Organizational Learning Culture - The Missing Link between Innovative Culture and Innovations (Case Study: Saderat Bank of Iran)

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Abstract

Increasing competition, international and variable conditions have made innovation and innovativeness inevitable prerequisites for growth, prosperity and revival of today’s organizations characterized by dynamism, complexity and ambiguity. In order to overcome these dynamic, complex and uncertain conditions, the only way that managers have in front of themselves is empowering organization and employees by acquiring knowledge and expert and developing organizational learning culture. This paper aims to study the impact of organizational learning culture on innovative culture and innovativeness in Saderat bank districts and branches in the north of Tehran and also to present and test a model of innovativeness improvement based on the impact of organizational learning culture. Hypotheses of the research study the impact of dimensions of organizational learning culture on innovative culture and innovativeness and to this aim, standard questionnaires have been used. This research has adopted a combined exploratory-confirmatory approach accompanied by the structural equation modeling. The result of the research shows a strong and statistically significant relationship between organizational learning culture and innovative culture and innovativeness. Moreover, the result confirms 4 hypotheses: the impact of the acquisition of information on interpretation of information, interpretation of information on behavioral and cognitive changes, behavioral and cognitive changes on innovative culture, innovative culture on technical and administrative innovations is positive (direct ) and meaningful, but behavioral and cognitive changes do not have any meaningful effects on creativity and innovations in Saderat bank districts and branches in the north of Tehran.

Key words: organizational learning culture, competing values framework, innovation, innovative culture, structural equation modeling

JEL Classification: D23, O31, Z00

Introduction

Business and technological changes threatening organizational sustainability and modern management encounter many challenges. Organizations are continually under competitive pressures and they have to re-evaluate themselves to come up with new innovations. In this regard, successful organizations should thus seek mechanisms that help to encourage the process of adaptation to their environment. In these organizations, all the learning conditions are provided for the members of the organization and the employees continuously struggle for what they have learned. They need to be more creative and innovative than before in order to survive,
to compete, to grow, and to lead. Moreover, a true innovative organization must be embedded in a strong culture that stimulates the engagement in innovative behavior. Organizational learning allows the organization to develop capabilities that enhance innovation and that innovation is what positively affects performance. Organizations that are able to learn stand a better chance of sensing events and trends in the marketplace, so learning organizations are usually more flexible and faster in responding to new challenges than competitors which enables organizations to maintain long-term competitive advantages.

Literature Review

Understanding Organizational Culture

From the 1980s, the concept of organizational culture has received considerable attention in the field of organizational theory (Smircich, 1983). Many different people have used the word ‘culture’ to explain a variety of phenomena. As each one tends to adopt a slightly different perspective, there is no universally accepted definition (Rollinson and Broadfield, 2002). Altering the way people perceive changes and react to them plays an important role in such efforts (Wells, 2000). Schein (1986) defined ‘culture’ as a pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration. Such a pattern has worked well enough to be considered valuable and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems. The organization as a whole will have an overall culture “if that whole organization has a significant shared history”.

Organizational Learning Culture (OLC)

