Learning Orientation as an Antecedent Towards Strategic Human Capital

Jocelyne Lee \(^a\), Hasliza Abdul Halim \(^b\), T. Ramayah \(^c\)

\(^a\) School of Management, Universiti Sains Malaysia, Penang, Malaysia.
\(^b\) School of Management, Universiti Sains Malaysia, Penang, Malaysia.
\(^c\) School of Management, Universiti Sains Malaysia, Penang, Malaysia.

Abstract
Organisations need to deploy its resources to achieve sustainable competitive advantage. Strategic human capital is a resource that allows an organization to attain sustained competitive advantage. Creating strategic human capital however, is not easily done. There are elements that can be utilized to create a resource that helps the organization be distinguished from its competitors and this paper aims at examining the influence of learning orientation on strategic human capital among manufacturing organisations in Northern region of Malaysia. Learning has often been regarded as a source for sustainable advantage and is proposed to have a positive influence towards strategic human capital. This study adds to the present literature by explaining conceptually the linkages between learning orientation and strategic human capital. It also contributes to the literature by presenting the preliminary results of the study. The interview results will offer an introductory insight on the relationship between learning orientation and strategic human capital.

Keywords: Strategic Human Capital, Learning Orientation

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1. Introduction
The expedition of scholars into bringing together and merging comprehensions of human capital studies and strategy studies has resulted in the realizing of strategic human capital. Wright, Coff and Moliterno (2014) agrees that strategic human capital is “and endeavour to integrate these two domains”. Strategic human capital exists when a firm’s human capital achieves the firm’s strategic competitive goals (Gao, Ren, Zhang & Zhang, 2012; Gao, Zhang, Zhang, Zhang & Zhang, 2013). A firm’s human capital is the knowledge, skills and abilities of an individual that brings an advantage to the performance of the firm. Strategic human capital comes when the firm is allowed sustained competitive advantage and as mentioned above, when the firm’s strategic goals are achieved. It also provides economic value towards the firm rather than just towards the individual. The term strategic is achieved when a resource is significant in aiding the expansion of critical capabilities of the organization (Wright et al., 2014). Byrant-Kutcher, Jones and Widener (2009) adds that sustainable competitive advantage is established when the organization utilizes resources that are difficult for competitors to imitate, which helps the organization increase its efficiency.

There are certain investments to be made for a firm to encourage its workforce to be strategic. As Schultz (1961) and Becker (1962, 1993) explain, knowledge is one of the main things to invest in. Baker and Sinkula (1999) find, learning is important as without learning, vital strategic orientations will be out of reach. Prahalad and Hamel (1990) as well as Hatch and Dyer (2004) has suggested that learning is able to be a source of sustainable competitive advantage and Ployhart, Iddekinge and Mackenzie (2011) agrees, as knowledge learnt can be inimitable and will lead to sustainable competitive advantage. In order to foster strategic human capital, learning is encouraged and necessary (Wang, Jaw & Tsai, 2012).

2. Strategic Human Capital
Scholars have been attempting to understand how organization can gain and sustain competitive advantage through human capital (Brymer, Molloy & Chadwick, 2015). Firstly, there should be an understanding on the difference between human capital and strategic human capital. Human capital is defined by Becker (1964) as “the knowledge, information, ideas, skills, and health of individuals”. Later on, scholars like Ployhart and Moliterno (2011) refined the definition of human capital with, “the knowledge, skills, abilities and other characteristics of the individual (Wright & McMahan, 2011). General human capital has existed in literature for a long time, first existing in economic literature. (Gao et al., 2013).

Strategic human capital in this paper is defined as the workforce, the knowledge, skills and abilities of the individual, that provides sustained competitive advantage to the firm (Lev, 2001; Barney & Wright, 1998; Amit & Schoemaker, 1993; Byrant-Kutcher et al., 2009). The differentiating factor between strategic human capital and human capital is the ability to provide sustained competitive advantage to the organization. Whilst human capital is crucial to the performance of a firm, strategic human capital has the capacity to sustain and improve the performance of the firm (Xu, Gao, Zhang, Yu & Song, 2016).

