

Learning Organization Culture and Firm Performance: A Review of Literature

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Abstract: *Strong learning organization culture is a necessary condition for maintaining ongoing business success in post-COVID-19 period. Creating a culture that allows employees to acquire and share knowledge eventually translates to new ideas and innovative ways of solving complex problems. The research sought to review the existing literature on learning organization culture and firm performance and highlight the knowledge gaps necessary to provide direction for future research. The study specifically aimed to review the past conceptual and theoretical literature on the construct of organizational culture and its dimensions, to review the existing empirical literature on the concept of Learning Organization Culture and to identify emerging, theoretical, and empirical gaps from literature. The study established that firms adopt dimensions of learning organizations such as continuous learning to continually create and acquire new knowledge with an aim of improving their practices, and in turn translate to improved performances. Moreover, inquiry and dialogue involve listening to each other's views and building trust with each other. Also, when organizations embrace division of labour and specialization policy, employees are given an opportunity to choose their work assignment based on one's area of specialization and most importantly get recognized for taking certain initiatives that lead to improved performance. The study concluded that learning organization culture affects the firm performance.*

Keywords: *Learning organization culture, Knowledge transfer, Firm performance*

1. INTRODUCTION

Before onset of the ongoing global health crisis, many businesses knew how to deal with challenges arising from the competitive environment, such as fast-paced technological change and volatility. However, they were largely unprepared for large-scale disruptive events emanating from the broader environment. The coronavirus outbreak has underscored the vulnerability of companies to external disruptions and the need for businesses to establish new innovative ways to maintain a competitive edge. Regardless of size, numerous entities have reported negative performance trends in the recent past and succumbed to the impact of the COVID-19 pandemic. It implies that the majority of the work systems and processes developed before onset of the global outbreak have failed in times of uncertainty and risks (Ngo & Vu, 2020).

Strategic management creates an opportunity for managers to deploy resources and improve competitiveness of their firms in the post-COVID-19 era. Strategic management scholars attempt to unravel the underlying link among business strategy, performance, and sustainability. Sustainability became a prominent theme in 1987 when the World Commission on Environment and Development established an ambitious plan to ensure development which promotes the interests of both the present and future generations. The framework is based on the assumption that all businesses make both positive and negative contributions toward sustainability through their relationships and activities ("The global standards for sustainability reporting," 2020). It comprises a set of three GRI standards that creates a common language for reporting entities to communicate the economic, environmental, and social impact of their business practices. Since sustainability reporting is voluntary and a rapidly evolving area of study, it is important that organizations create a culture that emphasizes learning as part of their overarching practice.

Learning organization culture is a topic that has received the attention of many researchers in recent years. A key theme emerging from literature is that learning organization culture helps build resilience in turbulent business environments. According to Nam and Park (2019), learning organization culture refers to an organization that has ability to create, acquire, and transfer knowledge as well as to change its behavior in order to reflect new knowledge and insights. It suggests that new ideas and change are defining characteristics of a learning organization culture. Learning organizations use original ideas to turn knowledge into skills and continuously modify themselves (Goula et al., 2021). Therefore, a learning organization culture will be important as firms seek to survive during the post-COVID-19 period.

Learning organizations are likely to attain strong financial results in the aftermath of the public health crisis. One of the major reasons is that they will acquire adaptive capacity, create alternative futures, and promote positive behavior. It is also important to note that some scholars have reported contradictory results about the impact of learning organization on firm performance. Many critics of learning organization culture argue that uncertainty about best practices for capturing and sharing learning is a significant impediment to organization learning. Additionally, some individuals may lack motivation to take an active role in learning activities. Hence, top management teams should create a supportive learning environment to ensure seamless knowledge acquisition and transfer at the organizational level as well as business sustainability.

2. STATEMENT OF THE PROBLEM

Strong learning organization culture is a necessary condition for maintaining ongoing business success in post-COVID-19 period. Creating a culture that allows employees to acquire and share knowledge eventually translates to new ideas and innovative ways of solving complex problems. Many researchers are likely to explore how learning organization culture may help entities to boost performance in the coming years. With uncertainty and risks related to the coronavirus outbreak, it will be extremely difficult for the majority of businesses to maintain a competitive edge going forward. As a result, management tools and practices developed prior to the global pandemic lack the power needed to build strategic resilience after COVID-19 (Saeidi, Saeidi, Gutierrez, Streimikiene, Alrasheedi, Saeidi & Mardani, 2021).

