From Organizational Learning to Organizational Performance: The Influence of Individual Learning and Intrapreneurship

Carlos Molina and Jamie L. Callahan
Texas A&M University

Companies must survive in a competitive business arena that has become increasingly complex, demanding learning at both the individual and organizational levels. We suggest that the intersection of individual learning and intrapreneurship may help employees apply their knowledge more strategically to better support the learning of the organization as it faces more complex scenarios. This paper analyzes how individual learning and intrapreneurship can foster organizational learning and, in turn, affect an organization’s performance.

Keywords: Organizational Learning, Intrapreneurship, Entrepreneurship

Organizational learning has attained huge popularity during the last few years because the complexity of doing business has increased substantially. This new scenario is demanding more prepared and committed employees. Intrapreneurship is a discipline or practice that stimulates the creation of new business opportunities within the company (Amo and Kolvereid, 2005; Davis, 1999). We contend that intrapreneurs may play a relevant role in individual and organizational learning processes. Nevertheless, this interconnection of organizational learning and intrapreneurship has not been explored to identify how intrapreneurs can promote learning within and by organizations in order to facilitate organizational performance.

The purpose of this article is to suggest a model depicting how individual learning and intrapreneurship can foster organizational learning and impact an organization’s performance. To support the model we present here, we first describe our literature-based conceptualizations of intrapreneurship, individual learning, and organizational learning. We then propose a learning model that links these three factors as an explanatory framework for organizational performance. We conclude with recommendations for further exploration and testing of the model and for implications of HRD practice.

Intrapreneurship

At the beginning of the last century, employees could access the highest positions in organizations even with low levels of schooling. Due to the more complex scenarios that companies are facing in this century, they need skilled and experienced employees who can make the difference between their own organizations and their competitors (Hostager, Neil, Decker, & Lorentz, 1998). According to Czernich (2003), a knowledge perspective has often been seen as risk adverse because it suggests that theories should keep over time. Thus, intrapreneurs are faced with challenges in knowledge-based systems because they seek to change existing knowledge and make ‘risky’ decisions in uncertain environments.

The concept of intrapreneurship is rooted in entrepreneurship (Amo and Kolvereid, 2005; Antoncic, 2001; Davis, 1999; Honig, 2001). Entrepreneurship has been described “as the process of uncovering and developing an opportunity to create value through innovation and seizing that opportunity without regard to either resources (human and capital) or the location of the entrepreneur—in a new or existing company” (Churchill quoted in Antoncic and Hisrich, 2001, p. 497). This definition suggests that opportunity and creative value are relevant to entrepreneurs, so they are always scanning the environment to find those opportunities without fear of being seen as ‘wrong.’ Further, innovation is an important way for entrepreneurs to achieve their goals. So, organizations are likely to look for ways to increase the skills and competencies of employees who could be potential intrapreneurs; one way to do this is to connect innovation with organizational learning.

The concept of intrapreneurship is relatively new; it first appeared in an article called “The Economist” written by Macrae in 1976 (Amo and Kolvereid, 2005). Intrapreneurs are entrepreneurs who work in organizations that already exist (Amo and Kolvereid, 2005; Antoncic and Hisrich, 2001; Davis, 1999). Intrapreneurship has had different labels, including intrapreneuring, corporate entrepreneurship, corporate venturing and internal corporate entrepreneurship (Antoncic and Hisrich, 2001). Intrapreneurs make business decisions from their hierarchical positions within organizations. They also help companies increase their performance and renew their structures and
strategies for the purpose of better adapting to environmental demands. They are more critical about doing business and are willing to take more risks (Honig, 2001), which is why they can conduct business without fear of being wrong. Intrapreneurs are self-demanding and look for initiative actions that stimulate creativity within organizations (Amo & Kolvereid, 2005).

