



The impact of learning organization on knowledge transfer and organizational performance

Open
Access

Ammar Saleh Mubarak Habtoor ^{1,*}, Darwina Ahmad Arshad ¹, Hazlinda Hassan ¹

¹ School of Business Management, Universiti Utara Malaysia Malaysia, 06010, Sintok, Kedah, Malaysia

ARTICLE INFO

ABSTRACT

Article history:

Received 21 February 2017

Received in revised form 13 April 2017

Accepted 17 April 2017

Available online 16 May 2017

HEIs are facing major challenges in the current era, and an investigation of their structures and roles is imperative. The survival and continued competitiveness of HEIs depend on the willingness and acceptance of changes and consideration for the methods that will allow their practices to be improved. A learning organization is one that seeks to maximize fully the capacities of its people to change, to survive in a volatile environment and to sustain competitive advantage. The HEI sector is one such sector that exists in a volatile environment; this sector needs to be resilient in facing these challenges and adopting new ways to survive and cope with them. Thus, this paper proposes that the learning organization approach has a direct influence on knowledge transfer and organizational performance, which in turn, leads to HEIs attaining success and continued survival.

Keywords:

Learning organization, knowledge transfer; organizational performance, HEIs

Copyright © 2017 PENERBIT AKADEMIA BARU - All rights reserved

1. Introduction

1.1 Research background

In the current era, organizations are facing several challenges, such as globalization, accelerated environmental changes, increased competitiveness, continuous technological development and the emergence of knowledge organizations. To keep up with these economic and technological changes, the organizations in the education sector, in particular, should adopt the concept of learning and the principles of the learning organization. The learning organization approach has effectively become a crucial element for organizations to succeed and survive in a competitive environment [1]. A learning organization is described as a place where people in organizations are able to create, acquire and transfer new knowledge [2].

Improving the performance of Higher Education Institutions (HEIs) is a universal concern in various countries around the world. The higher education sector in Yemen is one of the sectors that

* Corresponding author.

E-mail address: ammarhabtoor@gmail.com (A. S. Habtoor)

operates in a volatile environment; they need to be resilient in facing the challenges, adopting new ways to survive and coping with changes. However, very few studies have investigated this aspect from the Yemeni context.

Marsick and Watkins [3] pointed out that learning organizations are especially important in the modern era, where employees can considerably change jobs or can store what they know because sharing and transferring knowledge may be detrimental to their own success. A learning organization meaningfully seeks to achieve the full benefit of the capacities of people in the organization to change, survive in a volatile environment, sustain competitive advantage and improve the overall performance of the organization [4]. Modern organizations will have to learn faster and better from previous events, whether successful or unsuccessful; both types of events must be transformed into learning experiences, which in turn, can develop learning organizations which are suitable places for individuals or groups at all levels to permanently learn [5].

According to Delfmann and Koster [6], the transfer and creation of knowledge are widely recognized in management literature as vital elements in knowledge-driven economies. Moreover, the transfer of knowledge is the foundation to create competitive advantage in organizations [7]. HEIs are essentially engaged in learning, generating and transferring knowledge [8]. In HEIs, the transfer of knowledge is embedded because HEIs are the main sources of knowledge [9]; therefore, the seamless transfer of knowledge is crucial to make the knowledge widely accessible [6].

According to Suryadi [10], like other organizations, HEIs should adapt and develop strategies to respond to rapid changes in a regulatory environment. HEIs in various parts of the world are facing a dynamic and turbulent environment, including demographic changes in the number of students, decline in government funding and focus on information technology in learning and teaching. Modern HEIs are shifting from being public service organizations to market-driven organizations; thus, they face the need to reform many of the management practices, and one of the most important of the current issues faced by HEIs is to improve performance. Therefore, many HEIs have adapted the models of learning organization for facilitating advancement and progress, and to be in tandem with economic and technological changes [11].

Moreover, educational institutions are also influenced by the rapid environmental changes in the business context [12]. Many countries around the world are facing a growing demand from different political, cultural, technological and economic contexts, to enhance their capacities for research and knowledge production. Special importance has been given to knowledge-oriented institutions, and this often requires more effort to re-engineer, modernize and restructure the higher education system to cope with knowledge-based societies, which are volatile and competitive [13]. Based on these facts, it is necessary to give increased attention to improve the performance of HEIs.

