

# ORGANIZATIONAL PERFORMANCE AND LEARNING FROM THE PERSPECTIVE OF AN OPEN SYSTEM

José G. VARGAS-HERNÁNDEZ\*  
Patricia CALDERÓN CAMPOS\*\*  
Rebeca ALMANZA JIMÉNEZ\*\*\*

## Abstract

*A learning organization must be constituted in a dynamic environment of constant changes, prepared to engage and interact in systemic and systematic way with the context in which it operates. The present work intends to analyze the importance of organizational learning and their contribution to the performance of an organization from the perspective of the Organization as an open changing system, as well as emphasize its direct link with organizational theory.*

**Keywords:** *Organizational learning, Performance, organizational performance, systems approach.*

**JEL:** *M1, M11, M14, D24.*

## Resumen

*Una organización que aprende debe estar constituida en un ámbito dinámico de constantes cambios, preparada para relacionarse e interactuar de manera sistémica y sistemática con el contexto en el cual funciona. Con el presente trabajo se analiza la importancia del aprendizaje organizacional y su contribución en el desempeño de una organización desde la perspectiva de concebir a la organización como un sistema abierto en constante cambio, así como enfatizar su vinculación directa con la teoría Organizacional.*

**Palabras clave:** *Aprendizaje organizacional, desempeño, enfoque a sistemas.*

## 1. Introduction

Nowadays, companies are developing in a more competitive national and international economy, with increasing demands of productivity, where the laws of the market force them to deepen and to change strategies and policies, to plan, to create and to innovate, to have capacity of adaptation, speed responsiveness and sensitivity to anticipate future needs and be able to survive and develop in a complex and increasingly competitive environment. The level of performance to remain in the desired position, is based on the capacity that companies have to interact and respond to the environment from the macro and micro perspective, therefore it is in function of the context.

In the world scenario, processes of change are increasingly dynamic, where structures, forms, instruments and means are being renewed. It is imperative that companies and institutions are constantly updating models, systems, processes, procedures, technologies and personnel according to their own internal characteristics and the requirements

of the environment in which they perform themselves to learn to renew themselves through the learning capacity that they are going to develop every day.

Considering the above, in the present article the concept of organizational learning is approached first, under the conceptualization of several authors, with the purpose of obtaining a better understanding of the concept and in order to explain the operation and main dimensions. Lastly, the article proceeds to empirical testing, discussing the results and ending with the conclusions and with the presentation of some limitations and implications of the study.

## 2. Approach and delimitation of the problem

This academic work emphasizes the identification that organizations have the need to face a changing world, and for this, managers must have an open, participatory, proactive mentality, with a focus on the development of human resources as a fundamental part of the same. As the changes happen in a vertiginous way in which performance and

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\* PhD, University Center for Economic and Managerial Sciences, Universidad de Guadalajara (e-mail: jvargas2006@gmail.com, jgvh0811@yahoo.com, josevargas@cucea.udg.mx)

\*\* PhD, Instituto Tecnológico de Lázaro Cárdenas (e-mail: calderon7101@yahoo.com.mx)

\*\*\* PhD, Instituto Tecnológico de Lázaro Cárdenas (e-mail: patriciatecmx@gmail.com)

organizational learning become fundamental pillars to overcome adversities and have the character of overcoming the economic and social effects that cross organizations.

### 3. Objective of research

To analyze the importance of organizational learning and its contribution to the performance of an organization (Performance), in order to determine its degree of importance.

### 4. Research questions

Will organizations through the application of learning achieve a renewal and revitalization that will allow them to survive in a globalized environment?

What is the importance of learning in organizational performance?

### 5. Opportunity and research relevance

For the preparation of the present work, a review was made in the theoretical and empirical literature, with the existing scarce information on the performance applied to organizational learning.

