

LEARNING CULTURE ON PERFORMANCE OF SMALL AND MEDIUM ENTREPRISES IN INFORMATION TECHNOLOGY INDUSTRY IN NAIROBI, KENYA

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Abstract: The study aimed at establishing the relationship between learning culture and performance of small and medium enterprises. The study utilized a descriptive research design with the target population being technical and permanent employees of HP Enterprises Ltd and Infotech Africa Ltd in Nairobi. Both quantitative and qualitative primary data was collected using a questionnaire. Both descriptive and inferential analysis was conducted and findings were presented in form of distribution tables, graphs and pie charts. The study concluded that organizational learning greatly influence performance of firms in the IT industry in Kenya hence should be embraced by all firms for better performance. The study recommended that the government in collaboration with other authorities should adequately support SMEs in the IT industry by prioritizing activities and formulation of effective policies and programs that embrace organizational learning in small and medium enterprises.

Keywords: Training and Development, Customer Satisfaction.

1. INTRODUCTION

Organizations today operate in complicated environments and under increasing competition (Metin, Adem, Mehme & Aslı, 2014). Globalization effects, advances in technology and improved modern science have brought rapid changes opening up varying expectations regarding economic operators in a firm (Chiva, Pervez & Joaquín, 2014). Firms are producing new approaches in order to sustain their own existence and enhance performance in such a dynamically changing and turbulent environment (Makkonen, Mikko, Rami, & Aki, 2014). Organizational learning is therefore considered a significant component in firm's adaptation towards higher performance. As such firms are geared towards enabling learning and creation of learning organizations (Heraus, Skerlavaj & Dimovski, 2008).

According to Tseng (2010), prerequisites for most of the firms that are successful is learning and implementing learnt lessons. In order for the learning and implementation to be effective, it must be integrated within the businesses. Such organization which are able to integrate learning within their operations are called learning organisation (Bhatnagar, 2007). They are able to add new knowledge, insights and commitments towards their overall performance. Additionally, employees of these companies are inducted and involved into learning commitments (Woodall, 2005).

Garvin, Edmondson and Gino (2008) asserted that a firm's absorptive capacity determines the success of learning in an organization. The absorptive capacity of an organisation in return is determined by the prior knowledge the enterprise has. What organizations have in mind therefore is that, learning and creation of knowledge will be a continuous activity for employees and also shared to other groups proliferating learning organization wide (Marsick & Watkins, 2003). According to Chiva et al. (2014), in today's globalized world, learning is very significant in organizations. Employees

change jobs at a higher rate than before. They also hoard their knowledge with the thinking that sharing it is detrimental to their individual success. This makes learning within the organisation increasingly important action.

Despite Kenyan SMES having a lot of potential, they have been exposed to a lot of challenges. Seventy percent 70of Kenyan SMEs face financial challenges and are unable to access cash as well as expert human resource (Julia & Marnix, 2015). Therefore, many organizations such as World Bank, Kuza Biashara, Open World, SME expo, Vendor, Digital4Africa and Nest Nairobi have all come together to offer lessons to Kenyan SMEs from advisory, technical assistance, new markets to establishing business environment that is enhancing (Digital4Africa, 2015). It is with this regard that learning organization practices are of a big help to SMEs. This will increasingly enable them to understand organizational commitment and also lead to SMEs effectiveness and improved performance (Marsick & Watkins, 2003).

According to Julia and Marnix (2015), many of SMEs are cognizant of the fact that learning organization is significant. Additionally, learning organization leads to changing organizational values positively which is a recipe for organization fundamental transformation is leading to increased success. Therefore, Wolff and Pett (2010) emphasized that knowledge of learning organization practices to SMEs, their employees and also firm's effectiveness has a positive implication to performance of the firm and the satisfaction of stakeholders.

2. STATEMENT OF THE PROBLEM

SMEs are confronted by many challenges and their survival depends on how they accept changes, improve practices and competitiveness. Defined as an organization that facilitates learning of all its members, learning organization possesses certain characteristics to meet the ever-changing needs of the environment. Some of these challenges include lack of necessary skills, reduced retention; poor sales; operational inefficiency; reduced return on investment; end user dissatisfaction and customer complaints; increased costs among others (Julia & Marnix, 2015).