Ali [14] indicated that the survival of HEIs depends entirely on their willingness to accept the changes, the mechanisms through which they can develop their practices and how they can improve their performance. Like other business organizations, HEIs have used a variety of methods for improving and developing the practices, services, managerial processes and competitiveness, such as the application of organizational restructuring, the principles of total quality management, re-engineering processes and training [14]. Becoming a learning organization also is an applicable and effective way for many HEIs to improve performance and increase competitiveness [14].

In spite of the rapid advancement and the huge expansion of the several facilities in the higher education sector and the increasing number of students, the Yemeni higher education sector is still facing crucial problems, such as the low quality of the educational process and a decline in institutional performance. In addition, it suffers many imbalances, such as a decline in efficiency, the failure of curriculum and teaching methods, failure to use educational technology, administrative problems, weaknesses in the infrastructure of buildings, equipment and laboratories, learning

resources, libraries, facilities and services and poor access to internet knowledge [15]. These reasons have led to lower levels of higher education outputs, which are no longer in tandem with the needs of the community in the local, regional or international labour markets [16].

Today, the higher education sector in the Arab countries has witnessed numerous changes, such as rapid expansion of HEIs, increasing number of students, the emergence of new patterns of learning, as well as the need to improve educational services and obtain academic accreditation. These challenges have called upon HEIs to adopt the concepts and practices of the learning organization and create a leadership that supports this concept [17]. Higan [18] noted the huge absence of the concept of organizational learning in the management literature of the Arab world. To improve the performance of HEIs, he stressed the importance of transformation of universities to become learning organizations, because the learning organization is extremely important to solve institutional problems. However, in spite of the growing interest in this topic among scholars in various countries around the world, it is still in its infancy stage in management studies in the Arab world [1, 17], particularly in Yemen [19].

As evident in the literature, knowledge transfer and learning represent the most valuable assets in today's organizations [5, 20]. If knowledge transfer is better managed, organized and carried out in learning organizations [21], learning and creation of knowledge will have a prominent place in the organization; people will then transfer knowledge to foster learning in the organization [3]. It can be said that learning organization and knowledge transfer complement each other. This may lead to achieving competitiveness. In other words, this complementary link between learning organization and knowledge transfer within the organization may lead to achieving competitiveness. Generally, very few studies have investigated the learning organization and its relationship with knowledge transfer, such as Hernandez [22] in the industrial sector and Salleh [23] in a single educational institution. However, both were only limited to tacit knowledge, which calls for more research empirically of this relationship.

Therefore, this paper aims to review the role of the learning organization on reinforcing knowledge transfer and improving organizational performance, particularly in HEIs. It also highlights the importance of these issues as a combined approach that organizations can currently adopt to achieve competitive advantage in both the domestic and international environments.

2. Literature review

2.1 The Relationship between Learning Organization and Knowledge Transfer

Based on a review of literature, learning organizations are skilled in learning from current and past experiences and from best practices [24], after which knowledge is transferred in a fast and efficient manner within the organization [5, 24]. Therefore, creating a system or systems that support/s these practices is necessary for it to be applied more effectively in organizations [24]. Developing embedded systems enables the capturing, using and sharing of knowledge, so that the organizations can continue to progress and develop and sustain competitiveness [25, 26]. For sharing knowledge within the organization, knowledge must be transformed from tacit to explicit knowledge [7, 27]. The learning organization can facilitate the processes of knowledge transfer by encouraging inquiry and dialogue and discussions among the members in the organization [21, 24]. Garvin [24] indicated that the learning organization is built on different skills that generate the processes of knowledge creation, acquisition and transfer. Learning organizations create more new avenues for speaking, listening, inquiring and questioning of experience [28]. Thereafter, this automatically creates many ways to transfer knowledge from one person to another throughout the organization [5]. This indicates that new knowledge can be transferred more effectively in the learning

organization. In the absence of learning organization characteristics, such as strategic leadership, embedded systems, team learning and systems connection, it will be difficult to manage, distribute and categorize knowledge available in the organization [21]. Marsick and Watkins [3] stated that learning and creation of knowledge have a prominent place in the organization; knowledge can be disseminated and transferred to foster learning in teams and within the organization. Therefore, knowledge should be accessible and flow both up and down throughout the organization, whether through people or technology [5].

