

# The Relationship Between Organisational Learning and Employee Development. Results From an Extensive Research Project on Organisational Culture in An IT Company

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## Abstract

*This study presents a series of results obtained through extensive research in the field of organisational culture, carried out in a multinational company in the IT industry and aimed at identifying and implementing good management practices in the company under analysis.*

*The study thus aims to present a model for analysing and evaluating the relationship between organisational learning and employee development in a multinational IT company.*

*Among the main results obtained, it should be mentioned that there is a statistically significant relationship between organisational learning and employee development. In other words, organisational learning significantly influences the level of employee development.*

**Key words:** organisational learning, employee development, organisational culture

**J.E.L. classification:** M10, M12, M15, M16

## 1. Introduction

One problem that companies find themselves faced with nowadays is that of the sometimes sudden and dramatic changes in their customers' behaviour, meaning that the focus is shifting from capital in the traditional sense (material resources) to people, notably human capital and talent management (Ali & Anwar, 2021).

The characteristics of the current labour market and workforce, together with unprecedented technological changes governing companies' day-to-day operations, are making it difficult for organisations to find employees with suitable skill sets for open positions and are causing uncertainty as to the best way to manage and capitalise on the talents of a workforce that is increasingly diverse in terms of age, race and national origin (Noe *et al.*, 2014, p. 246).

Employee expectations in terms of work are also changing. They value feedback about their job performance, opportunities to develop their skills and work that is challenging and personally fulfilling whilst still contributing to their organisations' goals. However, they also want the flexibility to decide when and where to work, to effectively balance the demands of their professional and personal lives (Noe *et al.*, 2014, p. 246).

Employee development is one of the most important functions of human resource management. Employee development means developing both the skills of an individual employee and the organisation as a whole (Bell *et al.*, 2017).

Therefore, employee development is about individual employee development and overall organisational growth, for when employees develop the organisation, it becomes more efficient and employee performance increases (Bell *et al.*, 2017).

There is thus a direct relationship between employee development and employee performance (Hameed & Waheed, 2011, p. 224).

The same authors (Hameed & Waheed, 2011, p. 224) mention that when employees are more developed, they are more satisfied by their work and more committed to it, and their performance is higher. When employee performance increases, it leads to increased organisational efficiency.

## 2. Literature review

### 2.1. Organisational learning

Organisational learning is the process of increasing the capacity for effective organisational action through knowledge and understanding. The learning process is a cycle of action and reflection, i.e. doing and thinking, performing and conversing (Carroll & Edmondson, 2002).

A combination of values, competences and structures is needed to support comprehensive systemic organisational learning. “Organisations that value long-term rather than short-term performance and care about a wider range of outcomes (performance, safety, quality, environment) and stakeholders (shareholders, employees, customers, suppliers, community, society) are likely to recognise the need to learn and take the time to learn” (Agrawal *et al*, 2020). “Such organisations cultivate a variety of skills or disciplines to support learning, including acknowledgement of doubt, collaborative inquiry, personal and shared visioning, conflict management, team learning and systems thinking” (Carroll & Edmondson, 2002, p. 52).

According to Patky (2020, p. 1), organisational learning can be defined as the process by which organisational knowledge bases and insights are developed via associations between past actions, the effects of those actions and future operations. Organisational learning has two widely-acknowledged dimensions, namely, exploratory learning and exploitative learning.

Other authors adds that research in organisational learning has resulted in many definitions that can be differentiated through criteria of inclusiveness, width and focus (Fink *et al*, 2017). Most definitions are only partial, as they deal with organisational learning from one specific theoretical perspective, without taking into account the holistic conceptual view (Hernaus *et al*, 2008, p. 4). To present just a few of them, Senge 1990 defines organisational learning as “a continuous testing of experience and its transformation into knowledge available to the whole organisation and relevant to its mission” (Hernaus *et al*, 2008, p. 4).

Other authors state that “organisational learning emerges when organisations acquire information (knowledge, understanding, know-how, techniques and procedures) of any kind by any means” (Hernaus *et al*, 2008, p. 4).

Some authors mention that the number of studies in the field of organisational learning has increased dramatically in recent decades. However, there are no significant contributions to the review articles covering the last two decades (Patky, 2020, p. 2).

Patky (2020, p. 5) mentions studies who consider that learning occurs through experience and involves lasting change. In contrast, some researchers focus on collective actions, processes and systems. They argue that when an organisation institutionalises new routines, creates and transfers new knowledge or information, learning takes place at the organisational level. Many researchers have tried to define OL from different perspectives, such as the cognitive, behavioural or cultural perspective (Fink *et al*, 2017).

