e-ISSN 2963-2870
Vol 3 2022

RELATIONSHIP BETWEEN ORGANIZATIONAL LEARNING, ORGANIZATIONAL INNOVATION, KNOWLEDGE MANAGEMENT, AND BUSINESS ORGANIZATIONAL PERFORMANCE

Sudrajat[1], Rina Astarika[2]

[1, 2]*Universitas Terbuka (INDONESIA)*

Coressponding Author: Rina Astarika (astari@ecampus.ut.ac.id)

Abstract

This empirical research aims to determine the relationship between organizational learning, organizational innovation, knowledge management, and organizational performance in manufacturing and service companies. 197 data that can be analyzed using SPSS. The findings of this study: organizational learning has a direct and positive effect on knowledge management in manufacturing and service companies. Organizational learning and knowledge management directly influence organizational innovation. While organizational learning and organizational innovation directly affect organizational performance. Knowledge management and organizational learning affect organizational performance indirectly through organizational innovation.

Keywords: Organizational learning, Organizational innovation, Knowledge management, Organizational performance.

1 INTRODUCTION

Currently, to increase the company's competitive advantage, the management literature emphasizes the key roles, namely organizational learning, organizational innovation, and knowledge management. Several studies suggest that organizational learning and its output, organizational knowledge, are antecedents of innovation (Baker and Sinkula, 1999). The basic assumption is that learning plays a key role in enabling companies to achieve speed and flexibility in the innovation process (Brown and Eisenhard, 1995).

Organizational learning, organizational innovation, knowledge management, and organizational performance are positively related to each other. Research that studies the relationship between the four concepts simultaneously is still rare. Previous research has focused on corporate innovation, which says the degree to which organizational culture promotes and supports innovation (Keskin, 2006) or analyzes only one type of innovation, namely product innovation (Salavou and Lioukas, 2003). So previous research provides only a partial explanation of the phenomenon of innovation.

Similarly, several organizational learning studies adopt a cultural perspective to measure the concept. Very few studies analyze organizational learning processes. When cultural values are more difficult to change than specific actions, a focus on process may be of more help to the

practitioner. This study seeks to address the shortcomings of previous research and analyze the relationship between organizational learning, organizational innovation, knowledge management, and organizational performance simultaneously in one model. This study focuses on the organizational learning process and uses a complete measurement of organizational innovation and knowledge management.

Organizational learning is the ability within the organization to maintain and improve performance based on experience. These activities include knowledge acquisition (development or creation of skills, views, and relationships), knowledge sharing (dissemination of what others gain by someone), and knowledge utilization (integration of learning and generalizability to new environments). Organizational learning is the process by which organizations increase the knowledge created by

individuals in an organized way and transform this knowledge in part of the organization's knowledge system.

Several studies support the relationship between organizational learning and innovation (Bueno, et al., 2010). The difference between learning and innovation is also linked. The literature also emphasizes the importance of organizational learning and innovation for corporate survival and effective performance. Organizational learning is a major component in various efforts to improve organizational performance and strengthen competitive advantage. Development of new knowledge, derived from organizational learning. Various researchers have also shown that innovation is important to improve performance and that innovation plays a role in improving organizational performance.

This research was conducted on business organizations because the sustainability of business organizations in a business environment full of uncertainty and dynamic is determined by increasing organizational performance to achieve competitive advantage. The practices of organizational learning, organizational innovation, knowledge management exist in business organizations, researchers try to analyze the relationship between these practices and organizational performance.

The concept of organizational learning, organizational innovation is still relevant to improving organizational performance. This is a lot of studies that have been carried out by researchers in the field of management. Knowledge management has also been widely studied to have a positive and significant relationship to organizational performance. Knowledge management can also

mediate the relationship between organizational learning and organizational innovation. It is necessary to do empirical research.

Several previous studies that examined organizational learning, organizational innovation, knowledge management, and organizational performance were still separately. It is very rare for research to combine three or four concepts simultaneously. This study tries to combine these four concepts simultaneously in one model.

2 METHODOLOGY

This study was conducted to achieve the research objectives that have been set, namely to determine the relationship between organizational learning, organizational innovation, knowledge management, and organizational performance so that the design of this study is an exploratory study that aims to obtain as much information or data as possible from respondents who are cross sectional. This research is in the form of quantitative research and the research environment is a field study.