The basic assumption is that learning plays a key role in enabling companies to achieve speed and flexibility within the innovation process (Weerd-Nederhof et al., 2002). Organizational learning is a basis for gaining a sustainable competitive advantage and a key variable in the enhancement of organizational performance (Brockmand and Morgan, 2003). The term of organizational learning culture assumes that “learning is recognized as absolutely critical for business success; in such an organization, learning has become a habitual and integrated part of all organizational functions” (Marquardt, 2002:27). Organizational culture is something an organization possesses and is given to people when they join. Jones (2000) emphasizes the importance of organizational learning for organizational performance defining it as ‘a process through which managers try to increase organizational members’ capabilities in order to better understand and manage the organization and its environment to accept decisions that increase organizational performance on a continuous basis’ (Jones, 2000, p. 472). In this research, Škerlavaj et al. (2007) definition was used that perceived OLC as a set of norms and values about the performance of an organization (Schein, 1992) that supported systematic, in-depth approaches aimed at achieving higher-level, i.e. double-loop (Argyris & Schön, 1996), deutero (Schön, 1975), strategic (Bhattacharya, 1985) or generative (Wittrock, 1992) organizational learning through phases of information acquisition, information interpretation and accompanying behavioral and cognitive changes (Dimovski, 1994). Organizations which emphasize the organizational learning culture should first acquire information, interpret it to completely understand its meaning and transform it into knowledge. Simultaneously, they should not forget the most important part, that is to perform behavioral and cognitive changes in order to convert words into action. Organizational learning culture is not only the sum of individual learning, but it also involves the exchange of knowledge among organizations, teams, individuals and the environment (Argyris & Schön, 1978). In order to explain the concept of OLC, this research used the competing values framework (CVF) developed by Denison and Spreitzer (1991) and described the main characteristics of OLC by placing them in the two-dimensional space of CVF (Figure 1).
The main attributes of OLC are mainly placed within the flexibility orientation, even though some scales also appear at control orientation. Internal and external focus is equally represented in various traits of OLC.

The first dimension stands for flexibility vs. control orientation. The second dimension describes the focus on activities happening within or outside the organization.

The combination of both dimensions defines four types of organizational culture: group, developmental, hierarchical, and rational.

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<th>Flexibility</th>
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Fig. 1 The competing values framework (Denison & Spreitzer, 1991; McDermott & Stock, 1999).

Group culture emphasizes flexibility and change and a focus on the internal organization. Developmental culture also emphasizes flexibility, but it is externally focused. Rational culture is externally oriented, but focused on control. Hierarchical culture emphasizes stability; however, the focus is on the internal organization. In other words, a high rating on one end (e.g., internal orientation) does not exclude high rating at the other end (e.g., external orientation) (McDermott and Stock, 1999). Internal and external focus is equally represented in various characteristics of OLC. Therefore, OLC mainly covers developmental and group culture, while it also has aspects of hierarchical and rational organizational culture. Denison and Spreitzer (1991) argued that overemphasizing any culture type may become dysfunctional and the strength of the quadrant may even become a weakness. Thus, organizational learning culture contains elements of all four ideal types of cultures defined in CVF. In its essence, OLC is a flexible culture that acknowledges both internal and external environments. While there is a consensus that organizational culture is critical in any change initiative, no such consensus exists as to what type of organizational culture best supports business transformation and innovativeness. The flexibility is complemented with some elements of the control dimension that provide the clarity, structure and formal reference framework needed for the firm’s successful functioning (Škerlavaj et al., 2007). An important assumption underlying the CVF is
that the four quadrants are ideals (McDermott and Stock, 1999; Henri, 2006). Organizations seldom reflect only one culture type, rather each organization will exhibit a combination of different culture types, although it may be that one type is more dominant than the others (McDermott and Stock, 1999; Quinn and Spreitzer, 1991). The ratings on the four culture types may vary independently (Quinn and Spreitzer, 1991). According to Song and Chermack (2008), organizational learning needs to be integrated with individual learning process under the supportive organizational learning culture to improve innovative knowledge creation practice in the organization, which increases the chances of organizational innovativeness.

Organizational innovation

Innovation can be defined as the adoption of an idea or behavior that is new to the organization and is “a critical mechanism through which firms secure a place in the competitive world of the future” (Van de Ven, 1986, p.186). According to Huse et al. (2005), innovation appears the only means for an organization to convert change into opportunities and thus succeed. Sethi and Nicholson (2001) argued that, employees who have fun and enjoy their work are likely to have new and superior ideas. Under uncertain market conditions, the identification of customers’ changing needs and the influences exerted on those needs by the competitors’ behavior and the environmental forces’ evolution becomes more difficult. This situation increases the likelihood that the company’s offerings will become mismatched with customers’ needs over a period of time. To avoid this situation, firms may opt for a proactive behavior trying to anticipate and steer the new demands (Miles and Snow, 1978). This involves the development of more discontinuous innovations. Innovation must be a collective effort using effective teamwork, with carefully selected cross-functional teams based on extensive communication internally and externally and with a high involvement in innovation. Jaskyte and Dressler (2005) asserted that organizational innovative culture can influence member creativity, behavior, and commitment, and increase organizational ability to achieve valued innovative goals due to the clear understanding of organizational objectives by employees and their commitment to achieving such objectives.