Although learning organization culture is a topic that has attracted the attention of many researchers, definition of the term differs from one researcher to the other. Some scholars conceptualize it as the shared values, norms, and beliefs, while others argue that a complete description must include varied dimensions, such as the behavior - and team-orientation ones. In addition, efforts to operationalize the concept have yielded many often-conflicting measures. Hence, more studies are needed to understand organizational culture and establish its link with firm performance. Furthermore, it may be possible that other variables mediate and moderate this relationship (Mahmood & Iqbal, 2021). As a result, the current study is a systematic review of literature in the field of learning organization culture that aims to provide a comprehensive definition of the construct and identify its dimensions and measures. The end goal is to develop a theoretical model that can serve as a guide for future empirical research.

3. CONCEPTUAL LITERATURE

3.1. The Concept of Learning Organization Culture

The concept of learning organization culture is not a new concept. In particular, Peter Senge popularized the term in the text "The Fifth Discipline." Specifically, Gil, Rodrigo-Moya and Morcillo-Bellido (2018) indicate that a learning organization represents an entity that creates an opportunity for stakeholders to expand their capacity and achieve shared organizational goals, nurtures new and expansive patterns of thinking, and people continually learn how to learn together. Five main principles, namely team learning, shared vision, mental models, personal mastery, and systems thinking, are indispensable as far as attainment of these objectives is concerned. Kim, Watkins and Lu (2017) have made important contribution to literature on learning organization culture.

A clear description of learning organization culture has proved elusive over the last three decades. According to Bhaskar and Mishra (2017), learning organizations exhibit twelve perspectives, indicating that as many definitions of the term exist as there are different perspectives. The current

subsection outlines some of the existing definitions from past literature in an attempt to develop a comprehensive definition of learning organization culture. A growing body of literature largely emphasizes systems-thinking approach to defining the term.

Other definitions focus on the strategic perspective of a learning organization. According to this school of thought, a learning organization knows the strategic internal drivers that have a positive impact on learning capacity. It means that a range of managerial practices, including shared leadership and involvement and teamwork and cooperation, define a learning organization (Imran, Ilyas, Aslam & Fatima, 2018). Based on these definitions, the researcher conceptualizes learning organization culture as the combination of processes, both formal and informal, which allow people to expand their knowledge, manage change, and achieve positive results.

3.1.1. Perspectives of Learning Organization Culture

Past literature identifies several perspectives of learning organization culture. As aforementioned, strategic perspective is a major theme throughout literature. It indicates that the majority of learning organizations have five strategic building blocks: teamwork and cooperation, the wherewithal to transfer knowledge, a culture that encourages experimentation, shared leadership and involvement, and clarity and support for mission and vision. It is also worth noting that the strategic building blocks require support at two levels, namely the organization and individual ones. With the former, management should develop effective organization design and ensure that it supports the building blocks. The latter relates to appropriate employee competencies and skills necessary to perform the tasks outlined in the strategic building blocks (Polychroniou & Trivellas, 2018).

A major limitation of the strategic perspective is that it primarily emphasizes the macro level, indicating that it disregards some important elements of learning organization culture, such as individual and continuous learning (Ghasemzadeh, Nazari, Farzaneh & Mehralian, 2019). Additionally, the description under the strategic perspective is problematic in that some strategic building blocks relate to organization's ability, while others represent organizational culture. As a result, it is prudent to develop a complete definition capable of helping businesses recover from impact of the COVID-19 pandemic.

The integrative approach also provides an ideal way of understanding the role of learning organization culture on firm performance (Laeque & Babar, 2017). According to the model, organizations should develop effective means of integrating people and systems. A large body of literature indicates that two organizational constituents also promote organizational change and development. For these reasons, learning organizational culture will be useful in the post-COVID-19 era.

3.1.2. Dimensions of Learning Organization Culture

All evidence suggests that learning organization culture is a complex multidimensional concept. Ojha, Struckell, Acharya and Patel (2018) identified continuous learning and team learning. A learning organization has been described as one that learns continuously and transforms itself. A learning organization has a readiness to unlearn and relearn; open communication; willingness to identify, accept and learn from errors; concern for all stakeholders; learning-encouraging culture; flexible structure; and facilitative leadership. The term learning organization was coined nearly three decades ago and since then it has received considerable attention from the scholarly community and practitioners across various disciplines (Ngo & Vu, 2020).

