

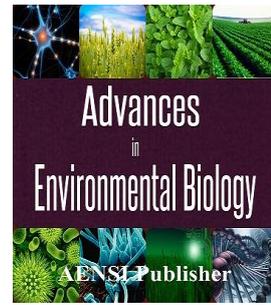


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### "An Investigation on the Effect of Organizational Learning on Employees Job Performance"

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#### ABSTRACT

This research aims to study the effect of organizational learning on employees' job performance in Gachsaran Oil Company (with intervening role of organizational dynamic capabilities), and investigating three hypotheses. According to the research literature, a model was considered. The statistical population included all managers and employees working for Gachsaran Oil and Gas Company. Data were collected through questionnaire and the statistical sample was selected by random sampling. On the whole, 285 supplied the data required for the research. Data were analyzed by SPSS 20. The positive relation between variables (hypotheses) was verified by linear regression. Results disclosed that the organizational learning culture and learning motivation were of important factors affecting the growth and development of the company. With the power of integrating, restructuring, and liberating resources, technological opportunities and competitive advancement, dynamic capabilities can result in career progression by overtaking competitors. To reach efficiency and effectiveness in doing tasks and finally to improve members' job performance, organizations should, thus, concentrate on factors leading to high quality performance.

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#### INTRODUCTION

Employees are the most important capital of organizations and the factor of meeting goals and programs. According to scholars, the organizational objectives are impossible to be fulfilled without a skillful, capable, committed and satisfied human force. Employees' performance depends on their personality, the organizational role they take and organizational success and conditions. These conditions has been studied and considered as a cultural environment, communication skills, and a factor empowering job performance. These components raise the organizational internal quality as come from employees' perception of objective and tangible aspects, and positively affect their perseverance, commitment and career conscience. From a social perspective, the most interesting point about organization is to take advantage of employees carrying out their tasks as perfect as possible. Good performance enhances the organizational productivity and finally strengthens the national economy [20].

To nurture competence employees, many organizations think over the enhancement of organizational learning capabilities and the implementation of empowerment programs. Executing such programs, modifying variables affecting individuals' feeling, and exploiting individuals' learning and empowerment, organizations put their effort into overcoming internal and external obstacles and providing the required ground for competent employees [18]. In current era, those organizations are successful in which all employees try to improve their capabilities. And this is the manager who should set good conditions for such learning trend. Organizational training is a process and a set of measures resulting in learning and encompassing a certain organizational behavior applying to the learning organization. In such organizations, all learning conditions are provided for members and people constantly try to apply what they have learnt [19].

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Organizational learning concept could have dramatically drawn many attentions from university and industrial centers since 1990. It comes from two important factors: (1) the nature of the fast-changing world where we live in, and (2) the competitive environment where organizations work in.

In dynamic environments, those organizations thrive that can increase their learning relative to their competitors, overtake them and achieve competitive advantages. Accordingly, it is a long time that researchers have posed organizational learning and learning organizations and many organizations including manufacturing, service and educational, try to implement it. Some intra and extra organizational factors affect organizational learning. Leadership, knowledge management, teamwork, personal capabilities, learning culture, technology, organizational features, mental models, systemic thought, open mind and agility are considered as organizational factors. Extra organizational factors include market structure or environment. The establishment of organizational learning sets the ground for the learning organization to succeed. It is probably impossible to achieving a learning organization, because such dynamic organization is constantly changing and developing. This, thus, does not end in a certain phase. In the way to reach the learning position, organizations achieve great competitive benefits and power. It is, in fact, difficult to for organizations to practically create, maintain, apply and develop organizational learning as to perfectly play a supportive role in organizational innovation. Tes (1997) defines dynamic capability as the power of organizations in integrating, making and reconfiguring intra and extra capabilities to face fast environmental changes. According to Wang (2007), dynamic capability suggest organizations a sustainable behavioral orientation in integrating, reconfiguring and reviving their resources and capabilities and most importantly in improving and renovating central capabilities in response to the current varying environment to reach sustainable resources and capabilities: the capacity of organizations to purposefully create, develop and modify main resources [7]. The dynamic capabilities refer to the fact that how valuable is to create and restore inimitable resources in current varying environment and how difficult is to reconstruct them [26]. According to these definitions, dynamic capabilities are organizational processes in general and they have the role of changing the organization's base resources.