There are several differences between intrapreneurship and entrepreneurship (Antoncic, 2001; Antoncic and Hisrich, 2001; Honig, 2001). First, intrapreneurs make risky decisions using the company’s resources while entrepreneurs make risky decisions using their own resources. Second, employees within their organizations can be intrapreneurs, but entrepreneurship could take place either from within or outside the organizations. For instance, entrepreneurs can create a new business and sell the company when it is successful or an intrapreneur could take over the organization’s management. Third, intrapreneurs are usually good managers because most of them have a background in this business. On the other hand, entrepreneurs have the capacity or intuition to look for business opportunities and see what other people do not see. Fourth, intrapreneurship could be stimulated or repressed by the organizational culture while entrepreneurship, which takes place outside the organization, is not affected by existing organizational culture. Fifth, entrepreneurs prefer to develop tacit knowledge in new organizations instead of using procedures or mechanisms from other companies. On the other hand, intrapreneurs work in organizations which have their own politics, languages, procedures, and bureaucracy.

There are also several dimensions of intrapreneurship (Antoncic, 2001; Antoncic and Hisrich, 2001; Amo and Kolvereid, 2005) such as new business venturing, innovativeness, self-renewal, and proactiveness. New business venturing is the most classic definition of intrapreneurship, where intrapreneurs are looking for the creation of new businesses within their organizations regardless of the empowerment that their organizations give to them. In other words, intrapreneurs could be located in any position within the organizational hierarchy. Innovativeness is related to technological innovations. The organizational culture is a relevant factor in stimulating innovativeness. For instance, there are companies that are always thinking of creating new and better products and services. These organizations look for intrapreneurs who want to challenge the current products and services. Self-renewal implies that organizations change or adapt to cope with new threats. These changes could be marginal or radical depending on the size of the problem. Reengineering is an example of radical transformation where companies may change their structures, politics, human resources, and strategies. Organizations are currently seeking to create more flexibility in order to adapt to the environmental changes and also lead changes over their competitors. Finally, proactiveness means that the organizations that have developed this dimension are not followers; on the contrary, they want to become leaders of change and to establish the game rules in the industry. Proactiveness is an attitude or value that is present in the organizational culture, so the employees are intrapreneurs who want to be ahead of their competitors and to create and to develop new products or services that are innovative and at the same time add value to their customer needs. These dimensions are interconnected, fostering intrapreneurial synergy within the organization.

Antoncic and Hisrich (2001) have also connected these intrapreneurship dimensions with supporting or inhibiting internal and external factors (see Figure 1). There are several external factors that could affect the employees’ intrapreneurship: environmental dynamism, technological opportunities (for example, new machines that increase the company’s productivity and the quality of its products and services), industry growth, demand for new products, and competitiveness between companies, to name a few. There are also internal factors that influence employee intrapreneurship (Antoncic and Hisrich, 2001; Koen, 2000). Communication is a key factor in spreading data and information within the organization. Formal controls help companies follow their strategies and take corrective actions if there are some deviations from original plans. Environmental scanning is the part of the organization that checks the environmental opportunities and threats that exist in the industry. Organizational support is related to the top manager’s reward and support systems that stimulate intrapreneurship. Competition-related values are disseminated, normally by leaders, to employees in order to stimulate an attitude that is oriented to create better products and services than their competitors. Person-related values identify self values that each employee brings to the organization because there are some values that support intrapreneurship as self-demanding while other values block intrapreneurship as conformist.

The intrapreneurship model created by Antoncic and Hisrich (2001) (see figure 1) shows a positive relation between the internal and external factors over the intrapreneurship assumptions, so they conclude that intrapreneurship improves the organization’s performance and income. However, the reality could be quite different and the same factors could also restrict employee intrapreneurship and block their effects over organizational performance. For instance, competitive rivalry could make competitors focus too much on cost reduction and not leave resources to promote innovation, which is one of the main functions of intrapreneurship. Therefore, companies as a final result may achieve a large growth and profitability but, on the other hand, may also get a reduction in growth or stagnation and loss. Finally, the organization should relate the factors in a positive way in order to
promote an intrapreneurship that helps companies be more successful and risk oriented without losing sight of their customers’ needs.