Innovativeness

Innovativeness “implies a firm being proactive by exploring new opportunities rather than merely exploiting current strengths” (Menguc and Auh, 2006, p. 65) and, therefore, it is regarded as essential to an innovative effort capable of exceeding the customer’s expectations. Innovativeness is an organizational culture that encourages employees to be innovative and indicates an organization’s receptiveness to pursue the development of new products or processes (Zaltman et al., 1973). Innovativeness is deemed to be particularly important when the firm is faced with substantial market turbulence and other types of environmental disturbances (Hult et al., 2004) because it encourages a wider and stronger innovation effort to cope with the environmental changes. Innovativeness provides a better starting point for organizations to undertake the required innovation effort which, in the end, also results in better organizational outcomes, as shown by Hult et al. (2004) and Matsuo (2006). In the literature, innovations are differentiated as product vs. process (Han, Kim, & Srivastava, 1998), radical vs. incremental (Atuahene Gima, 1996), and technical vs. administrative (Weerawardena, 2003). Innovativeness consists of two constructs: innovations and innovative culture. Firms’ innovativeness is a basic cultural feature to recognize the importance of innovation in the organizational strategy and it acts as forerunner of the innovation effort undertaken by firms in terms of the number of new ideas (technical or administrative) effectively adopted.
Research Hypotheses and Model

According to CVF, it is in this way that we understand organizational learning culture as a combination of values and norms that support group, developmental, and to some extent also hierarchical and rational culture. Using the model developed by Škerlavaj’s et al. (2007), we intend to show that an organizational learning culture can help to increase innovativeness and upgrade prior knowledge from several perspectives. We have used the approach adopted by Škerlavaj’s et al. (2007) that has expanded the concept of organizational learning culture from the competency perspective alone to a notion that covers the process component while not disregarding the importance of linking learning opportunities with organizational activities. We want to investigate how we can augment innovativeness within organizations, which is the most important research question. We start from the basic research question which deals with the question of the effect of organizational learning culture on organizational innovativeness and after that we develop the hypotheses. Organizational learning process is a sequence of three stages: information acquisition, information interpretation, and behavioral and cognitive changes. Information can be regarded as raw material for learning. In the next stage, this information needs to be transformed into meaning through the information interpretation phase. Firms that value the interpretation of information use face-to-face and electronic channels both internally and externally. For learning to happen, information needs to be acquired, understood and above all transformed into action (Garvin, 1993). Both behavioral and cognitive changes in the functioning of organizations are needed for learning to be effective (Murray & Donegan, 2003). In order to say that an organization has a strong learning culture, we should place high importance on three stages of the process of organizational learning.

Hypothesis (1): Information acquisition has a statistically significant (direct) impact on the information interpretation.

Hypothesis (2): Information interpretation has a statistically significant (direct) impact on the behavioral and cognitive changes.

Another set of hypotheses should relate organizational learning culture to innovativeness. Positive changes in the way people act (behavioral changes) and perceive their internal and external environments (cognitive changes) are expected to have a positive impact on both innovative culture (Kandemir & Hult, 2005) and also technical and administrative innovations. Changing actions of an organization’s members should lead to understanding of this fact that innovation proposals are welcome in organizations and people are encouraged to experiment in order to be creative, and in higher level of managerial support and look for innovative ideas and creative processes. Strong organizational learning culture supports values and beliefs related to innovative culture. Culture that values creativity, experimentation and innovation should result in more technical and administrative innovations.

Hypothesis (3): Behavioral and cognitive changes have statistically significant (direct) impact on innovative culture.

Hypothesis (4): Innovative culture has a statistically significant (direct) impact on technical and administrative innovations.