Based on a review of literature and previous empirical studies, it is found that the majority of previous studies have pointed out that the learning organization has an impact on knowledge transfer [22, 23, 29-33]. However, very few studies have investigated the relationship between learning organization and transfer knowledge in HEIs, specifically in Yemen. Therefore, this leads to the following hypothesis:

Proposition 1: There is a significantly positive relationship between the learning organization and knowledge transfer in Higher Education Institutions.

2.1.2 The Relationship between Learning Organization and Organizational Performance

Many promising and innovative practices have been confirmed to have solutions to improve the overall organizational performance [34]. More specifically, today's organizations must adopt like these practices such as a learning organization characteristics. Due to the importance of the learning organization approach to improve organizational performance and create competitive advantage for organizations [3, 35], there is an urgent need for more empirical studies to investigate the effect of the dimensions of learning organization on organizational performance [36, 37]. Learning organization characteristics can enhance an organization's abilities to acquire problem-solving capabilities and behavioural change which can lead to performance improvement at all levels of the organization [23].

Based on the literature review, although several previous empirical studies have proven that the learning organization has a significant relationship with organizational performance in several areas [37-43], nonetheless, inconsistent results are evident in studies that have addressed this relationship in the HEI area, somewhat more compared to other areas [14, 23, 44-47]. Kumar and Idris [44] found that there are positive and significant associations between the learning organization and performance in private HEIs in Malaysia. In addition, the study of Hussein et al. [45], in a public institution of higher education in Malaysia; and Ponnuswamy and Manohar [46], in Indian HEIs, has also found that all learning organization dimensions have a significantly positive association with organizational performance. Another relevant study was carried out by Salleh [23] in Universiti Teknologi MARA, in Malaysia; the results show that continuous learning, leadership and team learning are moderately significant learning organization dimensions on innovation and knowledge performance.

Ali's [14] study of faculty members shows that learning organization characteristics have a moderate impact on the performance of their institutions. The study also concludes that the correlation between learning organization and satisfaction with performance is reasonably significant; the researcher attributed it to the fact that faculty members gave only moderate scores to the various dimensions of the learning organization. Akhtar et al.'s [47] study on HEIs in Pakistan, indicates that two dimensions (systems connection and inquiry and dialogue) have a positively significant impact, whereas another five dimensions have an insignificant impact on organizational performance. In addition, continuous learning and empowerment have a positive but insignificant

impact and the hypotheses on the other five dimensions are rejected. The reason for the insignificant relationship may be due to the fact that most of the respondents did not have sufficient experience and education to make decisions. In addition, the majority of respondents were young (43%). To recapitulate, since there are only a few previous empirical studies that have examined this relationship in HEIs, this study develops its second hypothesis to investigate in-depth the relationship between the learning organization and organizational performance in HEIs as follows:

Proposition 2: There is a significantly positive relationship between the learning organization and organizational performance in Higher Education Institutions.

Based on the literature reviewed, the theoretical framework shown in Figure 1 is proposed:

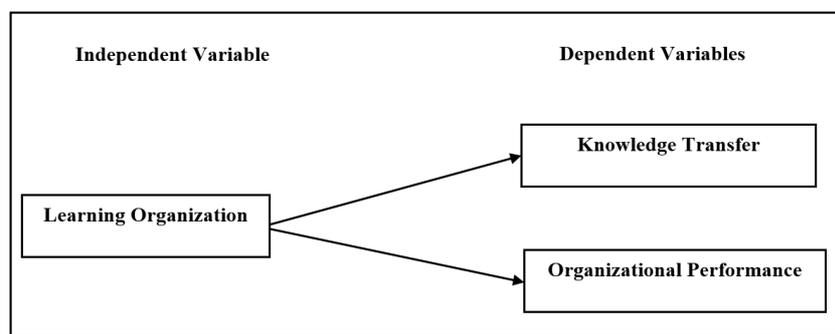


Fig. 1. Proposed conceptual framework for predicting the relationship between the learning organization and knowledge transfer and organizational performance