Another perspective to differentiate human capital and strategic human capital is through economic value. The individual human capital might have economic value towards the individual but not to the firm (Gao, Xu, Zhang & Zhang, 2013). Strategic human capital has the ability to bring economic value to the organization. Its strategic traits are also a factor to understand the variance between human capital and strategic human capital (Zhang, Gao & Zhang, 2011). Wang et al. (2012) adds that the trait of being
Human capital is considered strategic when it has the ability or potential to expand the competency and capability of the organization, identify and utilize opportunities and to reduce threat from competitors and the market. Using the resource based view, strategic human capital can be illuminated. With the attributes suggested by resource based view by Barney (1991), valuable, rare, inimitable and non-substitutable, general human capital will be able to morph into strategic human capital. Strategic human capital is seen as an organization's resource that can provide sustained competitive advantage (Byrant-Kutcher, et al., 2009; Widener, 2004; Liu, Jaarsveld, Batt & Frost, 2014) and Carmeli (2004) mention that “resources that are valuable, rare, inimitable, non-substitutable and not transferable are a source of sustainable competitive advantage”. Sustainable competitive advantage is the organization’s competencies that creates value, which cannot be duplicated by others (Battacharya, 2014). Mahdi and Almsafir (2014) also mentions that aside from being inimitable, if there is no other organization or competitor that can provide a better option, then the competitive advantage of the firm is already sustained.

There are characteristics and indicators that the human capital should possess to be considered strategic human capital. Earlier indicators for strategic human capital is first adopted from Barney (1991), which is what Carmeli (2004) has mentioned above – a resource that possesses value, rarity, inimitable and cannot be perfectly substituted. Another indicator would be the capability to generate strategic organizational efficiencies (Byrant-Kutcher et al., 2009). Widener (2004) suggests that characteristics such as its significance to the organization, firm specific knowledge are the intended attributes for strategic human capital. The author also adds that when there is the lack of transparency that protects the organization from being duplicated and when the skillset is spread throughout the organization, it becomes hard to imitate, making these characteristics the suitable description for strategic human capital.

3. Understanding Learning Orientation

Learning orientation is the creation and growth of novel understandings and perceptions (Slater & Narver, 1995), it is the apparatus that allows the organization to improve and expedite new methods (Lee & Tsai, 2005). It is also when knowledge is conveyed and dispersed throughout the organization whilst simultaneously being ingrained with the organization’s strategic values (Tajeddini, 2011). Hakala (2011) compiled an ample definition “learning orientation is viewed as the organization’s propensity to create and use knowledge in order to attain competitive advantage”. Calantone, Cavusgil and Zhao (2002) characterises learning orientation into four entities, commitment to learning, shared vision, open mindedness and intraorganizational knowledge sharing. Learning orientation fosters the act of disputing and contesting information regarding its accuracy and interpretation (Celuch, Kasouf & Peruvemba, 2002). It can be explained as the embracing of learning activities (Rhee, Park & Lee, 2010). Kaya and Patton (2011) describes learning orientation as “a process of information acquisition, information dissemination and shared interpretation that increases both individual and organisational effectiveness due to the direct impact on the outcomes”.

Through learning orientation, organizations are allowed to explore and discover new knowledge and skills that could possibly be useful and valuable to the organization (Sinkula, 1994) and possibly will improve the performance of the organization (Baker & Sinkula, 1999; Calantone et al., 2002). Organizations that are learning orientated not only develop and spread information, they also explore and

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inspect new ways and methods for market development. Learning orientation also plays a role in the profitability of the organization as it plays a role in enhancing satisfaction rates among both employees and customers (Hassan, Qureshi, Hasnain, Sharif & Hassan, 2013). Additionally, it is an internal force that encourages and stimulates the employees to acquire new knowledge to improve their proficiency (Jyoti & Dev, 2016). Mavondo, Chimhanzi and Stewart (2005) has suggested that the characteristics that represent learning orientation are the mechanisms to revitalising the organization and it enables organizations to achieve superior performance (Ismail, 2013).

