

## ARTICLE

# EXAMINE THE RELATIONSHIP BETWEEN ORGANIZATIONAL LEARNING AND ORGANIZATIONAL PERFORMANCE WITH THE MEDIATING ROLE OF INTELLECTUAL CAPITAL (CASE STUDY: SOCIAL SECURITY ORGANIZATION)

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## ABSTRACT

**Background:** The aim of this study is to examine the relationship between organizational learning, organizational performance and intellectual capital. **Materials and methods:** The population in this study consists of 159 employees of the Social Security Organization. Sampling of this study is simple random study and sample size is equal to 112 people using Cochran formula. Researcher has used from triple questionnaire that all the questions are Likert to collect data. In this study, the structural relations model was used to analyze the data. It was used to determine the validity and reliability of content validity and Cronbach's alpha coefficient that its amount was equal to 0.86 for organizational learning questionnaire Nife (2001) from 0.87 to 0.91 and for inventory organizational performance Hersey and Goldsmith intellectual capital Bontis (1998). It was used from Lisrel statistical software for data analysis and hypothesis testing and other analyzes in this paper. **Results:** The results showed that there has been a relationship between organizational learning and intellectual capital, also there is a significant relationship between intellectual capital and organizational performance.

## INTRODUCTION

Achieve organizational goals depends on the ability of human resources in carrying out the duties assigned to them. Human resources are as one of the most important factors in advancing purposes and improving the productivity of organizations. Thus improving performance and optimizing human resource is a crucial need for organizations and according to organizational learning and intellectual capital are tools for achieving this goal. Organizational performance through the creation of empathy between the staff and the alignment between the goals and objectives of the organization and employees attempts to be created and therefore increases the productivity of the entire organization. The performance of the organization is more successful in achieving these goals, productivity increased and consequently the success and continuity will be guaranteed.

## KEY WORDS

Organizational Learning, Organizational

If organizational performance has been assessed with requirements and prerequisites in organization, it can identify part of your organization problems and provide practical solutions to resolve them, it should be noted that there are a set of effective factors that affect the organizational performance.

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They adapt their employees to environment changing through organizational learning. Learning makes a person familiar with the insights and new concepts. Organizational learning occurs when organizational members use from learning to solve problems of their organization. Each organization has his methods for learning based on their own characteristics and [1]. Start of learning organization is thanks to the collective development of management theories such as Adam Smith, Taylor, and the learning curve[2]. Survival and development organizations in the changing world of today require the ability to timely and appropriate response to successive changes in the environment. Only organizations can anticipate needs and environmental changes in a timely manner, and their survival in a constantly changing environment to continue that emphasis on organizational learning [3].

On the other hand from a management perspective, intellectual capital means the knowledge, practical experience, organizational technology, communication and professional skills that bring competitive advantage in the market for the company and has impact on organizational performance. This definition scrutinizes people who make up the organization, structural dimensions and all connections to the organization. Although intellectual capital was before unknown, but now play a role in various forms in the process of economic, management, technology, and society development. The aim of this study is to explain the relationship between organizational learning and organizational performance with the mediating role of intellectual capital.

## RESEARCH LITERATURE

## Organizational performance

Organizational performance is to meet or exceed the social and organizational objectives and individual responsibilities have been assumed [4]. In the last two decades, organizational performance management is considered one of the fascinating topics. Information on performance, enabling organizations to gain competitive advantages [5]. Generally, factors affecting organizational performance can be described as

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follows: Organizational structure, organizational environment, policies and procedures of the organization environment. Works can be formally divided, grouped and coordinate using organizational structure. When the manager tried to come over planning the organizational structure should pay attention to the six elements or pillars. These include: the division of labor, job classification, the chain of command, control territory, according to the official ultimately centralized and decentralized tasks. Meaning of the word "environment" is unlimited and it includes all the things that are outside the organization. But the analysis made in this case. Just some aspects of the environment are concerned that the organization to which is sensitive and must reacts against them for its survival and rise of life. The organization's environment is defined as follows: All the factors that are outside the boundaries of the organization and has potential effects on all or a part of the organization [6].

