The Relationship between Organizational Learning and Competitive Strategies and Its Impact on Performance of Business and Customer

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Abstract

Increase availability of organizational learning in accordance with competitive position is as a strategic orientation for the survival and competitive advantage of our company is saving life. The aim of this study is to evaluate the relationship between organizational learning and competitive strategies and its impact on performance of customer and business. This research is a descriptive - analytical method with emphasis on the causal and in terms of data collection is the field. Research tool is also a questionnaire. Small and medium enterprises in Guilan province is considered as statistical population that are 589 units and the number of samples can be analyzed 236 enterprises. Sampling method is convenience non-probability. To test the hypotheses is used structural equation model by LISREL software. Result obtained show that organization learning has relationship with cost leadership strategy, the development of strategic flexibility and also strategic flexibility has relationship with differentiation strategy and cost leadership strategy. There is relationship between differentiation strategy with performance of customer and business and cost leadership strategy with customer performance.

Keywords: Organizational Learning, Competitive Strategy, Performance, Flexibility

1. INTRODUCTION

In nowadays competitive world, survival chances are for organization that can adapt with changes in their environment. Environmental changes, organizations have been forced to constantly seek the best solutions and practices to adapt to their environment and thus gain a competitive advantage [21]. Companies to gain competitive advantage will need to refresh skills and sources [27].

In Year 91, the resource-based theory was considered as a basis to achieve organizations to sustainable competitive advantage ([25]; [5]). Coincides with this theory, Prahalad and Hamel theories about competence-oriented led to strengthening competitive approach of resource-based theory and competence-oriented based on valuable resources, rare, inevitable imitation and non-alternatives were considered experts [25]. According to the discussions in the areas of strategic marketing, market leading organization was considered based on competitive strategy ([3]; [6]). Thies in end of 1996, with dynamic capabilities in the areas of competitive strategy opened new view. In 2001, with combined approach based on marketing resources focus on the integration of customer-oriented internal and external view [23]. Result of this approach leads to leader market organization with an emphasis on learning ability in market and scholars attention to this ability are considered survival secret of organization in recent years ([4]; [26]). Dealing organizations with turbulent and changing environments nowadays has intensified need to learn and get ahead of rival organizations [24].

One result of organizational learning is to gain competitive advantage. In the current situation that all organizations are faced with intense competition and constant change in market needs; having sustainable competitive advantage is critical and most stable competitive advantage is valuable manpower. Organizational learning is considered empowering factor of human resource in the organization. Nowadays all industries have experienced rapid changes. The root of these changes can be changing needs of customer, competitors, suppliers and technology changes. This changes cause a lot of pressure on organizations until be flexible to the changes and create added value for their customers and distinguish itself against its competitors; because any organization will not have a
sustainable competitive advantage. So learn faster than competitors are a sustainable competitive advantage for organizations [15].

2. LITERATURE REVIEW
Organizational learning and learning organization were introduced starting with the 90 deaths. Learning organizations are organizations that they continually rebuild, discover and develop additional resources ([1]; [13]). [17] defined organizational learning as: the ability of an organization as a whole in the detected errors and correct them as well as changes in knowledge and values of the organization so that create new skills of problem-solving and new capacity for jobs [8]. Sustaining life of any organization depends on its dynamic interaction with the external and internal environment. According to interaction most recent information and findings of science and technology of human receive and led to changes in practices method and organizational behaviour. Also In this interaction, organization must gain necessary and adequate resources and provide harmony with the environment real demands [11]. For most organizations, the pace of change is far too rapid to respond and adapt them, In other words, as soon as to create a change in the conditions mentioned and organizations want to respond to changing and adjust them, arrives the next change ([12];[22]). Nowadays extensive available competition in the market, companies have to implement strategies to deal with this competition [18].

In today's changing world if organization is going to rely past information, they just will not stay stable. The key to solving organizations problems is learning and organizations are successful that learn and move faster than others ([2]; [10]). Enhance organizational learning proportional to competitive position is as a strategic orientation for the survival and competitive advantage of the company life. Also, according to increasing complexity and rapidly changing environment and uncertainty in the business environment and their need to innovation in the products for survival and maintain a competitive advantage and improve performance of company and a close relationship to create new products with organizational learning, it is necessary that relationship between learning capability and company performance is explained [14].

Turbulent environment of company is needed organizational flexibility, like the company's ability to keep pace with market developments, as well as rapid response to unforeseen circumstances and unexpected market. Some researchers believe that organizational learning can strengthen the company's ability to identify opportunities and looking for new investments and to achieve continuous alignment with the environment. Recent research on the benefits of organizational learning show organizational performance, relationship marketing, process of supply chain strategy in service quality, innovation, and results and the performance of human resources [19]. Organizational learning is considered basis achieving a sustainable competitive advantage and a key variable increasing organizational performance [20].