**Source**: Adapted from Antoncic and Hisrich, 2001.

*Figure 1. The Intrapreneurship Model*

Using this model as a starting point, we suggest that the intrapreneurship is connected with learning in several ways. First, learning and unlearning are explicitly associated with intrapreneurs and may be used to improve employee performance. Second, we see organizational change as an implicit component of this model. Intrapreneurship is a way to promote organizational change which may generate organizational learning. Finally, we suggest that these two factors combine such that both individual and organizational learning may result in improved organizational productivity.

**Individual Learning**

Individual and organizational learning are gaining more importance due to the systematic changes in our daily lives such as globalization, aging of the population, and the development of more complex technologies. Therefore, individuals and society must learn how to cope with change successfully. Chonko, Dubinsky, Jones, and Roberts (2003) suggest that the need for organizational learning may be superior to individual learning, arguing that each person should learn new knowledge relevant to his or her specific performance and help reduce the gap between individual and organizational learning.

As learning first occurs in individuals, it is necessary to understand this learning level before analyzing learning at the organizational level (Chonko et al., 2003; Elkjaer, 2001; Oswick, Anthony, Keenoy, Mangham, and Grant, 2000). They also address the fact that innovation happens first through individuals, and that the organization may learn through sharing of innovative individual knowledge. Besides, Olivera and Straus (2004) argue that individuals still do most of the work in organizations. Schwandt and Marquardt (2000) argue that individual learning has a utilitarian purpose because it is seen as a system oriented to develop knowledge that helps people survive and adapt to the constant changes that are affecting our organizations. Individual learning follows a linear process which includes: information entrance, action and reflection, interpretation and integration, and meaning and memory.

Individual learning outcomes are essentially social; evidence of learning is seen through interactions within the environment. People learn and behave according to their social rules or organizational culture (Casey, 2005). Individual learning could be analyzed under different perspectives such as conceptual and operational learning, individual level of learning, and lower and higher-levels of learning (Chonko et al., 2003; Fiol and Lyles, 1985; Ubeda and Llopis, 2002). Operational learning occurs when employees’ skills and knowledge are used for specific actions. These actions are called operational because they are monotonous, for example, transporting the employees to the organization and their houses every day. Conceptual learning happens through know-how, which means that employees should have a critical vision to interpret existing procedures or conditions. For instance, employees are encouraged to create innovative ways of performing their tasks or proposing an improvement that is not directly related to their work. Employees from the marketing department may suggest a change over the products’ design to
the manufacture department (Ubeda and Llopis, 2002). At the individual level of learning, interpretation is the key to mastering the knowledge that individuals are receiving (Chonko et al., 2003). The individuals are also learning to think critically and see the world in a different perspective. This learning process would develop new mental maps and also behavioral changes. The lower-level learning is related to establishing rules that guide the way employees should behave and engage in specific activities. For instance, how to prepare a report or give presentations are ways of generating lower-level learning. These activities could transform in routine processes over time (Fiol and Lyles, 1985). On the other hand, higher-level learning is associated with adjusting rules and norms. Any change over the higher-level learning will have an impact on the lower-level learning. For instance, if the company decides to change the procedure to request new products from their suppliers, the employees are going to make more mistakes following the new steps in the beginning, but they will get accustomed to this process with the passage of time. Employees normally have problems when they have to pass from lower-level learning to higher-level learning because they need to develop different competencies in order to be successful in performing more difficult tasks (Fiol and Lyles, 1985).

The different perspectives of individual learning help us to understand its role between individuals. These perspectives also show some level of connection between the perspectives because they focus on the top and bottom of the organizational hierarchy. Therefore, they classify individual learning under a strategic or operational perspective. Moreover, individuals could be potential in-trapreneurs and learning could be a bridge that joins them.