Due to global competition, organizational performance evaluation is required for the survival of the organization and attention to performance measurement is important as a starting point for the development process. Each organization measure, monitor and analyze its own performance. The main reason for measuring performance is increasing the overall effectiveness of the organization and business processes. Hence, organizations invest in a lot of new resources, especially human and financial resources, and management systems function efficiently. Some performance measurement system is very complex enough that they let you pursue what happens in real time, and many organizations have taken steps to periodic review. Measuring organizational performance allows managers to focus on areas that need improvement (Vesna, 2008).

Organizational performance is defined as the expected value organizations conduct separate events that people are doing over a period of time [7].

Caldwell and Early (1990) showed that adapt of a person ability to the characteristics of the four required in the job analysis is instrumental for enhancing organizational performance [8].

Performance = function (ability and willingness)

Some experts extended this think by adding self-perception of their role or job recognition (Porter and Lawler, 1968, p. 18). These thinkers believed that employees may have desire and skills to do the job, but this factor is effective if we have good knowledge about what should be done and how is it.

Performance = function (ability and willingness and labor knowledge)

Some other experts have looked at this issue from another Angle and stated that efficiency is not merely a function of individual characteristics but also depends on the environment of organization [9]. People may be motivated severely and have all the necessary skills to do the job, but their effectiveness depends on the support and guidance of the organization, and they need to somehow comply with the needs of the enterprise environment.

Performance = function (ability and willingness, labor recognition, organizational support, environmental adaption)

Pundits recently have entered both feedback and reputation in management efficiency [10].

### Organizational learning

It seems that the term "organizational learning" has been used by March for the first time in their preliminary study on the behavioral aspects of organizational decision making in 1963 [11]. But some believe that the attention of academic circles goes back to the 1950s on how organizations have been learned [12]. Regardless of the exact date of the start of organizational learning, it was attracted little attention until the late 1970s. At this time, a number of theorists focused on its activities on organizational learning [13,14]. Although research activities continued in the 1980s on the issue, in 1990 the issue of organizational learning is just one of the topics covered in the different fields of management like strategy and production management and from that day on, the debate of organizational learning is dominated by discussions of organizational learning new management was the subject of a learner organizations.

Due to up definition, we can say that organizational learning is not a fixed position or limit purpose; But a continuous process is adaptation to environmental conditions and evolution, in which groups within the organization are encouraged to develop the skills, knowledge and develop consensus about the destination [12].

Argyris and Schon (1978) have divided learning process into three categories single-loop, two loop, and Deuteron learning. In the Figurdo's opinion (2002) Learning in organizations has four sub-process of knowledge acquisition from outside the organization, the acquisition of knowledge within the organization, generalization of knowledge and encrypt and development of knowledge. Chu (2004) note that key facilitators of organizational learning are interaction and communication between team members, job rotation and experience, including interaction and communication, the direction and rate of flow of information and experience among the group members. The group job to be able to change jobs in the real exchange between Members refers [15]. Some researchers also emphasize that organizational learning is a major component of the learning organization and is necessary to do that factors related to organizational culture, as entrepreneurship, innovation and knowledge of the market and the factors related to organizational climate, such as dynamic structure, leadership facilitator, decentralized strategic planning and knowledge workers human resources [16]. The results of previous research have shown that information and knowledge has a positive effect on organizational learning [15].

Apparently the so-called organizational learning referring to individual learning in the organization, but organizational learning refers to the group or organizational-level learning. Individual learning is done by reading, interviews, knowledge, experience, practice and develop effective mental models in the mind, However, organizational learning occurs when the group learns to interact, share knowledge and to act collectively so that obtain the combined capacity of the group increased and ability to understand and taking effective action [17].