Notwithstanding the expanding need on learning of employees by firms, there is as yet little literature on organizational learning issues in developing countries (Debrah & Ofori, 2006)

and more concerns have been put from organizations' clients towards low quality administrations in the IT division. It is further significant that while much is thought about the financial matters of organizational learning in the created world, investigations of issues related with hierarchical learning in less-created nations are seldom found. The existing studies in this relation (Harvey 2002; Harvey, Matt & Milord 2002; Jackson 2002; Kamoche 2002; Kamoche, Debrah, Hortwitz & Muuka 2004; Kraak 2005) have taken a general human resource management (HRM) center making a gap around issues, for example, the impact of learning on employee performance. This study contributed in minimizing this gap in the literature and thereby established the basis to understanding of some aspects of human resource management in general and learning in particular in SMEs in the IT sector in Nairobi Kenya.

3. LITERATURE REVIEW

A strong learning culture enables continuous learning in an organization. In a changing society, learning culture provides a strong ground for organizations to adapt to new technologies, products and information. The ability to create a culture of continuous learning enables employees to acquire relevant skills and become more flexible to respond to market changes (Abu-Jarad, Yusof & Nikbin, 2010).

Škerlavaj et al. (2007) defined learning culture as values, assumptions and norms that guide the learning processes of employees in an organization. Therefore, for an organization to acquire a learning culture it has to accept a set of attitudes, practices and values that support continuous learning. Senge (2014) identified five disciplines that encompass a learning culture. These are; personal mastery, mental models, shared vision, team learning and system thinking.

In the definition by Schein (2010) on learning culture, three aspects are significant in enabling learning culture assessment. These include; beliefs and assumptions that support learning in an organisation, values and principles that drive learning in an organisation and enablers of learning and performance in an organisation. To do an assessment of learning culture in an organisation, a measuring tool has been developed by Garvin, Edmondson and Gino (2008). The tool assesses supportive environment, learning processes and practices and leadership behavior in an organisation to provide sufficient reinforcement to enhance learning.

Debates have been developed between learning organizations and organizational learning. According to Örtenblad (2001), this debate revolves around the concept of whether organizational learning is sum of individuals learning within an organisation. According to Edmondson and Moingeon (1998), there exists a difference between learning organisation and organizational learning. In a learning organisation, learning is a continuous process as opposed to a single event process aimed at solving an extant problem.

According to Hitt (2013), learning organisation is one that has capabilities to transform itself. It is able to be creative, innovative and adaptive. These organizations are committed to have continuous learning and improvement within themselves and their employees. They promote a culture that is enabling both to employees and group learning within the organisation. According to Baldwin (2016), learning organizations continuously test assumptions under which they operate in and also transform new knowledge which has been acquired into actions. However, literature has seen differences between organizational learning and learning organizations (Edmondson & Moingeon, 1998). Örtenblad (2015) put it that organizational learning is a processor set of activities while learning organization is an organization in itself. Organizational learning is like a seminar which is a onetime event whereas leaning organisation involves continuous processes to improve and identify company problems to be solved. Learning organization takes the results of organizational learning into application to continuously develop new processes, products and services. Learning organization creates a learning culture and encourages employees to learn, take risks as well as go beyond solving organizational problems (Ratna, Khanna, Jogishwar, Khattar & Agarwal, 2014).

According to Li and Liu (2014), as organizations increases their learning processes they experience four stages; information acquisition, information elaboration, acting and cognitive changes. However, according to Tsai (2015), while introducing learning as well as knowledge use in SMEs, three elements should be taken into consideration. These are individuals (owner-managers); internal routines; external networks. Gilmore, Carson and Grant (2001) emphasized that individual managers judgment is highly based on decision-making in SMEs. Therefore, knowledge that the owner of the SME has can hugely influence exploration and exploitation of the learning resources. This means that owner-managers have the capacity to influence both internal and external learning resources for SMEs. Additionally, factors that are internal to the SME such as internal relationships, organizational culture, organizational trust and organizational atmosphere also influence learning approaches (Tsai, 2015).