Firms that have a strong learning culture are good at creating, acquiring and transferring knowledge, as well as at modifying behavior to reflect new knowledge and insight (Garvin, 1993). A strong organizational learning culture should mean that an organization learns and acts faster and therefore it is better in dealing with its innovation processes. Organizational learning culture should therefore also have a direct link to increased technical and administrative innovations. If members of an organization have the necessary information, fully understand its
meaning and opportunities and are able to convert it into action, this should mean that they can be more innovative.

Hypothesis (5): Behavioral and cognitive changes have statistically significant (direct) impact on technical and administrative innovations.

In Figure 2, the conceptualized research model has been illustrated in which all the main constructs are shown together with the hypothesized relationships among them.

**Fig. 2.** The conceptualized research mode

Source: made by author

**Research Framework and Methodology**

**Research instrument**

We used valid and reliable questionnaires in order to test our hypotheses. To measure organizational learning culture we used Škerlavaj et al. (2007) instrument with three constructs and 42 items on five point Likert scales. In order to measure innovativeness we used items from Daft (1982), Tsai (1997) from Liao et al. (2008), Wang and Ahmed (2004) for innovations and from Hurley and Hult (1998) for innovative culture. The respondents indicated their attitude about the questions which revealed their levels of agreement with the description using a five-point Likert-type scale (1 = strongly disagree to 5 = strongly agree).

**Data collection and sample characteristics**

In summer 2011, a total of 417 surveys were distributed among the employees of Saderat Bank in north part of Tehran, Iran and 384 were returned, so empirical data were collected through this survey and questionnaires were addressed to executive managers and bank cashiers to estimate whether they have adequate knowledge of the organizational culture and performance within their organization or not. Among the respondents 12.5% were managers of the branches, 13.5% assistants of the branches, 51% cashiers and 22.9% of them had other positions at the bank.
Data Analysis

Validity and reliability

In this research, Cronbach alpha reliability was performed in order to test reliability of the questionnaire. Cronbach alpha values above 0.70 are considered acceptable measures of internal consistency (Tabachnick & Fidell, 2001), so the questionnaire is reliable. The closer the magnitude of cronbach alpha to 1, the more reliable is the questionnaire. In the current questionnaire, the amount of cronbach alpha equals to 0.9275 that exceeds 0.70, so the questionnaire is reliable and we can start statistical functioning on it. In this research, main part of the data was obtained by questionnaires.

Questionnaires were consisted of 60 questions that 5 key elements of the research were discussed. The sample size was determined to be adequate for conducting an exploratory factor analysis based on the Kaiser–Meyer–Olkin sampling statistic (Tabachnick & Fidell, 2001). Sampling adequacy for factor analysis was examined using the Kaiser–Meyer–Olkin test with an acceptable value set at >0.60 (Tabachnick & Fidell, 2001). The values of KMO for questions related to the information acquisition index equals to 0.725, for the questions related to the information interpretation index equals to 0.824, for the questions related to behavioral and cognitive changes index equals to 0.916, for the questions related to technical and administrative innovation index equals to 0.910, for the questions related to innovative culture index equals to 0.700 and all five magnitudes exceed 0.6 (values > 0.6), so we could conclude that, this sample was large enough for our test. Following Jöreskog and Sörbom (1989), structural equation modeling (SEM) was conducted with the LISREL program, assessing confirmatory measurement models (factor analysis) and confirmatory structural models (path analysis).

This study assessed the hypothesized structural equation model using Jöreskog and Sörbom’s LISREL 8.50 program (1996). SEM is the most efficient and least problematic means of testing mediation (Baron & Kenny, 1986). The measurement model mainly measures the corresponding relationship between the latent variables and significant variables. A path diagram is usually adopted to denote structural equation model, which is the simplest and most intuitive way to describe the model.