3. Conclusion

The learning organization approach has been adopted by many organizations as a distinctive hallmark of success and survival in a volatile environment because of its ability to adapt and keep up with changes. Organizations have to learn from previous experiences, and become an appropriate place where members at all levels constantly learn as well as engage in new learning processes, thus facilitating knowledge to be transferred smoothly and easily, which in turn, lead to improved performance. Like other business organizations, if HEIs aim to be effective, they have to adopt and create various mechanisms and approaches for improving and developing their practices, services and managerial processes, such as the application of the principles of learning organization, for not only attaining their objectives but for enhancing their competitive level as well.

From the review of studies mentioned above, it can be seen that many previous studies have indicated that the learning organization approach has a significant impact on the transfer of knowledge and organizational performance, but only a few studies have addressed the impact of learning organization on the transfer of knowledge and organizational performance in the context of HEIs, particularly in Yemen. In addition, the application of the learning organization concept as a managerial concept has not attracted the attention of researchers in the field of higher education. Thus, HEIs must pay more attention to this concept and its application, so that they can overcome

current and other potential problems resulting from the rapid and complex changes in the environment. On this basis, this study mainly focuses on the relationship between the learning organization and knowledge transfer processes and organizational performance, from the perspective of HEIs in Yemen. It would be very interesting to explore the role of these variables in translating the aims of HEIs to become learning organizations with improved performance and sustained competitive edge.

References

- [1] Harrim, Hussein M. "Relationship between Learning Organization and Organizational Performance: Empirical Study of Pharmaceutical Firms in Jordan." *Jordan Journal of Business Administration* 6, no. 3 (2010): 405–25.
- [2] Garvin, David A, Amy C Edmondson, and Francesca Gino. "Is Yours a Learning Organization?" *Harvard Business Review* 86, no. 3 (2008): 109–17.
- [3] Marsick, Victoria, and Karen Watkins. "Demonstrating the Value of an Organization's Learning Culture: The Dimensions of the Learning Organization Questionnaire." *Advances in Developing Human Resources* 5, no. 2 (2003): 132–51.
- [4] Pedler, M., Burgoyne, J. and Boydell, T. *Learning Company: A Strategy for Sustainable Development*. 2nd Ed. London: McGraw-Hill, 1997.
- [5] Marquardt, Michael J. *Building the Learning Organization: Mastering the 5 Elements for Corporate Learning*. 2nd ed. Palo Alto, CA: Davies-Black Publishing, 2002.
- [6] Delfmann, Heike, and Sierdjan Koster. "Knowledge Transfer between SMEs and Higher Education Institutions: Differences between Universities and Colleges of Higher Education in the Netherlands." *Industry and Higher Education* 26, no. 1 (2012): 31–42.
- [7] Argote, Linda, and Paul Ingram. "Knowledge Transfer: A Basis for Competitive Advantage in Firms." *Organizational Behavior and Human Decision Processes* 82, no. 1 (2000): 150–69.
- [8] Amin, Nagat. "Higher Education in Sudan and Knowledge Management Applications." *Information Communication Technologies* 2, no. 1 (2006): 60–65.
- [9] Muizer, Arnoud. "Knowledge Transfer." In *Entrepreneurship in the Netherlands: Knowledge Transfer: Developing High-Tech Ventures*, 21–36. Amsterdam: Ministry of Economic Affairs., 2003.
- [10] Suryadi, Kadarsah. "Framework of Measuring Key Performance Indicators for Decision Support in Higher Education Institution." *Journal of Applied Sciences Research* 3, no. 12 (2007): 1689–95.
- [11] Bui, H. T. M., and Y. Baruch. "Learning Organizations in Higher Education: An Empirical Evaluation within an International Context." *Management Learning* 43, no. 5 (2012): 515-544.
- [12] Royo, M. A., and M. Jabor. "Augmenting Entrepreneurial Learning among Postgraduate Students in Research University." *Journal of Advanced Research in Business and Management Studies* 1, no. 1(2015): 25-33.
- [13] Meek, L, U Teichler, and Mary-louise Kearney. "Higher Education, Research and Innovation: Changing Dynamics." Report on the UNESCO Forum on Higher Education, Research and Knowledge. International Centre for Higher Education Research. Kassel, 2009. http://www.uni-kassel.de/incher/v_pub/UNESCO_RR_09.pdf.
- [14] Ali, Ali Khamis. "Academic Staff's Perceptions of Characteristics of Learning Organization in a Higher Learning Institution." *International Journal of Educational Management* 26, no. 1 (2012): 55–82.
- [15] Supreme Council for Educational Planning. "Education Indicators of the Republic of Yemen: Stages and Various Types for the Year 2012 \ 2013." Sana'a: Prime Ministry, 2014.
- [16] World Bank. "Republic of Yemen Education Status Report Challenges and Opportunities." Washington, 2010. <https://openknowledge.worldbank.org/bitstream/handle/10986/18516/571800WPOYemen10Box353746B01PUBLIC1.pdf?sequence=1>.
- [17] Al-Zahrani, Abdullah. "A Model of Learning Organization in Saudi Public Universities: Leadership Role." Paper presented at The 2015 WEI International Academic Conference Proceedings, Barcelona, Spain: The West East Institute, 2015.
- [18] Higan, A. A. "Organizational Learning: Approach to Build Learning Organization." *Public Administration Journal* 37, no. 4 (1998): 681–705.
- [19] Abdullah, Khaled, and Norliya Ahmad Kassim. "Perceptions of Organizational Learning Practices among Yemeni University Librarians." *Malaysian Journal of Library and Information Science* 13, no. 1 (2008): 77–90.
- [20] Genç, Nurullah, and N. Öykü İyigün. "The Role of Organizational Learning and Knowledge Transfer in Building Strategic Alliances: A Case Study." *Procedia Social and Behavioral Sciences* 24 (2011): 1124–33.
- [21] Alipour, Farhad, Khairuddin Idris, and Roohangiz Karimi. "Knowledge Creation and Transfer: Role of Learning Organization." *International Journal of Business Administration* 2, no. 3 (2011): 61–67.