The research was conducted in Yogayakarta with staff, supervisors, section heads, and managers of manufacturing and service companies as respondents. Research time starting from preparation, implementation, seminar on research results to making reports and research articles is 10 months starting from March 2020 to December 2020.

In this study the data source used is primary data. The primary data collection method is using a survey, namely asking questions to respondents using a questionnaire instrument and recording the answers for analysis. Questionnaires were distributed to staff respondents, supervisors, section heads, and managers of manufacturing and service companies. This questionnaire is closed, which means that respondents only choose the available answers that are considered appropriate. The distribution of the questionnaires was carried out directly by the research team.

The research instrument or data collection tool that will be used in this study is based on previous research from the results of the review literature. The organizational learning instrument was adopted from Gracia-Morales et al., (2007). Consists of 4 items. Each item was answered using a Likert scale of 1 – 5 where 1 = strongly disagree and 5 = strongly agree.

The knowledge management instrument was adopted from Gold et al., (2001). Consists of 4 interrelated processes: knowledge acquisition, knowledge transfer, knowledge integration, and knowledge conversion. Each item was answered using a Likert scale of 1 – 5 where 1 = strongly disagree and 5 = strongly agree.

e-ISSN 2963-2870
Vol 3 2022

To measure innovation in manufacturing and service companies adopted from Miller and Friesen (1983). Consists of 3 items. Each item was answered using a Likert scale of 1 – 5 where 1 = strongly disagree and 5 = strongly agree. The organizational performance instrument was adopted from Cho et al., (2008). Consists of 4 items. Each item is answered using a Likert scale of 1 – 5 where 1 = very bad and 5 = very good.

This research data uses primary data sources. Primary data were taken from staff, supervisors, section heads, and managers of manufacturing and service companies using a questionnaire designed to determine the perceptions of staff, supervisors, section heads, and managers on the four constructs studied.

To analyze the data obtained from the respondents, the researcher conducted a reliability analysis using Cronbach Alpha to determine the reliability of the factors studied. Statistical Product and Service Solution (SPSS) version 23 to analyze the relationship between organizational learning, organizational innovation, knowledge management and organizational performance.

3 FINDINGS AND DISCUSSION

The empirical model of this study shows that organizational learning has a positive effect on organizational innovation in manufacturing and service companies. This finding is consistent with the previous findings of Aragon-Correa et al, (2007), Alberto et al, (2007), and Liao et al, (2008). The results show that knowledge management has a positive relationship with organizational innovation in manufacturing and service companies. This finding is consistent with research by Davenport and Prusak (1998), Darroch (2005), and Liao and Wu (2010). Knowledge management is an important antecedent of innovation (Liao and Wu, 2010). The application of knowledge management strategies will enable the creation and application of new behaviors and policies in manufacturing and service companies.

In addition, the results show that organizational learning and knowledge management positively and indirectly affect organizational performance through organizational innovation. Organizational innovation plays the role of a bridge linking organizational learning and knowledge management with organizational performance. As previous research, organizational innovation directly affects organizational performance. Hurley and Hult (1998) argue that

organizations with high innovation will get better results from the environment, acquire the skills needed to improve organizational performance and can easily maintain competitive advantage.

Another important finding in this study is the relationship between organizational learning and organizational performance. This study suggests that the level of organizational learning in an organization will be one of the important criteria to determine its development and success. So organizations that show greater organizational learning have higher levels of performance. In addition, it is in manufacturing and service companies that learning and learning quickly acquire strategic capabilities that enable companies to remain in a competitive advantage situation and improve long-term performance (Senge, 1990). In general, these findings indicate that organizational learning shows an important part of performance, success, and competitive advantage for manufacturing and service companies

4 CONCLUSION

The results of this study indicate that organizational learning affects organizational performance directly or indirectly through knowledge management and organizational innovation. According to the results of path analysis, knowledge management has an indirect effect on organizational performance through organizational innovation. In this study, organizational innovation was also found to be positively related to organizational performance. In general, this study shows the importance of an integrated analysis of the direct and indirect effects of organizational characteristics on organizational performance.