Therefore, in this study is examined the relationship between organizational learning and strategic flexibility and also in the face of the competitive forces according to Porter's view, basically there is three types of public strategies for overtaking other competitors in the industry that among three strategies of cost leadership, focus strategy, differentiation strategy in this research has been investigated only two cost leadership strategy and differentiation strategy and will be measured their impact on customer performance and ultimately business performance. Therefore, according to stated content main research question is expressed as follows: Do organizational learning capability able to improve the company's competitiveness through the implementation of a strategy?

According to a study by Santos-Vijande & et al in 2012 with title “How organizational learning affects a firm's flexibility, competitive strategy, and performance” expressed that organization ability to learn is a key strategic capability to compete in modern markets. This research seeks to gain an understanding of the role of learning in company competitiveness by analyzing how organizational learning, understood as a dynamic capability, shapes firms' strategic flexibility and competitive strategy implementation to ultimately improve customer, financial, and market-related performance. This research organizational learning knows leading to ability of the company to accept a changing market conditions (strategic flexibility), and that organizational learning and flexibility simultaneously foster the implementation of differentiation and cost-leadership strategies. This strategic behavior allows firms to reduce costs without damaging differentiation levels, and to improve customer and business performance. The study employs structural equation modeling (SEM) to evaluate the causal links that the research model depicts. Data analysis follows from a sample of 181 medium-sized
Spanish manufacturing firms. The results confirm the expected relationships and reveal organizational learning to be an important instrument in modern markets to provide customer value and to improve organizational performance by means of efficient competitive strategy design and flexible adaptation to rapid market evolution.

Thus, according to research conducted by Santos-Vijande et al, Conceptual model for this study is provided as follows and research hypotheses is presented based on this model.

**Figure 1) Conceptual model of research (Santos-Vijande et al, 2012)**

**Organization learning:** it is including a process of Information acquisition, Knowledge dissemination, shared interpretation and organizational memory [19].

**Strategic flexibility:** it is including Implementation of the differentiation strategy to identify market trends quickly and respond to identify new market demands [19].

**Competitive strategy:** Competitive strategy is create the necessary steps to achieve proper alignment with market conditions with regard to available resources and capabilities ([9]; [19]).

**Differentiation strategy:** The purpose of this strategy is that unique product or service in intended industry supplied to customers that do not show much sensitivity to price ([16]; [7]).

**Cost leadership strategies:** The aim of this strategy is gaining superiority in competition via product manufacturing with the lowest possible cost, compared to the competitors. The main purpose of the vertical and horizontal integration strategies is to gain benefit and advantages in term of the leader in cost.

**Customer performance:** it is the ability of the company to the customer satisfaction and customer loyalty, which ultimately leads to higher firm performance [19].

**Business performance:** Business performance is focused on sales growth, market share growth and profits growth [19].

According to subjects expressed research hypotheses are stated as follows:

H1: Organization learning has relationship with differentiation strategy.
H2: Organization learning has relationship with cost leadership cost leadership strategy.
H3: There is relationship between the organization learning and the development of strategic flexibility.
H4: There is relationship between the development of strategic flexibility and the implementation of differentiation strategies.
H5: There is relationship between the strategic flexibility and the implementation of cost leadership strategies.
H6: The implementation of differentiation strategies has relationship with business performance.
H7: The implementation of cost leadership strategies has relationship with business performance.
H8: The implementation of differentiation strategies has relationship with customer performance.
H9: The implementation of cost leadership strategies has relationship with customer performance.
H10: Customer performance has relationship with business performance.

3. RESEARCH METHODOLOGY

This research in terms of aim is applied research and in terms of technique and implementation is a descriptive - analytical method and data collection is the field. Small and medium enterprises in Guilan province is considered as statistical population that includes 589 units and the number of samples is analyzed 236 enterprises. Sampling method is convenience non-probability. Research tool is also a questionnaire. Validity of questionnaire is confirmed by advisors and supervisors. To determine the reliability of the research questionnaire focusing on internal consistency of questions, Cronbach's alpha method was used. Considering that, all alpha coefficients obtained are more than 70 percent; therefore, questionnaire has the necessary reliability. To test the hypotheses is used structural equation model by LISREL software.

