

Learning Orientation in Small and Medium-Sized Enterprises: An Empirical Investigation of Its Determinants and Influence on Entrepreneurial Performance.

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Abstract: *Learning orientation is one of the important knowledge-related factors and capabilities (Laverie, Madhavaram, & McDonald, 2008; Yuan, Feng, Lai, & Collins, 2018) that refers to a basic organizational attitude toward learning (Gerschewski, Lew, Khan, & Park, 2018) and has a great role in creating and using knowledge (Rhee, Park, & Lee, 2010). In other words, learning orientation orients the organization in the direction of creating and using knowledge, so it can improve the organization's desire to acquire, assimilate, transform and exploit the external knowledge. By considering the fact that learning occurs through interacting knowledge with action and leads to acquiring and disseminating knowledge, it can influence innovation performance in organizations. In today's competitive environment leadership in the industry or market is not possible without a specific strategy. By regarding the fact that operations are important components of strategic planning (Sum, Shih-JuKow, & Chen, 2004), though linking the organizational strategy with its operations is a challenge for many companies in order to gain competitive advantage. Operations strategy refers to the policies and plans in using organizational resources to realize the strategic goals (Qi, Huo, Wang, & Yeung, 2017). It has become an important issue in operations management due to factors such as cost, delivery, flexibility, and quality (Longoni&Cagliano, 2015). In other words, cost, delivery, flexibility, and quality are considered as the main components of operations strategy that help organizations in achieving their goals. The importance of this subject has attracted the attention of researchers to identify the factors that contribute to improving and reinforcing the operations strategy. Although various factors can be identified in this regard, the above study presented learning orientation as an important factor in triggering various dimensions of operations strategy. Previous studies highlighted the role of knowledge in some aspects of operations strategy (Gamal Aboelmaged, 2012), but none of them have investigated the impact of learning orientation on operations strategy.*

Keywords: Learning Orientation, Innovation, Strategic. Knowledge.

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Introduction

The Learning Orientation scale measures the tendency or habit of seeking to increase one's knowledge and skills; toward valuing the learning process as a means to accomplish mastery over a task; toward being interested in challenging activities; and toward using information seeking as a personal strategy when problem solving. (Paparoidamis, N. G., 2005) This study looked into the effects of learning orientation and successful leadership in the sales department. According to the study paper's proposed model, sales managers must pursue strategic learning and establish favourable learning environments and procedures that support organisational learning and change. The capacity to learn and learning itself are seen as essential to an organization's existence in the modern world. The study's findings that learning organisations are more likely to outperform those that are only performance focused have convinced sales managers to encourage their teams to have a mix of learning and performance goals. It was proposed that in order to keep up with the changes in contemporary operational environments, modern firms must continuously transform internally and emphasise on learning orientation goals for a more holistic development of the organization.(Xie, Y., & Zheng, X., 2020) This paper sought to investigate how learning orientation contributes to B2B companies' brand equity development. According to the current study, learning orientation helps people develop their marketing and innovation skills, which in turn promotes stronger industrial brand equity. According to the study paper, B2B companies can increase their brand equity by fostering a culture of learning. According to the findings, learning orientation promotes industrial brand equity by leveraging marketing and innovation skills. Thus, a learning-oriented culture is helpful to boost a company's capacity for innovation because it allows a company to be more responsive to potential opportunities appearing in the constantly changing market and more motivated to try new things with employees who are open-minded.(Abdulai Mahmoud, M., &Yusif, B., 2012) Continuous change is a challenge for non-profit organisations (NPOs), which is what spurs them to embrace organisational change models. The objective of this paper was to investigate how market and learning orientations affect NPO success. Market orientation, learning orientation, and the success of non-profit organisations with an economic and non-economic focus were all theorised by the author. According to the evidence, learning orientation best explains improved performance, despite the fact that there is a strong relationship between market orientation and NPO performance (on both economic and non-economic indicators). Additionally, noneconomic performance is the underlying method by which organisations can realise the economic promises of learning orientation. (De Clercq, et al., 2013)This paper looked into the previously unresearched roles of people's learning orientation and passion for work in order to further our understanding of the drivers that underlie the formation of entrepreneurial intention. It takes into account how these individual traits may moderate the instrumentality of their perceptions of the attractiveness of becoming an entrepreneur and their perceived ability to become effective business owners. It finds that learning orientation and work passion reinvigorate the role of these feasibility and desirability factors in enhancing entrepreneurial intention using a survey of 946 university students. The capacity to become a successful entrepreneur was found to be more effective at enhancing entrepreneurial intention at greater levels of learning orientation and passion for work than at