### 2.2. Employee development

Traditionally, organisations have relied upon, and researchers focused on, learning which takes place through formal training and development programs. Employee development (ED) may include some forms of training but typically refers to formal education, job experiences, relationships, and personality and skill assessments that help employees prepare for future jobs or positions. Increasingly, the majority of formal training and development initiatives are and should be strategic in the sense that they are necessary to help organisations increase their ability to detect change, adapt and anticipate trends (Noe *et al*, p. 247).

According to a study by Dachner *et al* (2019), employee development involves “the expansion of an individual’s capacity to function effectively in his or her present or future job and work organisation” (Dachner *et al*, 2019, p. 1).

Other authors (Noe *et al*, 2014) mention that development activities include formal education, job experiences, professional relationships, and personality and skill assessments that help employees develop professionally.

ED can be defined as a planned effort by an organisation to improve its employees' knowledge, competences and skills. According to some studies, there are several indicators of employee development, namely (Sianipar *et al*, 2022, p. 2371):

- Development goals and objectives must be clear and measurable.
- Trainers must have adequate qualifications.
- Development materials must be adapted to the objectives to be achieved.
- The method of development must be in accordance with the level of ability of the employees.

By definition, employee development is a collaborative and consistent effort made by the employees/employer with the purpose of enriching employees' attitudes, knowledge, experiences, skills and abilities and improving their overall efficiency (Rahman & Nas, 2013, p. 567).

Employee development satisfies both the individual's career needs and goals and the organisation's requirements. The purpose of employee development is to improve employee abilities (Ali & Anwar, 2021). When an organisation invests in improving the knowledge and skills of its employees, that investment is returned in the form of more productive and efficient employees. Researchers believe that the employee development efforts made by the organisation work as signals to the employees that the company values their contributions and cares about their career needs, and the employees reciprocate through positive attitudes commensurate with the amount of appreciation they feel the organisation has toward them (Rahman & Nas, 2013, p. 567).

Employee development is a very complex process. There are a number of approaches that organisations can adopt to achieve the end result of employee development. Rahman & Nas (2013, p. 567) mention some authors who divide the employee development process into four components: formal education, interpersonal relationships, assessment and job experiences.

The latest employee development methods provide access to growth opportunities anytime and anywhere. The implication for talent management is that organisations may support and encourage learning but rely on their employees to serve as their own talent agents by taking advantage of opportunities and embracing the roles of life-long learners (Bell *et al*, 2017). Literature on lifelong learning emphasises the fact that it is essential for individuals to enhance their personal, social and professional development by enriching their knowledge, skills and competences throughout their lives (Dachner *et al*, 2019).

### 3. Research methodology

This study presents a series of results obtained through extensive research in the field of organisational culture, carried out in a multinational company in the IT industry and aimed at identifying and implementing good management practices in the company under analysis.

The study thus aims to present a model for analysing and evaluating the relationship between organisational learning (OL) and employee development (ED) in a multinational IT company.

The results of the study are based on quantitative methods of data analysis used to assess the respondents' perception of the practices that the company uses to achieve organisational learning and of the HR practices through which employee development is undertaken within the analysed company.

The questionnaire was used as a quantitative analysis tool, consisting of items designed to identify the features of organisational culture and including elements of the organisational learning process, i.e. HR practices through which employee development is achieved. The variables analysed were rated on a Likert scale from 1 to 5 (1 - completely disagree; 5 - completely agree).

This research was based on a sample of 221 respondents, managers and employees.

The following statistical variables were used to build the model for analysing and assessing the organisational learning process, i.e. the HR practices through which employee development is achieved:

- (1) *Organisational Learning (OL)*
  - *OL 1 - 5*
- (2) *Employee Development (ED)*
  - *ED 1 - 5*

#### 4. Findings

Table 1 shows the main statistical indicators that characterise the items and aggregate variables summarising organisational learning (*OL*) as a dimension of organisational culture on the one hand, and employee development (*ED*) on the other.

First of all, it is important to mention that for all the analysed variables, Cronbach's alpha coefficient has very high values,  $\alpha > 0.8$ , indicating that all these variables have a very good internal consistency. This confirms that the variables give an accurate measurement of the analysed elements, i.e. organisational learning (*OL*) and employee development (*ED*).

