

Innovations

Organizational Learning and Performance in Public Sector: A literature Review

Bonson Alemu Hambissa

(PhD Candidate), Department of Public Management and Policy, Addis Ababa University, Ethiopia

Worku Mekonnen Tadesse

(PhD), Department of Business Leadership, School of Commerce, Addis Ababa University, Ethiopia

Abstract: *Organizational learning is a research area concerned about how organizations learn and how this can contribute to improving performance. It is an important part of organizational development efforts. The current paper presents literature review on how public sector organizations benefit from organizational learning efforts that could happen at individual, group, and organizational level. According to many authors, learning happens at individual, team, and organizational level. It usually takes place in an informal work setting than the formal classroom-based education. The study of organizational learning in the public sector, despite the scanty literature in the area, is important to identify required organizational learning interventions to bring the required improvement in performance. In many countries, public organizations play a crucial role in development, especially where most of the public services are provided by government owned organizations. Accordingly, this paper tried to present a literature review on the effect of learning (individual, group, and organizational) on employee performance. The findings from the relevant literature reveal that organizations that embrace learning are more adaptable, better equipped to make informed decisions, and more capable of improving governance and service outcomes. By promoting organizational learning, public sector organizations can better meet the changing and evolving expectations of the public, improve their performance and achieve overall long-term success.*

Key Words: *Organizational Learning, Public Sector, Performance.*

1. Background

Learning plays a key role in positively impacting individual and organizational performance by boosting both personal development and overall organizational success (Diwedi & Nema, 2023). Peter Senge's concept of the "learning organization" stresses the importance of continuous learning at individual, team, and organizational levels. Senge argues that organizations that foster learning environments, where employees can experiment, share knowledge, and innovate, tend to perform better overall (Gérard, Vivi, & Booto, 2015). As put by Saadat & Saadatb, organizational learning has become a key strategy in modern management, helping companies gain a competitive edge and ensure long-term success. (Saadat & Saadatb, 2016). Moreover, learning supports individuals perform better by fostering ongoing learning and development, which in turn leads to improvements throughout the organization (Diwedi & Nema, 2023). A study by Abeba, Mesele, and Lemessa explored how training and development influence employee performance and found a strong, positive connection between the two, with the relationship being both significant and statistically relevant (Abeba, Mesele, & Lemessa, 2015).

Because of the unprecedented pace of development of information and communication technologies, human society has evolved into a knowledge society (Phillips & El Akhdary, 2017). According to Rezaei, Khalilzadeh and Soleimani (2021), there is no one doubt that better management of knowledge within organizations will lead to better organizational performance. Consequently, public sector organizations are being forced to deal with the changing nature of work and learning, as well as with their own changing expectations. Furthermore, organizational learning has become imperative to public sector organizations as many people have come to expect similar benefits from public sector organizations like that of the private sector (Jerab, 2024). The growing importance of organizational knowledge as a competitive asset was also recognized by several people who saw the value in being able to measure intellectual assets of organizations and their effect on performance (Chebiego, Kinyua, & Muchemi, 2021). Organizational learning is the creation and application of new knowledge to the workplace. This process permeates the knowledge society through the identification, generation, sharing, and interpretation of available knowledge (Jensen, 2005). This paper, therefore, seeks to expand the understanding on organizational learning in public organizations from theoretical perspectives.

Organizational learning and knowledge management, in its current form, received significant attention in 1990s with leading private sector organizations developing procedures for effective creation, acquisition and dissemination of information and

know-how and the promotion of knowledge (Kefela, 2010). Public sector organizations are typically thought to be later adopters to this wave. Nevertheless, due to the ever-increasing pressure for higher efficiency and effectiveness and the emergent needs for sharing knowledge among different government entities at different levels, public sector organizations are quickly catching up and are prepared to reap the benefits generated from organizational learning (Brown & Brudney, 2003).

One consolidated perspective on organizational learning defines it as a process of change (cognitive and behavioral), which begins with individual learning, the interpretation and integration of this learning in the group level, and the institutionalization of such learning at the organizational level (Crossan & Bedrow, 2003). Most learning in organizations occurs at the level of individuals. The next stage, going beyond individual learning, is a collective process, something more that takes place at the group or organizational level.

Organizational learning, According to Saadat & Saadatb (2016), is the dynamic process by which individuals transfer their new ideas and actions to the group and the organization. It is a research area concerned about how organizations learn and how this can contribute to increasing their innovation and efficiency (Dasgupta & Gupta, 2009). It is about the identification, generation, sharing, interpreting, and application of new knowledge to the political and innovation processes when implementing public policies. However, evidence shows that this topic is still poorly explored in public sector context. Brown & Brudney (2003), explained that organizational learning in public organizations is a relatively recent topic and little explored in empirical studies. Furthermore, Public sector organizations constitute a distinctive context for the study of organizational learning and performance since the performance measures are different from the private sector profit orientation. Sector-specific features within the public sector is also another influence on the organizational learning processes and needs further research.