Learning organizations have a greater capacity to spot opportunities and sense trends and events in the market which consequently leads to better products/services, customer satisfaction and improved market performance (Saeidi, Saeidi, Gutierrez, Streimikiene, Alrasheedi, Saeidi & Mardani, 2021). This study focused on their dimensions of learning organizations namely; continuous learning, inquiry and dialogue, team learning and employee empowerment

The necessity for continuous learning at all echelons of the job is attributable to reasons relative to business and organization. The widening global economy as well as global competition, new developments and innovations, rapidly changing and updating technology, customer expectations, quality management, changes in demographics, skills demands depicts challenge for the flexibility of an organization operating in this scenario. Organizations have to change and embrace fresh ways to continue being competitive. To survive in a fast changing and competitive environment continuous learning has become essential (Shin, Picken & Dess, 2017). An understanding of dynamics that contribute to continuous learning and their impact on firm performance are essential.

Organizations learn when their employee learn, hence there is a good case for individuals to double efforts and to achieve the workplace targets. This translates to better individual performance and which in turn improves firm performance (Namada, 2017). Continuous changes of knowledge and skill needs in work places and the quest for better careers necessitates continuous learning. It is also significant for avoiding skill obsolescence among the unemployed. Pursuing further training/education can lead to reemployment (Mahmood & Iqbal, 2021). Continuous Learning is also essential for older people who are out of work to ensure they can be employed. Continuous learning is important for both employed and unemployed individuals.

Dialogue is the collective and collaborative communication method by which persons collectively explore their individual and collective assumptions and predispositions. The inquisitiveness allows persons to suspend presuppositions and judgments in search of the truth and improved solutions. Persuasion dialogue will still be a success even where initial disagreement remains unresolved for the reason that there is the benefit the parties to make known their assumptions and commitments in the course of the dialogue. Persuasion dialogue is considered a success where the exchange of arguments bears the five features that define the ideal stances that each party to the dialogue must show for the dialogue to be a truly two-sided and interactive argument; flexible commitment, empathy, open-mindedness, critical doubt, and evidence sensitivity. Flexible commitment is that willingness by the proponent and respondent to hold their positions while at the same time remaining open to be persuaded in light of new facts. Empathy is the expectation that each side has to give due regard to the commitments of the other and take great care to ensure to base their arguments on those commitments while portraying those commitments accurately. Open-mindedness means to a party's will to think through proposals even when those proposals contradict their point of view, instead of just rebuffing them outright. Critical doubt is the ability of a party to set aside their commitments to making an allowance for objections to their arguments. Evidence sensitivity is the requirement on either side to withdraw or adjust commitments where the side presents a justifiable reason (Weinzimmer, Michel & Robin, 2021).

When a group of people function as a whole, they are aligned, acting on a shared vision that is an extension of personal visions. Ylinen and Ranta (2021) identified integrating perspectives, experimenting, and crossing boundaries as team learning processes that are essential for the right collaboration. Integrating perspectives entails synthesis of obvious conflicts with the objective of resolving the divergent views without resorting to majority rule. Experimenting are the steps taken to test a hypothesis or endeavors to unearth new information. Crossing boundaries is bridging the lines that separate one team from another within an organization. Staff will be said to have crossed the boundaries when they seek support, work together with others to undertake a specific goal, or actively listen to another group's opinions. Management support for the operation of teams and support for working across functional, divisional, or hierarchical boundaries have been said to be the greatest organizational influences on team learning (Do & Mai, 2021).

Empowerment within an organization when seen from the member of staff's perspective is seen as something perceived by them. Empowerment is determined by finding the work done by the member of staff meaningful. The member of staff feeling themselves as worthy and the likelihood of choosing as well as the extent of effectiveness perceived over certain results in the course of work (Ryu, Park, Park, Park & Lee, 2021). They set out two angles of empowerment in a business context, relational and psychological angles. It suggests that empowerment happens when the upper echelons within a hierarchy devolve power to the subordinate levels of the hierarchy. The psychological angle concentrates on the employee's side of empowerment. It is also identified as organic or bottom-up processing. It suggests that empowerment is attained only when psychological states elicit a perception of empowerment in an employee (Bature, Adeoti & Iragbeson, 2019).