To test the hypothesized relationships between the organizational learning culture dimensions, representing information acquisition, information interpretation, and behavioral and cognitive changes, constructs comprising innovativeness are innovative culture and innovations, which are made of technical (service) and administrative (process) innovations, the data were further analyzed using path analysis, a structural equation modeling technique (SEM; LISREL 8.50). This technique allows for the estimation of causal relations among variables as well as mediating effects (Kline, 2005). According to the model, the impact of independent variables on dependent variables was investigated by using T - statistic and standard coefficient.

Exploratory factor analysis (EFA) is appropriate in the early stages of research, prior to further confirmatory factor analysis (CFA), to identify key items and eliminate weak factors (Tabachnick & Fidell, 2001). Exploratory factor analysis of items related to the information acquisition, information interpretation, behavioral and cognitive changes, innovations (technical and administrative innovations) and innovative culture indices was applied. Each of the latent variables is the representative of these indices (Table 1).
We investigated the Coefficients and magnitude of T for each of the questions on the basis of the latent variables. In all variables (items), T-statistic exceeded 1.96 and also coefficient of determination was fit (statistically significant), so none of the items were excluded from further analysis in the model and we continued our investigation with 15 items (observed variable) and examined our model. Confirmatory factor analysis (CFA) was applied on known factors in exploratory factor analysis by using path analysis to see whether they were statistically significant or not. The results of fitting of the structural model to the data showed that the model had good fitting. In investigating each of the models, before confirming the structural relationships, we should become sure about good fitting of the measurement model, therefore $\chi^2$ statistic and other criteria for good fitting of the model were studied. Thus, a good model has an optimum status as follows. The magnitude of $\chi^2$ per degree of freedom should be less than 3, the lesser the value, the fitter the model, this test shows the discrepancy between the data and the model. If the index is close to zero and it is less than 0.08, it shows that the model has a good fit and also the value of p-value should be less than 0.05. RMSEA (the root mean square error of approximation) values of 0.08 or less are considered adequate fit for the data (Tabachnick & Fidell, 2001). If RMSEA index is close to zero and it is less than 0.08, it shows good fitting of the model, so the magnitude of p-value will be less than 0.05. If the criteria of the model do not present good fitting, we should start to modify the model by using the output related to it and then we should start to investigate about the questions and hypotheses by using the modified model.
Studying the impact of independent (exogenous) variables on dependent (endogenous) variables in the model

Confirmatory factor analysis (Diagram 1):

Diagram 1 indicated the measurement model in the case of estimation. The results of estimation (beneath of the model) indicated that the model was not fit (poor fitting). With regard to the output of LISREL, the magnitude of $\chi^2$ per degree of freedom equals to 5.53 and exceeds 3 which is not fit. Highness of the magnitude of this Index indicated the remarkable difference between the research conceptualized model and the observed data of the research. Thus, the output, indicated RMSEA = 0.109 in the model which exceeded 0.08, besides $\chi^2$, the lesser the magnitude of RMSEA index, the fitter the model. We modified the model and after some stages of modification, we achieved the following model.
Studying the impact of independent variables on dependent variables after modifying the model

Confirmatory factor analysis after modifying the model (Diagram 2):

![Diagram 2. Confirmatory factor analysis after modifying the model (made by author)](image)

Chi-Square=176.01, df=67, P-value=0.00000, RMSEA=0.065

The above diagram shows the modified measurement model in the case of standard estimation. The results of estimation (beneath of the model) indicated that the model had good fitting. Regarding to the output of LISREL, the magnitude of $\chi^2$ per degree of freedom equals to 2.63 and it is less than 3 which is fit. Lowness of the magnitude of this index indicated the negligible difference between the research conceptualized model and the observed data of the research. Thus, the output shows the magnitude of RMSEA = 0.065 in the model which is less than 0.08, besides $\chi^2$, the lesser the magnitude of RMSEA index, the fitter the model.

