

“Role of learning organizations in business excellence in information technology companies”

Sreeja Kochumadhavan 



AUTHORS

Hemalatha Krishnamoorthy Gunasekaran 



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Sreeja Kochumadhavan, MBA,
Research Scholar, Department of
Management Studies, Dayananda Sagar
College of Engineering, Visvesvaraya
Technological University, India.
(Corresponding author)

Hemalatha Krishnamoorthy
Gunasekaran, Ph.D., Professor,
Department of Management
Studies, Dayananda Sagar College
of Engineering, Visvesvaraya
Technological University, India.



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Sreeja Kochumadhavan (India), Hemalatha Krishnamoorthy Gunasekaran (India)

ROLE OF LEARNING ORGANIZATIONS IN BUSINESS EXCELLENCE IN INFORMATION TECHNOLOGY COMPANIES

Abstract

Learning-oriented organizations, which give precedence to acquiring, sharing, and applying knowledge, assume a pivotal role in assisting enterprises in managing it through this ever-changing landscape. This study investigates the link between learning organizations, business excellence, and organizational performance in India's information technology (IT) sector. This study is a descriptive one and based on primary data collected from 384 employees working in IT companies in Bangalore. The findings revealed significant correlations between learning organization and business excellence ($r = 0.922$) and suggest that organizations with a strong learning culture tend to excel in business performance. Additionally, the study highlights variations in perceptions based on employees' tenure, management level, annual revenue, and workforce size. The study revealed that learning organization significantly impacts the excellence of businesses ($r^2 = 0.851$). The paper underscores the importance of fostering learning organizations in achieving business excellence and offers valuable insights for IT companies seeking to enhance their competitive edge. Further research in diverse contexts and industries is recommended to enhance the comprehension of the relationship between organizational learning and performance.

Keywords

learning organization, business excellence, information technology, companies, India

JEL Classification

M53, L21, O33, L25, L86, O53

INTRODUCTION

Businesses must modify their methods daily to remain significant and ahead of the competition. Hence, modern enterprises emphasize flexibility and constant evolution to ward off stagnation and interruptions. Firms that adopt a learning-centric approach are more prepared to manage and adjust to change, ensuring success in an increasingly unpredictable economy. A learning organization generates, observes, shares, and applies knowledge, enabling it to adjust to new situations. Such organizations promote the ongoing education of their members and are always evolving. Organizations need to embrace emerging technologies and competition to maintain a competitive advantage. Organizational learning unfolds across personal, group, and organizational layers through intuiting, interpreting, integrating, and institutionalizing (Bratianu, 2015). A learning organization refers to an organization that prioritizes personal and professional growth through knowledge transfer. Inadequate learning processes may result in misleading implications (Basten & Haamann, 2018). An organization that seamlessly weaves together all aspects of organizational learning to form a cohesive structure, aiming to achieve a lasting competitive edge, is termed a learning organization (Bratianu, 2015). Organizational learning centers on the procedure, while knowledge management emphasizes the substance of the knowledge an organi-

zation gathers, develops, utilizes, and disseminates (King, 2020). There is a significant connection between creative organizations, learning organizations, and business excellence (Eskildsen et al., 1999). A sound learning environment must focus on people, organizational, and strategic excellence (Deiser, 2011). Business excellence is a prominent way of achieving a competitive advantage for organizations (Pozega et al., 2014). The learning organizations possess an association with the performance of organizations (Pham & Hoang, 2019). Thus, the learning organization, business excellence, and performance of organizations are related.

1. LITERATURE REVIEW

Academicians and researchers have conducted numerous studies on knowledge management, organizational learning, and competitive advantage. Numerous research endeavors have also explored the link between learning organizations and business excellence across various industries. However, the research studies provide distinct results. Every business entity varies in its specific areas of strength, expertise, and weaknesses, setting them apart (Genç & İyigün, 2011; Alfarizi et al., 2023; Koblanska et al., 2023). The process of sharing, integrating, growing, verifying, and utilizing personal knowledge among individuals evolves into collective or community knowledge (Barker, 2011). Regardless of the type of organization, each employee has undergone some selection process to attain their roles. However, assuming that these employees possess sufficient knowledge can hinder organizational growth (Yaşlıoğlu et al., 2014; Karabayev et al., 2023).

Initially, organizational learning was understood as detecting and correcting errors within the organization. However, a consensus has been reached, defining a learning organization as one that enhances operations by generating and assimilating knowledge (Pham & Hoang, 2019). A business organization acknowledges learning when recognizing that knowledge creation and acquisition boosts its potential (Genç & İyigün, 2011).

