

ORGANIZATIONAL LEARNING AND PERFORMANCE IN
THE PENANG HOTEL INDUSTRY

by

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DEDICATED TO

My beloved wife, Doiyah binti Ismail

Daughter, Siti Aisyah Yatimi

Son, Ahmad Ziyah Syahmi

My beloved parents,

En. Arshad bin Said late

Pn. Hajah Maidiah binti Haji Abdullah

My beloved parents-in-law,

Sjn. (R) En. Ismail bin Ahmad

Pn. Khatijah binti Talib

My beloved brothers, sisters, in-laws and colleagues

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ABSTRAK

Kajian ini menyelidiki sumbangan pembelajaran organisasi terhadap prestasi. Masalah yang dikaji melibatkan tiga isu utama yang berkaitan: Pertama, apakah faktor-faktor yang menyumbang kepada pembelajaran organisasi? Kedua, hubungan di antara pembelajaran dan prestasi organisasi dan yang terakhir, peranan saiz dan status organisasi sebagai penyederhana di dalam hubungan di antara pembelajaran dan prestasi organisasi. Kajian ini hanya menjurus di dalam industri perhotelan khususnya di negeri Pulau Pinang di bawah kategori satu bintang hingga lima bintang. Pengurus-pengurus Besar atau Ketua-ketua Pegawai Eksekutif dan Ketua-ketua Jabatan daripada dua puluh empat hotel merupakan pemberi reaksi terhadap kajian ini. Dua belas hipotesis am disokong dengan empat puluh tiga sub-hipotesis telah dibina untuk mengkaji hubungan, sumbangan dan impak pembolehubah sendiri dan pembolehubah penyederhana ke atas pembolehubah bersandar. Ujian Korelasi, Regresi berganda dan Regresi berhirarki telah menunjukkan bahawa pembelajaran organisasi ada menyumbang terhadap prestasi organisasi terutamanya pembelajaran daripada pengalaman orang lain. Pembolehubah penyederhana tidak mempunyai sebarang impak terhadap hubungan di antara pembelajaran organisasi dan prestasi. Pembelajaran dari aktiviti latihan dan pembangunan serta penyelesaian masalah, skim cadangan dan pencetusan idea merupakan dua elemen yang telah dijumpai mempunyai hubungan positif yang signifikan terhadap prestasi. Kesimpulannya, keputusan kajian ini diharapkan boleh memberi jawapan alternatif yang lebih baik kepada industri perhotelan untuk mencapai semula prestasi yang diharapkan.

ABSTRACT

This research examines the contribution of organizational learning towards organizational performance. The problem being investigated involves three major related issues: First, what are the factors contributing towards organizational learning. Secondly, the relationship between organizational learning and performance and finally, the role of size and organizational status as moderators in the relationship between organizational learning and performance. This study focuses only on the hotel industry specifically in the state of Penang ranging from the category of one star to five star hotels. The respondents are General Managers or Chief Executive Officers and Heads of Departments from twenty-four hotels. Twelve general hypotheses supported by forty-three sub-hypotheses were developed to study the relationships, contribution and impact of the stated independent variables and moderating variables on dependent variables. The Correlation, Multiple regression and Hierarchical regression tests show that organizational learning does contribute towards organizational performance and learning from the experience of others is most effective. Moderating variables did not have any effect towards the relationship between organizational learning and performance. Learning from training and development and learning from problem solving, suggestion scheme and brainstorming were the two elements found to have significant positive relationship with performance. In conclusion, the results of this study will hopefully be able to give a better insight to the hotel industry to re-gain the desired performance.

Chapter 1

INTRODUCTION

1.1 Introduction to the Study

Continuous improvement is the key to being competent in the market. To achieve organizational objectives, continuous improvement is a strong tool to be used. Organizational learning is the key element in ensuring that there is a continuous improvement process. As a result, the organization will achieve competitive advantage. As continuous improvement takes place, the employee work together to carry out the vision and mission of the company, thereby achieving organizational objectives such as sales growth, profitability, rise in employee morale, etc.

Organizational learning is an activity that requires commitment on the part of the top management. It requires a deliberate effort and promotion. There is a strong relationship between organizational learning and continuous improvement. So, organizational learning and continuous improvement is similar to the nail and flesh, which are inseparable.