Organizational learning dimensions are as follow from the perspective of Nife (2001):

Shared vision: the importance of shared vision to become a learner organization: First, the shared vision provides focus and energy for learning. Second, the prospects lead people to action. Outlook indicates their aspiration and dreams and gives meaning to them. Thirdly, the attraction is toward higher desired goal with governing force against the status quo. Shared vision creates the ultimate aim to encourage risk-taking and innovation. Fourth, shared values and meanings are important to determine the kind of knowledge that organizations store and pass [18].

Organizational learning culture: When the members of any society, organization or group try to adapt to the external environment and internal integration problems, they have taken action unconsciously. Because of it, they are not only different in terms of theory, learning and problem solving, but also we should say that different viewpoints have the same basic process.

Team work and learning: Underlining on the importance of team work and learning in the alignment of forces and personnel to avoid wasting energy. Collective learning is a process in which the capacity of the members of the group have been developed and aligned in such a way that the results be what everyone really wanted was to have [19]. Knowledge sharing, transfer and distribution of knowledge, organizational transfer and technological data, includes information and knowledge. The organization's capacity to mobilize knowledge indicates the ability of transfer and the sharing of power that is necessary for success. Knowledge must accurately and quickly distribute throughout the organization or balls Enterprises [18].

Systematic thinking: Systemic thinking means using from systemic method in analysis and corporate governance and attention to the impact of organizational factors on each other. With a holistic thoughtful, business activity and, in general, all other human endeavors are system. They are limited by made activities associated with each other are limited, activities that usually require several years to complete the encapsulation influence. Because of that we are also part of the set, in order to understand the pattern of change we face additional challenges [19].

### Participatory leadership

Participatory leadership subsequent is having employee participation feeling. The result of this effort is that staff feels they are needed and have a useful existence. Research has proven that participation reduce resistance to change, increases commitment to the organization and go down the stress level.

### Staff competencies

Competence in human resources literature is a collection of knowledge, skills and observed and measurable behaviors that contributed to the success of a job or post. For proper management of human resources, we should improve significantly knowledge, information, skills and capabilities of staff and their competencies and create competency in them, Human resource development cannot be obtained with a lot of training, but also human resources should act with a planned and systematic method.

### Intellectual Capital

Intellectual capital is an interdisciplinary concept and its understanding is diverse in disciplines related to business and commerce [20]. There is little agreement on the understanding of intellectual capital. The resulting revolution in information technology, the importance of increasing knowledge and knowledge-based economy, changing patterns create a network of community as well as the emergence of innovation as the most important determinants of competitive advantage including those that enhance the intellectual capital of the Company has provided more than before [21]. Bontis (1999) defines intellectual capital as a set of intangible assets (resources, capabilities, and competition) and achieved organizational performance and value creation. In other words, in Bontis' opinion, intellectual capital means the collection of intangible assets and their flow. Bontis believes that component of intellectual capital with impact on each other; determine flow or the way of company's value creation [22]. Advinson and Malone (1997), define intellectual capital as knowledge and information used to work, a way of value creation [23]. -Intellectual capital components

Brookings (2002) has provided intellectual capital in a more comprehensive framework, the framework includes the following categories in the intellectual capital [24].

- Market assets (including manufacturing and customer loyalty services and brands)
- Intellectual property (including patents, formulas Series and the like)
- Human-centered assets (including training, working knowledge and professional characteristics ...)
- The underlying assets (management philosophy, corporate culture, network systems, etc.)

But the general definitions that seem wider acceptance and have been accepted by the academic

community include the following three components.

- Human Capital
- Structural Capital (organizational)
- Relational capital (customer)

**Human capital**

Human capital is inventory of organization's knowledge. Ross et al (2004) argue that employees cause intellectual capital through competence [25], attitude and intellectual agility [26]. The most important elements of the organization's human capital is workforce skill sets, depth and breadth of their experience. Human resources can be as thought of a soul and intellectual capital resources. This capital exits at the end of the workday to leave the organization by employees outside the company.

