



Impact of Organizational Learning on Business Performance: A study of selected healthcare organizations

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ABSTRACT

Purpose – The purpose of this study is to examine the impact of organizational learning (OL) on business performance (BP) of selected healthcare organizations of Uttarakhand.

Design/methodology/approach – A self-administered questionnaire was used to gather the sample data. Two constructs (OL and BP) were measured using 30 items. The sample comprised of 200 doctors and management members of selected 40 healthcare organizations of Uttarakhand. Descriptive statistics and regression analysis were used for data analysis.

Findings – The results demonstrate that there is a strong and statistically significant impact of organizational learning on business performance in healthcare organizations of Uttarakhand. In another words, those organizations which systematically invest in organizational learning results in better business performance.

Research limitations/implications – The generalization of the present research is constrained by the presence of possible biases of the participants, and the regional-constrained data that was collected and thus focused on Uttarakhand state only. Thus, the features of the surveyed healthcare organizations may be different from those in other areas of country.

KEYWORDS : Organizational Learning (OL), Business Performance (BP), Healthcare Organizations

1. Introduction

Organizational learning is a crucial factor to be managed proactively by the organizations for its survival in future and increased business performance. Learning encourages people in developing their problem solving abilities and supports to enhance quality of their actions and their performance. Watkins and Marsick, (1996) stated that organizational learning is the process of acquiring, interpreting, distributing and making meaning of information. Developing knowledgeable or skilled workforce is an effort of continuous learning that may create competitive advantage in the long run for the organization and imparts success in overall business performance. Organizational learning prioritizes the creation and acquisition of new knowledge, and emphasizes the role of people in the creation and utilization of that knowledge (Denton, 1998). Thus, organizational learning offers an important route to competitive advantage, performance and success for the organizations (Dunphy and Griffiths, 1998). Senge (1990) concluded that over the long run in an organization the superior learning leads to superior performance.

Learning and performance always try to establish the linkage. Learning is an essential part of healthcare organizations which encourages the employees in developing problem solving abilities and supports to enhance quality of their actions and performance. Healthcare is one of the most knowledge intensive industries of the world. Healthcare sector is growing rapidly and is expected to touch US\$ 160 billion by 2017 (Ibaf reports). In India, the country hospitals accounts for 71 percent of the total healthcare revenues. This prompt development is therefore creating a huge demand for improving the performance of hospitals which requires learning at every stage. The difference between a healthcare organization and any other firm is the fact that unlike other businesses, healthcare is not solely driven by profits but imparts quality service and serves humanity as a whole. There are few authors who approach this issue but not enough attention has been given to the relationship between the organizational learning and business performance of healthcare industry in India so far.

2. Literature Review

Argyris and Schon, (1978), stated that organizational learning is a process of detecting and correcting errors. Huber (1991), concluded that organizations are perceived to have information processing

capacity to acquire, interpret, distribute, and store information throughout the organization. Bontis, (1999) asserted organizational learning as the process through which stocks and flows of knowledge are managed to increase business performance. Organizational learning is defined as the capacity or processes within an organization to maintain or improve performance based on experience (Dibella, 1998). Organizational learning is considered to be one of the fundamental sources that increase business performance of an organization.

The literature reviewed has created an impression that organizational learning has a significant impact on business performance (Singh & Singh, 2016; Pokharel and Choi, 2015; Nafei, 2015; Farsani et al., 2013; Ramirez, et al., 2011; Michna, 2009; Hernaus et al., 2008; Khandekar and Sharma 2006; Škerlavaj, 2006; Dimovski and Škerlavaj, 2005; Akhilesh et al., 1995). Singh & Singh (2016) affirmed in their study that there is statistically significant impact of organizational learning on business performance (non-financial) in healthcare organizations of Haridwar and Dehradun districts of Uttarakhand state. Pokharel and Choi (2015) conducted a study in Virginia and concluded that organizational learning is positively associated with organizational performance (penetration rate). Further, the study indicated that among the three levels of learning (individual, group and organizational learning), organizational-level learning had a mediating effect on the relationships between individual and group-level learning and organizational performance. Nafei (2015) explored in a study conducted in Egypt that, the aspects of organizational learning (adaptive organizational learning and generative organizational learning) had a direct and significant effect on organizational performance (comparative performance and internal performance). Farsani et al. (2013) investigated that there is a strong, positive and significant relationship between overall organizational learning and organizational performance in physical education organizations of Isfahan. The study also revealed that employees' measures are most strongly related with learning capability of an organization than the financial measures. Goh et al. (2012) found a positive relationship between organizational learning capability and organizational performance where the non-financial performance (innovation, efficiency, job satisfaction and others) was strongly related to organizational learning capability than the financial performance. Ramirez, et al. (2011) found that