### 6. Research method

The development of this article has a qualitative analysis approach, which considers the empirical revision of literary and scientific sources. It selects the information in order to consider one that can give an emphasis in answering the problematic raised. It is considered an analytic - descriptive study of an exploratory nature, because it "analyzes how a phenomenon and its components are manifested" (Hernández, 2000 p.259) of organizational learning and organizational performance.

## 7. Theories of organizations, the main approaches to organizational theories.

### 7.1. The situational or contingency approach

This approach describes administrative organization based on situations outside of business, the environment and technology. It focuses its attention on the external environment of the company, giving importance to what happens outside the organization, before focusing on the internal elements of the organizational structure (Lawrence and Lorsh, 1987).

### 7.2. Theory of human relations

Its main precursor is George Elton Mayo. Its central idea was to modify the mechanical model of organizational behavior and replace it with another that takes into account the feelings, attitudes, motivational

complexity, among other aspects of the human being. It was basically a movement of reaction and opposition to the classical theory of administration. The theory of human relations arose from the need to counteract the strong tendency towards dehumanization of labor, initiated by the application of rigorous, scientific and precise methods to which workers were forced to submit.

The lack of economic rewards significantly impacts the motivation of workers. Factors, such as recognition, group acceptance, status, prestige, leads to unwanted behaviors of people, which leads to better wages (Chiavenato, 2003).

### 7.3. Theory of systems

This emerged with the works of the German Ludwig Von Bertalanffy, published between 1950 and 1968. Systems theory did not seek to solve problems or to try practical solutions, but to produce conceptual theories and formulations that can create conditions of application in the empirical reality. Hence, two concepts are deduced: purpose or objective and globalism or totality.

This theory contemplates the environments and interactions of the organizational structure, whose differential nature lies in its own organization, with certain internal balances, feeding and conservation modalities. It also revolutionized existing administrative approaches. It conceives of companies as social systems immersed in systems that interrelate and affect each other. It also rethinks the challenges of redesigning and rethinking organizations with new mental models and different tools for doing so (Lilienfeld, 1991).

## 8. Organizational learning

Organizations learn as they practice what they do and this makes them perform better. And it is through the learning of its people that it makes them better (Muñoz, 2003). It is said that "learning is defined as a process whereby repetition and experimentation make over time tasks performed better and faster, and that new opportunities are experienced on a permanent basis in the operational areas" (Castillo, 2013: 124).

The term "organizational learning" first appeared in a publication by Miller and Cangelloti (1965). The authors, based on Contingency Theory, proposed the "adaptation-learning" conceptual model to explain why only some institutions survive the demands of their environments over time (Garzón, 2008). Organizational learning is intimately inspired by the conceptions of Argyris and Schon (1978) and Senge (1993). The latter highlights four disciplines in business thinking: Personal dominance, mental models, building a shared vision and team learning (Larrosa, s.f.).

As a consequence, it can be said that organizational learning is intimately linked to personal and organizational performance through knowledge and development of situational learning. During the

daily work different situations arise, of which, the organization and the worker are generating knowledge. Individual and collective learning becomes, in this context, the object of management for the organization and, at the same time, the organization becomes an object of learning. An organization learns when at least one person not only improves his or her individual task or function, but because of this improvement, other people in the organization change the way they work (Meijer et al., 2002).

The capacity for organizational learning is characterized by establishing what it is known, where is that knowledge, how it can be used it and improve productivity; In the same way, what aspects should be taken into account in organizational learning, how organizational learning is conceptually and operationally developed and how they influence organizational performance (Garzón, 2008). This depends on how the organization uses the results obtained in the practices of improvement of personnel, production, organization and control and with it establishes new forms of action for the improvement of organizational performance.