**Human capital includes**

- Skills and competencies of the workforce
- Their knowledge in fields that are essential for organizational success
- It is their talents and conducts them.

**Structural capital**

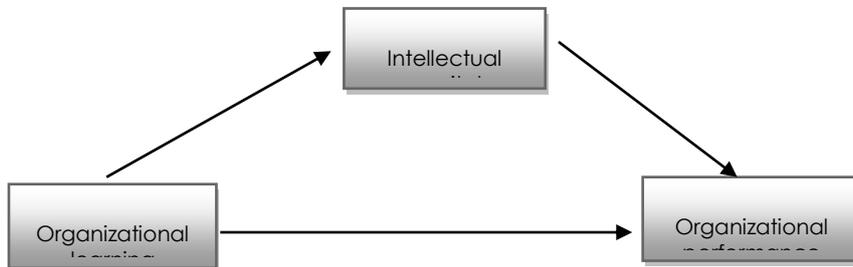
Structural capital includes all of non-human resources knowledge in organization that includes data-bases, organizational charts, and operating instruction and generally everything its worth is higher than material value for organization. Bontis (1998), introduces structural capital in the guidelines, strategies, policies and what makes the organization more than its physical value. According to Bontis, intellectual capital is not reached to their full potential in a corporate with weak ways. Structural capital covers a wide range of essential elements. The most important include:

- Important Executive processes
- How to structure them
- Policies, information flows and database elements
- Leadership and management style
- Corporate Culture
- Employee bonus plan

**Relational capital (customer)**

Relational capital includes all items that exist between organizations of any person or other organization. These people and organizations can include clients, intermediaries, employees, regulatory authorities, communities, creditors, investors and so on. Customer capital deemed as a bridge and operations intellectual capital organizations and intellectual capital becomes a determining factor in market value. This investment includes strength and loyalty customer relations. Bontis (1998) states that the new definition, the concept of customer funds that existed before to have developed relational capital which contains knowledge in all relationships that organization established with customers and competitors, suppliers, trade associations and government. Customer capital deemed as a bridge and operational intellectual capital of organizations and intellectual capital becomes a determining factor in market value. This investment includes strength and loyalty customer relations.

In general we can say that the basic and most important components of intellectual capital are human capital and other capital function of human capital. In fact, grow and expand is limited without the human capital.



**Fig. 1:** Conceptual model

**Hypotheses**

- 1-There is a significant relationship between organizational learning and intellectual capital.
- 2-There is a significant relationship between intellectual capital and organizational performance.
- 3-There is a significant relationship between organizational learning and organizational performance.
- 4-There is a significant relationship between organizational learning and organizational performance through intellectual capital.

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## MATERIALS AND METHOD

Required data for the study have been collected from a questionnaire that its reliability was tested. Researcher are used from questionnaire that all the questions are as Likert to collect data. This data is analyzed by LISREL software. The population in this study consisted of 159 employees of the Social Security Organization. Sampling of this study is simple random study and sample size is equal to 112 people using Cochran formula. Researcher has used from triple questionnaire that all the questions are Likert to collect data. In this study, the structural relations model was used to analyze the data. It was used to determine the validity and reliability of content validity and Cronbach's alpha coefficient that its amount was equal to 0.86 for organizational learning questionnaire Nife (2001) from 0.87 to 0.91 and for Inventory organizational performance Hersey and Goldsmith intellectual capital Bontis (1998). In this study, after drawing analytical model, study is obtained based on data by the program with performances Perlis Path diagram LISREL software measurement model in which hypothesis has been tested using B coefficient and t test. The model fit indexes with performances Perlis is also automatically calculated for the model.