Table no. 1 Statistics for the analysed variables

Variable	Index	Cronbach's alpha $\alpha$	Sign	item-test correlation $\alpha$	mean	sd	cv	se(mean)
Organisational Learning	OL1	0.8831	+	0.7723	4.135747	.7625543	.1843813	.051295
	OL2	0.8747	+	0.8120	4.0181	.8088364	.2012983	.0544082
	OL3	0.8825	+	0.7751	3.927602	.7652737	.194845	.0514779
	OL4	0.8850	+	0.7633	4.067873	.7567331	.1860267	.0509034
	OL5	0.8922	+	0.7280	4.20362	.7622846	.18134	.0512768
<i>OL</i>	-	0.8285	+	1.0000	4.070588	.5942865	.1459952	.039976
Employee Development	ED1	0.9107	+	0.7653	4.067873	.808989	.1988727	.0544185
	ED2	0.8972	+	0.8356	4.054299	.8403149	.2072652	.0565257
	ED3	0.8980	+	0.8316	4.00905	.8994491	.2243547	.0605035
	ED4	0.9091	+	0.7739	4.058824	.7453959	.1836483	.0501408
	ED5	0.9037	+	0.8025	4.00905	.7686526	.1917294	.0517052
<i>ED</i>	-	0.8611	+	0.9998	4.039819	.6527202	.1615716	.0439067

Source: (Own research)

Below is the analysis of the descriptive indicators characterising the analysed variables:

- The *OL1* variable, which summarises the extent to which the company under analysis encourages innovation and rewards rational and effective risk-taking, has a good mean of 4.1357 and a standard deviation of 0.7625, with a coefficient of variation of 18.43% and a standard error of 0.0512.
- The *OL2* variable, which summarises the extent to which the company treats problems as an opportunity for learning and improvement, has a good mean of 4.0181 and a standard deviation of 0.8088, with a coefficient of variation of 20.12% and a standard error of 0.0544.
- The *OL3* variable, which summarises the extent to which learning in the company is an important objective of the current activity, has a good mean of 3.9276 and a standard deviation of 0.7652, with a coefficient of variation of 19.48% and a standard error of 0.0514.
- The *OL4* variable, which summarises the extent to which company management encourages direct contact between its front-line employees and its customers, has a good mean of 4.0678 and a standard deviation of 0.7567, with a coefficient of variation of 18.6% and a standard error of 0.0509.
- The *OL5* variable, which summarises the extent to which supervisors encourage employees to express themselves and exchange opinions and ideas on work-related issues, has a very good mean of 4.2036 and a standard deviation of 0.7622, with a coefficient of variation of 18.13% and a standard error of 0.0512.
- The aggregate variable *OL*, which summarises organisational learning as a dimension of organisational culture, has a good mean of 4.0705, a standard deviation of 0.5942, with a coefficient of variation of 14.59% and a standard error of 0.0399. These results indicate a good level of organisational learning in the company under analysis; management handles learning and innovation within the company effectively, but there is room for improvement in this process.

- The *ED1* variable, which summarises the extent to which company management prioritises the development of employee potential, has a good mean of 4.0678 and a standard deviation of 0.8089, with a coefficient of variation of 19.88% and a standard error of 0.0544.
- The *ED2* variable, which summarises the extent to which employee development effectively meets the specific needs of the company, has a good mean of 4.0542 and a standard deviation of 0.8403, with a coefficient of variation of 20.72% and a standard error of 0.0565.
- The *ED3* variable, which summarises the extent to which company management is involved in the development and implementation of specific development and training programs, has a good mean of 4.0090 and a standard deviation of 0.8994, with a coefficient of variation of 22.43% and a standard error of 0.0605.
- The *ED4* variable, which summarises the extent to which specific training – in both soft and hard skills – is regularly dispensed in the company, has a good mean of 4.0588 and a standard deviation of 0.7453, with a coefficient of variation of 18.36% and a standard error of 0.0501.
- The *ED5* variable, which summarises the extent to which all company staff is included in the employee development process, has a good mean of 4.0090 and a standard deviation of 0.7686, with a coefficient of variation of 19.17% and a standard error of 0.0517.
- The aggregate variable *ED*, which summarises employee development, has a good mean of 4.0398 and a standard deviation of 0.6527, with a coefficient of variation of 16.15% and a standard error of 0.0439. These results indicate a good level of investment in employee development by the company; company management effectively provides affective support to all employees in the implementation of strategies, policies and best practices, in both the area of human resource management and other areas, but there is room for improvement in this process.

It can be concluded that the analysed variables indicate a positive perception of the items investigated on the part of the respondents. We therefore propose to determine whether there is any statistical relationship between them.

To this end, we used the correlation analysis presented in Table 2, which shows the existence of significant and strong correlation coefficients ( $\rho > 0.5$ ) between the great majority of the analysed variables; thus, it can be observed that the strongest correlation is that between the aggregate variables *OL* and *ED* ( $\rho = 0.7525$ ), meaning that if organisational learning improves, employee development will also improve.