Organizational learning faces at least four mega trends that pose new challenges. They are trends related to the transformation of technology, the market, social and environmental regulation, the meanings of values and cultural symbols, which necessarily modify the content and organization of the work of the people in the organizations (Leonard and Palomares, 2003) (Garzón, 2008). Slater & Narver (1995: 63-75), assume that learning facilitates change and guide towards improving performance. Garvin (1994: 19-29) defines it as a process that takes place over time and leads the acquisition of skills that result in increased performance. Likewise, the results of Bontis, Crossan and Hulland (2002: 437-469), affirm that there is a relationship between organizational learning and its performance.

Organizations capable of intensifying and streamlining the relationship between individual and collective learning are called learning organizations (Meijer, et al., 2002). A learning organization is one that has acquired the continuing ability to adapt to change. Organizations, just as individuals learn. All organizations learn deliberately or not. It is a fundamental requirement to continue its existence (Kim, 1993). The direction of learning should be focused at the micro level and at the macro level. At the micro level depends on the path of innovation that has followed the organization. At the macro level, the direction is to upgrade towards products and services with greater knowledge and therefore added value, incorporated (Mertens, et al. 2005).

Learning ability is to make learning efforts translate into competitiveness. If capacity is defined as closing the gap between intention and expected outcome, the concept implies innovation, albeit in a much more grounded form, since not every innovation leads to a competitive outcome (Dosi et al. 2000).

Nowadays, it is imperative to accelerate learning in organizations in order to stay on the path to success, so it is necessary for organizations to focus on learning to unlearn what has been learned previously, since changing environments require of a rapid adaptation response by the organization.

The acceleration of the learning of new knowledge and skills has also led to the acceleration of the destruction of knowledge and skills, displaced by the former. Individuals and institutions need to renew their competencies more frequently than in the past, because the problems they face change more rapidly (Lundvall, Archibugi, 2001).

In addition, an organization also learns if it has knowledge of what goes on outside of it. Its benefits can be an advantage to the competition if it obtains excellent information and takes advantage of it (Chiavenato, 2001). External learning processes are based on the analysis of external information, from the behavior of competitors, customers and the rest of the organizations, the market or the political economy, among others. They are based on the acquisition and internalization of the outside, information that transforms in knowledge through the process of learning, and integrate it in the knowledge of the organization.

For the aforementioned, it is concluded that learning in organizations is determined both internally and externally. Its results depend on how much is learned from the practice, within it, as well as the handling of information that can be obtained from the environment. Once exposed the most important concepts about learning, it is described the contributions of some theories that have contributed to the generation of organizational learning. This is in order to have a better understanding of the impact on performance within organizations.

## **8.1. Contextual elements that contribute to the application of organizational learning**

### **8.1.1. A culture of learning**

As it is known, the set of beliefs, norms, habits and values frame a distinctive image of a society, which allows identifying characteristic features that strengthen the appropriation of elements that make it up, and is manifested in activities that generate value.

### **8.1.2. An environment for learning**

The consolidation of this culture of learning requires the creation of an environment in which trust, empowerment, shared information and valuation of human talent are constant in the development of activities.

### **8.1.3. Open and shared communication**

The formation of an environment for learning with the aforementioned characteristics should be complemented with the key of all interaction and communication. Sharing relevant information between hierarchical levels and areas of work creates a more objective picture of the needs, opportunities and threats to be addressed.

#### 8.1.4. A scalar integration of its members

The flow of information is enriched thanks to the shared work between each collaborator, team, area and organization as a whole, which is called scalar integration.

#### 8.1.5. A reason for growth

The need for an organization is aimed at meeting financial, commercial, and productive and market objectives, etc., to achieve them in an unpredictable environment. Environmental factors, both internal and external, become the reason for growth. In this regard, talking about learning capacity involves taking into account the contributions of employees to the company, who are generating maturity in their actions, as long as the organization is concerned to involve them in a culture to create, assimilate, disseminate and use the old and new knowledge, within the procedural and operative dynamics of the workdays.

As it can be observed, human talent is the focus of organizational learning, since it is the source that brings knowledge, experiences and behaviors to develop the company's competitiveness (Chavez, 2013).

