

# Impact of Innovation on Organizational Learning in the 21<sup>st</sup> Century

<sup>1</sup>Gladys Bichanga, <sup>2</sup>CPA Dr.Irungu Macharia (PhD)

Department of Leadership

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**Abstract:** Purpose of the Paper - In order to help current and aspiring organizational leaders embrace the idea of innovation and continuous organizational learning as a foundation of business growth and sustainability in the twenty-first century, this paper aims to discuss the impact of organizational innovation as the key factor in organizational learning. To this end, it presents a summarized but prioritized step-by-step approach. This method starts with a careful examination of definitions and literature from the past and present related to innovation and organizational learning, taking into account the background and development of these concepts. The goal of the paper is to present a critical understanding of organizational learning and innovation, their respective contributions to corporate performance, and the relationship between the two.

**Keywords:** idea of innovation, organizational learning, organizational innovation, business growth.

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## 1. INTRODUCTION

In the current dynamic business environment, one of the primary sources of competitive advantage for a company is generally recognized to be its ability to learn more quickly and more effectively than its competitors. In an ever-evolving business landscape, learning need to be a daily routine for a company. Organizations use of their current knowledge and competencies to create new knowledge so indicates their growing interest in continuous learning (Ghasemzadeh et al., 2022). Attaining greater performance requires organizational learning, which is crucial for acquiring and preserving competitive advantage. Because the organization can generate new knowledge by exchanging past experience, organizational learning causes a systematic shift in business behavior (Ghasemzadeh et al., 2022).

The capacity of an organization to use and assimilate new knowledge facilitates effective production management, operational operations, and timely decision-making. Furthermore, innovation is often regarded as the primary means of success in a competitive environment, particularly when globalization picks up speed and competition get more intense. Hermelingmeier and von Wirth (2021) state that organizational learning serves as the capacity to process knowledge and comprehend the necessary sustainable development for an organization. It also allows organizations to effectively modify their current processes, which improves their performance in terms of innovation (Jerez-Gomez et al., 2019).

According to the aforementioned conclusions, businesses must thus be extremely attuned to the changing wants and preferences of their clientele in a field like technology, which is characterized by a rapid pace of innovation, change, and uncertainty. In the hospitality sector, workers have a big influence on corporate culture and service quality (Dolasinski & Reynolds, 2020). A learning organization, first and foremost, promotes lifelong learning and information sharing among its staff members. This emphasis on learning enables organizations to accept new ideas and technology and adjust to changing circumstances (Morris & Venkatesh, 2000). A learning company aggressively encourages staff members to explore original ideas and acquire new skills, laying the foundation for service innovation. For a firm to innovate in services, technology advancements must be appropriately utilized. Technology stimulates creativity by making it feasible to develop new service

offerings and boost operational efficiency. Adoption of technology inside an organization is necessary for the successful execution of service innovation (Kalıpçı, 2023). Employees who embrace and use technology can leverage their expertise to offer innovative services that adapt to the needs of their clients.

In addition to the above findings, organizations are now under constant pressure to come up with novel and inventive ways to thrive in a highly competitive business environment due to factors like globalization, economic fluctuations, technological advancements, and intense competition. Historically, achieving competitiveness has been possible by implementing traditional tactics like specialization, efficient management techniques, and cost control. Globalization, knowledge-based economies, and the rapid advancement of information and communication technologies have led to the ineffectiveness of conventional competitive strategies in maintaining an advantage over competitors. As a result, organizations are now forced to search for novel and creative strategies to maintain their competitive edge and endure in the challenging market environment (Makarenko et al., 2020). This is already being experienced in most financial institutions which have embraced inclusivity and diversity in terms of their products and services in order to reach more customers across the globe.

## 2. LITERATURE REVIEW

Organizational learning has been found to be a successful tactic for enhancing and maintaining organizational performance and competitiveness in a fast-paced, cutthroat corporate environment (Bilan et al., 2020). The nature of knowledge needed to survive in the business environment is constantly changing due to the intense global competition, according to research by Bilan et al. (2020). As a result, organizations that can effectively and efficiently transition from one change to the next are able to maintain their competitive advantage. Accordingly, the author draws the conclusion that an organization's capacity for learning and adaptation is essential to its ability to compete in and thrive in the modern business environment (Bilan et al., 2020). In Kenya we have witnessed competition in Telecommunication companies which have seen some of the organizations close their business doors due to lack of innovation and continuous organizational learning in order to endure the business competition.