Learning orientation is important and valuable in a organization as it aides the organization’s need in exploring and exploiting opportunities (Farrell, Oczkowski & Kharabsheh, 2008). It helps the organization understand the true wants and needs of the customer (Day, 1994; Sinkula, 1994) which leads to excellent results, for example, the production of top notch products, customer retention and high profitability (Slater & Narver, 1995). Learning orientation is also unique (Farrell et al., 2008). Most firms have the ability to take on the traditional learning process, but few are willing and able to undertake generative learning (Senge, 1990) where the organization starts questioning traditional assumptions regarding tasks, competencies and approaches (Slater & Narver, 1994; Farrell et al., 2008).

4. Learning Orientation and Strategic Human Capital

The relationship between strategic human capital and learning orientation can be explained using resource based view (RBV). The basic dictation of RBV is that a firm’s resource is something that can contribute to the firm, both tangible and intangible contributions (Wernerfelt, 1984) and Hunt and Morgan (1996) and Farrell (2000) mentions that learning is part of a firm’s resources and foundation for sustainable competitive advantage. Learning allows the firms to access market information in much faster and productive ways compared to their competitors, which in turn facilitates the firm in sustaining their competitive advantage (Baker & Sinkula, 1999; Suliyanto & Rahab, 2012; Lonial & Carter, 2015). Learning orientation as the organizations fundamental position towards education, is vital in an organization, and as Hunt and Morgan (1996) explains, learning orientation is considered to be the organization’s source to sustain its competitive advantage and it also plays the role of aiding the organization to progress and mature swiftly (Kungwansupaphan & Siengthai, 2014). Tajeddini (2009) adds that learning orientation is significant due to the enrichment of knowledge it presents, which allows organizations to tackle issues and competition. Additionally, it allows for opportunities to be recognised, which is vital towards the organization’s performance (Hakala, 2011). Learning orientation facilitates the goal of organizations being able to produce and provide products and services that are much better than competitors through the development of new techniques and skills and expertise (Hassan et al., 2013). Organizations that are attempting to achieve sustained competitive advantage requires learning orientation in this always changing environment (Frank, Kessler, Mitterer & Weismeier-Sammer, 2012; Hatch & Dyer, 2004). With the suggestion that learning is a form of resource that leads to sustainable competitive advantage, this paper suggests that learning orientation and its elements play a role in the transformation of human capital to strategic human capital.
4.1 Commitment to learning
Commitment to learning is when the organizations adheres to the knowledge acquisition and enhancement. This is described by Thiptamananee and Ussahawanitchakit (2016) as “the degree to which an organization values and promotes learning”. It is the organization’s dedication of gaining knowledge for improvement. This characteristic is important for organizations for the more attention paid to learning, the more knowledge will be absorbed (Sinkula, Baker & Noordewier, 1997) and with high knowledge absorption, adaptation towards new methods will be effortless. As the size of the organization increases, this element of learning orientation is necessary as it plays the role of updating and revising its key information and activities (Wang, 2008). Schilling (2002) states that it is important to be invested in learning as it is risky to be excessively dependent on knowledge that might be archaic or redundant. Calisir, Gumussoy and Guzelsoy (2013) also suggest that organizations that are committed to learning believes that it is a critical factor for survival and tend to have a higher better performance. Commitment to learning is a necessary as it encourages organizations that are dedicated to learning be observant towards any errors in the theories used in the firm (Baker & Sinkula, 1999). When the organization is committed to gain knowledge, employees will be motivated to learn and improve themselves. In other words, this thought can be seen as a short-term investment with long term goals, whereby the firm will receive “long-term strategic orientation” (Cantalone et al. 2002) due to employees being able to provide new ideas or concepts that is enabled by learning and knowledge sharing.

