Impact of Learning Organization on Organizational Survival in Some Selected Nigerian Manufacturing Firms

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Abstract - The uncertainty in Nigerian business environment has made it difficult for businesses to respond quickly to the unpredicted and changing environment. Therefore, the study evaluated the effect of learning organization on organizational survival with reference to selected Nigerian manufacturing firms. The study objectives were to: examine the influence of learning organization on organizational survival; evaluate the relationship between learning organization elements and organizational survival elements. Primary data were obtained through a questionnaire. A total of 359 respondents were randomly sampled from the study population of 5401 employees. Multiple regression and correlation were used for data analysis. The result of the regression showed that learning organization has significant impact on organizational survival (R Square of 0.959, p-value=0.000) and the result of the correlation analysis indicated that there is a positive significant relationship between learning organization elements and organizational survival elements. The study concluded that learning organization increased the organization’s ability to be innovative which increases chances of survival. The study therefore recommends that Nigerian manufacturing firms should adopt learning organization in its entirety, in order to come up with various strategies that strengthen their survival.

Keywords: Learning Organization, Manufacturing Firms, Organizational Survival

INTRODUCTION

Globalization has hindered many manufacturing companies from responding fast and being flexible to the increasing uncertainties of the changing environment. To overcome numerous challenges in today’s business environment, learning organization is seen as one of the best tool [1], [2], [3]. Making employees feel empowered through learning in organization has proved to be an important element for organizational success, adaptation to changes and assisting many business organizations to survive for longer period than their counterparts [4]-[8].

Lack of learning culture, according to Garvin, has made many business organizations and individuals to keep repeating old practices [9]. Learning in organization means empowering the workforce by integrating work with learning culture in a continuous manner [7], [10]. Developing learning organization culture has the potentials of increasing the levels of creativity with respect to new processes, new products, creating knowledge, and disseminating knowledge; also providing competent skills, and conducive environment to satisfy customers’ needs [1], [11], [12]. Learning organization has been the focus of many scholars as a subject of study since 1930s. One of the numerous importance of learning organization lies on the fact that it has the potential to enable business organizations to survive environmental challenges and remain competitive in this era of globalization.

Part of the reasons why many business organizations adopted learning organization, is that it can impact on the skill development of the employees [13], [14]. Many top-echelons of business organizations have adopted learning organization as a means of increasing efficiency, improving customers’ relationships and providing quality products to their customers [13], [1], [5]. Furthermore, existing literature indicates that many researches in the past were done in business companies [2]. However, only a few researches reported the application of learning organization in manufacturing firms as well as the
effect of demographic characteristics on learning organization [15], [16]. As a result, this has given rise to the question as to whether or not learning organization factors can be adopted in the manufacturing contexts and to provide a roadmap for future research.

**STATEMENT OF THE PROBLEM**

Over the last one decade, Nigerian business environment has experienced unsatisfactory progress resulting to retarded growth rate in terms of economy, high rate of unemployment particularly among the youths, low industrial productivity, coupled with decline in the demand [17]. The interaction between industrial representatives and government agencies has keep on nose-diving virtually in all issues, over exercising control through many rules and regulations with difficult conditions, tax and other policies with no enough provision for infrastructural facilities that will facilitate business operations [17]. Giving all these challenges, it is difficult for business organizations to respond effectively to their main operational purpose of profit maximization and survival.

In response to these challenges, some organizations have adopted learning organization in order to adapt to various pressures facing them. Many authors [18], [19], [20], [21] concur that developing a work culture that supports creativity and encourages innovation is crucial for any business organization that wishes to learn and develop new ideas or produce new products.

The term ‘learning organization’ has narrowly attracted the interest of few researchers in the Nigerian perspective, and only few multi – national companies have adopted it and transcend it to their other branches in Nigeria. Few researchers have dealt with the concept of learning organization but not in relation to manufacturing firms such as Gibb [22], Choo [23], Senge [24], Nies [25], Ramalingam [26], Srivastava & Frankwick [27], Roper & Pettit [28], thus, the research work was designed to assess the implementation of learning organization by Nigerian manufacturing firms.

The broad objective of the study was to assess the impact of learning organization on organizational survival in the Nigerian manufacturing industry.

Specifically, this study aimed to determine the impact of learning organization on organizational survival; and to evaluate the relationship between learning organization elements and organizational survival elements.

**Research Hypotheses**

H₀: Learning organization does not have significant impact on organizational survival

H₁: There is no significant relationship between learning organization elements and organizational survival elements

**LITERATURE REVIEW**

The Concept of Learning Organization

Robbins and Coulter posit that business organizations of the present day century have to develop the ability to learn and respond fast to environmental challenges [29]. According to the authors, business organizations will need to imbibe the philosophy of learning organizations - that is, a philosophy that will developed the capacity to continuously learn new things and change things [29]. Moilanen is of the opinion that a learning organization is something that can be consciously managed in an organization using learning as an important element in its core values, mission, visions and objectives as well as in its day – to - day operations and their assessment [30].