Sancho-Zamora et al. (2022), stated that perpetual and continuous innovation is becoming an increasingly important strategy for ensuring a company's survival in a competitive and dynamic environment like the one we currently live in. The primary means by which businesses create the novel goods, procedures, and services necessary to gain a competitive edge is through innovation. By addressing the various competitive challenges presented by the current globalized surroundings, organizations with the potential for innovation can obviously strengthen their market position by transforming their expertise into new goods or processes. Innovation enables businesses to create the new goods, procedures, and frameworks required to adjust to shifting consumer demands, technology advancements, and competitive landscapes. Some schools of thought indicate that a company's ability to manage its information is becoming more and more important to the success of its innovations. Increasing their methods for learning, absorption, and acquiring knowledge will make them more competitive in today's businesses. But in order for these businesses to formulate their innovation strategy, they must employ fresh knowledge internally as well as take it in from the outside world.

### **Learning Organization**

A learning organization is one in which member empowerment results in an ongoing, sustained learning process inside the organization. This is accomplished by giving them the freedom to gain new skills and to impart those skills to other team members for their mutual benefit. This organizational model does not allow for a "comfort zone" over an extended period of time because it recognizes that available resources—especially human resources—will be able to adjust to current changes. In addition to giving people of the organization more power, leaders have an obligation to adapt to change and better themselves (Wibowo et al., 2023).

Organizational learning, as described by Amin et al. (2023), is a process of continual organizational learning that improves an organization's ability to produce the intended outcomes (Senge, 1990). The organization is a great place for members to further their education and for staff to continue growing and developing. An employee will do everything in his power to raise performance levels both personally and within the company when he feels valued. It is advantageous to be able to accommodate learning since it will enhance organizational effectiveness. Gaining a competitive edge also requires organizational learning. On the other hand, learning is the management of information obtained from both internal and external sources about the organization's various activities in order to create a body of knowledge that will be utilized to plan innovations that will improve performance and help the company achieve its objectives. Organizational innovations

differ throughout businesses. According to Ajibike and Ologunde's (2019) theory, in order to stay competitive and please customers, different firms employ innovations to improve the way they organize things.

Huber (1991), identified the following four elements of organizational learning: distribution, interpretation, acquisition of information, and organizational memory. The process of acquiring knowledge involves gathering information that the company can access, for as by conducting searches within the organization's premises. The sharing of newly developed or acquired knowledge across employees or functional units in order to enhance operations and decision-making is known as knowledge distribution. The ability of the staff to come to a consensus regarding the meaning of the information and apply it to operations and strategy is referred to as information interpretation. The ability to maintain the cycle of knowledge—using, reusing, and maybe improving the existing knowledge—is known as organizational memory. Declarative organizational memory pertains to facts and occurrences, whereas procedural organizational memory deals with corporate processes and procedures (Otioma, 2023).

### **Organizational Innovation**

The process of generating and establishing an idea is called innovation. As a technique for adapting to an uncertain environment or situation, innovation is necessary. Increased productivity and economic level are the results of high levels of innovation in business (Sparks, 2019). The recent several decades have seen a rise in scholarly interest in organizational technological innovation advances as businesses have quickly learned how to leverage technology to improve their performance and innovativeness (Musiolik et al., 2020). More precisely, businesses have quickly discovered that they may increase their competitive advantage by fusing cutting-edge technologies with their existing competencies (Porter, 1985). Artificial intelligence (AI) is one of the digital technologies that is enabling businesses to continuously innovate in the digital age. AI is having an increasing impact on how businesses innovate and how customers react to innovations informed by AI (Mustak et al., 2021).

As per Davila et al. (2012), innovation offers organizations not just the chance to flourish and endure, but also the chance to make a substantial impact on the industry's trajectory. Under the aegis of social innovation and social entrepreneurship, innovation has demonstrated its value as a tool for redefining government and philanthropy. It is not just a weapon in competitive marketplaces. The capacity of Kenya's Safaricom telecommunications business to engage creative employees and provide the market with novel goods has allowed it to stay ahead of other companies in the same industry.