**Organizational learning**

Organizational learning as a concept was first introduced in management literature in the early 1960s, although there are some theorists who argue that this concept was first analyzed by Frederick Taylor in the early twentieth century (Chan, 2003). Ubeda and Llopis (2002) contend that organizational learning has its roots in the educational field, but it is also linked to different disciplines such as management, organizational theory, and economic theory. The different disciplines that study organizational learning mainly focus on the following topics: change, which analyzes the ways that organizations can learn to adapt their structures and systems to environmental changes; technology, where organizational learning is linked to technological innovations that are applied to help organizations face their environment; dynamism, where organizational learning is related to dynamic organization at multiple levels within the organization; and, finally, globalization of the firm, which develops new theories or ways of thinking to apply to the different stages of the company’s internationalization.

Different authors (Bogenrieder, 2002; Chan, 2003; Chonko et al., 2003; Fiol and Lyles, 1985; King, 2001; Knight and Pye, 2004; Schwandt and Marquardt, 2000; Ubeda and Llopis, 2002) have addressed that individual learning does not necessarily result in organizational learning because there are other factors that also affect this process. Although the link between individual and organizational learning is still unknown, individual learning and organizational learning are inherently connected. Currently, there is not enough research that helps us understand the link between individual and organizational learning in order to enable researchers to further analyze this relation and discover the factors that may stimulate the organizational learning within organizations.

Chonko et al. (2003) and Knight and Pye (2004) connect organizational learning to change, because organizations change every day; therefore, they have to learn how to adapt to these changes and to develop a culture that promotes change. Moreover, the organizational structure has to be flexible to adjust both the internal and external environments. New organizational strategies have to be oriented to cope with these changes in order to satisfy the customer’s needs. However, if an organization has a level of organizational learning that is not suitable for coping with the external changes, this organization must first reduce the gap through individual learning because it precedes organizational learning. The authors also explain that learning is a preview stage of change which also facilitates learning, so these processes are linked and may improve company performance.

According to King (2001) organizational learning is connected to information and knowledge capabilities that create better or more valuable knowledge that challenges employee behavior and focuses on achieving organizational goals. An organization can create, acquire, and communicate information and knowledge through its employees. One way to acquire knowledge is to hire strategic people from other companies (Hostager et al., 1998.) Change is closely connected to learning; for instance, new learning stages may lead organizational changes and organizational changes may lead to new learning requirements (King, 2001). Organizations have processes that stimulate learning while there are other processes that block learning (Vince, 2002). For instance, leadership could be positive or negative in developing organizational learning within organizations because a leader can promote individual learning through support of worker training and the creation of opportunities to share and spread out this new knowledge throughout the organization. On the other hand, a leader could block the organizational learning by managing companies as closed organizations without considering the environmental threats.
Organizational learning has different influences over the organization’s performance (Chan, 2003). For instance, it may improve the quality of the products and services, increase organizational competitiveness, and balance the work-life quality. Moreover, organizational learning is influenced by environmental uncertainty and a leadership culture. Organizational learning is like a big umbrella which affects the whole organization. Further, the environment plays an important role as a factor that supports or restrains organizational learning. Therefore, organizations have to be aware of those factors in order to proactively identify which external and internal factors could affect them and promote a leadership culture that stimulates organizational learning as a relevant value. Moreover, organizational learning is contextual, so each organization has its own process or method of implementation. A key factor that conditions organizational learning is the individuals that conform to those organizations (Chan, 2003).