Here, we are looking for an answer to this question that does organizational learning culture have any impact on employees' job performance in Gachsaran Oil Company (with an intervening role of organizational dynamic capabilities)?

#### *Research Literature:*

##### *Organizational Learning:*

Probst and Buchel (1997) define organizational learning as the power of organizations to identify errors and modify them and to change organizational knowledge and values as to create new skills of problem solving and a new capacity for work. According to this definition, the features of organizational learning include:

- Any change in organizational knowledge;
- Increasing the possible limits; and
- Any change in people's perception [6]

##### *Types of Organizational Learning:*

Argis and Shougn identified three possible levels of organizational learning:

- Single loop learning: it is when a specific and unexpected strategy is composed in response to a certain strategy. This includes a feedback ring. For example, when prices are inclining, managers are asked on this and a strategy will be made to return sale to previous records.
- Double loop learning: it is when learning results in a change in practice theory. Accordingly, values, strategies and suppositions ruling over work procedures change to create a more efficient environment. In previous example, managers may revise the whole sale process not to generate any oscillation in future.
- Deutero-learning: it is about learning about improving learning system composing of structural and behavioral components determining how to learn. It basically refers to "learning how to learn".

##### *Organizational Dynamic Capabilities:*

Dynamic capabilities are considered as distinct components Velski (1994) and provide four types of capabilities: first, those show the ability to do primary functional activities. These capabilities are organizational resources in general. The second type of capabilities is related to improving organizational activities. The third type critically depends on the second type and it is difficult to differentiate them. It is also about improving dynamism but specifically about identifying the natural value of other resources or creating a new strategy before competitors. The forth type is called the superior discipline or meta-capability in training and learning competencies. Meta-capabilities can last forever. Velski believe that to finally eliminate competitors, organizations should develop their meta-capabilities: a capability that wins the future and it is considered as an ability to develop the capacity of faster innovation. Venter (2003) argues that there are zero capacities which are also called ordinary or operational capabilities. He defined them as those capabilities allow organization to live at the present time. They are placed in Velski's first type capabilities modifying zero capacities and they are the

same as dynamic capabilities. All definitions converge on one point and there is a central element: dynamic capabilities affect base resources and convert them into a new set of resources as to enable organizations to fix or increase their competitive superiority. The value of dynamic capabilities arises from their results: that is to say, a new set of valuable resources. In other words, dynamic capabilities are not valuable if they cannot bring about new resources and do not allow organizations to keep or increase their competitive superiority. There are various types of dynamic capabilities: some for integrating resources, some for reconfiguring resources, some for creating new resources, and finally some are applied to eliminating resources.

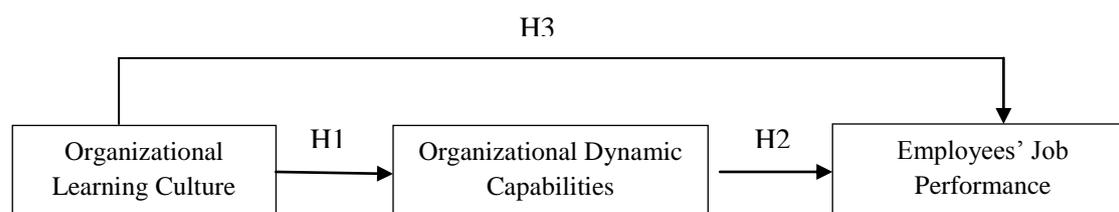
Dynamic capabilities are ambiguous in some cases. They, however, include ordinary and identifiable matters. They state that how acquiring, uniting and inventing a product can be considered as real dynamic capabilities, because they allow restoring and reconfiguring organizational resources. Additionally, dynamic capabilities may not have the required effect or positive outcome. The probable reasons are that their effects on base resources cannot be definitely predicted and the environment is uncertain. Wider research studies have provided us with an extensive collection of certain sample. These studies stress on certain dynamic capabilities and the following subjects have not been widely studied:

1. Do dynamic capabilities always work alone?
2. Can they work in a collection? How?
3. Which of them can be more appropriate depending on organization conditions?