According to Kinicki and Williams, ‘a learning organization is an organization that seeks to actively create knowledge, acquire knowledge, and transfer knowledge, within itself and is able to change its behaviour to show new knowledge[31]. A learning organization can learn about, and from its environment and fitting itself into it. Advanced learning organizations can change their environments with the aim of achieving the desired objectives [32].

Senge describes learning organizations as organizations where employees continually seek to expand their capacity and ability to create and produce results they desire, where new and expansive creative thinking are nurtured, where team aspiration is promoted, and where employees are continually learning in order to see the whole problem of the organization together [24].

Argyris and Schon have identified three different levels in learning which could be found in any organization. These include: Double loop learning; Single loop learning; and Deutero-learning [33]. Watkins and Marsick posit that learning organizations
Concept of Organizational Survival

Organizational survival has been described by Akindele, Oginni, and Omoyele [34] as the running of a business organization as a going concern often referred to as manage to stay in business. In an effort to respond to the challenges that will allow organizations to run as a going concern, organizations are continuously restructuring in order to keep abreast of the challenges which usually do appear in the form of difficulties [35]. In the light of such difficulties as challenges, organization have to technically plan and come up with the most suitable structure for adaptation that will allow it to utilize and maximize its resources, thereby achieving the organizational set goals [34], [36].

Organizational growth and survival have been described as implicit organizational goals that require investment of energy and other resources [37]. According to Gross, any business organization that does not take survival as the main objective should have re-think [38]. Gross further argue that the goal of organizational survival supersede all other goals in an organization. The author maintains that if attention is paid to this goal, it will contribute greatly to the attainment of other organizational goals. The concept of survival can best be described as unwritten law of every business organization [38].

Gross identified some threats to the survival of business organization which are: absence of strong formal leadership, frequent change in the environment, change in customers’ demand, intensity of competition from multinational organizations, high labor turnover rate and failure to see organizational survival as tool to achieving the overall organizational goals [38].

One of the strategies identified for adapting and responding to change is co-optation. Co-optation is defined as “an adaptive response on the part of the organization in response to social forces in its environment which enable organization to averts threats to its stability by absorbing new elements into the leadership of an organization” [39].

Organization uses adaptation strategy to maintain its equilibrium, suffice to say that business organizations must adapt to ever changing environment. Business organization may choose to adapt to changing environment by anticipating the challenges ahead. Experts can be brought in, new equipments and other physical facilities may be updated, and objectives restated. In fact, the overall corporate entity may be restructured as a new organization in order to formalize the overall effects of the changes [37].

According to Etzioni, business organizations that effectively provide service to many different clients can attract resources more easily than those organization with limited group of clients [40]. Couple with the pressures in the business environment that can force business organizations to change their goals as an adaptive strategy, attaining organizational goals successfully may help managers of business organizations to focus on broadening their goals. Terms such as goal expansion, goal succession and goal multiplication are often used to describe the process involve in modifying goals. Goal expansion can be seen as the process whereby the main goal of the organization is retained and broaden with many sub goals. In goal succession for example, a goal is first reached and then, it is succeeded by a new goal. However, organization may decide to take on additional goals when it is not certain that the main goals are attainable. While goal multiplication is referred to as the process where main goals are retained and new goals added. Goal multiplication often is seen as the natural outgrowth of organizational success. Business organizations may add different sub goals as a way of diversification. Such multiplication of goals can be referred to as a positive state of growth in the organization.

Literature shows that creativity is a major factor for organizational success and survival [41], [42], [43] and for creating and sustaining competitive advantage [44], [45], [46]. Therrien, Doloreux, and Chamberlin in their view argue that innovation involves difficult processes that are related to changes in production functions and processes [47]. Innovation is defined as the “implementation of a new or significantly improved product, process, a new marketing technique or a new organizational method in business practices, workplace organization or eternal relation” [48].

THEORETICAL FRAMEWORK

Chaos and Complexity Theory

These theories assume that organizations are ‘open’ systems which face chaos and difficulties that are caused by the evolutionary and revolutionary adjustments that take place within their environments. Frequent changes arising from firms’ external
environment such as changes in customers’ tastes and preferences, and change in political as well as regulations force business organizations to develop adaptive means and to live with chaos and difficulties. The main focus of present study surrounds the works of Wheatley; Gleick; and Stacey who are major contributors of Chaos and Complexity theory [49], [50], [51]. According to these authors, epileptic and ‘erratic’ aspects of nature has prompted scientists to remove laws that are fixed and constant ways of behaviour which is based on cause-effect links in the process of predicting and forecasting events. Complexity theory explains the behaviour of difficult social, human, and natural ways in the long-term, thus, it had a wider scope.