Further research is suggested to add transformational leadership constructs in relation to organizational learning, organizational innovation, knowledge management, and organizational performance because the role of leaders in organizations plays a very important role. Transformational leaders are central to integrating organizational learning processes. They are very strategic in producing environmental conditions that stimulate organizational learning disciplines and their interactions. Transformational leaders communicate the vision and create useful organizational social contexts that can encourage subordinates to engage in higher-level knowledge management activities. Transformational leaders can enhance innovation within the organizational context and can use inspirational motivation and intellectual stimulation which are important factors of organizational innovation.

REFFERENCES

Aiken M, Hage J. The organic organization and innovation. Sociology 1971;5:63 82.

Anderson JC, Gerbing DW. Structural equation modelling in practice: a review and recommended two-step approach. Psychol Bull 1988;103(3):411–23.

Bagozzi RP, Yi Y. On the evaluation of structural equation model. J Acad Mark Sci 1998; 16(1): 74–94.

Baker WE, Sinkula JM. The synergistic effect of market orientation and learning orientation on organizational performance. J Acad Mark Sci 1999; 27(4): 411–27.

Baker WE, Sinkula JM. Market orientation, learning orientation and product innovation: delving into the organization's black box. J Market Focus Management 2002;5(1):5-23.

Balkin DB, Markaman GD, Gómez-Mejía LR. Is CEO pay in high-technology firms related to innovation? Acad Manage J 2000;43(6):1118–29.

Bierly P, Chakrabarti AK. Generic knowledge strategies in the US pharmaceutical industry. Strateg Manage J 1996;17:123–35 [Winter special issue].

Bontis N, Crossan MM, Hulland J. Managing an organizational learning system by aligning stocks and flows. J Manage Stud 2002;39(4):437–69.

Brockmand B, Morgan F. The role of existing knowledge in new product innovativeness and performance. Decis Sci 2003;32(2):385–419.

Brown SL, Eisenhard KM. Product development: past research, present findings, and future directions. Acad Manage Rev 1995;20(2):343–78.

Cabello Medina Carmen, Carmona Lavado A, Valle Cabrera R. Characteristics of innovative companies: a case study of companies in different sectors. Creat Innov Manage 2005;14(3):272–87.

Calantone R, Garcia R, Dröge C. The effects of environmental turbulence on new product development strategy planning. J Prod Innov Manage 2003;20(2):90-103.

Cho JJ, Ozment J, Sink H. Logistics capability, logistics outsourcing and firm performance in an e-commerce market. Int J Phys Distrib Logist Manag 2008;38(5):336–359

Garcia-Morales VJ, Llorens-Montes FJ, Verdu-Jover AJ. The effects of transformational leadership on organizational performance through knowledge and innovation. Br J Manag 2007;19:299-319.

Gold AH, Malhotra A, Segars AH. Knowledge management: an organizational capabilities perspective. J Manag Inf Syst 2001;18(1):185–214

Hansen M, Nohria T, Tierney T. What's your strategy for managing knowledge?

Harv Bus Rev 1999;77(2):106–16.

Hedlund G. A model of knowledge management and the N-form corporation.

Strateg Manage J 1994;15:73–90 [Summer Special Issue].

Hitt MA, Hoskisson RE, Kim H. International diversification: effects on innovation and firm performance in product-diversified firms. Acad Manage J 1997;40(4):767–98.

Hoyle RH, Panter AT. Writing about structural equation modeling. In: Hoyle RH, editor. Structural equation modelling. Thousand Oaks: Sage; 1995, pp. 158– 76.

Huber George P. Organizational learning the contributing processes and the literatures. Organ Sci 1991;2(1):88-115.

Miller D, Friesen PH. Strategy-making and environment: the third link. Strateg Manag J 1983;4:221–235

Sinkula JM. Market information processing and organizational learning. J Mark 1994;58 (1):35–45.

Slater SF, Narver JC. Product–market strategy and performance: an analysis of the Milesy Snow strategy types. Eur J Mark 1993;27(10):33–51.

Slater SF, Narver JC. Market orientation and the learning organization. J Mark 1995;59 (3):63–74.

e-ISSN 2963-2870
Vol 3 2022