Top to bottom empowerment denotes support from superiors to their subordinates. It is the decision to give power to staff at four dimensions that consists of authority, specialization, resource and personality. Authority means the power to decide on the meaning, environment and content of the work of employees. Specialization is the knowledge and skill of decision making and its application. Resource dimension, is of utmost significance sharing knowledge, the option of achieving and expending resources related to their work. Personality is the confidence to use the authority and motivation (Mukhtar, Baloch & Khattak, 2019).

3.1.3. Adoption of Learning Organization Culture in Organisations and Outcomes

According to Wang, Cai, Liang, Wang and Xiang (2021), organizational learning promotes its activities in re-building the organizational structure and work system to increase innovation capacity. Moreover, the process where employees of a firm can impact the firm's development and behaviors through the usage of their shared experience and understanding of new information development would establish through organizational learning.

Organizational learning is an important instrument in gaining sustainable competitive advantage and superior firm performance. Chen, Sharma, Zhan and Liu (2019) found that organizational learning influences the performance of manufacturing firms. Crosscultural research has reported a strong positive relationship between organizational learning on financial and non-financial performance (Corritore, Goldberg & Srivastava, 2018). Based on the literature review there is a positive relationship between learning organizational culture and firm performance.

3.2. The Concept of Firm Performance

Performance is defined in terms of the degree to which activities in a process or the outcomes thereof, reach a certain target. Performance is defined by the extent to which organizations achieve their organizational objectives related to market share, increase in sales and profitability in addition to main strategic objectives (Hussinki, Ritala, Vanhala & Kianto, 2017).

The idea that organizations should measure their performance levels regularly is widely acknowledged. Organizations that measure their performance regularly and accurately are able to play a more active role in reacting to developments and in investigating their causes instead of being mere spectators of potential opportunities and threats (Moustaghfir, El Fatihi & Benouarrek, 2020).

In today's changing competitive environment, organizations are affected by environmental activities more than ever, which increase their need for information. Under these circumstances, it has become more important for the organizations that aim to succeed in their strategic applications to develop and implement an up-to-date and accurate performance measurement and management system (Prifti & Alimehmeti, 2017). In this research, the performance measurement model was based on Balanced Scorecard (BSC).

3.2.1. Measuring Firm Performance

BSC is a measurement-based performance management system that allows organizations to translate the mission and strategy into action (Wang, Sharma & Cao, 2016). BSC translates strategies into a continuous process not only for senior managers but also for all employees, and ensures that high-level objectives are provided to all levels of the organization. BSC, which was developed with the aim of eliminating the deficiencies faced by the organizations using the traditional performance measurement systems, provides managers with a balanced set of information that is vital from various perspectives (Fraihat & Samadi, 2017).

4. LITERATURE REVIEW

An extensive review of the vast body of relevant theoretical and empirical literature was carried out as guided by the key construct in this conceptual review. This section therefore, presents the theories that underpin the construct of Learning Organization Culture and Firm Performance as well as related empirical literature.

4.1. Theoretical Review

The following two theories were reviewed:

4.1.1. Resource Based View Theory

In this study, RBV theory used as underpinning theory to develop a theoretical framework. RBV theory is considered as an organizational theory which signifies that organizational internal and external resources are significant and management pays attention to that resources. According to Barney (1991), organization resources must be rare, imitable, non-substitutable, and valuable to become a source to get a competitive advantage. Human resources and organizational culture are considered as vital resource for organization in explaining firm performance (Barney, 1991).

Literature reveals that there are two major assumption of RBV theory such as resources should be bundled and organizational capabilities underlying production should be heterogeneous across organizations, and these variations might be for long term and imperfectly mobile (Assensoh-Kodua, 2019). According to Ahmed, Khuwaja, Brohi, Othman and Bin (2018), intangible resources heterogeneity and imperfect transferability prevents the use of the existing market prices in assigning them value. Moreover, organization resources are considered as the inputs that are use into production process, while organizational capabilities deems the capacity that used for both tangible and intangible resources to execute some task.