How organizations learn is a topic that has been widely studied over time to understand the different ways organizations can be prepared to face any threat or problem. Organizational learning can be achieved through different methods such as emotional learning, single and double loop learning, organizational level of learning, and collective learning (Chonko et al., 2003; Schwandt and Marquardt, 2000; Seo, 2003; Ubeda and Llopis, 2002; Vince, 2002). According to Vince (2002), emotional learning is connected to an organization’s goodwill. In other words, they have to legitimatize managerial challenges as relevant values. For instance, the organizational culture should stimulate the creation of new ideas from the employees which can be opposed to managers’ ways of thinking. Managers have to accept different perspectives and give organizational welfare first priority. A single-loop occurs when an operational error is detected and corrected. In other words, the employees are capable of identifying a problem and correcting it automatically because it is routine and has an easy solution. Double-loop learning occurs when a strategic error is detected by the employees and also corrected. Employees are challenged with finding a solution to a problem that is exceptional and complex (Seo, 2003; Ubeda and Llopis, 2002). Organizational level of learning means that learning should be institutionalized within organizations as a key process to improve their competitiveness over time (Chonko et al., 2003). Groups should share and spread their knowledge throughout the organization. Finally, if people agree and internalize the new ways of doing things, these processes are institutionalized within the organization. In other words, systems and routines are adopted for all the organizations; which are also a way to control employee performance. This vision of learning is very much connected to the meaning and memory subsystem developed by Schwandt and Marquardt (2000) where sense making is spread throughout the organization in order to define the way it should structure and conduct its business. Collective learning implies sharing of learning by all employees. In order for this to take place individual learning may be spread within the organization through the different communication channels such as employee relationships or networks. Although an employee can be seen as an individual learner, he or she is not working on an island. In other words, every person develops a network to satisfy his or her socialization needs (Ubeda and Llopis, 2002). This method of learning could be associated to the dissemination and diffusion subsystem (Schwandt and Marquardt, 2000). According to this perspective, structuring connects and makes possible the learning process of the whole organization.

These different perspectives of learning are helpful in understanding how learning may be created within the organization. There is not a better method to develop organizational learning because the choice of one or more of them will depend on the situation that organizations are facing at this moment. In other words, organizations can apply more than just one learning method to create knowledge because they may support each other to develop it.

Model of Individual Learning, Intrapreneurship, and Organizational Learning

We contend that individual and organizational capabilities may support the organizational learning process and, when intrapreneurs identify opportunities, they also develop actions that take advantage of these opportunities before competitors do (Floyd and Wooldridge, 1999). Individual learning, intrapreneurship, and organizational learning can be linked to develop a learning organization culture which results in increased organizational performance (see figure 2).

Individual learning should be promoted by organizations in order to develop better skills in their employees. However, a relevant previous process that employees have to face in order to learn to learn is learning to unlearn. In other words, they have to admit that their current knowledge does not help them to cope with the problems that they are facing. Therefore, they need to have a positive attitude and motivation to open their minds to the new knowledge that is required by the organizations (Robbins, 2005). The environment is another relevant factor in this model. Although the environment can affect organizational learning, organizational learning can also affect its environment. For instance, companies which have been successful with the application of an organizational learning model such as Rover, a car manufacturer company from Great Britain, and Whirlpool, a world’s leading manufacturer and
retailer of home appliances (Schwandt and Marquardt, 2000), are demanding from their environments specific resources such as new technologies of production, more prepared workers, and innovative training programs that would help them keep their leadership over time.

Figure 2. Link between Individual learning, Intrapreneurship, and Organizational Learning.

In order to foster intrapreneurial learning, leaders must have a key role in this learning process in order to promote learning as an organizational value. They should promote any action oriented to encourage the creation of learning. For instance, universities look not only to being the vanguard of knowledge, but also to creating and promoting new knowledge that can be used as a reference for other researchers. Therefore, universities attempt to achieve this important goal by hiring outstanding researchers, maintaining and incorporating the latest databases, creating an environment that promotes research, rewarding the achievements, and controlling any deviation from their initial goals.

An important question to address is how the organizations are able to get intrapreneurs. Hiring employees with an intrapreneurship profile is a possibility. The other option is developing intrapreneurship competencies in its human resources. There are several areas of the organization that can help develop intrapreneurship between employees, such as training, career development, and organizational development. Therefore, Human Resource Development plays a key role in the process of preparing intrapreneurs and promoting innovation as a relevant organizational value.