lower levels. (Iyer, K. N., et al., 2019) The study enhances understanding of the contribution of learning orientation and supply chain partnership resources in building lean capability, and its impact on operational performance. The research implied that learning orientation relates positively with all three relational resources – resource specificity, resource complementarity, and collaboration. The findings suggested that the assertion that the internal and external-market sensing culture engenders development and configuration of partnership resources that are critical inputs for capabilities to improve their market-responsive abilities. Therefore, proactive market-response behaviors are facilitated by a learning-oriented supply chain culture, enabling strategic resource choices. Thus the study emphasizes on the importance of learning elements in supply chain firms that pursue competitive capabilities for realizing superior performance.(Bellou, V.,2010) This research sought to determine the effects of learning orientation, internal customer orientation, and external customer orientation on the quality of patient care. Top management must establish a powerful, distinct culture that places a strong emphasis on learning as well as internal patient and customer orientation. The findings indicate that managers think organisational learning can improve service quality. Employees understand the value of learning orientation for the standard of medical treatment. The organisation can not only keep up with but also dominate the market by gathering market-related data, creating new knowledge, and dispersing it among all organisational members.(Baker, W. E., & Sinkula, J. M.,1999) This paper aimed to show that a firm's learning orientation is likely to directly influence organisational performance by facilitating the type of generative learning that results in innovations in products, procedures, and systems and indirectly affect organisational performance by improving the quality of its market-oriented behaviours. The findings were also consistent in showing that for businesses to foster the adaptable and generative learning behaviour necessary for success, they need both entrepreneurial and market-oriented culture components. It was suggested that market-oriented behaviours without a strong learning orientation may result in more imitation, which can maintain performance but is less likely to result in the kind of competitive advantage that will increase market share. (Mantok, et al.,2019)Examining organisational learning as a mediator among small-scale manufacturing enterprises (S-SMEs), which make up the bulk of economic activity in an emerging or developing country, was the objective of this article. The study paper strengthens the argument that organisational learning mediates the relationship between entrepreneurial orientation and business performance. This may incentivize business owners to invest more time and resources in establishing and sustaining a supportive learning environment.

Literature Review

In several studies, innovation is considered as having a positive effect over the performance of the firms (Nybakk, 2012; Lin et al., 2013; Chang et al., 2014; Deniz and Neczan 2012; Filser and Eggers, 2014) or over the success of these (Kuster and Vila, 2011; Rapp et al., 2008). There are different definitions of innovation in literature, according Nybakk (2012:4), innovation is “the propensity of the firms to create and/or adopt new products, manufacturing processes and business models” it is noted that the emphasis is made over products, processes and managements systems that are new to the firm but not necessary new for the market. Innovation is considered also as a crucial factor in the firms’ performance, as result of the evolution of the

competitive environment. Currently it is recognized in the literature the impure of the innovation in the companies to obtain good results, in addition, it has been reported as a key and essential concept in the competitive advantage competitive (Alegre and Chiva, 2013), for being precursor to posses a strong position in the market (Akman and Yilmaz, 2008). Innovation is an important component for the economic development and the growth of the productivity, and therefore for the competitiveness in the regions and nations. Mexican states are increasing their regional innovation systems but such efforts should be refocus. Their accomplishments tend to highlight infrastructure and regulatory matters, putting less attention to the economy of knowledge factors (OECD, 2015). Investment in México supporting innovation is also very slow. At the light of the current economic and financial crisis, since the innovation investment is pro-cyclic, efforts to ensure the continuity and growth in investment in the long term are still necessary. Research and development in Mexico as a percentage of Grow domestic Product (GCP) is equal to 0.5% (where the research and development of the business plays a small paper) compared to the OECD's average that is above 2% and where the following ranges are observed: Brazil (0.9%), the Russian Federation (1.1%) and China (1.3%), all significantly higher. Additionally, in Mexico are observed strong innovation barriers over the industrial organizational forms that allow learning and innovation processes (OECD, 2009). It is important to develop more proactive efforts to integrate science, technology and innovations. Small and medium companies are an important resource for employment and the income generation, its political and economic importance is obvious (Filser and Eggers, 2014). "... small business and specially the new created business, can be of very high performance". New and small business can do important contributions to the creation of jobs and to the economic growth. Regardless of the fact that most of the small business alone have a more modest impact in the economy, together they make an important economic and social contribution (OECD, 2014). Therefore, it is necessary to support the small and medium company in Mexico, in its strategic decisions making processes, it is important to research the internal capacities as the organizational learning in order to promote the development in the companies and their increase in the performance levels. There is also another study performed to business strategic units in various industries in Taiwan, in which the results indicate that the innovation is important in an emerging economy, its authors speculate whether if the same findings should be expected in the western countries (Lin et al., 2013). Several of the studies show the question of the possibility of generalization of the results in other industries and countries (Hanvanich et al., 2006), since it would offer valuable perspectives regarding the understanding of the relation of these relevant constructs. Calantone et al. (2002) appoint that it is urgent the study of the learning and innovation constructs in other cultures, since it is essential for the continued advance of the knowledge body over learning and innovation orientation. Many studies have been directed in the specific contexts, such as big companies in United States (Hult et al., 2004), big technological companies (Calantone et al., 2002), highlighting that it is important to make studies between different nations. Studies found up to today regarding the relation between learning orientation over innovation have been performed in different contexts. Some of them have been focused on a particular industry, such is the case of the study performed to ceramic products in companies in Italy and Spain (Alegre and Chiva, 2013) and in the wood industry of Norway (Nybakk, 2012), in Spain in multinational companies (Jiménez et al., 2014) these, a positive relation has been found between these constructs. Innovation consist of successful exploitation (Amabile et al., 1996) of new ideas. According to