The model had good fitting on the basis of the above criteria. The magnitude of chi-square per degree of freedom was less than 3. Thus, the magnitude of RMSEA was equal to 0.065 and it was less than 0.08 and (GFI – AGFI – NFI – NNFI – IFI – CFI) indices all exceeded 0.90 or were close to 0.90, so the model had good fitting and was confirmed. We started to study about the impact of independent variables on dependent variables by using T-statistic and coefficient of standard according to the model.
Studying the impact of independent variables on dependent variables and testing the hypotheses of the research (Diagram 3)

Diagram 3. The impact of independent variables on dependent variables and testing the hypotheses of the research

Source: made by author

**Hypothesis (1): studying the impact of information acquisition on the information interpretation.**

H0: Information acquisition does not have a statistically significant (direct) impact on the information interpretation.

H1: Information acquisition has a statistically significant (direct) impact on the information interpretation.

If the absolute magnitude of T-statistic is less than the standard value of the table which is 1.96, we conclude H0 and if the absolute magnitude of T-statistic exceeds 1.96, we conclude H1. Because of the fact that the absolute magnitude of T-statistic equals to 8.41 and exceeds the standard value of the table which is 1.96, we conclude H1 that is, Information acquisition has a statistically significant (direct) impact on the information interpretation and the impact equals to 66% and it is positive (direct).

**Hypothesis (2): studying the impact of information interpretation on the behavioral and cognitive changes.**

H0: Information interpretation does not have a statistically significant (direct) impact on behavioral and cognitive changes.

H1: Information interpretation has a statistically significant (direct) impact on behavioral and cognitive changes.
Because of the fact that the absolute magnitude of T-statistic equals to 8.41 and exceeds the standard value, which is 1.96, we conclude H1, that is, information interpretation has a statistically significant (direct) effect on the behavioral and cognitive changes and the magnitude of impact equals to 0.65 which is positive (direct).

**Hypothesis (3): studying the impact of behavioral and cognitive changes on innovative culture.**

H0: behavioral and cognitive changes do not have statistically significant (direct) impact on innovative culture.

H1: behavioral and cognitive changes have statistically significant (direct) impact on innovative culture.

Because of the fact that the absolute magnitude of T-statistic equals to 7.38 and exceeds the standard value of the table which is 1.96, we conclude H1, that is behavioral and cognitive changes have statistically significant (direct) impact on innovative culture and this impact equals to 42% and it is positive (direct).

**Hypothesis (4): studying the impact of innovative culture on technical and administrative innovations.**

H0: innovative culture does not have a statistically significant (direct) impact on technical and administrative innovations.

H1: innovative culture has a statistically significant (direct) impact on technical and administrative innovations.

Because of the fact that the absolute magnitude of T-statistic equals to 4.78 and exceeds the standard value of the table which is 1.96, we conclude H1, that is innovative culture has a statistically significant (direct) impact on technical and administrative innovations and the amount of this impact equals to 83% and it is positive (direct).

**Hypothesis (5): studying the impact of behavioral and cognitive changes on technical and administrative innovations.**

H0: behavioral and cognitive changes do not have statistically significant (direct) impact on technical and administrative innovations.

H1: behavioral and cognitive changes have statistically significant (direct) impact on technical and administrative innovations.

If the absolute magnitude of T-statistic is less than the standard value of the table which is 1.96, we conclude H0 and if the absolute magnitude of T-statistic exceeds the standard value of the table, we conclude H1. Because of the fact that the absolute magnitude of T-statistic equals to -1.03 and it is less than the standard value of the table which is 1.96, we conclude H0, that is behavioral and cognitive changes do not have statistically significant (direct) impact on technical and administrative innovations in employees of Saderat Bank in north part of Tehran, Iran.