organizational learning is positively related to organizational performance in social councils of Spanish public universities. The study further stated that higher emphasis on OL equates to higher performance in the organization. Michna (2009) conducted a study on top managers of 211 SME's that were members of Regional Chamber of Commerce in Katowice (RIG) in Poland. The study confirmed that there is a relationship between organizational learning and SME's business performance. Goh and Ryan (2008). Hernaus et al. (2008) explored that organisations with development of their learning processes consistently increase their performance. They also revealed that employees' measures are the most strongly related with organizational learning process. Skerlavaj (2006) conducted a study focussed upon the relationship between organizational learning process (OI) and organizational performance from the employee perspective (Emp) and explored that there is a statistically significant and positive influence of organizational learning on performance from employee perspective. The results further stated that companies that invest more efforts in achieving higher level organizational learning gain both in financial and non-financial terms. Bhatnagar (2006) conducted a study on selected 50 Indian organizations from the National capital region of India. The sample comprised of 612 managers from the Government sector, the private sector and the multinational sector. The study asserted that there is a relationship between organizational learning capability and firm performance. Khandekar and Sharma (2006) conducted a study on three Indian global firms operating in National Capital Region of Delhi, India and explored that the organizational learning has a positive correlation with organizational performance. Akhilesh et al. (1995) while discussing about performing organizations, focused on the need to create learning organizations for building learning capabilities and competencies.

Various studies that explored the impact of organizational learning on business performance differs on the two perspective of performance i.e., financial performance (FP) and non-financial performance (NFP) (Bontis, 1999; Goh, 2001; Hult et al., 2003; Ngo and Loi, 2008; Wu and Fang, 2010; Goh et al., 2012, Pokharel and Choi, 2015). Bontis (1999) concluded that performance can be measured by two aspects which include (i) economic/ financial results, and (ii) non- financial performance. Goh studied job satisfaction as a measure of NFP. Hult et al. and Wu and Fang focused upon the non-financial outcomes such as employee innovation and efficiency. Goh et al. classified the financial performance as Competitiveness, profitability, profit growth, sales growth, ROI and ROE and non-financial performance as innovation, efficiency, job satisfaction, and others (Includes measures that did not fit in the other three variables). Pokharel and Choi studied the dependent variable (organizational performance) as penetration ratio. Ngo and Loi (2008) suggested market- related aspects along with the human related aspects of business performance such as employee satisfaction, employee retention, customer satisfaction and customer retention that has been considered in this study.

3. Objective

To investigate the impact of organizational learning on business performance in healthcare organizations.

4. Hypothesis

H₀: There is no significant impact of organizational learning on business performance in healthcare organizations.

5. Research Methodology

Population: The population consists of doctors and senior managerial employees of selected healthcare organizations of Uttarakhand.

Sample size: The sample comprises 200 doctors and senior managerial employees of selected 40 healthcare organizations located in Udham Singh Nagar and Nainital districts of Uttarakhand.

Sampling technique: Simple random sampling technique has been employed for selecting sample informants.

Statistical Techniques: Mean, standard deviation and regression analysis were used for the data analysis.

Measures: The data for the measures of the variables (organizational learning and business performance) of healthcare organizations is collected through a self-designed questionnaire using five-point Likert scale, where 1 represents "strongly disagree" and 5 represents "strongly agree". Fourteen items for measuring OL were modified from the study of Basim, Sesen and Korkmazurek (2007) and to measure business performance, sixteen items were modified from the scale developed by Bontis (1999). Reliability of the questionnaire was tested through Cronbach's Alpha (0.825). The generally accepted level of reliability is 0.70 (Nunnally). The values for the scales are greater than 0.7, indicating the high reliability of the scale.