Organizational learning can be routine-based, based on previous experiences, or goal-oriented. It involves a cognitive and behavioral process of acquiring new insights (Barker, 2011). The concept of organizational learning pertains to an organization's capacity, through its members, to gain new insights and act upon them (Barker, 2011). It emphasizes strategic knowledge creation, capture, and internalization within the organization

(Basten & Haamann, 2018). Organizational learning is the ultimate objective of knowledge management (King, 2020). Organizational structure, culture, and leadership affect organizational learning (Bandyopadhyay, 2014). Building and maintaining a creative and learning-oriented organization is crucial for business excellence (Barnawi, 2022).

Organizational learning aims to enhance knowledge, practices related to knowledge, organizational behaviors and decisions, and overall performance (King, 2020). A learning organization amalgamates collective intelligence and commitment at every level to gain a competitive edge (Genç & İyigün, 2011). Motivating employees to seek and creatively utilize information is central to becoming a learning organization (Yaşlıoğlu et al., 2014). The size and structure of an organization could be crucial to its learning process (Basten & Haamann, 2018).

Knowledge management involves deliberate efforts to organize, encourage, and regulate human resources within the organization to enhance its knowledge-based assets (King, 2020). The primary goal of knowledge management is to foster continuous improvement of the organization's knowledge resources and transform them into a learning organization (Luhman & Cunliffe, 2013). It has been determined that an organization's ability to learn has a positive effect on its business performance. Notably, half of the learning capability dimensions directly correlate positively with performance (Pham & Hoang, 2019).

The current corporate learning paradigm emphasizes the creation of personnel excellence, ensuring that the qualifications, skills, and abilities of a company's workforce consistently align with the firm's strategic needs (Barnawi, 2022). Fostering personnel excellence is a crucial aspect of learning, yet it does not fully meet an organization's

learning and developmental requirements. Even the most talented and capable individuals will not perform optimally if organizational stagnation, complex hierarchical structures, inefficient decision-making processes, or an atmosphere of suspicion and scheming constrain them. Unless it contributes to the organization's overall structure, corporate learning lacks potency and effectiveness (Barnawi, 2022). Despite long years of research affirming the positive correlation between adopting an organizational excellence model and enhancing organizational performance, a significant challenge persists.

The study seeks to explore how the concept of a learning organization, which emphasizes continuous learning, adaptation, and knowledge sharing, influences the overall excellence of IT businesses in India. It also identifies how learning organizations contribute to the success, innovation, and competitiveness of IT companies operating in the Indian market.

2. METHODS

This study is built upon primary data gathered from employees employed in IT companies in Bangalore, Karnataka, India. These data were obtained through a questionnaire. The study has a cross-sectional design.

The target population comprises employees in information technology firms. The sample size was calculated using Krejcie and Morgan's formula, resulting in a sample of 384 (Krejcie & Morgan, 1970). The selection of participants involved judgment sampling, using a structured questionnaire method to collect primary data from the employees working in information technology companies in Bangalore. To gather this information, 742 questionnaires were distributed. The data collection took place from March 2022 to October 2022. Among the 423 responses received, 39 were excluded due to incomplete information provided by the respondents. Consequently, the research considered a total of 384 responses.

Learning organization perceptions of the employees have been measured by the scale developed by Yang et al. (2004). Twenty-five items with a five-

point scale are there on this scale. Continuous learning, dialogue and inquiry, team learning and collaboration, embedded systems, empowerment, systems connections, and strategic leadership are the sub-dimensions of the learning organization. Further, business excellence is computed through the scale of Kanji and Wong (1999), which has fifteen statements. Leadership, customer delight, management by fact, people-based management, and continuous improvement are the sub-dimensions of business excellence.

The Cronbach's alpha scores represent the reliability of variables, including learning organizations and business excellence, correspondingly 0.967 and 0.753. The main study was conducted as the alpha scores were satisfactory.

3. RESULTS AND DISCUSSION

The gathered data were assessed for normality. The examination of normality reveals that perceptions related to learning organizations and business excellence are roughly normally distributed.

Of the total participants, males account for 56.5%, and females make up 43.5%. Regarding their experience, 36.2% of the participants have worked for 6 to 10 years, 35.2% have more than 10 years of experience, 16.1% have worked for 4 to 5 years, 10.4% have 2 to 4 years of experience, and 2.1% have a maximum of one year of experience.