- [22] Hernandez, Miguel. "Assessing Tacit Knowledge Transfer and Dimensions of a Learning Environment in Colombian Businesses." *Advances in Developing Human Resources* 5, no. 2 (2003): 215–21.
- [23] Salleh, Kalsom. "Learning Organization and Knowledge Management: Transfer Process of Tacit Knowledge in Public University for Academic Excellence." Paper presented at the International Conference on Intellectual Capital and Knowledge Management and Organisational Learning, (347-353). UK., 2014.
- [24] Garvin, David A. "Building a Learning Organization." *Harvard Business Review* 71, no. 4 (1993): 78–91.
- [25] Goh, Swee C. "Toward a Learning Organization: The Strategic Building Blocks." *SAM Advanced Management Journal* 63, no. 2 (1998): 15–22.
- [26] Calantone, Roger J., S. Tamer Cavusgil, and Yushan Zhao. "Learning Orientation, Firm Innovation Capability, and Firm Performance." *Industrial Marketing Management* 31, no. 6 (2002): 515–24.
- [27] Nonaka, Ikujiro. "A Dynamic Theory Knowledge of Organizational Creation." *Organization Science* 5, no. 1 (1994): 14–37.
- [28] Watkins, Karen, and V. J. Marsick. *Sculpting the Learning Organization: Lessons in the Art and Science of Systemic Change*. San Francisco: Jossey-Bass, 1993.
- [29] Zhang, Han. "Organizational Learning, Organizational Structure, and Knowledge's Transfer." Paper presented at the 4th International Conference on Wireless Communications, Networking and Mobile Computing, China., 2008.
- [30] Rhodes, Jo, Peter Lok, Richard Yu-Yuan Hung, and Shih-Chieh Fang. "An Integrative Model of Organizational Learning and Social Capital on Effective Knowledge Transfer and Perceived Organizational Performance." *Journal of Workplace Learning* 20, no. 4 (2008): 245–58.
- [31] Noruzy, Ali, Vahid Majazi Dalfard, Behnaz Azhdari, Salman Nazari-Shirkouhi, and Aliasghar Rezazadeh. "Relations between Transformational Leadership, Organizational Learning, Knowledge Management, Organizational Innovation, and Organizational Performance: An Empirical Investigation of Manufacturing Firms." *International Journal of Advanced Manufacturing Technology* 64, no. 5–8 (2013): 1073–85.
- [32] Bates, Reid, and Samer Khasawneh. "Organizational Learning Culture, Learning Transfer Climate and Perceived Innovation in Jordanian Organizations." *International Journal of Training and Development* 9, no. 2 (2005): 96–109.
- [33] Egan, T, B Yang, and K Bartlett. "The Effects of Organizational Learning Culture and Job Satisfaction on Motivation to Transfer Learning and Turnover Intention." *Human Resource Development Quarterly* 15, no. 3 (2004): 279–301.
- [34] Faiz G. A. "The role of market orientation on the relationship between total quality management dimensions and organizational performance : A study on banks in Libya Akademia Baru." *Journal of Advanced Research in Business and Management Studies* 1, no. 1(2016): 47–56.