Learning culture in organizations has been linked to organizational performance. It leads to increased customer satisfaction, higher revenues and profits. Additionally, learning culture attributes to cost cutting and rationalization measures in a firm. Learning culture enables a firm to create a sustainable competitive advantage in the long run. These is because learning culture enables an organization to have superior performances, better quality products, improved customer satisfaction, committed workforce and increased ability of staff to embrace change.

Learning culture is killed by having poor perception on learning itself. Understanding that an organization ought to just do its operations right limits learning processes. For small firms, Tsai (2015) argued that they may not be having sufficient resources to foster a learning culture. Under this circumstances then, learning in small firms can be quite problematic meaning staff training and development may not be done adequately thus inhibiting learning culture. Small firms are also unique in their characteristics. Mostly, SMEs are run by informal decision making which are normally made by the owner. Additionally, in most SMEs there is a close relationship between employees based on personal terms which impacts learning environment adversely (Wang & Ahmed, 2002). The study therefore sought to provide sufficient literature to breach this gap and provide the required information to embrace a positive learning culture in SME organizations for better performance.

4. RESEARCH METHODOLOGY

The study utilized a descriptive research design with the target population being technical and permanent employees of HP Enterprises Ltd and Infotech Africa Ltd in Nairobi. Both quantitative and qualitative primary data was collected using a questionnaire. Both descriptive and inferential analysis was conducted and findings were presented in form of distribution tables, graphs and pie charts.

5. FINDINGS

The study aimed at establishing the extent to which learning culture influences the performance of small and medium enterprises. The findings are shown in Table 1.

Table 1: Effect of learning culture on performance of SMEs in IT

Effect of learning culture on performance of SMEs in IT	N	Mean	Std. Deviation
The company leaders communicate importance of learning (acquiring new knowledge, skills and capabilities).	60	4.3167	.83345
Managers in our firm are held accountable for learning as well as its implementation to improve performance of the firm.	60	3.5833	1.04625
Managers monitor learning progress	60	3.6167	1.05913
Managers provide feedback and structure opportunities to apply learning on the job	60	3.5137	1.18560
Managers in our company coach other members of the staff	60	3.9000	.95136
Managers partner with direct reports to develop their capacity to increase organizational performance	60	3.6833	1.20016

From the findings in Table 4.3, permanent employees in the technical and management of of HP Enterprises Ltd and Infotech Africa Ltd generally agreed ($3.5 \leq \text{mean} < 4.5$) that learning culture has effect on performance of SMEs in IT industry within Nairobi, Kenya. In particular, the permanent employees in the technical and management of of HP Enterprises Ltd and Infotech Africa Ltd agreed (mean score of 4.3167) that there was communication by company leaders on the importance of learning which include acquiring new knowledge, skills and capabilities. The technical and management of employees of HP Enterprises Ltd and Infotech Africa Ltd also agreed (mean score of 3.5833) that their managers in their respective companies were held accountable for learning as well as its implementation to improve performance of the company. Also, they agreed (mean score of 3.6167) that in their companies, it was the managers who monitored the learning process and its implementation.

Further findings indicate that the technical and management of employees of HP Enterprises Ltd and Infotech Africa Ltd agreed (mean score of 3.5137) that the managers of their respective companies provided feedback and structure opportunities to apply learning on the job. In addition, the employees agreed that the managers in their respective companies coach other members of the staff (mean score of 3.9000) and they partner with direct reports to develop their capacity to increase organizational performance (mean score of 3.6833).

6. CONCLUSIONS AND RECOMMENDATIONS

The study concluded that organizational learning greatly influence performance of firms in the IT industry in Kenya hence should be embraced by all firms for better performance. The study recommended that the government in collaboration with other authorities should adequately support SMEs in the IT industry by prioritizing activities and formulation of effective policies and programs that embrace organizational learning in small and medium enterprises.

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