In this study, leadership styles, organizational learning, innovative culture, and firm performance used to develop framework with the help of RBV theory. Leadership styles are considered as vital resource for an organization and influence on firm performance (Burt & Soda, 2021). Organizational learning plays a significant role in enhancing firm performance in perspective of RBV theory (Yang, Jia & Xu, 2019). Innovative culture is considered as a strategic resource for an organization that helps in determining firm performance (Iqbal & Ahmad, 2021).

4.1.2. *The Balanced Scorecard (BSC)*

The Balanced scorecard (BSC) is a strategic planning and management system developed by Kaplan and Norton in the early 1990s. This was to address the shortcomings in earlier performance measures that forced managers to choose either a financial or operational perspective. According to Kaplan and Norton (1992), there is no single measure that can provide a clear performance target or focus attention on the critical areas of the business. Therefore the BSC includes both financial measures that are a reflection of the outcomes of actions that have already been executed; and operational measures which are the drivers for future financial performance (Massingham, Massingham & Dumay, 2019). It measures four different perspectives of performance: customer, internal business, innovation and learning and financial. Oliveira, Martins, Camilleri and Jayantilal (2021) assert that these perspectives provide a balance between external measure like operating income and internal measures like new product development.

The customer perspective is the heart of strategy and answers the question on how the customers perceive the organisation. Sharma and Sharma (2020) maintain that customers' concern tend to fall into four categories: time, quality, performance and service, and cost. The internal business perspective examines what the organisation can do internally to address its customers' expectations (Gupta & Chopra, 2018). These measures are developed from those business processes that greatly impact customers' satisfaction. The innovation and learning perspective examine the measures that the organization can undertake to continually improve their products and processes and develop new products in an effort to compete successively. The last perspective, financial perspective, examines the attractiveness of the organisation to its stakeholders in terms of profitability, growth and shareholder value (Mehralian, Nazari, Nooriparto & Rasekh, 2017).

4.2. Empirical Literature Review

Makabila (2018) examined the role of organizational learning in achieving competitive advantage of state corporations in Kenya. The study employed a cross-sectional and correlational research design, utilizing both quantitative and qualitative approaches. A total of 198 staff from 35 state corporations, comprising senior managers, middle level managers and subordinate staff, responded to the semi-structured questionnaire. Additionally, in-depth interviews were done with 16 employees from eight purposively selected state corporations. Regression analysis using SPSS version 22, and structural equation modeling using Amos version 21, were used to make inference on the associations between dependent, mediating and independent variables. Qualitative data was analyzed using ATLAS.ti, and presented using text, summary tables, and wordclouds. Simple linear and multiple linear regression revealed that each independent variable was positively, and significantly, associated with competitive advantage. Rate of learning partially mediated the relationship between learning process and competitive advantage, as well as between systems thinking and competitive advantage. The study also found that majority of state corporations performed better they empowered their employees.

Sawaeen and Ali (2021) aimed to examine the impact of learning orientation on firm performance of small and medium enterprises (SMEs) via the mediating role of total quality management (TQM) practices and the moderating role of innovation culture. This study adopted a quantitative approach

based on a cross-sectional survey and descriptive design to gather the data in a specific period. The data were collected by distributing a survey questionnaire to the owners and Chief Executive Officers (CEOs) of Kuwaiti SMEs using online and on-hand instruments with 384 useable data obtained. Furthermore, the partial least square-structural equation modeling (PLS-SEM) analysis was performed to test the hypotheses. SMEs' firm performance in developing countries, particularly in Kuwait was found to be below expectation due to increasing competition. Thus, the link between inquiry and dialogue and firm performance remained inconclusive and requires further examination.

Mbuthia (2018) sought to determine the effects of learning organization dimensions on the firm performance of commercial banks within Ongata Rongai Township. The study was guided by the organization learning theory and the theory of constraints. The study adopted a descriptive survey research design targeting 13 commercial banks operating in the region. The target population was 194 bank personnel. Stratified random sampling technique was used to select the sample studied. Two strata were identified; the management level staff stratum and the lower level stratum. From each stratum 30% of the respondents were taken as a sample hence a sample size of 58 personnel was used. Self-administered questionnaires were used as the main instrument for collecting of data. Validity of the instruments was achieved by pre testing the instruments while their reliability was achieved at coefficient value of 0.823 using Cronbach alpha test at cut off point of 0.8. Data was analyzed through descriptive statistics and the relationship between the variables was established using multiple regression analysis. The Statistical package for social sciences (SPSS) was used to help the researcher describe the data and determine the extent of relationships between the learning organization dimension variables and the firm performance of commercial banks. From the study, inquiry and dialogue was significant at R value of 0.537 and P value of 0.001 in predicting the firm performance and it was concluded that there was a relationship between inquiry and dialogue and firm performance from the regression model.