57.3% of the participants hold supervisory positions, 17.4% are in senior management, 12.8% hold technical jobs, and 12.5% are in mid-level management roles. The participants also vary in terms of the size of the businesses they work in. 34.1% work in businesses with an annual turnover between INR 101 crores and 500 crores, 33.9% are in businesses earning over INR 500 crores annually, 16.9% work in businesses generating between INR 51 crores and 100 crores annually, 10.2% work in businesses that earn between INR 1 crore and 100 crores per year, and 4.9% work in businesses that make up to INR 1 crore annually.

Regarding their working location, 54.7% of the participants work in Indian businesses, whereas 45.3% work in multinational corporations.

Regarding the size of the employee base, 50% of the participants work in businesses with over 5,000 employees. 36.2% work in businesses with a workforce ranging from 1001 to 5000, 11.7% work in businesses with 501 to 1,000 employees, and 2.1% work in businesses that employ 151 to 500 individuals.

A learning organization is predicated on an organizational culture that aims to foster a knowledge-creation system. This culture encompasses values, beliefs, practices, and customs within an organization, as well as the behaviors that mold them. When these factors are synthesized through learning, an organizational learning culture emerges. In today's fluctuating dynamic landscape, empowering and inspiring employees rather than simply managing them is crucial. The perspectives of IT and ITES employees concerning learning organizations and business excellence are examined. It also investigates if there exist any variations in their views based on specific demographic and business-related attributes. These attributes include gender, length of employment, hierarchical level, organizational type, annual revenue, and workforce size. The results of differences in learning organization perceptions (Table 1) based on personal attributes reveal that they significantly differ based on length of employment, hierarchical level, annual revenue, and workforce size of the organization. However, no significant difference exists in learning organization perceptions of the sample units based on gender and organizational type.

Table 1. Learning organization perceptions

Factors	P-value	Result
Gender	0.879	No variance
Organization Type	0.987	No variance
Length of Employment	0.000	Variance exists
Hierarchical Level	0.010	Variance exists
Annual Revenue	0.000	Variance exists
Workforce Size	0.000	Variance exists

The results of differences in business excellence perceptions based on personal attributes reveal that they significantly differ based on length of employment, hierarchical level, annual revenue, and workforce size of the organization (Table 2). However, no significant difference exists in busi-

ness excellence perceptions of the sample units based on gender and organizational type.

Table 2. Business excellence perception

Factors	P-value	Result
Gender	0.922	No variance
Organization Type	0.312	No variance
Length of Employment	0.000	Variance exists
Hierarchical Level	0.033	Variance exists
Annual Revenue	0.000	Variance exists
Workforce Size	0.001	Variance exists

The perceptions of IT and ITES employees regarding learning organizations have a strong and positive correlation with their perceptions of business excellence, demonstrated by a correlation coefficient of 0.922.

A straightforward linear regression analysis was undertaken to understand the influence of perceived learning organizations on perceived business excellence in IT and ITES companies in India. In this part of the analysis, the dependent variable is the perception of business excellence. In contrast, the independent variable is the employees' perception of learning organizations within IT and ITES companies. Table 3 provides the model summary, detailing values for correlation, regression value, adjusted regression value, and the standard error of the estimate. The regression value (r^2) represents the proportion of variation in the outcome variable (dependent variable) that is accounted for by the linear mix of predictor variables (independent variables). Model 1 showcases a regression value of .851, demonstrating the variation explained by the perceptions of learning organizations.

Table 5 illustrates that chosen independent variables, specifically the perceptions of learning organizations, substantially influence the perceptions of business excellence. Additionally, the one-way ANOVA (F test) in Table 4 for Model 1 exhibits a statistically significant p-value of 0.000.

Therefore, perceptions of learning organizations have a notable influence, accounting for 85.1% of the impact on business excellence in IT and ITES firms in India. Additionally, there is no concern about multicollinearity, as the Variance Inflation Factor (VIF) for learning organization in model 1 is 1.000, significantly below the threshold of 5.

Table 3. Model summary

Model	Correlation	Regression Value	Adjusted Regression Value	The standard error	Durbin-Watson
1	.922 ^a	.851	.851	.24236	1.841

Note: Outcome variable: Business Excellence, Predictor: Learning organization.

Table 4. ANOVA

	Model	SS	DF	MS	F-value	Significance
1	Regression	128.04	1	128.05	2180.01	.000 ^b
	Residual	22.439	382	.059		
	Total	150.493	383			

Note: a. Outcome variable – Business excellence. b. Independent variable: Learning organizations.

