, in Curado, 2006), means that individual learning is in crux a cerebral process, while dealing with organizational learning we are taking it to be as a socialization process through which the organization learns. Considering these given designs, if we try to decipher organizational learning as a method that is mainly social and not cognitive, it comes out that organizational learning can be regarded as a process in itself, although it is different from the method of learning at individual level. Kim’s vision (1993) does not seem to be any more in contradiction with the notion of organizational learning.

(Sanchez, 2001; Holmquist, 2004; Ibarraet al., 2005; Boh et al., 2007 in Škerlavaj et. al., 2010)

According to the opinions that are expressed in the literature review, it is accepted that organizational learning appears at multiple levels: individual, group, within organization, and between two or more organizations. While talking about organizational learning, we have to consider the idea of organizational memory.

Stein, (1995) has tried to explain the organizational memory as the information collected in the past and which is brought to act on the current undertaking and doings which might entail heightened or lowered degree of organizational success, and to see to it that organizational knowledge is in agreement with the goals of the organization. Organizational memory can be said to contribute to organizational effectiveness. At the other end, memory is a restraint that impedes the approachability of the organization. Organizational members should decide what to do with the knowledge they attain in order to meet the unsuited need of flexibility and stability. Organizational memory seems as a result of learning and it can also add to the efficiency and usefulness of organizational learning.

1.8 Related aspects of Organizational learning capability

Organizational learning can be measured as capability (considering some facilitating factors) or as a process. As per Chiva et al., (2007) OLC is defined as top management interest to enable the learning within the organization, or to provide those resources that are helpful in learning
for the organization. In the organization framework there can be many elements that are helpful or may obstruct the process of learning in an organization.

The elements that are helpful or obstruct the learning process are not very clear and coherent, and the different authors and researchers are of varied views which sometimes are conflicting and not fully explained in clear terms. As researched by Fiol and Lyles, 1985 there are four elements that are able to influence the OLC i.e. culture of the enterprise, organizational plan, the structure of the enterprise (whether flatter or taller), and the surrounding atmosphere of the firm.

Bapuji and Crossan (2004) have added organizational stage and resource position. Similarly, (Nonaka, 1994; Nonaka & Takeuchi, 1995; Nonaka & Konno, 1998) created a model, the authors have introduced the concept of ‘Ba’, which means a space for the creation of knowledge. According to the adapted model Ba is described as any space in the mind of person, it can be non-real in existence or may exist in any physical form. Ba is said to be the base for conception of knowledge and can be shared also.

As per Argote,(2011) there are some related elements which have an effect on the learning of an organization and they are, the orientation of the organization for learning and doing some work by the organizational members, secondly members opinion about the psychological security.

As per Mac Neil, (2003) through literature sequence of elements are recognized that can either obstruct or aid learning for the organization, it was deduced that the shop floor level managers can help in sharing knowledge amongst the organizational teams support. As per Stolee et al., knowledge transfer is aided by the top management and helps the organization learn through well-coordinated plans and policies in this regard.

As per Perez Lopez et al., 2006 the Human Resource Management elements that influence learning are - to hire personnel carefully, long term plans for training and involvement of the employee in taking decisions. This has also been pointed out that the leadership of the
organization has been given good attention by researchers and has been popular in the study of OLC.

As postulated by **Popper and Lipshitz (2000)** there are three accountabilities for the top management of a company to process learning within an organization i.e. by putting the aspect of learning as the most important element. Secondly, to change the individual learning into learning for the organization, meaning thereby to disseminate the knowledge throughout the firm. Lastly, making the mental and cohesive atmosphere that is more apt for effective learning through assuring the conditions that are needed (psychological and cultural conditions).

To measure OLC various researches have been undertaken wherein different elements/factors that impact learning in an organization have been considered. According to **Chiva et al. (2007)** OLC are the features of the top management and organization motivation to learn in an organization, which facilitates learning practices within a firm.

As per **Jerez-Gómez et al., 2005** consider four dimensions for organizational learning capability: “managerial commitment”, “systems perspective”, “openness and experimentation” and “knowledge transmission and assimilation”. As per **Chiva et al., (2007)** having executed the research wherein there are four dimensions of OLC are considered and measured, they are the following: taking adequate risk, environment interface, discussion, and taking part in making decision within the firm.

Through the instruments for measuring organizational learning that fall into the perspective that measures organizational learning capability, the aim is to determine, whether an organization possesses certain characteristics that facilitate organizational learning.

**1.9 The process of organizational learning**

Organizational learning is a process that is composed of a number of phases or processes. **Huber, 1999 and Crossanan et al. (1999)** have given two viewpoints on the methods of learning undertaken in an organization. As per Huber, 1991 who has considered learning in an
organization from four conceptual points of view which are; acquiring wisdom, dissemination of information, analysis of the information gathered and then recollecting the learning for an organization.

All the researchers consent with the fact that all learning taking place in an organization may not be a deliberate practice to say, and also that the learning may not lead towards making an organizational member more efficient or will make him more useful for the organization in future as well.