### Data analysis

**Table 1:** Research model fit indices

estimated amounts	Standards amount	Fit index
626	-----	Degrees of Freedom
2217.10	It is not a proper index due to dependence to sample size	Chi-Square
0.083	0.05	RMSEA
0.91	0.90	NFI
0.94	0.90	NNFI
0.95	0.90	CFI
0.058	0.05	RMR
0.70	0.90	GFI
0.71	0.90	AGFI

As shown in [Table 1], can be seen, the indicators of adaption or goodness of fit are in a relatively acceptable level.

### Testing the structural model

In this study, it was used from confirmatory factor analysis to test the measurement model and path analysis confirmed the structural model. Two following figures show the overall model output of LISREL software that at the same time involving the structural model and the measurement model that the more they will be examined in detail and resolution.

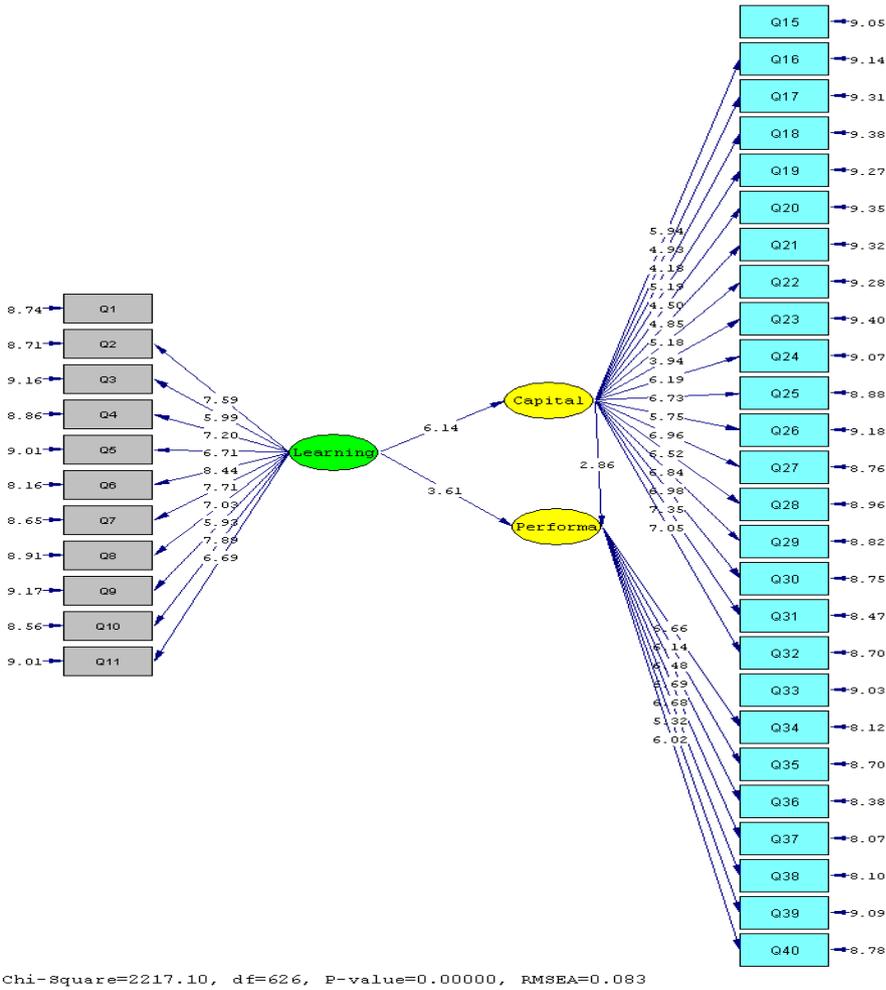


Fig. 2: The base model with T values

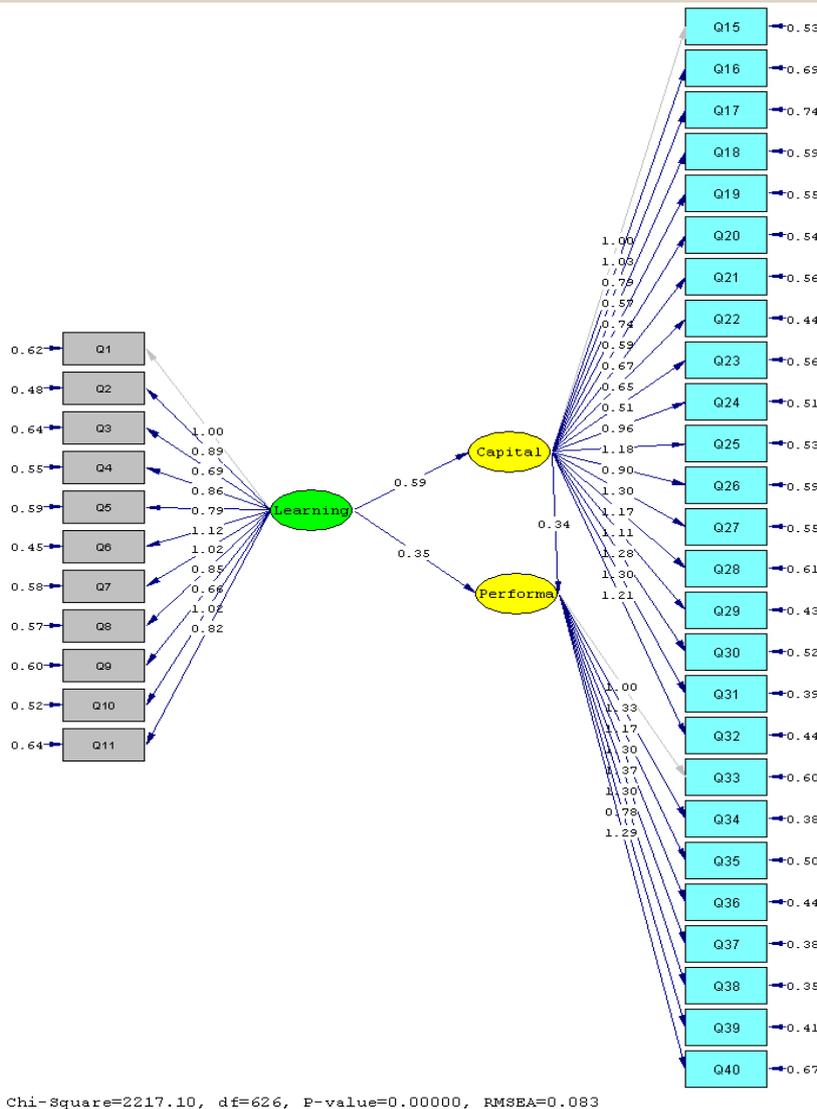


Fig. 3: The base model with path coefficients

## RESULTS

### First hypothesis

There is a significant relationship between organizational learning and intellectual capital.

**Table 2:** Results of the first hypothesis test

Hypothesis	Coefficient	T statistics	Result
There is a significant relationship between organizational learning and intellectual capital.	0.59	6.14	Acceptance

Based on the results shown in [Table 2], the influence of the independent variable on the dependent is supported by the data and the way that relates these two variables together is a positive and meaningful in general (at the level of 5% significance) ( $t = 6.14, \beta_{22} = 0.59$ ), as a result, one can say with 95% confidence, there is a significant relationship between organizational learning and intellectual capital.

### The second hypothesis

There is a significant relationship between intellectual capital and organizational performance.

**Table 3:** results of the second hypothesis

Hypothesis	Coefficient	T statistics	Result
There is a significant relationship between intellectual capital and organizational operation.	0.34	2.86	Acceptance

Based on the results shown in [Table 3], the effect of the independent variable on the dependent is supported by the data and the way that these two variables together in general is positive and significant (at the level of 5% significance) ( $t = 2.86, \beta_{22} = 0.34$ ). As a result, one can say with 95% confidence, there is a significant relationship between intellectual capital and organizational performance.