To apply the model there are several strategic options that may stimulate a learning organizational culture (King, 2001). First, developing an information systems infrastructure strategy; this entails the acquisition and transformation of data into valuable information. Information systems can develop an infrastructure that helps disseminate knowledge and information all over the organization. Second, creating intellectual property management strategy; this implies the development of different mechanisms to protect the organization’s intellectual property. Keeping knowledge within the organization and using it as capital to improve organizational learning may
be a way to create competitive advantage. Third, individual learning strategies that focus on training and educating the organization’s employees; these strategies consider several ways of achieving this knowledge through universities, on-the-job training, and apprenticeship programs. Implicit and tacit knowledge are considered relevant to the development of effective individual learning because both may create learning synergy. Fourth, organizational learning strategy is not the same as organizational learning; it means learning through social systems. The organization is seen as a society that takes different actions in order to create and transfer learning. Fifth, knowledge management strategy is transmitted to the employees through tacit knowledge; for instance, the organization’s mission is a strategic tool that should be known to every employee. And last, an innovation strategy whereby the organization conducts different proactive processes to generate, evaluate, develop, and implement new techniques, products, processes, and services.

Although this model represents a first approach to the learning process, it gives a systemic perspective to understanding learning within organizations. It also highlights the role of intrapreneurs as agent generators of new knowledge through innovation. Finally, the model takes into consideration the impact that the environment could have in the learning process; it also considers that organizations could modify their environments through an organizational learning culture.

Conclusion

Learning how to learn is considered a basic need for any organization that wants to survive in the business world. The learning process starts through individual learning and is then transferred to the organization through a certain process which was unknown until now. One factor that helps spread individual learning is intrapreneurship because intrapreneurs are employees who challenge the traditional paradigms through innovation and make risky decisions to improve organizational performance. In the future, intrapreneurs will play an important role in promoting new knowledge and also demanding new knowledge. The proposed model reveals a first look at the learning process through three important factors which are individual learning, intrapreneurship, and organizational learning. The framework of the model is systemic; all the parts are connected to each other. Therefore, each factor could positively or negatively affect the others. The environment and the organization could also affect each other.

Individual learning is an important component of this model because we contend that people’s attitudes are like an energy that can move them to accept new learning processes. As this model is further developed, there are several specific learning theories—such as self-directed learning, situated cognition learning, and situational learning—that should be explored to help employees discover their learning in different ways. Individual learning is one of two starting points for initiating organizational learning and, ultimately, organizational performance. Intrapreneurship is also a starting point; we suggest that intrapreneurship gives individual learning the dynamism to affect organizational learning. As this model is refined, this link between individual learning and intrapreneurship should be explored, in particular the direction of the relationship between the two factors. Finally, we argue that organizational learning has the power to influence organizational performance only to the extent that it adopts organizational learning strategies; the environment plays a role in the nature of the strategies adopted and the success of the application of organizational learning toward organizational performance. Again, exploration of the paths between these constructs is an important next step—what role does intrapreneurship, individual learning, and organizational learning play in facilitating organizational performance?

Human Resource Development plays a strategic role in facilitating this process within organizations. First, the distinguishing characteristic of HRD is its application of ‘learning’ concepts to inform HRD research and practice (Callahan & Dunne de Davila, 2004; Callahan, 2003). By implementing individual learning opportunities that promote intrapreneurship, HRD professionals can foster this dynamic process that stimulates organizational learning and performance. Second, HRD professionals can operate at the level of organizational learning by engaging their expertise in the domain of organization development. By helping create new structures that celebrate learning opportunities, HRD professionals stimulate organizational change that can lead to increased organizational learning and performance. Finally, HRD professionals can also play a role in formulating organizational learning strategies to maximize the creation and maintenance of organizational learning cultures; their expertise in learning theories, concepts, and approaches lend a unique insight to strengthening long term stimulation of individual and organizational learning. Although the future is challenging, the development of novel organizational learning approaches, such as the one presented here, is a key way to face those challenges successfully; HRD professionals’ expertise in learning makes them uniquely qualified to address these challenges.
References