Akman and Yilmaz (2008) the “capacity of innovation” is defined as an important factor that facilitate an innovation organizational culture, having as a characteristic the activities of internal promotion of innovation as well as the capacity of understand and respond correctly to an external environment. The capacity of innovation is the application of relevant knowledge to understand the market and their successful implementation in order to develop new ideas within the organization (Zheng et al., 2005). The innovation capacity has been defined as the ability of the organization to adopt or successfully apply new ideas, procedures or products (Hurley and Hult, 1998). Innovativeness it’s known as the organizational culture that impulse an open attitude to new ideas, however the innovation would reflect the output of the innovativeness procedure (Baker and Sinkula, 2009). Also, there are authors that make a difference between the innovation of the product or of the procedure (Camison-Zornoza et al., 2004). The capacity of innovation is analysed from two different points of view, the first one as the rhythm of adoption of innovation of the corporation while the second as the disposition to the change (Hurt et al., 1977). It is appointed as well that the concept of innovation includes the technology innovation and management methods innovation, the technology innovation refers to those changes on de products and the production procedure. The innovation in the management system refers to the changes on the organizational structure, is the implementation of new organizational methods in the businesses practices of the corporation, in the organization of the work or in the external relations (OCDE, 2005). There is a discussion in the scientific literature about the fact of the different definitions of innovation, innovativeness and innovative capability. However there is a concept that has been adopted all over the literature that defines innovation as “The generation, acceptance and implementation of new ideas, processes, products or services” (Calantone et al., 2002; Baker and Sinkula, 2000). The emphasis is about new products, manufacture processes and business systems. Besides the emphasis about products, processes and businesses systems that are new for the firm but not necessary new for the market, includes the adoption and more radicals innovation (Nybakk, 2012; OECD, 2005; Kuster and Vila, 2011). The innovation of th; Lin, et al., 2012; Alegre and Chiva, 2013; Akguin, et al., 2007). On the other hand Liao et al. (2012), examine 23 bank and insurance industries, finding that the learning at the organization affects innovation. They assure that the organizational culture is the most important input to obtain an effective knowledge and learning management at the organization because corporative culture define values, beliefs and working systems that could either motivate or prevent both learning (knowledge creation) and knowledge exchange.

Research Methodology

The research contrived to achieve the objective framed for the study that is grounded on the data of SME’S of Uttarakhand & Uttar Pradesh. The motive of the study was to analyze the impact of Learning Orientation (LO) and their impact on the performance of the firm. Research Methodology is the path for achieving aims methodically.

Research Design

Research design is a comprehensive plan for data collection. Exploratory research design was conducted in this study to develop background information of SME’s.

Sample of the study: A sample is a part of the total population that represents the whole population or we can say it should be the best representative of the universe which will help the researcher in making accurate approximations of the population. In this study, a sample of 200 Owner & Senior Managers has been chosen from, Uttar Pradesh & Uttarakhand.