Tourism industry is the second most significant economic contributor to the state of Penang. In relation to the global economic slowdown and the crisis in the international air travel industry, the hotel industry is facing a slowdown in their sales. Indirectly, the performance of the hotel is on a downward slope. According to the Monthly Hotel Survey Report, (2001), the overall average hotel occupancy rate in the state declined 1.7 per cent in the 3rd quarter of 2001 as compared to the same period the previous year. Besides, the Penang Hotel

Survey Report, (2001), claimed that there is a decline of 8.3 per cent of total visitor arrivals to Penang in 2001 compared to the year 2000. At the same time the average occupancy rate (AOR) for the 43 hotels participating in the survey dropped by 2.6 percent in the year 2001 compared to the year 2000.

At the same time, the best service with high quality facilities and accommodation besides good rates will be the determinant of the customer choice. Is there any way to stay competitive? Or always being the first choice of the customer? The writer's view is that there is a role for organizational learning activity to enhance the performance of the organization. This study is focused on the hotel industry since there has been no such study conducted yet. This is a new area of study and it is expected to explore new approaches especially by looking at the nature of the industry itself.

1.2 Research Problem

Business world nowadays is very competitive. Organization performs differently. Some perform better than others do. The literature points that the direction to the achievement of the organization related to the organizational learning, which means the more organization learning takes place, the better the organization will be. Added with the global economic slowdown and the crisis in the international air travel industry, the situation becomes more hectic and has negatively affected the firm performance. This study is to find out how much organizational learning can contribute in achieving organizational performance as each and every organization tries to find the solution to enable it

to stay competitive in the market. Organizational performance is always considered as top priority in any decision to be made.

Continuous improvement is an important element in any organization for them to stay competitive. To achieve this, they must ensure their staff members have sufficient knowledge, expertise and skills to produce the utmost service to the customer. In the service industry, the inventory is needed at the time the product is produced. So, it cannot be stocked. The important inventories in the service industry are knowledge, skills, and expertise, which lead to the efficiency, reliability and effectiveness of the service. Thus, service industry is more critical compared to the manufacturing industry where they need to be ever ready to meet any circumstances.

1.3 Research Questions

Below are the research questions of this study:

1. What are the factors that contribute towards organizational learning in the hotel industry?
2. Is there a relationship between organizational learning and organizational performance?
3. Do organization status and size moderate the relationship between organizational learning and performance?

1.4 Purpose of the Study

Below are the objectives of this study:

- a) To find out the factors contributing to organizational learning.

- b) To determine the relationship between organizational learning and performance
- c) To examine the role of size and organization status as moderators in the relationship between organizational learning and performance.

1.5 Scope of the Study

The data gathered from the survey will be based on the top management's view towards the relationship between organizational learning and organizational performance in their organization. The outcome will help the hotel management and association to view and prioritize the factors, which significantly contribute towards performance under the organizational learning activity.

1.6 Significance of the Study

Below are some of the significant reasons for this study:

1. There has been no empirical study on this subject in Malaysia. So, this study will enrich the present literature.
2. There has been no study on the hotel industry. This study will give the reader an understanding on actual learning approach mostly adopted by hotel industry for the organizational learning practice.
3. The answers to this research will help the management improve their organizations.
4. The research will add to the management literature on organizational learning.

1.7 Definition of Terms

For the purpose of this study, the following terms need clarification.

Organizational Learning

“A process in which relatively stable changes are brought about in the way we see things and behave in pursuit of our goals” (Williams 2000).

“An organization skilled at creating, acquiring and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights” (Garvin 1993).

Organizational Performance

An organization, which is operating at the optimum performance based on internal and external set standards, which was set by the top management and fulfill the standards required by the customer as part of their satisfaction. Internal standards mean, all the policies, rules, targets and requirements set by the management to safeguard and guide internal operations. External standards mean all the laws, rules, policies and requirements set by the government, customers and related agencies to smoothen the business operation.

Continuous Improvement

Any and all organization efforts designed to inculcate a culture of constant improvement and change, which fosters continual learning and innovation within the organization.

Hotel

Refers to hotels, motels, roadside inns, beach hotels and apartment hotels and similar establishments providing hotel services, including more than daily bed-making and cleaning of the room and sanitary facilities. (Adopted from Monthly Hotel Survey Report as recommended by the Concepts, Definitions and Classifications For Tourism Statistics, World Tourism Organization Technical Manuals 1995).