Several empirical studies Helfat (1997) on USA oil industries state that research and development in this industry is regarded as a dynamic capability. It was shown that research and development had been improved to respond to changes in market prices. Accordingly, acquisition strategy was also studied as a dynamic capability. They explained that acquisition allowed organizations to reconfigure their resources. In addition, it was stated that capabilities were tools for organizations whereby modify their base resources and overcome their failure and use their opportunities.

#### *Employees' Job Performance:*

There are many criteria for evaluating employees' performance the most important of which include personal performance, behavioral factors and individuals' characteristics. In this regard, quantitative and measurable indices are recommended to be used and qualitative and mental criteria should be avoided. Those how are appointed to do assessments are groups including managers and supervisors, colleagues, subalterns, and/or themselves. Most assessments are now carried out by direct supervisors or a legal committee. Different methods of assessment have been discussed in this paper. All of them have their own advantages and disadvantages and differ from each other on their application regarding the type and nature of organizations. Performance assessment is introduced in most organizations, state-owned companies or private companies as promotion system, determining competence and evaluating performance, etc. Assessment is an effective tool in managing human resources. If it is correctly and logically carried out, organizations will fulfill their objectives and employees' benefits will be satisfied. Within this process, managers evaluate their employees' working behaviors by appraising and comparing them with predefined criteria. They record the results and then inform employees of them [17].



**Fig. 1:** The research conceptual model [26]

#### *Research Hypotheses:*

1. Organizational learning culture has a positive and significant effect on organizational dynamic capabilities.
2. Organizational dynamic capabilities have a positive and significant effect on employees working for Gachsaran Oil Company.
3. Organizational learning culture has a positive and significant effect on employees' job performance in Gachsaran Oil Company.

#### *Research Methodology:*

This is a practical and correlational research study with statistical population including all employees (over 6000) of Gachsaran Oil and Gas Company. To determine the sample volume, Cochran's theorem for indefinite

populations was used ( $N = \frac{z_{\alpha/2}^2 \times P(1-p)}{e^2} = 1.96^2 \times (0.5 \times 0.5) / (0.05)^2 = 384$ ). Samples were selected by random sampling. The measuring tool was questionnaire and finally 285 questionnaires were collected and analyzed. The research questionnaire included 37 questions to evaluate three variables. These questions were designed based on Likert five point's scale from "very small" to "very large". These questions were posed to assess variables: question 1 to 15 for assessing organizational learning culture; questions 16 to 26 for assessing organizational dynamic capabilities, and questions 27 to 37 for assessing employees' job performance.

**Table 1:** Cronbach's alpha

Variables	Number of Questions	Cronbach's Alpha Coefficient
organizational learning culture	15	0.86
organizational dynamic capabilities	11	0.82
employees' job performance	11	0.78

*Data Analysis:***Table 2:** Kolmogorov-Smirnov Test to study the normality of research variables

Variables	Number	Kolmogorov-Smirnov Test	P
organizational learning culture	285	1.49	0.16
organizational dynamic capabilities	285	0.64	0.80
employees' job performance	285	1.02	0.24

According to above table, the significant level of all variables is greater than 0.05. It is then concluded that all variables comply with normality hypothesis.

**Table 3:** single sample t-test to study the research variables

Variables	Mean	SD	MD	t-test	DF	Sig	Result
organizational learning culture	3.71	0.75	0.71	15.98	284	0.001	Utility
organizational dynamic capabilities	3.60	0.70	0.60	14.39	284	0.001	Utility
employees' job performance	3.69	0.77	0.69	15.21	284	0.001	Utility

*First Hypothesis:*

Organizational learning culture has a positive and significant effect on organizational dynamic capabilities.

**Table 4:** the statistical features of regression model, the effect of organizational learning culture on organizational dynamic capabilities

Variables	B	Standard Deviation of SEB Regression	Beta	t-test	Correlation Coefficient (R)	Determination Coefficient (R <sup>2</sup> )	Sig
Remnant	1	0.14	-	7.19	0.75	0.56	0.001
Effect of organizational learning culture on dynamic capabilities	0.70	0.04	0.75	18.93			

As above table shows, the regression coefficient between the effect of organizational learning culture on organizational dynamic capabilities is 0.75. As the significant value is smaller than the related significance ( $p < 0.05$ ), H<sub>0</sub> is rejected and H<sub>1</sub> is confirmed. It is thus concluded that organizational learning culture has a positive and significant effect on employees' organizational dynamic capabilities in Gachsaran Oil Company.