### 9. Organizational performance

Performance is a feminine name of English origin that stands for realization, representation, interpretation, fact, achievement. The performance in an organization is based on the capacity it has to adapt and capitalize on internal and external key factors of the environment in which it operates. It is also related to the set of results obtained by an organization. Performance or organizational performance is based on observable results in the real scope of execution and depends on the system, organization and established methods, as well as its relationship with the environment; therefore it is based on the context (Brethower and Smalley, 1998). Profits are made outside the organization, within which there are only costs (Drucker, 1985: 123).

What happens between the design of the strategy and the results achieved has to do with organizational performance. Performance becomes a process of vital importance for organizations, and is sometimes viewed as a human management responsibility in which other business processes are not involved. However, when it goes deeper into this approach, it is recognized that performance is everything that happens from the moment of the strategic formulation to the last contact of the collaborator with what it should do, being the sum of everything, the expected result (Kaufman, et al., 2004).

Organizational performance is a function of the behavior of external and internal factors of the organization. Tidd (2001) argues that the complexity and uncertainty of the environment affect the internal factors of the company. The better the internal factors match the environment, the better the performance. Thus, because the organizational structure is one of the

internal factors of the company, it is better to identify structures suitable for specific environments than to look for a single structure to apply it in any context. Li and Atuahene-Gima (2001) argue that organizational performance and innovation, within internal factors, are linked to contingent factors in the environment.

Chamanski and Waago (2001) argue that organizational performance is related to the behavior of internal factors that vary with the age and the life cycle of the company and the type of industry. Damanpour and Evan (1984) argue that changes and uncertainty in the environment stimulate changes and innovations in the strategy and / or organizational structure. Likewise, they affirm that in order to obtain a high organizational performance it is necessary to implement in a balanced way, the technical innovation and the administrative innovation, which will help maintain the balance between the technical system and the social system of the company.

From the perspective of organizational performance this can be measured in terms of internal and external factors that are keys to the organization. According to Gopalakrishnan (2000), organizational performance can be defined on the basis of different factors, including: a) efficiency, related to inflows and outflows of resources; b) effectiveness, related to business growth and employee satisfaction, and finally, c) financial results, related to the return of assets, investment and profit growth. Tsai (2001) evaluates the management of innovation and its relation to organizational performance, taking into account the number of new products introduced and the return on investment, respectively.

Bernardez (2007) states that because organizational performance depends on internal, rational or informal, factors as well as on external factors, customers, market, technology, alliances and competition, it is necessary to consider for evaluation and improvement, three dimensions which are: The design and analysis of organizational structure (rational), the design of organizational dynamics (open) and analysis of (natural) organizational culture. Based on what was previously written about performance from the perspective of performance and organizational performance, it is possible to study it through organizational theory, because it studies both the internal functioning of organizations and their external functioning, in relation to the environment in which they operate.

### 10. Performance characteristics

1. Organizational focus: Organizational development (OD) takes the organization as a whole so that change can actually take place
2. Systemic orientation: It is oriented towards the interactions of the various parts of the organization, labor relations between people and organizational structure and processes.

3. Change agent: The DO uses one or more agents of change who are the people who play the role of stimulating and coordinating change within a group or organization.
4. Problem solving: The DO not only analyzes problems in theory, but emphasizes solutions. Through action research, the DO is dedicated to solving real problems.
5. Experimental learning: It means that the participants recognize through the experience in the training environment the various problems that they must face in the work.
6. Group processes and team development: The DO is based on group processes such as group discussions, confrontations, intergroup conflicts and cooperation procedures.
7. Feedback: The DO seeks to provide feedback and feedback to participants to base their decisions on concrete data.
8. Situational orientation: The DO procedure is not rigid or immutable, but situational and contingency oriented. It is flexible and pragmatic and adapts the actions to adapt them to the specific and particular needs previously diagnosed (Bennis 1973).
9. Performance is a very interesting democratic and participatory alternative for the renewal and revitalization of organizations.