Proposition 1: Commitment to learning has a positive relationship with strategic human capital
4.2 Shared vision

Shared vision can be understood as the common direction to steer towards in an organization. Shared vision is defined by Pearce and Ensley (2004) as “a common mental model of the future state of the team or its task that provides the basis for action within the team”. Without a common goal or direction, it is difficult to initiate or carry out learning. When there is no organization wide focus on learning, it would rather difficult for an employee to learn despite the individual being motivated to learn (Calantone et al., 2002). Baker and Sinkula (1999) agrees that individuals will not comfortably share knowledge and information when there is no common goals present. Organizations without shared vision tend to have difficulty working in teams, as there is the lack of common goals or directions. When individuals in an organization shares similar understandings, work directions could be steered in a precise direction, and confidence among employees could be increased along with work quality (Thiptanamanee & Ussahawanitchakit, 2016). Discordant work relations will affect the management team, causing a weakened performance ability, which will also incidentally misrepresent the organization’s true capacity and ability. Calantone et al. (2002) adds that when learning in a common direction, crucial knowledge and skills are developed and reinforced. As Choi (2014) states, shared vision allows for knowledge learned to be converted into actions and without a common direction, ideas generated might not get realised (Hult, 1998). Shared vision is necessary as it secures the direction of learning in the organization (Ussahawanitchakit, 2008).

Proposition 2: Shared vision has a positive relationship with strategic human capital.

4.3 Open mindedness

A simple manner of explaining open mindedness is the action of disregarding the knowledge or information previously learnt. It is the ability to move forward and to change (Thiptanamanee & Ussahawanitchakit, 2016). Due to the rapid changes in knowledge and technology, organizations should be able to question previously learned assumptions and to unlearn the old ways whilst keeping track of new knowledge (Calantone et al., 2002). It is important and beneficial for the organization when it has the ability and willingness to reassess traditional practices (Sinkula et al., 1997). Individuals and organization are often limited by the old ideologies that they cling on to (Sinkula et al., 1997) and organizations are usually better in performance if there is a certain level of disagreement towards old beliefs (Slater & Narver, 1995). Being open to new things, by passing on old practices can lead to new ideas and a less tense work environment and, as individuals open themselves to new things, they tend to obtain knowledge faster, with a diversified perspective (Thiptanamanee & Ussahawanitchakit, 2016). This is the process of unlearning. Unlearning is probably the most important thing an organization can do, as it is important to forget the old and get in touch with the new (Sinkula et al., 1997; Baker and Sinkula, 1999; Calantone et al., 2002; Ratten & Ratten, 2003), which will probably open several doors of opportunity for the organization. Attaining sustained competitive advantage is a difficult task, especially in the current competitive environment and open mindedness helps the firm thrive with a competitive edge (Ussahawanitchakit, 2008). Lord (2016) adds that open mindedness is expected to lessen the limited diversification in knowledge and ideas and it is important for the norms to be argued to prevent situations where decisions are made with the influence of old patterns. Open mindedness is needed to avoid the strict unbendable traditional norms and organizations that are open minded will often explore factors such
as benchmarking, experimentation of new methods and problem solving (Ussahawanitchakit, 2008). Therefore leading to the proposition below:

Proposition 3: Open mindedness is positively related to strategic human capital

4.4 Intraorganizational knowledge sharing
This characteristic of learning orientation is the distribution of information within the organization. It refers to the belief and routines associated with expansion of learning and knowledge (Calantone et al., 2002). Moorman and Miner (1998) suggests that with the presence of commitment to learning and shared vision, learning will still be limited without the accumulation and dispersion of knowledge and information. They also add that there are scholars who maintain that learning in an organization only happens when there is a system of sharing and re-examining information. The attainment, allocation, division and analysis of knowledge and information is enhanced through intraorganizational knowledge sharing (Ussahawanitchakit, 2008). Intraorganizational knowledge sharing is vital as it prevents the loss of information that could arise from employee turnover or transfer (Lukas, Hult & Ferrell, 1996). Even though an organization is invested in learning with commitment and shared vision, without the accumulation or the sharing of knowledge, there will be limitation in learning (Moorman and Miner, 1998). This element contributes to the exploitation of resources to achieve sustainable competitive advantage (Ussahawanitchakit, 2008). This leads to the proposition below

Proposition 4: Intraorganizational Knowledge Sharing has a positive relationship with strategic human capital

5. Methodology
A pilot study is conducted for the purpose of this paper. An interview is performed to obtain preliminary information needed. The participants for this interview were five managers in large manufacturing organizations in the northern area on Malaysia. Of the five managers interviewed, two of the participants are from the semiconductor industry, and another two are in the electronics industry and the final participant is from the printing industry, all of which falls under the manufacturing sector. The intention of this study is to understand the concept of learning orientation as an antecedent towards strategic human capital. The tool utilised is an interview conducted with managers in large firms regarding their stand on learning orientation and strategic human capital and whether they agree that learning orientation fosters the creation of strategic human capital. The interview results will offer an introductory insight on the relationship between learning orientation and strategic human capital.