Second Hypothesis: Organizational dynamic capabilities have a positive and significant effect on employees working.

**Table 5:** the statistical features of regression model, the effect of organizational dynamic capabilities on employees' job performance

Variables	B	Standard Deviation of SEB Regression	Beta	t-test	Correlation Coefficient (R)	Determination Coefficient (R <sup>2</sup> )	Sig
Remnant	0.97	0.17	-	5.62	0.69	0.48	0.001
Effect of organizational dynamic capabilities on employees' job performance	0.76	0.05	0.69	16.11			

Regarding the above table, the regression coefficient between the effects of organizational dynamic capabilities on employees' job performance is 0.69. As the significant value is smaller than the related significance ( $p < 0.05$ ), H<sub>0</sub> is rejected and H<sub>1</sub> is confirmed. It is thus concluded that organizational dynamic capabilities has a positive and significant effect on employees' job performance in Gachsaran Oil Company.

Third Hypothesis: Organizational learning culture has a positive and significant effect on employees' job performance.

**Table 6:** the statistical features of regression model, the effect of organizational learning culture on employees' job performance

Variables	B	Standard Deviation of SEB Regression	Beta	t-test	Correlation Coefficient (R)	Determination Coefficient (R <sup>2</sup> )	Sig
Remnant	1.34	0.18	-	7.42	0.62	0.38	0.001
Effect of organizational learning culture on employees' job performance	0.63	0.05	0.62	13.26			

Given the above table, the regression coefficient between the effects of organizational learning culture on employees' job performance is 0.62. As the significant value is smaller than the related significance ( $p < 0.05$ ), H<sub>0</sub> is rejected and H<sub>1</sub> is confirmed. It is thus concluded that organizational learning culture has a positive and significant effect on employees' job performance in Gachsaran Oil Company.

#### Research Question:

What percent of employees' job performance is predicted by organizational learning culture and organizational dynamic capabilities?

**Table 7:** Variance analysis relating to the regression of the effect of organizational learning culture and organizational dynamic capabilities on employees' job performance

Model		Sum of Squares	DF	MS	F	Correlation Coefficient (R)	Determination Coefficient (R <sup>2</sup> )
First Step	Regression	84.367	2	42.184	142.182	0.71	0.50
	Remnant	83.666	282	.2970			
	Total	168.033	284				

Above table reveals that F observed from the regression analysis of variance is significant comparing with critical values ( $p < 0.05$ ). There is, thus, a linear relation between variables. According to the regulated determinant coefficient, organizational learning culture and organizational dynamic capabilities can predict 50 percent of the variance of employees' job performance.

**Table 8:** the statistical characteristics of the regression model of the effect of organizational learning culture and organizational dynamic capabilities on employees' job performance

Model		B	The error of standard deviation or regression (SEB)	Beta	t-test	Sig
First Step	Remnant	0.771	0.177		4.357	0.001
	Organizational learning culture	0.237	0.065	0.231	3.658	0.001
	Organizational dynamic capabilities	0.568	0.069	0.519	8.199	0.001

According to above table, the standard betarelating to organizational learning culture and organizational dynamic capabilities is significant ( $p < 0.05$ ). In other words, a change in standard deviation of organizational learning culture and organizational dynamic capabilities changes employees' job performance by 0.23 and 0.52.

#### Discussion and Suggestions:

##### First Hypothesis:

First hypothesis claims that organizational learning culture has a positive and significant effect on organizational dynamic capabilities (of employees in Gachsaran Oil Company). Results verify this claim. Studies carried out by Yong Hong, Roj and Stoelhors, SeyedNaghavi, Habibi et al, and Matsuno and Mentzer also confirm this hypothesis. Based on these results, the following suggestions are posed.

Research findings disclose that a challenging environment spurs managers to allocate their strategic resources to customers' better perception of their products and organizations. This enables them to more efficiently use the status quo and serve their organization. Their view point is that concentration, major environmental factors and developing organizational learning culture help they better understand factors affecting the employees' job performance. Such approach puts internal and external factors along each other and provides the macro basis of industry for identifying dynamic capabilities and employees' job performance.