According to Gleick, little changes that are not important might cause radical changes in the behaviour of the system in the long run he describes as ‘butterfly effect’ that shows uncertainty. More so, complex systems are easily recognized through their behaviour. The author posits that complex systems have a behavioural pattern that never repeats itself exactly, and they are allergic to one behavioural pattern at a period. Gleick described this as Lorenz ‘attractors’ as founded out by a meteorologist called Edward Lorenz, in a study he carried out on weather prediction problem [50].

Stacey has argued from the managerial point of view that organizations have to adapt to disequilibrium and chaos. The author explains that organizations are always faced with a pattern of feedback that is non-linear loops which can result to uncertain pattern of behaviour. With this, managers of business organizations need to make long term planning as a result of uncertainties in the future [51]. Senge contends that for managers to be able to initiate change actions, they need to uncover ‘system archetypes’ which enables managers. The author suggested that managers should encourage dialogue, developing new perspectives, and constant investigation. With this, the firm would be at the ‘top of chaos’ in which both the order and disorder would be sustained [24]. Kaufmann describes this as the best needed state in which the firm utilizes its full creativity and innovative potentials [52].

Stacey explains in detail the edge of chaos by giving the difference between ‘legitimate system’ and the ‘shadow system.’ According to Stacey, legitimate system comprises clear rules, procedures, structures, and anxiety resulting from innovations. On the other hand, the ‘shadow system’ comprises the tension, challenges and chaos. The author maintains that a firm can be put at the top of chaos by the time significant tension between legitimate and shadow systems is perceived [51].

According to Stacey, organization has to watch the following four elements so as to keep the organization on top of chaos. The first being the firm’s legitimate and shadow systems, the second is the firm’s shadow system which is expected to have adequate diversity, while the third is the links between groups and individuals which is expected to bridge the strong and weak points, and the fourth being the anxiety which is expected to come under the influence of legitimate system [51].

**Empirical Evidence**

Osibanjo, Abiodun and Obamiro study showed that talent has a significant positive effect on organizational growth and survival. The study concluded that part of the factors that affect the survival of business organizations are conflicts among employees [53]. The study of Olughor, and Oke concluded that greater involvement of employees in organizations activity generally means continued improvement in organizational performance and survival [54].

Chrispen and Mukeredzi found that open and distance learning (ODL) institutions are pivotal for effective collaborative engagement to meet institutional goals. They concluded that learning organization may be achieved by fostering both collaborative and individual lifelong learning, professional autonomy, collective accountability and responsibility and, appropriate incentive schemes also emerged as important [55].

In Ihsaan, Yousaf, Sohaib and Majeed, three building blocks were identified that contained 11 variables that were correlated against each other. These include concrete learning processes/practices, supportive learning environment, and leadership that reinforce learning. The study concluded that these building blocks are the major determinants in organizational learning. However, business organizations can improve their capabilities from the assessment of their learning level and defeating their weaknesses in many aspects [56].

Hussein, Mohamad, Noordin and Ishak conducted a study in Malaysia that revealed a direct effect of learning organization culture on the performance of
organizations and their innovative capabilities, which can lead to long-term success of organizations. Although there was no quantitative evidence to support the finding except through qualitative reviews [57].

**Methodology**

The study adopted a survey research design which made use of primary data that were generated through a questionnaire. The scope of the study was limited to Nestle Nigeria Plc and Flour Mills of Nigeria Plc as sample firms.

The population of the study was the staff of the two selected firms which was 5401. We used Krejcie and Morgan formula to calculate the sample size [58]. Kumar technique was used for stratum allocation for the distribution of questionnaires among selected firms that gave 149 for Nestle and 210 for Flour Mills [59].

The sample size was 359 respondents that were chosen by simple random sampling, 149 questionnaires were administered to the staff of Nestle, while 210 were administered to the staff of Flour Mills. Two hundred and eighty-five (285) properly filled questionnaires were used for the study.

We used multiple regression analysis to evaluate the influence of learning organization on organizational survival and correlation was used to examine the level of relationship between organizational survival and learning organization.

**Data Analysis and Discussion of Findings**

Multiple regressions and correlation were used to analyze the data generated for hypothesis 1 and 2 respectively.

**Hypothesis I**

Ho: Learning organization does not have significant impact on organizational survival

<table>
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<tr>
<th>Table 1 Model Summary</th>
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</table>

a. Predictors: (Constant), Team Learning, Continuous Learning

**Sources: Researchers’ computation (2016)**

The R² value of 0.959, in table 1 indicated that 95.9% of the variations in the survival of manufacturing firms were explained by continuous learning and team learning, while the remaining 4.1% was accounted for by other factors not captured by the model. The implication of this is that when manufacturing company encouraged its employees to learn continuously and work as a team, they will be able to jointly proffer a survival strategy that will assist the firm to survive in its turbulent environment.