Bishop (2020) explored the effect of learning culture dimensions, namely continuous learning, inquiry and dialogue, team learning, knowledge sharing systems, and empowerment, on employee well-being and resilient behaviours, when proactive personality and positive affect were controlled for. A self-report online questionnaire was distributed to professionals from a number of New Zealand and Australian organisations at a single time point. Regression analyses on a sample of 189 professionals found that continuous learning was significantly related to employees' well-being and resilience, beyond the effect of individual differences on these outcomes. However, no other learning culture dimension examined in the study was significantly related to well-being or resilience, once individual differences were controlled for. These findings indicate the importance of continuous learning opportunities for improving well-being and promoting resilient behaviours among employees, and suggest that this feature of a learning culture may have a more positive impact on individual outcomes than the other features.

Ahmad Qadri, Ghani, Parveen, Lodhi, Khan and Gillani (2021) investigated the organizational learning based on individual learning, as organizations only learn through individual learners. Based on the theories of action and dynamic theory of organizational knowledge creation (KC), this study proposes a serial mediation model where KC underlying mechanisms through organizational learning culture (OLC) such as acquisition of information (AOI), interpretation of information (IOI), behavioral and cognitive changes (BCC) have facilitated firm performance (OP) during Covid-19. Data have been collected from 610 randomly selected employees in the manufacturing firms of Pakistan. To test the study hypotheses, we used SPSS macro process (Model-6 with three mediators). The study results suggest the serial mediation effect of IOI, BCC, and KC on the AOI-OP relationships under single-, double-, and triple-loop learning viewpoints.

Ramazan, Öncü and Mesci (2020) investigated the mediating role of organizational learning in the relationship between cost leadership strategy and business performance. The universe of the research is composed of middle and senior managers of The International Air Transport Association (IATA) member travel agencies operating throughout Turkey. Quantitative research method was conducted and the data were obtained by face-to-face and email survey techniques. The data of the 351 questionnaires evaluated were analyzed using the Structural Equation Modeling (SEM) AMOS package program. The results of the study indicate a positive relationship between cost leadership strategy and business performance. In addition, organizational learning plays a mediator role between

cost leadership strategy and business performance. These results once again reveal the importance of cost leadership strategy and organizational learning in achieving desired performance goals in travel agencies. The population of this study is limited to IATA member travel agencies. The population of this study was restricted to travel agencies. The study found that collaboration among members had a significant effect on the cost leadership strategy and business performance.

Imran, Ilyas and Fatima (2017) conveyed the pathway to performance with the help of knowledge management capabilities and organizational learning. A multi-group analysis is performed having organizational learning as mediator between knowledge management capabilities and firm performance using Preacher and Hayes (2004) mediation analysis on 228 responses from multiple ranked employees selected at random from public and private sector banks of Pakistan. The results exhibit substantial positive influence of knowledge management capabilities on enhancing firm performance and organizational learning partially mediates the relationship between knowledge management capabilities and firm performance. In addition to this, public sector banks have more responsiveness to knowledge management capabilities in context with firm performance when compared with private sector banks. These results suggest new avenues for management to attain sustained performance using knowledge management capabilities at prime level; updated technology, supportive culture, knowledge acquisition and application processes. Further, these capabilities are helpful to induce learning environment in organizations that will lead to creativity, innovation, competitive advantage and overall performance.

Bazira (2017) examined the relationship between organizational learning culture and utilization of evaluation results in international development agencies taking Heifer International Uganda as a case study. The study interrogated organizational learning culture in terms of senior leadership support, staff capacity and structural support system with an interest of finding out how each of these influences utilization of evaluation results at Heifer International Uganda. In an effort to answer the research questions, a cross-sectional survey design was used and a sample of 51 respondents was considered to respond to the questionnaires and interviews that were supported with 10 key informant interviews and documentary analysis. The empirical analysis of data followed non-parametric procedures using SPSS 22.0. The results indicated that, senior leadership have a positive significant relationship with utilization of evaluation results having $r = 0.877$ and $p = 0.000$ thus suggesting that there was a positive significant relationship between the two variables.