1.8 Organization of Report

Chapter 1 briefly introduces the subject of this research, which is organizational learning and performance. The research problem, purpose, scope and significance of study, and the definition of important terms are also clearly defined.

Chapter 2 reviews the literature with regards to the research area. This chapter will explain and clarify the main anchor of this research to give better understanding to the readers what this research is all about.

Chapter 3 explained the basis on how this research is carried out. The reader will be able to view the theoretical framework, which is taken as the backbone to this study and methodology used by the writer in obtaining the data.

Chapter 4 presents the findings of the study. This chapter will determine the support or otherwise of the hypothesis constructed and give the readers an idea what is actually found throughout the research.

Finally, chapter 5 discusses the results obtained. Final conclusions with regards to this study will be made after considering all factors involved in this study.

Chapter 2

REVIEW OF LITERATURE

2.1 Introduction

In understanding the related knowledge on the subject of this study, literature pertaining to organizational learning, continuous improvement and organizational performance were reviewed. This chapter highlights the various definitions of organizational learning, continuous improvement and organizational performance in relation with organizational learning. Besides journals, books are also taken into account in accomplishing this chapter.

2.2 Definitions of Organizational Learning

Farrel (1999) has collected some definitions of Organizational Learning as per table below:

Table 2.1: Definitions of Organizational Learning

| Author | Definition |
|--|---|
| Argyris (1977); Argyris & Schon (1978) | “the detection and correction of error’ |
| Fiol & Lyles (1985) | “the process of improving actions through better knowledge and understanding” |
| Levitt & March (1988) | “Organizations are seen as learning by encoding inferences from history into routines that guide behavior” |
| Stata (1992) | “organizational learning occurs through shared insights, knowledge and mental models And builds on past knowledge and experience” |
| Huber (1991) | “an entity learns if, through its processing of information, the range of its potential behaviors is changed” |
| Garvin (1993) | “an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights” |

| | |
|--|---|
| Jashapara (1993) | “a continuously adaptive enterprise that promotes focused individual, team and organizational learning |
| Bennet & O’Brien (1994) | “an organization that has woven a continuous and enhanced capacity to learn, adapt and change its culture |
| Nevis, DiBella & Gould (1995) | “the capacity or processes within an organization to maintain or improve performance based on experience” |
| Sinkula (1994); Slater & Narver (1995) | “organizational learning is a three stage process that includes information acquisition, information dissemination and shared interpretation” |

Source: Mark A. Farrell (1999). Antecedents and Consequences of A Learning Orientation, pp. 38-51, Marketing Bulletin 10

The latest definition given by Williams (2001) is “organization learning as a process in which relatively stable changes are brought about in the way we see things and behave in pursuit of our goals”.

Prior to that, Miller (1996) suggests the definition of organizational learning as “the acquisition of new knowledge by actors who are able and willing to apply that knowledge in making decisions or influencing others in the organization”.

In this study we used Williams (2001), Garvin (1993) and Miller (1996) as an appropriate guideline and definition of the organizational learning. This is because Williams (2001) explained the organizational learning as a process involving change. Garvin (1993) explained the skill at creating, acquiring and transferring knowledge and Miller (1996) explained the ability and willingness to apply learning in decision making. All these elements are the key points in the organizational learning process in achieving the performance.

2.3 Understanding Organizational Learning

Lately, the concept of organizational learning seems to be a new agenda to the organization in keeping themselves competitive. It has been adopted as part of the corporate strategy and no longer viewed as part and parcel of the Training and Development activities in the organization where it had always been.

Cook, Staniforth, and Stewart (1997) suggest “If we are to survive – individually or as companies, or as a country – we must create a tradition of ‘learning companies’. Every company must be a learning company.” A learning company is an organization that facilitates the learning of all its members and continuously transforms itself.

In this study, it is necessary to know the difference between learning organization and organizational learning. This is to ensure that the concept of the study is correct and the expected results are successfully conveyed. DiBella (1995) has clearly differentiated between the two. He defined learning organization as a particular form of organization happening in and of itself, whereas organizational learning is a process involving various stages including knowledge utilization and enables organizational members to develop shared values and knowledge based on personal or vicarious experience.