##### Second Hypothesis:

Second hypothesis claims that organizational dynamic capabilities have a positive and significant effect on employees working for Gachsaran Oil Company. Results verify this claim. Studies carried out by Protogerou et al. JengHou, Tuan, Yong Hong, Wang et al, Venter, Helfat, and Khodami et al. also confirm this hypothesis. Based on these results, it can be stated that the theoretical and practical importance of developing and applying dynamic capabilities to create a stable competitive advantage for organization in complicated and varying environments have turn this issue into the first and foremost research subject for many researchers. Therefore,

dynamic capabilities are more and more considered and such attentions would be focused on organizational capabilities in restoring their resources along with environmental changes. Dynamic capabilities should be consistently developed; otherwise the competitive life of organizations would be so short. These capabilities are organizational processes that change the resource inventory by integrating, reconfiguring and liberating resources. The range of dynamic capabilities has been dramatically enhanced since last decades. Exploring the research background revealed that organizational culture and dynamic capabilities have been widely studied and it is one of the effective subjects of today's industrial societies. Thus, we did not consider it in our research. Authors are then suggested to explore the relation between organizational culture and employees' commitment in Gachsaran Oil and Gas Company in future.

To identify the potential effects on employees' job performance, other studies are needed to be carried out on organizational learning, organizational dynamic capabilities, creativity exchange channels, and determining the best way of implementing different strategies of having innovative and creative thoughts and presenting services regarding the type of services, products and organizational situation.

#### *Third Hypothesis:*

Third hypothesis claims that learning culture has a positive and significant effect on employees' job performance in Gachsaran Oil Company. Results verify this claim. Studies carried out by Werner [24], Yiing [25], Arnold [2], Mathew [11], Meyer [12], Wise, Bell- Roundtree [3], Shafeghat and Dehkordi also confirm this hypothesis. Based on these results, it can be stated that as organizational learning is of the effective factors of achieving high quality performance, managers are recommended to consider this factor and creating a good environment for needed scientific trainings and constant research studies. In other words, the employees of this company should be constantly exposed to effective factors and improve their strategies and promote their acquired knowledge.

Finally, it is important to improve and consider employees' job performance, because it is an indicator of the economic growth of a country. This requires assessing resources and capabilities and improving them. Managers are recommended to improve the organizational learning culture regarding employees as their important resources.

As job mental pressures, especially those coming from ambiguity and role contrast, can bring about harmful outcomes for most employees and organizations, presenting and applying some approaches seem necessary to overcome them. Such approaches are usually divided into two groups of organizational and personal approaches.

Organizational approaches encompass all changes in different areas of career, employees' role, any changes in retiring policies, the improvement of working environment, etc. Personal approaches refer to behavioral changes, getting social support and, most importantly, leaving stressful situation (i.e. work place). Note also that in most cases, despite of stressful working environment, employees could not leave their job. Such employees are probably not satisfied from their job, they may have more absences, and they are often diagnosed with negative physiological symptoms. Therefore, organizational learning culture, learning motivation, and the quality of internal services are of the most effective factors of dynamic organizations such as Gachsaran Oil and Gas Company.

A good learning culture can help employees with presenting high quality services. A good learning environment can help employees to learn more and continue their work for a long period of time. Therefore, learning culture, on one hand, helps employees to remain in high levels of presenting quality services; and on the other hand, it helps them to continue their work in the organizations. Organizational learning culture relates to other positive outcomes both on economic dimension and psychological dimension. And as regular learning program should satisfy employees' need, organizational learning culture seems to have a positive effect on the quality of internal services.

The research literature shows that most of factors affecting this culture should be acquired. Thus, managers of Gachsaran Oil Company can hold different cultural and educational classes for their employees such as organizational creativity and innovation, effective leadership and internal control, positive thinking to facilitate the process of implementing such culture.

Managers are suggested to identify the dimensions and components of these variables and put their effort into reinforcing and keep the current state of each of these variables. They have to engage employees in organizational decisions and reinforce the sense of cooperation and participation. Holding specialized meetings can build up employees' organizational and family power. The research author suggests that making a good relationship with employees, assessing their needs and establishing a rewarding system can help them improve and progress.

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