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## Learning Organization in Greek Advertising and Media Industry: A way to face crisis and gain sustainable competitive advantage

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### Abstract

Vicious competition and financial instability combined with rapid technological evolution and ceaselessly diversifying consumer trends are increasingly intensifying the need for contemporary organizations to continuously seek new sources of competitive advantage in their volatile operating environment. The fundamental source of sustainable competitiveness for the company of the 21st century, is its ability to constantly generate, diffuse and integrate new knowledge, and thus, to transform into learning organization. This organizational ability appears rather important in case of Knowledge Intensive Firms (KIFs), such as advertising and media companies. Due to dramatic decrease in Greek firms profitability caused by the financial recession in the last five years, these companies are required to improve their performance through more learning- and innovation-oriented initiatives.

This paper explores the pattern of learning organization as well as its association with organizational performance. A questionnaire survey has been carried out, based on a sample of 330 upper level staff members who are at the helm of 163 Greek advertising and media companies. Findings have brought to light that learning-oriented operation strengthens a company's capacity for improvement through development and innovation, increases effectiveness of organizational processes, enhances relationships with customers, and finally, elevates financial performance. Conclusions have been drawn; recommendations and directions for further inquiry have been provided.

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## 1. Introduction

Due to intense global competition, exponential explosion of technology, growing market complexity and uncertainty, both organizational theorists and leaders increasingly consider learning as the most critical element in achieving sustainable competitiveness and superior organizational performance (Fang & Wang, 2006; Kontoghiorghes et al, 2005; Korth, 2007). An organization's long-term success and prosperity are inseparably linked with its ability to continuously create and integrate new knowledge, and thus, to operate on the pattern of learning organization (Bapuji & Crossan, 2004; Hong et al, 2006; Lien et al, 2002). This assertion is even more crucial for advertising and media companies, typical examples of Knowledge Intensive Firms (KIFs), for which knowledge constitutes the primary production resource (Alvesson, 2000; Storey, 2005).

Although researchers underline that the effectiveness of organizational learning processes should be assessed with the aid of organizational performance indicators (Hamel & Prahalad, 1994; Sinkula et al, 1997), there is a very limited number of empirical studies that have minutely examined the concept of learning organization in association with both tangible and intangible aspects of performance (Ellinger et al, 2002; Elliott & Goh, 2006; Jashapara, 2003). Moreover, although an increasing quantity of research work is devoted to the concept of learning organization, to the authors' knowledge the latter has not been studied in advertising and media sector yet. In addition, the fact that Greek media companies have been facing a dramatic decline in their profitability since the outset of the global financial recession in September 2008, and are threatened with extinction, renders the conduction of this inquiry even more challenging.

The present study aims at exploring whether and how the pattern of learning organization is associated with all aspects of organizational performance in the context of Greek advertising and media industry.

## 2. Theoretical Background

### 2.1. Learning Organization

The concept of organizations as learning systems has emerged in recent years, triggered intense academic interest and resulted in an increasing bulk of articles and textbooks (Jamali *et al*, 2009; Marquardt, 2002). Learning organization can be defined as an organization that constantly creates, disseminates and integrates new knowledge, and continuously modifies its action based on new knowledge, experience and perceptions with the aim of reaching its strategic goals (Garvin, 1993; Lewis, 2002; Marquardt, 1996). It is an organization that has developed mechanisms and processes fostering both individual and collective workplace learning (Armstrong & Foley, 2003), and that systematically utilizes organizational knowledge in order to respond to the changes of its volatile operating environment (Argyris & Schön, 1978; Garvin, 2000; Redding, 1997). Watkins & Marsick (1993) indicate the following seven distinct and interrelated learning organization dimensions:

- Continuous Learning: Organization systematically offers all its members opportunities for ongoing learning and professional advancement.
- Inquiry and Dialogue: Individuals are encouraged to articulate freely their opinion, inquire into other members' views, question and experiment.
- Team Learning: Team members are expected to learn by working together towards the attainment of group objectives.
- Embedded Systems: High- and low-technology systems for capturing and diffusing learning, are established, maintained and integrated in organizational daily work routine.
- Empowerment: Staff members are highly motivated to contribute to the conceptualization and implementation of organizational vision.
- System Connection: Organization is in a regular connection to its internal and external environment, and utilizes learning to respond to the requirements of this environment.
- Strategic Leadership: Leader utilizes learning as a strategic tool to generate the desired organizational outcomes.

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