As a conclusion, learning organization and organizational learning support the same objective, which is to improve the organization. Whichever term is used the end result is the same. In this report we will uniformly use the term “organizational learning” as the subject of the study.

Organization learning is believed to be essential for survival in a rapidly changing and competitive environment (Schein, 1993; Senge, 1990). The greater the environmental uncertainties, the greater the need for learning (Dodgson, 1993). Proper management of the learning process is necessary to overcome the uncertainties and unexpected tragedy. Therefore, Williams (2001) said that a competitive organization is more likely to be one where this learning process is properly managed, in the choice of valid strategies, and in the provision of quality feedback.

To properly manage the organizational learning process, it is essential to understand the supporting elements of the organizational learning. Inkpen and Crossan (1995) identified four key elements of organizational learning, which are, the nature of managerial learning experiences, the sharing and integration of managerial learning within an organization, the institutionalization of learning, and the relationship between organizational learning and performance.

Where there is learning either individually or organizationally, there must be at least a little change towards the person or organization as an outcome of the knowledge gained. Just imagine, when the process of learning consistently takes place then it will lead to the consistent changes in the organization as a whole. This is why, Williams (2001) said that organizational learning is likely to reflect incremental change.

Most of the time, formal training is viewed by the organization as an effective way of imparting and obtaining new skills and knowledge. Without being fully

aware of the difference between training and learning, some organization even include training as part of their corporate objective. Valley (1992) differentiated training as something that you have done to yourself while learning as something, which you did for yourself. It means that learning is more efficient in achieving performance compared to training. That is why some other organizations viewed learning as an important element in their corporate objective. Therefore, Oxtoby (1992) described the corporate learning as the sharing and application of knowledge and experience by people who added value and eliminated waste at work.

In the 21st century, the needs for organizational learning is even more critical to ensure the organization is in line with the changes in technology, customer expectation, product innovation and service efficiency (Armstrong, 2000). The need for organizational learning according to Lockee and Jain (1995) has become intensified by the competitive challenges of the 1980s and 1990s, which threaten many established management and organizational practices,

Fiol and Lyles (1985) observed that organizations do learn from their experiences. So, the past incidents will influence future actions. Thus, they consciously seek to develop the necessary skills to effectively discriminate between successful actions and “tried and tested” course of action in “new” circumstances. Most organizations use post-project reviews, internal audits and /or oral post-mortems to learn from their own experiences. In line with the concept of organizational learning, the organization has to learn and practice collectively in order to achieve the desired performance. Gustavsson and

Harung (1994) argue that the level of collective consciousness determines the quality of life and the level of performance of an organization. Therefore, the true concept of learning is aimed to facilitate a greater awareness of the capacity for organizational development.

Prahalad and Hamel (1990) suggest that competitive advantage stems in the long term from when a firm builds distinctive capabilities, or “core competencies”, that are superior to its rivals and when it learns faster and applies its learning more effectively than its competitor. When learning takes place, it is essential for all employees to learn, understand and have clear understanding of the organization’s mission, strategies and goals for the organization to perform.

Williams (2001), stated that competitive advantage is more likely to be achieved if the senior managers developed adequate mental models of organizational learning. The greater the insight they have into how individual learning is transformed into collective learning and vice versa, the more influence they will have on Organizational Learning.

2.4 Organizational Learning and Continuous Improvement

Continuous improvement is the dream of each and every organization. To be at this stage requires great effort. Learning is the solution. As Williams (2001) said, organizational learning is not necessarily planned because individual learning is often shaped by circumstances rather than by intention. He further added that the sharing of information and beliefs about the interpretation of such

information are two pre requisites for an alliance, aiming to benefit from organizational learning.

According to Dichter (1991) who has studied a number of such organizations, the characteristics of the successful organization of the 1990s are: a continuous improvement orientation, customer focus, team relationship, flat and flexible organization structures, empowerment, and vision – and value-driven leadership. These characteristics contrast sharply with those of many present-day organizations which meet static objectives, supervisor focused, have hierarchical relationships, vertical and fixed organization structures, compliance with rules, and control-oriented leadership.

In general, it can be seen that Organizational Learning practices will lead to the continuous improvement of the organization. This research is meant to ascertain the relationship between organizational learning adoption and continuous improvement.