**Conclusions**

Learning is absolutely necessary for the success of the business in organizations; it is considered a habitual and integrated part of their functions. The development of the organizational learning culture starts from the individual through the complete organization and is embedded in the organization’s structure. The culture of organizational learning affects continuous learning, such that organizational internal and external knowledge transforms into sustainable knowledge. Organizational learning culture is a culture in which the process of information acquisition,
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information interpretation and behavioral and cognitive changes is crucial. In order to say that organizational learning has occurred, the information needs to be acquired, interpreted and transformed into action. This is the logic behind the subsequent structuring of the elements of an organizational learning culture. Organizational culture which aims at optimizing this process can be considered an organizational learning culture. It covers both flexibility-oriented cultures (group and developmental) and also hierarchical and rational cultures in line with the competing values framework (Denison & Spreitzer, 1991; McDermott & Stock, 1999). In this research, innovativeness was evaluated by using two constructs of innovativeness that are innovative culture and innovations. A mix of exploratory and confirmatory approaches was used for generating the model. The final goal was to arrange a model that sounds theoretical and also had a logical link to the data (JÖreskog, 1993; Prajogo & McDermott, 2005). From a substantive point of view, five relationships among constructs of interest were hypothesized. In the final version of the model, four of the five relationships demonstrated were found to be statistically significant. Placing a high degree of importance on various channels of information interpretation causes greater action regarding behavioral and cognitive changes which means that much learning has actually happened. Hypotheses 1 and 2 indicate that organizational learning is a process in which information is observed as a raw material which can be transformed into action. It is obvious that organizations that put much value on the acquisition of different information types will have a better understanding and interpretation of the acquired information. Acquisition of information positively impacts on the interpretation of information. Firms that attribute a high level of importance to the elements of this process integrate them into their set of norms and values and may be considered to have an organizational learning culture (Škerlavaj et al., 2007). The results of the research show that the behavioral and cognitive changes did not have any statistically significant impact on technological and administrative innovations on employees of Saderat Bank in north part of Tehran, Iran.

It is evident that positive impacts of achieving an organizational learning culture regarding increased administrative and technical innovations reveal both directly and indirectly by means of innovative culture. Acquisition of information and interpretation of information which are elements of organizational learning culture have statistically significant strong impact on innovations. Organizational learning culture also had a direct positive impact on innovations by means of innovative culture (Hypotheses 3 and 4). Behavioral and cognitive changes mean converting the words into actions and grasping the opportunities that ends the organizational learning cycle, but these changes did not have any impacts on innovations in employees of Saderat Bank in north part of Tehran, Iran. The research has shown that organizational learning culture has a statistically significant impact on organizational innovations. Each of these findings will help the organizations to elucidate the effectiveness and efficiency of the organizational learning culture’s implementation to workplace innovation in which they are encountered with unpredictable global and economical challenges.

Today, we should pay much more attention to organizational learning culture if we want to improve innovativeness in our organizations. Innovation is the only means that organizations can convert change into opportunities and therefore success. Innovativeness is a form of organizational culture that encourages innovation. When the environment of the workplace is good, the employees can successively learn and share their knowledge. The organizational learning culture should change according to the workplace demands because dynamic environmental settings product and service preferences are constantly changing so learning-oriented organizations should be aware of this information and react consequently engaging in wider innovative activities to meet customers’ demands specially at Banks and also employees should adapt themselves to these changes. This would allow a superior corporate response to the market needs through organizational innovation. Effective innovation has to be based on a clear and organization customer focus. In flexible organizational leaning culture, employees will be encountered with various kinds of changes that are inevitable and may be change the way of innovation in the workplace and might be required to change the principle process by which
work is done and prepare for a new career. Regarding to the implications for researchers, turning to the assumptions of the competing values model (Denison & Spreitzer, 1991), this research confirms findings from Škerlavaj et al. (2007) that firms are combinations of all four ideal types of cultures. In an organizational learning culture, group and developmental cultures are prevalent. Still we can say that somehow hierarchical and rational cultures are present in organizations.

Every researcher and manager dealing with organizational culture and business process change needs to be aware of the multiplexity and multiple dimensions of organizational culture (Trompenaars & Woolliams, 2003). Further, researchers should pay attention to the existence of different kinds of subcultures within organizations. Organizational culture is also heavily intertwined with national culture and other contextual variables (Hofstede, 1980), which will all need to be considered in future research. Furthermore, as others have suggested, studies with a more qualitative-oriented approach using in-depth case studies are also recommended.

References

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Note: special thanks to Škerlavaj et al.