Instrument: A total of 200 questionnaires were distributed to the managers and doctors of selected fourty hospitals and nursing homes in Udham Singh Nagar and Nainital districts of Uttarakhand state. Out of 200, a total of 157 questionnaires were returned. 18 questionnaire were discarded as they were incomplete/ double marked. This resulted in the total usable sample size of 139 participants from selected healthcare organizations with a response rate of 69.5 %. Out of the 139 questionnaires 79 (56.83 %) were male and 60 (43.17 %) were female.

6. Analysis & Interpretation

Regression analysis was performed on the data. Table 1-3 presents the results of regression analysis.

Table 1 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.776 ^a	.603	.601	6.70711

a. Predictors: (Constant), OL

Table 1 shows the adjusted R², which indicates the percentage of the variance in the Business Performance explained by Organizational Learning. Adjusted R square value is 0.601 which indicates that independent variable organizational learning accounts for 60.1% of the variance in the business performance.

Table 2: ANOVA

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	12357.762	1	12357.762	274.706	.000b
	Residual	8142.347	181	44.985		
	Total	20500.109	182			

a. Dependent Variable:

BP b. Predictors: (Constant), OL

Table 2 shows the value of F-test which determines whether the model is a good fit for the data. In other words, ANOVA assess the overall significance of the regression model. From the table it was found that the value of F (274.706, p< 0.05). Thus, the model is significant and shows that the performance has significant and positive impact on business performance

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.608	4.476		4.157	.000
	OL	1.535	.093	.776	16.574	.000

a. Dependent Variable: BP

Table 3 shows the contribution of the organizational learning on business performance in the selected healthcare organizations. The unstandardized regression coefficients, *b* in a regression model indicates the strength of the extent of impact of the independent variable (OL) on the dependent variable (BP), when all other independent variables are held constant.

A linear regression equation between a dependent variable (business performance) and independent variable (organizational learning) as follows:-

The regression equation has the following form:-

$$BP = a + b \text{ OL} \quad \dots (1)$$

The resulting regression equation is:

$$BP = 18.608 + 1.535 \text{ OL} \quad \dots (2)$$

Where, BP = Business performance

OL = Organizational Learning

The equation (2) indicates that if organizational learning changes by one unit, there will be 1.535 units increase in the business performance. The coefficient is positive for organizational learning, hence it indicates the positive relationship between the independent variable (OL) and dependent variable (BP).

The t-value indicates the individual regression coefficient in the model. It shows whether the independent variable (organizational learning) is a significant predictor of the dependent variable (business performance). The results of the t-value confirm that OL ($t = 4.157$; $P = .000 < .005$) is significant at 0.05 level.

The results of the Standardized Beta value (β) indicates the impact of organizational learning on business performance. Since, $p = .000 < .005$, $F = 274.706$, $p < .05$, Adjusted R square = .601, it can be concluded that business performance has significant and positive impact on business performance as the Standardized Beta value (β) is 0.776.

7. Results and Discussion

The results indicate that there is a statistically significant impact of organizational learning on business performance. The results of the study are supported by previous studies (Skerlavaj, 2006; Jyotibabu et al. 2012; Goh et al., 2012; Pokharel & Choi, 2015; Singh & Singh, 2016). Singh & Singh (2016) reported that organizational learning significantly affects the business performance in healthcare organizations. Skerlavaj (2006) affirmed a statistically significant and positive impact of organizational learning on performance from employee perspective. Jyotibabu et al. (2012) confirms that the contribution of organizational level learning to business performance is much higher than that of individual level learning. Goh et al., (2012) concluded that there is a positive relationship between learning capability and non-financial business performance. Pokharel & Choi (2015) found that the organizational level learning has a positive impact on organizational performance. This study has significant implications for justifying the investment in organizational learning in healthcare organizations.

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