2. Literature

Learning is seen as the result of four essential processes: creating, sharing, applying, and refining knowledge. In the realm of strategic human resource development, these processes align with the company's evolving strategic direction. Grieves (2012), argues that strategic human resource development should prioritize learning over simple training. He emphasizes that this focus is crucial for encouraging critical thinking and strategic questioning, noting that "learning should extend beyond just adapting current strategies; it involves nurturing intuition and imagining future possibilities." This perspective highlights the proactive aspect of strategic human resource development and its vital link to the overall strategy, the company's

strategic orientation, and the development strategy itself (Grieves, 2012). Furthermore, effective strategic human resource development depends on continuous collaboration among executives, managers involved in strategic initiatives, line management, and those tasked with human resource development within the organization (Kareem & Hussein, 2019).

In the current knowledge-driven economy, learning has become a source of competitive advantage and fundamental competency required by organizations that desire to survive and thrive in their respective areas of operation (Namada, 2018). The organizational learning model by Crossan, Lane, and White (1999) is widely recognized and frequently referenced in academic settings. Its significance lies in the integration of three learning levels—individual, group, and organizational—within a single framework, as well as the two pathways of learning: from the individual to the organization and vice versa. However, individual learning alone does not ensure organizational learning; it requires a process of knowledge transfer among individuals aimed at institutionalization (Crossan, Lane, & White, 1999). Nonetheless, a review of research on the institutionalization of learning within organizations indicates that the mechanisms by which knowledge becomes embedded at the organizational level have yet to be sufficiently explained.

In 1999, Crossan, Lane, and White introduced the "4I framework" for organizational learning, which outlines four key processes—intuiting, interpreting, integrating, and institutionalizing—through which learning takes place at individual, group, and organizational levels. As illustrated in Figure 2 below, intuiting involves individuals recognizing patterns in their past or present experiences and considering their potential application in their current work. This process is often seen as preconscious.

Interpreting follows, where individuals articulate their insights and ideas, often using language and metaphors to convey their intuitions to others. As these interpretations gain acceptance within the group, the process of integration occurs, fostering a collective understanding of new concepts and their practical applications. When these new ways of thinking and acting become routine and significantly influence organizational practices, they are institutionalized. Institutionalization is defined as the embedding of learned knowledge from individuals and groups into the organization's systems, structures, procedures, and strategies (Crossan & Bedrow, 2003). Crossan, Lane, and White (1999) noted that institutionalizing ensures that these routinized actions are maintained (p. 525), highlighting a conscious effort to embed knowledge at the organizational level, allowing it to persist and be repeated. This process is what differentiates organizational learning from individual and group

learning, as it transforms ideas into institutional practices accessible to all employees (Lawrence, Mauws, Dyck, & Kleysen, 2005).

Zietsma, Winn, Branzei, and Vertinsky (2002) proposed enhancements to Crossan et al.'s multilevel organizational learning theory (Zietsma, Winn, Branzei, & Vertinsky, 2002). They introduced the process of "attending" at the individual level, a term taken from Kleysen & Dyck (2001) which refers to actively seeking information from the environment. They also added another active learning process called "experimentation" (see Figure 2). Zietsma et al. (2002) stated that "individuals and groups experiment, and the results of their actions enhance their cognitive interpretations" (p. 63). Their research on a Canadian company supported the four processes of organizational learning proposed by Crossan et al. (1999) as well as the two new processes. The primary contribution of Zietsma et al. (2002) was to emphasize the significance of active learning, noting that if individuals do not recognize the connection between their actions and the outcomes, minimal or no learning occurs.