### 11. The organization as an open system

From the perspective of the contingency approach, the structure and functioning of an organization cannot be understood apart from its interaction with specific situations or factors of the environment or context with which it operates (Bedard, 2003). Given that it is an open system, the organization is in constant interaction with the surrounding environment as established by systems theory, and must therefore be focused on such situations so that a social, economic and technological imbalance does not unbalance it, in such a way as to lead the organization into chaos.

The representative authors of this approach have sought to identify the external environment variables that have the greatest impact on organizations and to establish the relationship between these variables and the structure and functioning of the organization (Castillo, 2013). In this variant, it was considered pioneering Joan Woodward, an English industrial sociologist, whose research focused on 100 British manufacturing companies whose aim was to identify differences in their design and organizational structure. With the detailed analysis, it was found that structural variations and success of the company could not be explained to the industrial sector to which they belonged, neither for its size nor for the personality of the managers.

On the contrary, from a critical perspective on the precepts and principles proposed by Taylor and the scientific administration, the author noted that the

structure of the organizations were more associated with the technology or methods and manufacturing processes that they used, with that I consider the existence of Three categories: production technology in small units and lots, technology in large quantities or mass production and production technology in permanent process (Castillo, 2013).

With this, it is emphasized that each organization has its own internal characteristics that make it different, that is why each one must look for its own adaptability, not at all to generate a change in the systematization of its processes would mean an increase in its productivity, when by its Own internal and external characteristics in what should establish a change that generates an increase of the performance or the performance of its workers (Castillo, 2013).

### Conclusions

Organizations must have their own organizational designs adaptable according to the particular characteristics of each one, considering at all times their interactions with key performance factors at macro and micro levels. The level of performance desired by an organization implies becoming a learning organization, so that from the acquired learning can develop the ability to adapt to the context in which it works, even in turbulent situations.

This implies that the functionality of an organization must focus on a systemic approach so that, from the perspective of being an open system, it can best capitalize on internal and external key performance factors that allow it to position itself in a place apart, with levels of productivity capable of positively impacting the profitability of the same, the satisfaction of its staff and stakeholders that are part of its context.

Organizational learning is considered to be directly related in systems theory. Therefore, a series of strategies considered emerging by organizations should be established in order to generate competitive advantages, with the main focus being that organizations are immersed in a highly changing world.

In order to develop organizational learning, various activities must be established to acquire study, assimilate and transmit information through individual, group and organizational experiences, behaviors and processes. As a result of these actions, it allows learning, adapting and changing in the face of a turbulent, volatile and unexpected business environment.

In the staff of these organizations, there is a better development of abilities to obtain really desired results, since sharing knowledge among the work members, enriching their performance skills.

In the current context, organizational learning is highly correlated with performance. It is a strategy that allows organizations to be competitive, as they tend to improve the value of a result, the cost of the tasks, the implicit activities and the process of the resources to

achieve it, recommending its application. Learning alone does not guarantee effectiveness in the results, even with this one, the results can be negative. This is of great importance for all organizations to learn through their experiences in order to grow to be more competitive at local, regional, national and global levels

### Discussion of results

With the above, it is presented a horizon of performance of the organizations profiled to look for the desired performance from an organizational learning platform. The way in which the latter has been approached, does not present the different models and their main learning variables that an organization could

use according to its nature and current context, so that the impact can be of importance and actions can be developed "Ad hoc" to the organization. More practical analyzes about organizational learning and their contribution to organizational performance should be developed.

Once the present study has been carried out, it can be said that learning does not always increase the efficacy of the learner (Huber, 1991: 90). Although it is true that learning does not always improve the effectiveness of the learner, it is a key factor as and organization, since it is not only composed of one, which allows to improve its performance within the market in which it competes.

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