4. DATA ANALYSIS

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>The standard estimate</th>
<th>t</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Organization learning has relationship with differentiation strategy.</td>
<td>0/04</td>
<td>0/38</td>
<td>Rejected</td>
</tr>
<tr>
<td>H2: Organization learning has relationship with cost leadership strategy.</td>
<td>0/31</td>
<td>2/92</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H3: there is relationship between the organization learning and the development of strategic flexibility.</td>
<td>0/73</td>
<td>8/75</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H4: there is relationship between the development of strategic flexibility and the implementation of differentiation strategies.</td>
<td>0/71</td>
<td>4/98</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H5: there is relationship between the strategic flexibility and the implementation of cost leadership strategies.</td>
<td>0/52</td>
<td>4/28</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H6: the implementation of differentiation strategies has relationship with business performance.</td>
<td>0/91</td>
<td>5/56</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H7: the implementation of cost leadership strategies has relationship with business performance.</td>
<td>0/12</td>
<td>1/09</td>
<td>Rejected</td>
</tr>
<tr>
<td>H8: the implementation of differentiation strategies has relationship with customer performance.</td>
<td>0/53</td>
<td>2/99</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H9: the implementation of cost leadership strategies has relationship with customer performance.</td>
<td>0/40</td>
<td>2/80</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H10: Customer performance has relationship with Business performance.</td>
<td>-0/14</td>
<td>-0/86</td>
<td>Rejected</td>
</tr>
</tbody>
</table>
T-value in first hypothesis is equal to 0/38 that is lower than 1/96, so the relationship is not significant and according to research model in the standard state amount of impact of organizational learning on differentiation strategy is equal 0/04.

T-value in second hypothesis is equal to 2/92 that is more than 1/96, so the relationship is significant and according to research model in the standard state amount of impact of organizational learning on cost leadership strategy is equal 0/31.

T-value in third hypothesis is equal to 8/75 that is more than 1/96, so the relationship was significant and according to research model in the standard state amount of impact of organizational learning on the development of strategic flexibility is equal 0/73.

T-value in fourth hypothesis is equal to 4/98 that is more than 1/96, so the relationship is significant and according to research model in the standard state amount of impact of the strategic flexibility on the implementation of differentiation strategies is equal 0/71.

T-value in fifth hypothesis is equal to 4/28 that is more than 1/96, so the relationship is significant and according to research model in the standard state amount of impact of strategic flexibility on the implementation of cost leadership strategies is equal 0/52.

T-value in sixth hypothesis is equal to 5/56 that is more than 1/96, so the relationship is significant and according to research model in the standard state amount of impact of differentiation strategies on business performance is equal 0/91.

T-value in seventh hypothesis is equal to 1/09 that is lower than 1/96, so the relationship isn’t significant and According to research model in the standard state amount of impact of cost leadership strategies on business performance is equal 0/12.

T-value in eighth hypothesis is equal to 2/99 that is more than 1/96, so the relationship is significant and according to research model in the standard state amount of impact of differentiation strategies on business performance is equal 0/53.

T-value in ninth hypothesis is equal to 2/80 that is more than 1/96, so the relationship is significant and according to research model in the standard state amount of impact of cost leadership strategies on business performance is equal 0/40.

T-value in ninth hypothesis is equal to -0/86 that is more than 1/96, so the relationship isn’t significant and according to research model in the standard state amount of impact of customer performance on business performance is equal 0/40.

5. Conclusions and recommendations

Result obtained show that organization learning has relationship with cost leadership strategy, the development of strategic flexibility and also strategic flexibility has relationship with differentiation strategy and cost leadership strategy. There is relationship between differentiation strategy with performance of customer and business and cost leadership strategy with customer performance. According to result obtained express recommendations as follow:

1. According to Organization learning has relationship with cost leadership strategy therefore, it is recommended that train how to make better use of existing facilities and also to know the employees with new equipment and is employed experienced and specialized staff sense of creativity and innovation should be encouraged in enterprises to increase motivation in employees that are looking for ways to reduce costs and improve quality.

2. According to there is relationship between the organization learning and the development of strategic flexibility therefore, it is recommended that leaders focus on organizational learning can improve their understanding of foreign markets and taking advantage of internal knowledge and experience and improve their ability have been to respond quickly to new market requirements with the flexibility of re-sources.
3. According to there is relationship between the organization learning and the development of strategic flexibility therefore, it is recommended that managers recognize the different needs of customers and also identify new competitors and economic changes so could do new marketing techniques and supply products to meet the needs of customers and improve product line.

4. According to there is relationship between the strategic flexibility and the implementation of cost leadership strategies therefore, it is recommended that managers to identify customer needs and environmental changes that can be found solutions proportional to modernize production and improve efficiency of production systems and be flexible about accepting it.

5. According to the implementation of differentiation strategies has relationship with business performance therefore, it is recommended that managers with providing extensive services of pre and after sales and offer different products and extensive product line and quality products can increase sales and market share and company profits.

6. According to the implementation of differentiation strategies has relationship with customer performance therefore, it is recommended that managers dealing with optimize capacity and reduce costs, modernize equipment because lead to satisfaction, loyalty and reduce customer complaints.

7. According to the implementation of cost leadership strategies has relationship with customer performance therefore, it is recommended that managers recognizing the different needs of customers and also identify new competitors and economic changes so could do new marketing techniques and supply products to meet the needs of customers and improve product line.

References


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