Maina and Gichinga (2018) assessed the effect of transformational leadership on the firm performance of steel manufacturing companies in coast region. The study was guided by the following objectives; to establish the effect of idealized influence, inspirational motivation, individualized consideration and intellectual stimulation on the firm performance of steel manufacturing companies. This study adopted a descriptive study design. Target population primary data was collected using semi-structured questionnaire based on the objectives of the study. The target population for this study was therefore six fully automated and eleven semi-automated steel manufacturing companies. The unit of observation was the 59 senior level managers. Purposive sampling was used to arrive at this sample. The data was edited, coded for processing using the statistical package for social sciences (SPSS v.24) and presented in tables. Descriptive and inferential statistics was used to analyze information generated from respondents. First, in regard to idealized influence, the regression coefficients of the study showed that it had a significant influence on firm performance of steel manufacturing companies in coast region. The results indicated that there was a positive relationship between idealized influence and firm performance of steel manufacturing companies in coast region. In addition, the researcher found the relationship to be statistically significant at 5% level. Correlation and regression results indicated that individualized consideration had a significant effect on firm performance of steel manufacturing companies. Finally Most of the statements showed that the respondents agreed with the statement that intellectual stimulation had an effect on firm performance of steel manufacturing companies in coast region. Regression results also showed intellectual Stimulation had a significant effect on firm performance of steel manufacturing companies in coast region

4.3. Proposed Theoretical Model

Theoretical model is imperative in helping to reveal the relationship between independent variables, moderating variables, mediating variables and dependent variable. In the case of this independent study, a theoretical model was proposed that illustrated the relationship between strategic alignment and customer satisfaction. This relationship is demonstrated in a chart marked as Figure 1.