Marquardt (1996) found that Shell started to consider organizational learning in relation to strategic planning in the 1980s. In the early 1990s, the number of organizations committed to become learning organizations increased. Organizations such as General Electric, Johnsonville Foods, Quad Graphics and Pacific Bell in the United States; Sheerness Steel, Sun Alliance, and ABB in Europe; and Honda and Samsung in Asia were among the early pioneers.

Besides this, Marquardt (1996) based on his own experience with over 50 of the top learning organizations from all around the world, concluded that the full richness of the learning organization incorporates five distinct subsystems – learning, organization, people, knowledge, and technology.

Mohd. Amin and Poon (1998) suggested that a learning organization is one that enables its members to learn collectively, continuously, and effectively from both direct and vicarious experiences and empowers them to use what is learned for the improvement of the organization. Because learning is an interactive process that involved various elements or dimensions, desired organizational learning outcomes can best be achieved by improving the fit among these dimensions.

Tenner and De Toro (1992) states that elements under the continuous improvement are education and training, leadership, supportive structure, communications, rewards and recognition and measurement. Organizational learning and continuous improvement are closely related to each other. Basically, it showed that there is a relationship between organizational learning and continuous improvement.

Continuous improvement is a result of Total Quality Improvement plan implementation. So, when we discuss the continuous improvement we cannot ignore the existence of TQM in it.

To get better, organization and people need to learn new things as time goes by. Organizational learning is the heart of the organization's operation, which will become the mover, stimulant and enforcer for the betterment of the organization. The faster the organization tries to learn the faster it becomes matured in handling all unexpected circumstances which may come from all directions.

Therefore, Williams (2001) suggests that solving a problem is not sufficient as evidence of organizational learning but solving a problem by drawing on beliefs which have worked in the past is evidence of learning. Strategic decisions are often the result of the latent learning processes.

As Joseph (1995) explains, continuous improvement concepts focus on finding shortfalls and sources of variability in administrative, manufacturing, and service processes that can detract from a quality output, and improving the process to eliminate undesirable outputs. A process is a series of activities carried out by people or machines that move work towards a finished product. Therefore, learning is a continuous process in order to eliminate undesirable outputs.

2.5 Organizational Learning and Performance

The vital objective of organizational learning activity is to ensure better performance of product or service to the customer. So, this study seeks to determine the relationship between organizational learning and performance in the organization.

Dixon, Nanni, and Vollmann (1990) seem have similar views on the relationship between organizational performance and learning. They suggest that companies that learn faster than their competitors have little to fear. Williams (2001) agrees that organizational learning is conceptualized as a dynamic and ongoing process. Learning is a process that influences the present as well as the future.

Meanwhile, information dissemination is the process by which information is shared and diffused horizontally and vertically throughout the organization (Argyris & Schon 1978; Jelinek, 1979). Slater and Narver (1995) defined competitive advantage as an employee skill, which is difficult to imitate and permits the organization to offer superior value to customer. That is, learning and listening from the people they serve, and providing quality, service and reliability. High performance organizations are customer-driven with mission statements centered on customer satisfaction by providing quality products and services. High performance organizations continuously listened to their customers; prioritized their needs and expectations; and responded accordingly in a creative and timely manner.

Performance is subjective. It depends on the standard set by the management to acknowledge whether they are performing or not. As explained by Inkpen and Crossan (1995), organizations grow when there is an increase in shared understanding involving the organization, its environment and the relationship between the two.

Snell and Youndt (1995) believed that effective management of human capital, even more than physical capital, might be the ultimate determinant of organizational performance and survival. That is why, Snell and Youndt (1995) claimed that a number of researchers have suggested that HRM practices such as selection, training, performance appraisal, and reward systems may each bear some relationship to firm performance.

Bowman and Ambrosini (1997) suggested that members of the organization are entitled to rate their firm's performance in term of profitability, wages, absenteeism, services, and sales performance. Weinzimmer, Nystrom and Freeman (1998) explained that the most commonly identified measure of overall organizational performance is sales growth.