<table>
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<th>Table 2 ANOVA</th>
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<td>Model</td>
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<tr>
<td>1 Regression</td>
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<td>Residual</td>
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<td>Total</td>
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a. Predictors: (Constant), Team Learning, Continuous Learning
b. Dependent Variable: Organization Survival

**Sources: Researchers’ computation (2016)**

The P-value of 0.000 in table 2 indicated that the variables were significant to influence the dependent variable. The implication of the test was that learning organization variables, when used together can jointly influence the survival of manufacturing firms.

<table>
<thead>
<tr>
<th>Table 3 Coefficients</th>
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<tbody>
<tr>
<td>Model</td>
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<tr>
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<tr>
<td>1 (Constant)</td>
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<tr>
<td>Continuous Learning</td>
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<tr>
<td>Team Learning</td>
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</tbody>
</table>

a. Dependent Variable: Organization Survival

**Sources: Researchers’ computation (2016)**

The estimated regression equation indicated that continuous learning and team learning are positively related to the survival of organization as shown by their coefficient values of 0.524 and 0.546 respectively. The results indicated that if continuous learning increases by a unit, organization survival will increase by 0.524 units which is significant while keeping other variables constant, likewise a unit increase in team learning would produce 0.546 units change in the Survival level which is also significant while keeping other variables constant.
Thus, we rejected the null hypothesis and we accepted the alternative hypothesis, as showed by the p-value of learning organization to be (0.000) which is less than 0.05. This finding is in line with the submissions of Hussein et al., as they reported a positive effect of learning organization culture on the performance of organization [57].

Hypothesis II
Ho: There is no significant relationship between learning organization elements and organizational survival elements

Table 4. Correlations

<table>
<thead>
<tr>
<th></th>
<th>Continuous Learning</th>
<th>Team Learning</th>
<th>Innovation</th>
<th>Co-optation</th>
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</thead>
<tbody>
<tr>
<td>Continuous Learning</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.938**</td>
<td>.886**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
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<td>285</td>
<td>285</td>
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<tr>
<td>Team Learning</td>
<td>Pearson Correlation</td>
<td>.938**</td>
<td>1</td>
<td>.876**</td>
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<td>Innovation</td>
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<td></td>
<td>N</td>
<td>285</td>
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</tr>
<tr>
<td>Co-optation</td>
<td>Pearson Correlation</td>
<td>.952**</td>
<td>.942**</td>
<td>.921**</td>
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<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
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<tr>
<td></td>
<td>N</td>
<td>285</td>
<td>285</td>
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</tbody>
</table>

**, Correlation is significant at the 0.01 level (2-tailed).
Sources: Researchers’ computation (2016)

Table 4 shows the relationships that exist among the factors of learning organization and organizational survival factors. It was shown that Continuous learning has a strong positive significant relationship with innovation and co-optation respectively as shown by their correlation coefficient of 0.886**; 0.952** and P values of 0.000; 0.000. The implication of this is that as the organization continues to intensify efforts in continuous learning, the more it will be able to identify that innovation and co-optation are some of the strategies for survival in their operating environment.

Team learning has a strong positive significant relationship with innovation and co-optation as shown by their correlation coefficients and p-values (0.876**; 0.942** and 0.000; 0.000) respectively. This implies that learning ability of a group produces greater synergy; the group will be able to jointly reach conclusions on survival strategies to adopt in different situations their organization is going through. Since all the elements of learning organization have significant relationship with organization survival, then the null hypothesis is rejected while the alternative is accepted. This is supported by Kocoglu, Imamoglu, and Ince where their findings indicated a robust relationship between organization learning and firm performance [60].

Conclusion and Recommendations
The study evaluated the effect of learning organization on survival of selected manufacturing firms in Nigeria and the relationship among learning organization elements and organizational survival elements.

It was concluded that learning organization had significant influence on the survival of the manufacturing firms, because learning organization concepts if properly considered will enhance the organization’s ability to be more innovative, hence, increasing its chances of survival.

There was strong significant relationship between the variables of learning organization and organization survival variables. This means that if every aspect of learning organization is properly monitored, the various survival strategies to adopt will be open to the organization.

The study recommends that the Nigerian manufacturing firms should adopt learning organization so as to be able to come up with various strategies that strengthen their survival. Manufacturing firms in Nigeria should include team learning, continuous education and up to date research as part of company policies, so that members of the organization can be more innovative to gain competitive advantage over competing firms and as such increase chances of survival.

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