Table 5. Coefficients

	Model	USC		SC	T	Sig.	VIF
		B	SE	Beta			
1	(Constant)	-.276	.095		-2.903	.004	
	Learning organizations	1.077	.023	.922	8.808	.000	1.000

Note: a. Dependent variable: Business excellence.

Table 6. Regression residuals

Variable	Min	Max	Mean	SD	N
Projected Value	2.5241	5.1092	4.1321	.57823	384
Remaining Value	-61661	.70946	.00000	.24205	384
Std. Projected Value	-2.781	1.690	.000	1.000	384
Std. Remaining	-2.544	2.927	.000	.999	384

Note: a. Dependent variable: Business Excellence.

A residual refers to the discrepancy between the actual observed value of the dependent variable and the value predicted by the independent variable. Each data point in the study has a corresponding residual. The sum and average of these residuals are both zero. As depicted in Table 6, the mean of the residuals for the predicted value is 0.00000, and the mean of the standard residual is also 0.0000. Thus, the study can deduce that the simple regression analysis satisfies the fundamental prerequisites for this type of analysis.

This study is designed to measure and analyze the correlation between the perceptions of learning organizations and the perceptions of business excellence among employees in IT and ITES businesses. Additionally, it evaluates variations in these perceptions among the sample employees based on their personal attributes and business-related characteristics. The findings from the comparative analysis suggest that employees with over 10 years of experience, working at the senior management level in IT

and ITES businesses with an annual turnover exceeding 500 crores and a workforce of more than 5,000, exhibit a higher degree of positive perceptions toward learning organizations. Conversely, employees with up to a year of experience working at a technical job level in IT and ITES businesses where the annual turnover is 1 crore or less and employs between 151 to 500 people display fewer positive perceptions toward learning organizations.

Similar trends are observed in the perceptions of business excellence. At the senior management level, employees with over 10 years of experience in IT and ITES firms with an annual turnover of more than 500 crores and more than 5,000 employees have more positive perceptions of business excellence. On the flip side, those with 2 to 3 years of experience in technical roles in IT and ITES businesses with an annual turnover of 1 crore or less and a workforce between 151 and 500 have less favorable views of business excellence.

The perceptions of IT and ITES employees regarding learning organizations have a strong and positive relationship with their views on business excellence. This shows that the critical variables of the study, namely, perceptions of learning organizations and business excellence, are positively correlated. This supports the relevance of the vari-

ables selected for this paper. Regression analysis indicates that learning organization leads to business excellence. Given the crucial role that learning organizations have in achieving business excellence, IT and ITES companies might consider developing strategies and initiatives that foster organizational learning.

CONCLUSION

The primary aim of this study is to examine how perceptions of learning organizations influence perceptions of business excellence among IT and ITES employees in India. Differential analysis was performed, and the outcomes revealed that the perceptions regarding learning organizations and business excellence differ based on factors such as tenure, management level, annual revenue, and the number of employees in IT and ITES businesses. It is evident that the IT and ITES employees' perceptions of learning organizations significantly affect business excellence. This shows that the critical research variables, namely perceptions of learning organizations and business excellence, are positively correlated. This confirms the relevance of the variables selected for this article. Regression analysis shows that a learning organization leads to business excellence. Given the critical role that learning organizations play in achieving business excellence, IT companies and ITES may consider developing strategies and initiatives that promote organizational learning.

Similar studies may be replicated in metros and other cities in India. Further, studies can be carried out in knowledge-intensive industries where innovation and digitization are vital. The relationship between organizational learning and the organizational performance of the companies may also be studied.

AUTHOR CONTRIBUTIONS

Conceptualization: Sreeja Kochumadhavan.

Data curation: Sreeja Kochumadhavan.

Formal analysis: Sreeja Kochumadhavan.

Funding acquisition: Hemalatha Krishnamoorthy Gunasekaran.

Investigation: Sreeja Kochumadhavan.

Methodology: Sreeja Kochumadhavan, Hemalatha Krishnamoorthy Gunasekaran.

Project administration: Hemalatha Krishnamoorthy Gunasekaran.

Resources: Sreeja Kochumadhavan, Hemalatha Krishnamoorthy Gunasekaran.

Software: Sreeja Kochumadhavan.

Supervision: Hemalatha Krishnamoorthy Gunasekaran.

Validation: Hemalatha Krishnamoorthy Gunasekaran.

Visualization: Sreeja Kochumadhavan.

Writing – original draft: Sreeja Kochumadhavan, Hemalatha Krishnamoorthy Gunasekaran.

Writing – review & editing: Hemalatha Krishnamoorthy Gunasekaran.

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