**The third hypothesis**

There is a significant relationship between organizational learning and organizational performance.

**Table 4:** The third hypothesis test results

Hypothesis	Coefficient	T statistics	Result
There is a significant relationship between organizational learning and organizational operation.	0.34	2.86	Acceptance

Based on the results shown in [Table 4], the effect of the independent variable on the dependent is supported by the data and the way that these two variables together in general is positive and significant (at the level of 5% significance) ( $t = 3.61, \beta_{22} = 0.35$ ). As a result, one can say with 95% confidence, there is a significant relationship between organizational learning and organizational performance.

**The fourth hypothesis**

The relationship between organizational learning and organizational performance due to the significant intellectual capital.

**Table 5:** The fourth hypothesis test results

Hypothesis	Path Coefficient	Result
There is a significant relationship between organizational learning and organizational operation through intellectual capital.	$0.59 \times 0.34 = 0.20$	Acceptance

The results of test of hypothesis 4 is considering according to information in [Table 5]. Possible involvement of intellectual capital between organizational learning and organizational performance such that, if confirmed a direct impact of organizational learning on intellectual capital, as well as the direct impact of intellectual capital on organizational performance be confirmed and dependent impact of intellectual capital can be confirmed between organizational learning and organizational performance. The coefficient of latent variables of organizational learning endogenous on endogenous variables is 0.59 and T valued is significant at a significant level equal to 6.14, 0.95, 0.05 with confidence statistic and endogenous latent variable coefficient of intellectual capital on organizational performance endogenous variable t value of 0.34 with the confidence of 0.05, 2.86 0.95 with confidence statistics to be meaningful. The effect of intellectual capital in mediating role between organizational learning and organizational performance is equal to  $0.59 \times 0.34 = 0.20$  and the researchers' claim is confirmed.

**CONCLUSION**

The results of the hypotheses indicated that the path coefficient between organizational learning and intellectual capital equal to 0.59 and 1.96 of the corresponding  $t < 6.14$  is tested in accordance with the critical mass of 0.05 in the 95% confidence level the null hypothesis can be ruled out. As a result, the first claim of researchers has been approved and one can say with 95% confidence, there is a significant relationship between organizational learning and intellectual capital.

The second hypothesis results showed that the path coefficient between intellectual capital and organizational performance equal to 0.34 and 1.96 of the corresponding  $< 2.86$ , which according to t test with critical value 0.05 at the 95% confidence level the null hypothesis can be ruled out. As a result, second researchers' claim has been confirmed and one can say with 95% confidence, there is a significant relationship between intellectual capital and organizational performance.

The third hypothesis results showed that the path coefficient between organizational learning and organizational performance equal to 0.35 and the corresponding amount of 1.96  $< 3.61$ , which according to t test with critical value 0.05 at the 95% confidence level the null hypothesis can be ruled out. The third researchers' claim was therefore confirmed and one can say with 95% confidence, there is a significant relationship between organizational learning and organizational performance.

The fourth hypothesis results showed that the path coefficient between organizational learning and intellectual capital equal to the amount corresponding 0.59 and  $1.96 > 6.14$  and the path coefficient between intellectual capital and organizational performance equal to 0.34 and the corresponding  $1.96 > 2.86$ , which according to t test with critical value 0.05 at the 95% confidence level the null hypothesis can be rejected. As a result, the impact of intellectual capital intermediary role between organizational learning and organizational performance equal to  $0.59 \times 0.34 = 0.20$  and the fourth claim of researchers is confirmed.

#### CONFLICT OF INTEREST

There is no conflict of interest.

#### ACKNOWLEDGEMENTS

None

#### FINANCIAL DISCLOSURE

None

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