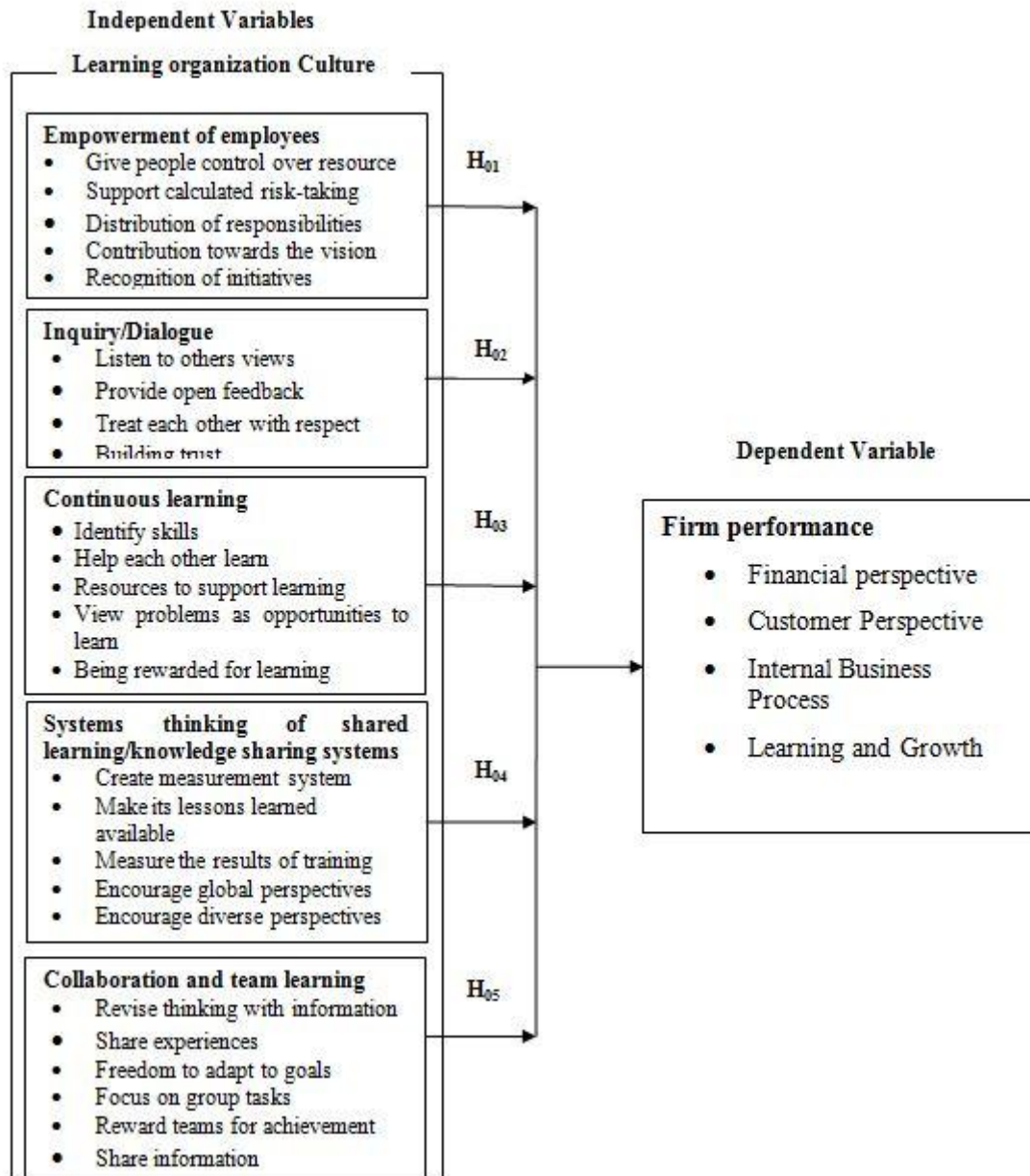


Figure1. Proposed Theoretical Model

Source: Author (2021)

The proposed model shows learning organization culture is the independent variable and firm performance is the dependent variable. In this study, learning organization culture is measured by empowerment of employees, inquiry/dialogue, continuous learning, and systems thinking of shared learning / knowledge sharing systems, and collaboration and team learning.

Organizational learning, as the source of knowledge creation and knowledge as the unique, inimitable and infinite resource of the resource-based theory, is emphasized as the factor in the achievement of competitive advantage. The literature views organizational learning as the basis of gaining a sustainable competitive advantage and a key to firm performance. Organizations that embrace strategies consistent with the learning organization are thought to achieve improved performance.

Improving performance or ensuring sustained levels of great performance, requires development of the appropriate approaches, this includes a number of factors. Development of appropriate information technology, procuring and retaining an appropriate capacity of human resource and development of strategies that inspire research innovation and development. Other factors include the creation of new markets as well as promotion of team work and suitable performance evaluation mechanism. These approaches are essential to learning organization, therefore the increased attention on dealing the many hiccups that organizations face.

5. CONCLUSION

The study has explored the existing literature on learning organization culture and firm performance and highlights the knowledge gaps necessary to provide direction for future research. Extant theoretical and empirical literature was reviewed systematically to investigate the nature of the construct of strategic flexibility and its associated phenomena. The theoretical arguments in the paper were anchored on resource based view and balanced scorecard. Consequently, a theoretical model linking the constructs in the study was proposed. Gaps in previous studies have also been highlighted.

The literature shows that firms adopt dimensions of learning organizations such as continuous learning to continually create and acquire new knowledge with an aim of improving their practices, and in turn translate to improved performances. To enhance this therefore, organizations should invest resources required to support learning.

Also, inquiry and dialogue involves listening to each other's views and building trust with each other. Organizations should therefore encourage dialogues between members that are genuine, spontaneous and enthusiastic withholding presuppositions and judgments while trying to seek for answers to existing problems. They should embrace a spirit of inquiry aimed at understanding of underlying assumptions and beliefs.

When organizations embrace division of labour and specialization policy, employees are given an opportunity to choose their work assignment based on one's area of specialization and most importantly get recognized for taking certain initiatives that lead to improved performance. Employee empowerment gives a sense of self-worth and ability to make a difference. Organizations should enhance this by adopting short organizational structures, decentralizing areas of responsibilities and embracing a culture that allow employees to make decisions at the job performance levels.

This paper adds new knowledge to the existing literature by exploring the link between the learning organization culture and firm performance. In addition, the study may allow managers of firms to understand the ways through which they can take an active role in dealing with major problems and ensuring learning organization culture. It implies that the study will allow managers to more effectively align interests of all stakeholders and ensure firm performance. The proposed theoretical model showing the variables and their indicators may provide a guide for further empirical studies.

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