- [35] Watkins, Karen E, and J. O'Neil. "The Dimensions of the Learning Organization Questionnaire (DLOQ): A Nontechnical Manual." *Advances in Developing Human Resources* 15, no. 2 (2013): 133–47.
- [36] Davis, Deborah, and Barbara J. Daley. "The Learning Organization and Its Dimensions as Key Factors in Firms' Performance." *Human Resource Development International* 11, no. 1 (2008): 51–66.
- [37] Wang, Xiaohui, and Baiyin Yang. "The Culture of Learning Organizations in Chinese State-Owned and Privately-Owned Enterprises: An Empirical Study." *Frontiers of Business Research in China* 1, no. 2 (2007): 275–99.
- [38] Abu-Khadra, Marah F., and Ibrahim A. Rawabdeh. "Assessment of Development of the Learning Organization Concept in Jordanian Industrial Companies." *The Learning Organization* 13, no. 5 (2006): 455–74.
- [39] Awasthy, Richa, and Rajen K. Gupta. "Dimensions of the Learning Organization in an Indian Context." *International Journal of Emerging Markets* 7, no. 3 (2012): 222–44.
- [40] Ellinger, Andrea D, Alexander E Ellinger, Baiyin Yang, and Shelly W Howton. "The Relationship between the Learning Organization Concept and Firms' Financial Performance : An Empirical Assessment." *Human Resource Development Quarterly* 13, no. 1 (2002): 5–22.
- [41] Lien, Ya-Hui Bella, Yu-Yuan Richard Hung, Baiyin Yang, and Mingfei Li. "Is the Learning Organization a Valid Concept in the Taiwanese Context?" *International Journal of Manpower* 27, no. 2 (2006): 189–203.
- [42] Qawasmeh, Farid M., and Ziad S. Al-Omari. "The Learning Organization Dimensions and Their Impact on Organizational Performance: Orange Jordan as a Case Study." *Arab Economic and Business Journal* 8, no. 1–2 (2013): 38–52.
- [43] Weldy, Teresa G., and William E. Gillis. "The Learning Organization: Variations at Different Organizational Levels." *The Learning Organization* 17, no. 5 (2010): 455–70.
- [44] Kumar, Naresh, and Khairuddin Idris. "An Examination of Educational Institutions' Knowledge Performance: Analysis, Implications and Outlines for Future Research." *The Learning Organization* 13, no. 1 (2006): 96–116.
- [45] Hussein, Norashikin, Safiah Omar, Fauziah Noordin, and Noormala Amir Ishak. "Learning Organization Culture, Organizational Performance and Organizational Innovativeness in a Public Institution of Higher Education in Malaysia: A Preliminary Study." *Procedia Economics and Finance* 37, no. 16 (2016): 512–19.
- [46] Ponnuswamy, Indra, and Hansa Lysander Manohar. "Impact of Learning Organization Culture on Performance in Higher Education Institutions." *Studies in Higher Education* 41, no. 1 (2014): 21–36.

-
- [47] Akhtar, Shoaib, Ahmed Arif, Erum Rubi, and Shaheryar Naveed. "Impact of Organizational Learning on Organizational Performance: Study of Higher Education Institutes." *International Journal of Academic Research* 3, no. 5 (2011): 327–31.