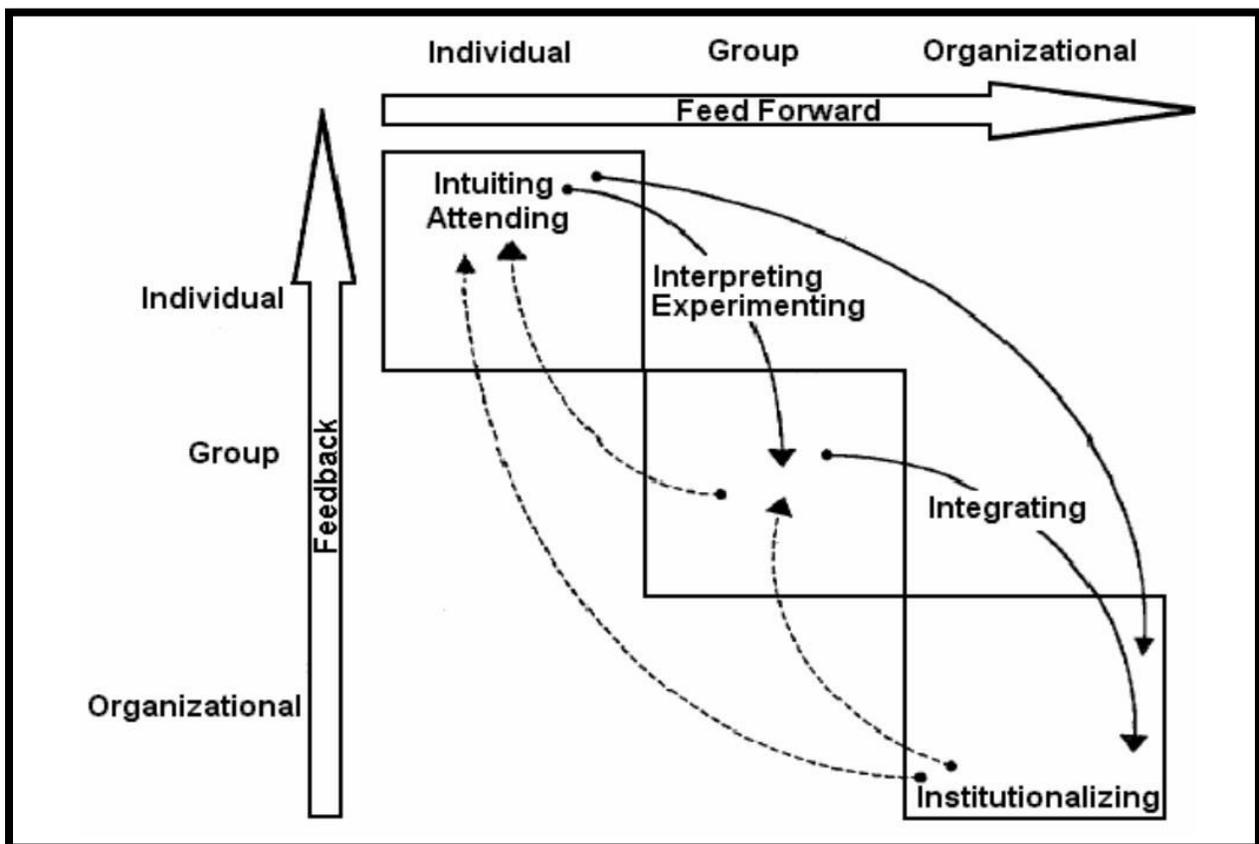


Figure 1: Extended model of organizational learning (Zietsma, Winn, Branzei, & Vertinsky, 2002)

3. Discussion

Learning and Performance: Individual, Group, and Organizational level

Because of the unprecedented pace of development of information and communication technologies, human society has evolved into a knowledge society (Phillips & El Akhdary, 2017).

Since private sector customers demand more customized service at ever-diminishing costs, many people have come to expect similar benefits from the public sector. According to Rezaei, Khalilzadeh and Soleimani (2021), there is no one doubts that better management of knowledge within organizations will lead to better employee and organizational performance. Consequently, public sector organizations are being forced to deal with the changing nature of work and learning, as well as with their own changing expectations.

Learning and knowledge management, in its current form, received significant attention in 1990s with leading private sector organizations developing procedures for effective creation, acquisition and dissemination of information and know-how and the promotion of knowledge (Kefela, 2010). Public sector organizations are typically thought to be later adopters to this wave. Nevertheless, due to the ever-increasing pressure for higher efficiency and effectiveness and the emergent needs for sharing knowledge among different government entities at different levels, public sector organizations are quickly catching up and are prepared to reap the benefits generated from learning.

Individual Learning

Learning impact employee job performance by enhancing individual employees' knowledge, skills, and abilities (Yimam, 2022; Zhu, Liu, & Wang, 2019; Walters & Rodriguez, 2017). When employees engage in learning activities, whether through formal training, workshops, or self-directed study, they often gain new competencies or deepen their existing expertise. This growth advances their confidence, making them feel more capable and effective in their roles, which in turn positively influences their job performance (Mehner, Rothenbusch, & Kauffeld, 2024). Continuous learning also sharpens problem-solving skills, giving employees better tools to tackle challenges and improving their ability to handle complex tasks. As employees gain competence, their motivation and engagement typically rise as well, leading them to be more productive and successful in their specific job (Noe, Clarke, & Klein, 2014). A meta-analysis by Kraiger, Ford, and Salas (1993) also supports this idea, showing that learning significantly improves individual performance. When employees undergo training that builds their skills and expertise, they tend to see a direct improvement in their job performance, which is often reflected in their own self-assessments (Kraiger, Ford, & Salas, 1993).