### **The role of organizational learning in organizational innovation**

Organizations must always search for fresh concepts in the ever-changing business landscape in order to stay one step ahead of the competition. In order to enhance organizational performance, organizations must train and develop their workforce in order to adapt to the changing business environment. Workers with a creative mindset also help to generate innovation. The process of innovation that occurs within an organization is influenced by organizational learning. A boost from organizational learning to organizational innovation performance is also mentioned by other literacies. This is predicated on using potential for future learning as a source of sustainable innovation (Amin et al., 2023).

The modern corporate environment is distinguished by quick innovation and the creation of new goods and services. Several scholarly investigations have demonstrated a beneficial correlation between innovation and the performance of small and medium-sized organizations (SMEs). Businesses that innovate see greater rates of growth and profitability than those that don't (Ajibike et al., 2019). Because of this, companies that demonstrate Cooperate Entrepreneurial (CE) behavior are generally seen as dynamic, adaptable organizations ready to seize new economic possibilities as they present themselves.

Additionally, Do and Mai's (2020) research shown that learning-based acquisition of new information and abilities enhances organizational performance and competitiveness while also positively influencing employees' inventiveness. According to Abbas et al. (2020), an organization's capacity for innovation is correlated with its ability to embrace and support fresh ideas across its operations. Additionally, studies like Azeem et al. (2021) have shown that organizational learning and organizational innovation are positively correlated. Hindasah and Nuryakin (2020), on the other hand, claimed that an organization's learning orientation has a major influence on its long-term corporate growth because it fosters the creation of new knowledge, which is necessary for enhancing organizational performance and developing organizational innovation capability.

Businesses need fresh concepts and creative solutions to grow and remain competitive. If not, there's a risk of stagnation, deterioration of the business's competitive standing, or even failure. Organizational learning can raise the performance of company innovation by giving individuals of the organization more knowledge and skills. It is a significant source of competitive advantage for businesses. Through organizational learning, businesses can increase innovative performance, introduce new knowledge, and develop their knowledge and abilities. The impact of organizational learning on creativity extends beyond individual levels to the organizational level as well. Organizational learning can also encourage business innovation (Cui et al., 2022).

Businesses that use business intelligence (BI) to improve their market positions these days have a strong motivation to be early adopters when the first-mover advantage is substantial. When an innovation is created, the entrepreneur has to get it onto the market as soon as possible to avoid the innovator's monopoly being swiftly undermined by better or imitative ideas. According to Oluwasegun et al. (2023), "Information technology platform and tools used to gather, provide access to, and analyze data about organization operations and activities" are often associated with innovative organizations that enjoy a strong and positive reputation in the market.

Based on the above research, organizational learning is believed to enhance organizational creativity, according to the dynamic capacities' idea. Organizations that are dedicated to learning have the ability to investigate and utilize knowledge resources from the external and internal environment that are pertinent to enhancing technology, competencies, products, structures, and processes. As a result of ongoing environmental interaction, information is produced that is useful for comprehending shifting consumer expectations, rival behavior, technology advancements, and market demands. In order to meet consumer value, managers use this knowledge to drive changes in markets, systems, procedures, and current goods and services. Accordingly, organizational learning is the process by which novel concepts are discovered, disseminated, and combined to create innovations (Lwanga et al., 2022).

### 3. CONCLUSION

In summary, the above study's components can assist managers in recognizing and evaluating the existing state of affairs and strengthening their position in terms of innovation within a cutthroat market. Effective strategies for developing individual and organizational innovation include accepting new ideas, promoting ideas, encouraging employees to innovate, anticipating the external environment and potential developments, providing resources for innovation, estimating the time and cost of innovation, getting people involved in team activities, attending conferences and meetings to share ideas and experiences, and making use of information systems.

Organizations have had to quickly adapt and innovate in response to recent upheavals and disruptions (such as pandemics, wars, and technology advancements) that have challenged the status quo. Because of the uncertainty surrounding these circumstances, firms are forced to try new things in order to stay competitive and survive. In times of uncertainty, taking calculated risks to fail could be the only way to learn new things and be creative. This forces businesses to reevaluate their current beliefs and assumptions, sometimes even without knowing the successful set of experimental variables. When decision-makers lack sufficient understanding of the problem or the nature of the problem space, failing on purpose can be the only suitable course of action in this situation. The process of learning is a crucial component of intentional failure. In fact, it seems that managing and minimizing uncertainty requires the ability to learn from mistakes (Narduzzo & Forrer, 2024).

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