Sampling method From the previous studies, it was found that we have two different types of sampling methods namely- Probability sampling and Non-probability Sampling. In the present study researcher used probability sampling using stratified random sampling technique

Source of Data: The study would be based on both primary as well as secondary data. Primary data would be obtained using survey questionnaire and secondary data would be obtained from print as well as online sources, including business projects and news, journals, research papers, past studies, government annexure, reports and various other online as well as offline sources in order to obtain the current scenario of Small and Medium Enterprises.

Reliability Analysis: A scale is said to have high internal consistency reliability if the item of Scale “Hand together” and measure the same construct. The most commonly used internal consistency measure in the Cronbach Alpha Coefficient. It is viewed as the most appropriate measure of Reliability when making Likert Scale (Robinson, 2009)

Research Hypotheses

The broad hypothesis was formulated as follows:

H0: A high level of Learning Orientation has no significant impact on the superior performance of organizations.

H1: A high level of Learning Orientation leads to superior performance in organizations.

Reliability Analysis:

Firstly, the researcher performed a reliability test on independent and dependent variable items, to check the internal consistency.

Case Processing Summary

		N	%
Cases	Valid	200	100.0
	Excluded	0	.0
	Total	200	100.0

Reliability Statistics:

Cronbach's Alpha	N of Items
.765	12

Table showed that the calculated value of Cronbach's alpha coefficient for 12 items of Learning Orientation is .765 which is considered as acceptable and indicates the reliability of the scale.

Exploratory Factor Analysis

Exploratory factor analysis was conducted to determine the underlying structure of Learning Orientation. Three dimensions emerged: Commitment to Learning, Shared Vision, and Open-Mindedness. The analysis retained all four items under Commitment to Learning and all four items under Shared Vision. One Open-Mindedness item was removed because it loaded simultaneously on two factors. Consequently, Open-Mindedness was represented by three items in the final structure.

Factor	KMO	Bartlett's Chi-Square	df	Sig.
Commitment to Learning	0.776	547.917	6	0.000
Shared Vision	0.663	426.762	6	0.000
Open-Mindedness	0.627	240.529	6	0.000

Commitment to Learning

Commitment to Learning represents the extent to which an organization considers learning an important organizational value and strategic resource.

Item	Factor Loading
Organizational ability to learn is the key to competitive advantage	0.834
Organizational values include learning as a key to improvement	0.920
Employee learning is viewed as an investment rather than an expense	0.846
Learning is necessary to guarantee organizational survival	0.811

The factor explained 78.196% of the reported variance.

Shared Vision

Shared Vision reflects the extent to which employees share organizational goals, understand the organizational purpose, and perceive themselves as contributors to the organizational direction.

Item	Factor Loading
There is a commonality of purpose in the organization	0.764
There is agreement on organizational vision across levels and functions	0.750
Employees are committed to organizational goals	0.797
Employees view themselves as partners in charting organizational direction	0.828

The reported cumulative variance explained for this factor was 67.517%.

Open-Mindedness

Open-Mindedness represents the organization's willingness to question established assumptions, critically evaluate information, and review previous decisions.

Item	Factor Loading
Organization is not afraid to critically reflect on assumptions about customers	0.840

Organization collectively questions its biases in interpreting customer information	0.821
Organization continually judges the quality of decisions and activities	0.640

The reported variance explained by the final Open-Mindedness factor was 61.213%. One item concerning continuous questioning of marketplace perceptions was removed because it loaded on two factors simultaneously.

Regression Analysis

Commitment to Learning and Organizational Characteristics

For age, the regression model produced $R = 0.481$, $R^2 = 0.232$, $F = 14.701$, $p < 0.001$. Two predictors were particularly significant: organizational learning as a key to improvement and employee learning as an investment. The gender model produced $R = 0.385$, $R^2 = 0.148$, $F = 8.490$, $p < 0.001$. The education model produced $R = 0.435$, $R^2 = 0.189$, $F = 11.380$, $p < 0.001$. The years-of-business model produced $R = 0.381$, $R^2 = 0.145$, $F = 8.290$, $p < 0.001$. In contrast, the ownership model was not statistically significant, with $R^2 = 0.030$ and $p = 0.197$. The current-stage-of-business model was statistically significant, with $R = 0.435$, $R^2 = 0.190$, $F = 11.408$, $p < 0.001$.

Shared Vision and Organizational Characteristics

Shared Vision demonstrated comparatively strong relationships with several organizational characteristics. The regression model for age produced $R = 0.446$, $R^2 = 0.199$, $F = 12.099$, $p < 0.001$. The gender model produced $R = 0.420$, $R^2 = 0.177$, $F = 10.450$, $p < 0.001$. The education model produced $R = 0.610$, $R^2 = 0.372$, $F = 28.825$, $p < 0.001$. The final hypothesis summary reports statistically significant relationships between Shared Vision and age, gender, educational attainment, years of business, ownership form, and current stage of business.