According to Inkpen and Crossan (1995), organizations that learn more effectively will in the long run perform better than their competitors. Thus, there should be a link between organizational learning and performance but time-lags between the two make empirical observations very difficult. Further, March (1991), as cited in Inkpen and Crosssan (1995), learning is a major component to improve organizational performance and strengthen competitive advantage. According to them, the increased knowledge associated with a learning process may reduce the variability of performance rather than increase it. In that sense, learning makes performance more reliable. The risk associated with reduced variability, is that the organization becomes resistant to contradictory information. Inkpen and Crossan (1995) added that performance provided important feedback about the efficiency and effectiveness of a learning process

and, ultimately, an organization's strategy will come to reflect the accumulated learning.

Inkpen and Crossan (1995) stressed that to suggest that incremental learning should always lead to incremental performance improvements is misleading. Specific performance enhancements may result because of learning, but may also be attributable to efforts of imitation, regeneration, or technological development.

As a conclusion, the relationship between organizational learning and performance is still a grey area of study and yet to be proven. This study hopefully enables us to obtain further justification towards the relationship between the two.

2.6 Summary

In short, the literature review has tried to explore all the important aspects involving organizational learning, continuous improvement and performance. The literature also has given an understanding on the roles of organizational learning towards performance in an organization. Later, it will become the organization performance stimulant. The study on organizational learning and performance is an interesting area to discover and it should be an on-going process.

Chapter 3

THEORETICAL FRAMEWORK AND RESEARCH METHODOLOGY

3.1 Introduction

The *theoretical framework* is the backbone in any study. It will determine the direction and scope of any study conducted. The theoretical framework mainly consists of independent variables, dependent variables and moderating variables. The research methodology will explain the method used to collect the data to examine the hypothesis being constructed based on the theoretical framework. This chapter will explain in detail the issue of theoretical framework and research methodology.

3.2 Theoretical Framework

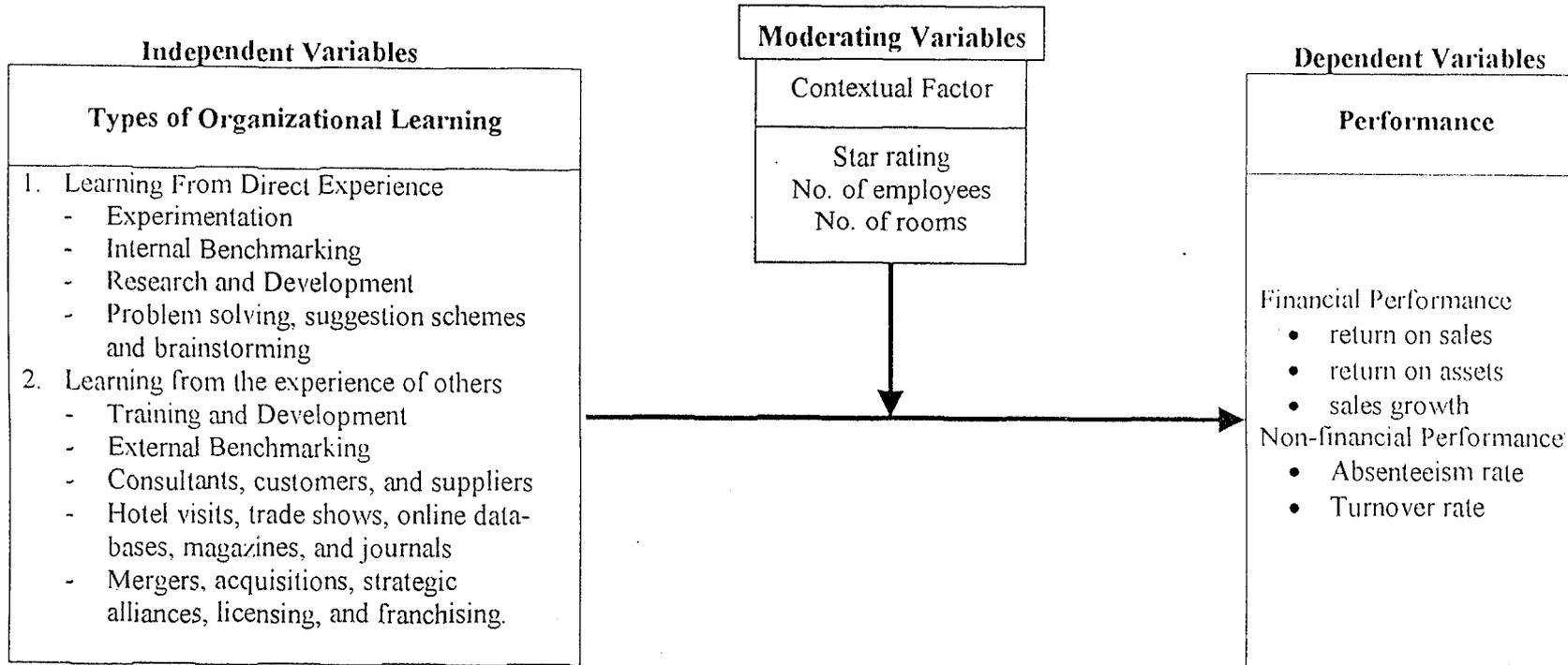
The dependent variable is the organizational performance and the independent variables are extent of two different types of organizational learning. The inter-relationship diagram is shown in Figure 3.1. This theoretical framework is based on the resource based theory. In resource based theory, performance in the competitive arena is very dependent on the available internal resources.