Research supports the idea that learning directly impacts employee job performance. For instance, Saks and Belcourt (2006) found that employees who participate in training programs are more likely to report higher job performance, citing increased confidence and competence in their roles (Saks & Belcourt, 2006). In public sector, it is one of the most important HRD interventions for public employees often operate in environments shaped by ever-changing laws, regulations, and public policies. By staying current with these changes, employees increase their job competence and enhance their ability to navigate the challenges they face (Kareem & Hussein, 2019). Public sector employees often need up-to-date and specialized knowledge related to government policies, regulations, and services. Regular learning helps them stay informed about changes in technology, procedures, or public policy, ensuring they can respond effectively to evolving needs and challenges (Jerab, 2024).

Group/Team Learning

Learning plays a vital role in improving team dynamics, collaboration, and collective problem-solving abilities. Studies have shown that teams that learn together, whether through formal training, knowledge sharing, or joint problem-solving, often experience improved performance outcomes. This collective learning fosters better communication, stronger coordination, and a deeper sense of team cohesion, all of which contribute to the team's overall success. When teams engage in learning activities, they often develop a shared understanding of their roles, goals, and tasks. This clarity leads to better communication, more efficient coordination, and smoother collaboration, all of which improve team performance. Teams that prioritize learning are more likely to perceive themselves as working effectively together, boosting their sense of achievement (Johnson & Johnson, 2018).

Research found that teams engaged in shared learning activities, like cross-training or collaborative problem-solving develop better communication, trust, and coordination which in turn lead to higher performance (Marks, Burke, & Zaccaro, 2002; Bossche, 2006). Edmondson's work also found that teams with a strong culture of learning tend to perform better. In these teams, members are more likely to feel satisfied with their jobs, and they perceive their collective performance as more effective (Edmondson, 1999).

Organizational Learning

A learning-oriented organization fosters an environment where employees are empowered to contribute and innovate, leading to better performance outcomes (Akhta, Arif, & Naveed, 2012). At the organizational level, learning becomes a

systemic process that supports long-term goals, adaptive capacity, and continuous performance improvement (Caniëls & Baaten, 2019). In public sector organizations, organizational learning is crucial for fostering innovation, improving service delivery, and responding effectively to the evolving needs of citizens (Saragih, 2024; Dasgupta & Gupta, 2009).

According to Dasgupta and Gupta (2009), providing learning opportunities within an organization contributes to higher levels of employee satisfaction and commitment and this increased commitment often leads to increased organizational performance. Watson (2018) found that when organizations offer ongoing learning opportunities, employees are more likely to feel valued and motivated, which in turn leads to higher levels of job satisfaction and improved performance (Watson, 2018). By learning from experience, evaluating customers feedback, and adopting best practices, organizations can make adjustments that lead to better performance especially in public sector contexts where responsiveness to policy changes and public needs is critical. According to Brown & Brudney (2003), learning organizations in the public sector can better navigate shifts in governance, policy, and societal expectations, leading to more effective service delivery (Brown & Brudney, 2003).

4. Conclusion

Learning, in all its forms, plays a critical role in influencing performance across individual, group, and organizational levels. At the individual level, learning enhances knowledge, competence, and motivation of employees. Within teams, it fosters better collaboration, creativity, and problem-solving. At the organizational level, learning drives overall performance, competitiveness, and strategic decision-making. In the public sector, when organizations prioritize learning, they become more responsive to societal needs, enhance service delivery, and strengthen their overall performance.

This paper examines the impact of learning on employee performance within public sector organizations in Ethiopia. It highlights the crucial role that continuous learning (at the individual, team, and organizational levels) plays in boosting employee performance, enhancing skills, and improving overall organizational effectiveness. Drawing from a variety of studies, the paper emphasizes that learning drives personal development, increases job competence, improves teamwork and communication, and fosters a culture of innovation. As a result, learning is essential not only for improving individual job performance but also for achieving organizational success, particularly in public sector environments where adaptability and responsiveness to change are vital. Overall, the study reinforces that organizations that embrace learning are more adaptable, better equipped to make

informed decisions, and more capable of improving governance and service outcomes.

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