As per Huber, (1991) he puts forward in his research that even if the learning is taking place, it may not be correct and that people may learn something as correct, which in reality is not correct. Another viewpoint as exposed through his research Huber,(1991) points out that any learning taking place may not make the person effective in his job or noticeable variations in his job behavior. This is in consideration of the details revealed that through research, when we are considering the fact that the learning is taking at the mental level and also manifested through the external behavior of the person. Thus, it is appreciated that learning is not going to lead in every case to changes in behavior that are observable.

Therefore, learning that is taking place for an individual in an organization, may develop his acumen or his cognizance power, yet it does not prescribe any change in his behavior pattern. Thus,as inferred by Huber, 1991 that the person analyses the information and that should be reflected through his better changed behavior if this thing is not happening then learning in absolute terms is not taking place.

This definition is more from a behavioral perspective, as Huber (1991) states. According to Huber (1991), information acquisition, distribution and interpretation depend on organizational memory.

Crossan et al. (1999) have adopted the following perspective regarding the processes of organizational learning: intuiting, interpreting, integrating and institutionalizing. The individual, group and organizational levels are linked through these four processes. Organizational learning
is analyzed from the perspective of strategic renewal. Research with respect to the learning of an organization entails investigation and then putting to use that has been learnt.

Discerning, which is mainly a subconscious process, involves, some sort of pattern recognition (Crossan et al., 1999, after Behling & Eckel, 1991). Interpreting aims the conscious side of the organizational learning process. It is the process at the level at which individuals develops cognitive maps (Crossan et al., 1999, after Huff, 1990). Integrating is based on coherent action, at collective level Crossan et al., (1999). As per Crossnan (1991) learning embedded in an organization differentiates individual learning from temporary learning taking place in groups, similarly the steps of perceiving, construing, consolidating and embedding the learning in the organization works at the individual level, group level, and at the level of the organization. Further consolidation works at the group level and at the level of the organization. Another classification of organizational learning processes is that of Argote, (2011), creation, retention and transfer of knowledge, which further explains the process of learning in an organization.

1.10 The concept of “organizational performance” and links with organizational learning.

Managing the relationship between organizational learning and performance

Organizational performance is a concept for which there have been given many definitions. As per Abu-Jarad et al. (2010) present the definitions that have been given for explaining the concept of performance as per the views of many researchers, as per Daft, 2000 performance is equivalent to budget, proficiency, and efficacy with respect to any adventure or undertaking by any organization.

The performance of the organization is taken as the capacity of the enterprise which is able to apply its resources in a cost effective and proficient manner. Performance can be assessed based on information obtained through primary resources or secondary resources. In general, performance can be measured taking into consideration two types of performance: financial performance and non-financial performance.

Kaplan and Norton (1993) have proposed a method, for capturing and organizing the results that an organization generates, method which is called balanced scorecard. According to the opinion expressed by Andreadis (2009), the balanced scorecard is an innovative and holistic approach to organizational outcomes management.
Thus, through the balanced scorecard it is possible not only to measure performance, but to manage it. The balanced scorecard incorporates four perspectives: the financial perspective, the customer perspective, the internal processes perspective and the innovation and learning perspective. Performance may be considered at least partially, an effect of organizational learning.

In general, studies that measure the process of organizational learning or organizational learning capability, a measure of performance is done. (Bontis et al., 2002; Tippins and Sohi, 2003, López Sánchez et al., 2010; Bhatnagar, 2006; Jyothibabu et al., 2010).

As postulated by Curado, 2006, Senge, 1990; Garvin, 1998 the wisdom that is gathered by making the organization a learning organization and which leads to enhanced knowledge and thinking, may be accounted for heightened enactment at the level of an organization as a whole. However, it has been stated that the association between the concept of OLC and enhanced performance of an enterprise is not very easy to understand.

A generally accepted assumption is that learning is beneficial and it can be influenced so that performance will be enhanced (Crossan et al. 1995), but we cannot put an equal sign between learning and improvements in performance, because performance cannot be directly attributed to OL. As learning is concerned about alteration in the manifested work behavior, and this cannot be concluded that these changes will bring about a change in performance also. Another idea that sustains, that learning may negatively affect performance on short term, in the situation when employees and organizations use practices that they are familiar with, but when dealing with situations or operating modes that are unfamiliar or new. The relationship between organizational learning and performance needs to be treated with caution, taking into consideration that some researchers state that learning does not necessarily lead to performance or may even have a negative impact on an organization’s performance (Crossan et al., 1995).

Another aspect is that aims the possibility of managing the relationship between organizational learning and performance. As already stated by Crossan, (1995) that the association between the OL and enhanced performance of an enterprise is not very easy to understand.
Crossan et al. (1995) treats the relationship between organizational learning and performance extensively, highlighting its complexity. Regarding the assumption that between organizational learning and performance is a positive and tight link, a consequence of this perception is the fact that organizations might prematurely abandon projects that are not performing Crossan et al. (1995), after Inkpen and Crossan (1995).

We can thus infer that organizations need to be oriented on a long term basis and to be able to predict performance on long instead of short terms. If organizations do not manage to have a long term vision, that is oriented towards long term performance, it may come to what Crossan et al. (1995) concluded through his research previously.