3.2.1 *Dependent Variable*

The dependent variable is organizational performance. Organizational performance is measured via several indicators. There are five indicators to organizational performance; organizational financial-performance, sales-performance, absenteeism-rate, service-quality and turnover-rate. The literature review in chapter 2 has identified studies and suggestions in using the financial performance of sales and absenteeism as measurements of organizational

Figure 3.1

Theoretical Framework



performance. Absenteeism rate and turnover rate are taken into consideration as indicators by looking at their important role in determining other department's performance besides the whole organization's performance. For the purpose of this study, five performance measures will be used i.e. financial performance which consists of return on sales and return on assets, while non-financial performance are sales growth, absenteeism and turnover rate.

3.2.2 Independent Variable

The independent variable is Organizational Learning. There are two types of organizational learning as suggested by Locke and Jain (1995) cited in Levitt and March (1988). There are learning from direct experience and learning from the experience of others.

As explained by Levitt and March (1988), learning from direct experience generally involves working through incremental refinement of procedures. For example, an ice cream manufacturer might gradually become more and more skilled at making ice cream at low cost, thus cutting costs continually; discovering new, popular flavors; transporting product efficiently; and penetrating local, and then regional and national markets. The rationale for learning from direct experience comes from the common observation that practice improves performance.

Learning from direct experience consists of experimentation, internal benchmarking, research and development, problem solving, suggestion scheme, and brainstorming. Below are the details of each item.

Experimentation. This is the most systematic of all approaches to learning from experience. Some organizations treat experimentation as trial-and-error learning, whereby the conditions under which a process is operated are varied from time to time to identify the 'best' outcome.

Internal Benchmarking. Benchmarking is a process of measuring and comparing an organization's processes, products and performance against those of a world or industry leader, then striving to do as well or better than the leader. Internal benchmarking is a process of identifying the best performing branch or unit within the organization and benchmarking its operation.

Research and development. Research and development is a systematic effort designed to improve scientific knowledge about a product or a process. Survival and growth of an organization often depend upon being a step ahead of competition in developing new and better products and designing more efficient processes.

Problem solving, suggestion scheme, and brainstorming. Problem solving is a system effort to learn from experience in a continuously improving organization. Among the most popular methods are PDCA cycle, fact-based management and simple statistical tools such as histogram, Pareto charts and so on.

A well designed suggestion scheme offers the organization an opportunity to get its employees' total involvement in its improvement efforts as portrayed in the *kaizen* program.

Brainstorming is a form of unrestrained thinking, a useful technique for identifying causes, finding solutions, and suggesting ways to implement solutions to specific problems. It encourages a free flow of ideas without evaluation, criticism, or domination by one or few people participating in the exercise.

Learning from the experience of others may involve a number of approaches, ranging from merely observing others (vicarious learning, cf., Bandura, 1986) to actively seeking knowledge from outside the organization, then using it to improve its own processes and performance. Five factors are identified underlying in this area. They are training and development; external benchmarking; consultants, customers and suppliers; factory visits, trade shows, online databases, magazines; and journals and mergers, acquisitions, strategic alliances, licensing, and franchising. Below are the details of each element.

Training and development. A process of knowledge acquired from the external body, which provide a training and development program to the employees of the organization. The program either be short term or long term such as a day's program or a month's program.