Table no. 2 Correlation matrix

	OL1	OL2	OL3	OL4	OL5	OL	ED1	ED2	ED3	ED4	ED5	ED
OL1	1											
OL2	0.5266	1										
OL3	0.5622	0.5676	1									
OL4	0.496	0.5401	0.4167	1								
OL5	0.3901	0.4879	0.4384	0.4881	1							
OL	0.7711	0.8162	0.7749	0.7615	0.7267	1						
ED1	0.4713	0.3941	0.3971	0.5048	0.4492	0.5743	1					
ED2	0.5205	0.5269	0.5221	0.3587	0.3446	0.5912	0.6298	1				
ED3	0.5946	0.4371	0.5292	0.4666	0.4282	0.6366	0.5114	0.5947	1			
ED4	0.6336	0.5561	0.4537	0.4845	0.3708	0.6493	0.4155	0.5609	0.6026	1		
ED5	0.4554	0.4823	0.3875	0.46	0.408	0.5698	0.5107	0.5622	0.6179	0.5306	1	
ED	0.6667	0.5944	0.5736	0.5651	0.4989	0.7525	0.7661	0.838	0.8387	0.7669	0.7984	1

Source: (Own research)

Strong correlations can also be identified between the *OL* and *ED3* variables ( $\rho = 0.6366$ ), i.e. between organisational learning and the extent to which the company’s managers engage in the development and implementation of specific development and training programs, which means that the more company management engages in the development and implementation of such programs, the more organisational learning improves.

Another strong correlation is to be found between the *OL* and *ED4* variables ( $\rho = 0.6493$ ), i.e. between organisational learning and the extent to which specific training – in both soft and hard skills – is regularly dispensed in the company, meaning that when more specific training is regularly carried out within the company, organisational learning improves.

A strong correlation can also be observed between the *ED* and *OLI* variables ( $\rho = 0.6667$ ), i.e. between employee development and the extent to which the analysed company encourages innovation and rewards rational and effective risk-taking, meaning that the more the company encourages innovation and rewards rational and effective risk-taking, the more employee development improves.

We can also mention the correlation between the *ED* and *OL2* variables ( $\rho = 0.5944$ ), i.e. between employee development and the extent to which the company treats problems as an opportunity for learning and improvement, meaning that when the company encourages its employees to see problems as an opportunity for learning and improvement, employee development improves.

Based on the results above, we can state that there is a strong and positive correlation between organisational learning and employee development, notably there is a strong influence between these two variables, but we do not know the extent of that influence. Therefore, we propose to determine below the degree of influence that organisational learning has on employee development.

To this end, we used regression analysis to determine the influence of the *OL* variable on the *ED* variable (table 3).

It can be observed that the *OL* variable has a statistically significant influence on the *ED* variable (Prob > F = 0.0000). The variation of the *OL* variable explains the variation of the *ED* variable to an extent of 56.63% ( $R^2 = 0.5663$ ).

The *OL* variable has a coefficient of 0.8265 and is estimated with a p-value = 0.000 ( $P > |t| < 0.05$ ). The coefficient is positive as expected, meaning that for each increase by one unit in organisational learning, employee development will increase by 0.8265 units.

Table no. 3 Linear regression

Number of obs	=	221
F(1, 219)	=	271.31
Prob > F	=	0.0000
R-squared	=	0.5663
Root MSE	=	.43084

	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
ED   OL	.8265096	.0501781	16.47	0.000	.7276159	.9254033
_cons	.6754389	.2106593	3.21	0.002	.2602598	1.090618

Source: (Own research)

It is to be noted that the impact or influence of organisational learning on employee development in the company under analysis is very high.

Therefore, the company’s decision-makers should continue to focus on strengthening organisational learning, as it significantly influences employee development.

## 5. Conclusions

One problem that companies find themselves faced with nowadays is that of the sometimes sudden and dramatic changes in their customers' behaviour, meaning that the focus is shifting from capital in the traditional sense (material resources) to people, notably human capital and talent management.

The characteristics of the current labour market and workforce, together with unprecedented technological changes governing companies' day-to-day operations, are making it difficult for organisations to find employees with suitable skill sets for open positions and causing uncertainty as to the best way to manage and capitalise on the talents of a workforce that is increasingly diverse in terms of age, race and national origin (Noe *et al*, 2014, p. 246).

The present study presents a series of results obtained through extensive research in the field of organisational culture, carried out in a multinational company in the IT industry and aimed at identifying and implementing good management practices in the company under analysis.

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It shows that the impact or influence of organisational learning on employee development in the company under analysis is very high.

Therefore, the company's decision-makers should continue to focus on strengthening organisational learning, as it significantly influences employee development.

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