Open-Mindedness and Organizational Characteristics

Open-Mindedness demonstrated significant associations with some, but not all, organizational characteristics. The age model produced $R = 0.392$, $R^2 = 0.154$, $F = 11.875$, $p < 0.001$. The final hypothesis summary reports significant relationships between Open-Mindedness and age, gender, educational attainment, and current stage of business. The relationship with years of business was reported as accepted/non-significant in the source hypothesis summary, and the relationship with form of ownership was also reported as non-significant. For current stage of business, the model produced $R = 0.453$, $R^2 = 0.205$, $F = 16.878$, $p < 0.001$.

Hypothesis	R2Value	Significance	Accepted/Rejected
H01- There is no impact of age on Commitment to Learning.	.232	.000	Rejected
H02- There is no impact of Gender on Commitment to Learning.	.148	.000	Rejected
H03- There is no impact of Commitment to Learning on Highest Education Attainment	.189	.000	Rejected

H04- There is no impact of Years in Business on Commitment to Learning.	.145	.000	Rejected
H05- There is no impact of Form of Ownership on Commitment to Learning.	.030	.197	Accepted
H06- There is no impact of Current Stage of business on Commitment to Learning.	.190	.000	Rejected
H07- There is no impact of Age on Shared Vision.	.199	.000	Rejected
H08- There is no impact of Gender on Shared Vision.	.177	.000	Rejected
H09- There is no impact of Highest Education Attainment on Shared Vision.	.372	.000	Rejected
H10- There is no impact of Years of Business on Shared Vision	.326	.000	Rejected
H11- There is an impact of Form of Ownership on Shared Vision	.148	.000	Rejected
H12- There is no impact of Current Stage of Business on Shared Vision	.483	.000	Rejected
H13- There is no impact of Age on Open Mindedness.	.154	.000	Rejected
H14- There is no impact of gender on Open Mindedness.	.246	.000	Rejected
H15- There is no impact of Highest Education Attainment on Open Mindedness.	.126	.000	Rejected
H16- There is no impact of Years of Business on Open Mindedness.	.047	.024	Accepted
H17- There is no impact of Forms of Ownership on Open Mindedness.	.033	.083	Accepted
H18- There is no impact of Current Stage in Business on Open Mindedness.	.205	.000	Rejected

From the above discussion, it was found that out of 18 sub hypothesis, 15 were found to be rejected, therefore it can be concluded that main null hypothesis is accepted, i.e. ‘High level of Learning orientation has no significant impact on Superior Performance’, and the alternative hypothesis ‘High level of learning orientation leads to Superior Performance’ was rejected. Hence, researcher can conclude that there is no substantial positive effect of LO on the

performance of the organization. Conclusion: To begin, the researcher tested the reliability of the variable of Learning Orientation. Chronbach's Alpha value was .765 for all 12 items. Following that, the researcher conducted exploratory factor analysis. The KMO score for the Commitment to Learning factor was .776, allowing the researcher to continue with the EFA; all the items of Commitment to Learning were maintained. The KMO value for the Share Vision factor was .663, indicating that the sample adequacy was sufficient for completing EFA. The EFA results reflected substantial association between all the items. The KMO value for Open Mindedness was .627, which indicated that the sample adequacy was acceptable for the EFA to be performed. One of the four items under the Open Mindedness factor was retrieved by the EFA results.

Further, in order to identify the factors that contribute most to the better performance in organization, the researcher looked at how the three variables of Learning Orientation impacted the demographic variables. The results reflected that all items of the Shared Vision factor impacted the demographic variables, like gender, highest education attained, years of business and current stage of business. Additionally, only the demographic variables of Age and Gender were impacted by the open mindedness factor. Furthermore, the Learning Orientation's variable, Commitment to learning showed no statistically significant impact on the demographic variables. This study has contributed to the existing literature related to Learning Orientation and its impact on the better performance of the Organization. For this study, all scales are developed to measure the factors related to Learning Orientation and their impact on the respective demographic variables to check the performance enhancement of the organizations. The findings of the study rejected the null hypothesis, as only 15 out of the total 18 sub hypotheses were completely rejected. Hence the researcher can conclude that high level of Learning Orientation has significant impact on the performance of the organization.

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