6. Findings
Strategic human capital is a resource of the organization that provides long run advantages. Learning orientation is one of the main attributes to sustainable competitive advantages. When the interviewees were asked whether they believe that learning crucial towards the organizations improvement, all of the managers agree that learning would allow the organization to have differentiating factors from its competitors. On their understanding towards learning orientation, the interviewees agree that it is the
organizations stand on the exploration and exploitation of knowledge. To this, 3 managers added that “learning should be an investment, not an expense”.

Being committed to learning along with a common goal is extremely important in an organization. One manager mentions that being committed to learning is one of the survival points to survival in the industry. And, of the managers believe that having a common goal allows for easy dispersion of knowledge whilst the other managers do not practice the sharing of common goals. However, when asked whether they question the tradition and norms of the practices in their organization, all five managers agree that they do question the norms and encourage their employees to do so as well for improved performance and better understanding towards the customer’s needs. One manager mentioned that “I always question myself and the usual practices, and also I always remind my team members, when it comes to the customer’s requirements. If I always stick to the usual practice, then nothing will change. Not even the performance and the profit of the organization I am working for”. The managers interviewed also agreed that sharing knowledge in the organization is something that will help the organization operate well and probably have an upper hand compared to their competitors as one manager states, “sharing knowledge in the organization provides value towards the operation of the company”.

The relationship between strategic human capital and learning orientation is solidified with the agreement of all the managers interviewed. The organization’s propensity for knowledge creation plays a vital role in the creation of strategic human capital. One interviewee explains that “an organization supporting continuous learning creates knowledgeable employees, and applying the knowledge will be beneficial towards the company in the long run”. Another manager adds “In fact, from learning orientation, enhancement of skills would be improved and directly moving towards achieving company’s goal. When learning orientation is practiced, the employees are exposed to the new knowledge they must adapt, and then implement on their tasks”.

The response of the managers indicates that they agree with the statement that learning orientation fosters the creation of strategic human capital. The attributes of learning orientation, through this interview, has been recognised as contributing factors to strategic human capital.

7. Discussion and Implications

This paper suggests that learning orientation has the potential to act as an antecedent towards strategic human capital, allowing general human capital to achieve strategic value by providing it the needed component to achieve sustained competitive advantage. Learning has always been seen as a source of sustained competitive advantage (Hatch & Nyer, 2004). The production of knowledge and information is often difficult to replicate, meeting one of the important criterion of attaining sustained competitive advantage. When adopted accordingly into the organization, it will aid the creation of strategic value towards the human capital of the organization. There are many previous works for example, Farrell et al. (2008), Kaya and Patton (2011), Karabsheh, Jarrar and Simeonova (2015) and many more that focus on learning orientation and its relationship to organizational performance and market orientation, but, when studies concerning learning orientation as an antecedent is rarely seen.

Similarly, studies on strategic human capital and its antecedents seems to be limited. scholars like Wright and McMahan (2011), Ployhart and Moliterno (2011) and others, often focus on general human capital or solely on strategic human capital, however, they hardly touch on the aspects of the antecedents or influencers of strategic human capital. This paper tries to encourage the interest regarding the causes of
strategic human capital. Learning orientation, as it can be utilized as a source of sustainable competitive advantage (Farrell et al., 2008) is suggested. For the enhancement of both theoretical and practical significance, future studies are encouraged to delve into the relationship of learning orientation and strategic human capital further, using a wider array of respondents or subjects. Other proxies that can possibly attribute to strategic human capital should be investigated in order to aid in the production of human capital that has the ability to sustain its competitive edge.

References


