How Learning Organizations Support the Culture of Change in the Algerian Banking Sector

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Abstract: - This study's objective is to experimentally examine how the learning organization and the culture of change are related. A sample of Algeria's major banks was used for correlation and regression analysis. This study's application was restricted to banking personnel in Algeria in 2022, and its findings have consequences for the validity and dependability of the methods employed in the study. The findings are consistent with the idea that learning organizations influence banks' change-related cultures for the better. The findings deepen our understanding of how organizational learning contributes to developing a culture of change and sustainable competitive advantages for banks in emerging economies, where the valuation of the culture of change may be affected differently by various technological advancements.

Key-Words: Banking Industry, Culture of Change, Algeria, Learning Organizations.

1 Introduction

For all eras, the development of knowledge and how it relates to the learning process are crucial, [1]. It is generally acknowledged that businesses that invest in the generation of new knowledge and fostering a culture of change through research and development activities outperform those that rely solely on the knowledge that has already been generated by others, [2]. This emphasizes how crucial it is to foster a culture of change as a key element of an organization's capacity to grow and adapt. The focus of this paper's analysis of the connections between the learning organization and culture of change will be further development of this.

The concept of the learning organization is more and more applicable to management in the twenty-first century, [3]. It is crucial to comprehend what a learning organization is, what makes it unique, and how it links to the newly popular concept of culture of change. This paper explores the issue of whether promoting and assisting a learning organization at the organizational level equates to a culture of change. This paper will present an explanation of the relationship between the learning organization as an entity and the field of culture of change in order to respond to this query.

1.1 General Background to the Problem

The knowledge-based economy forced businesses to struggle against massive waves of innovation and competition based on the knowledge that was generated by humans and for humans. Competition in the new globalized environment became the main force for innovation in all sectors of business. The success of businesses and of national economies as a whole is more and more dependent on the culture's capacity for information acquisition and application. The banks, who are significant players in the Algerian economic climate, are able to adapt to changing cultural norms because they have been structured as learning organizations that can do so. The banking industry adopted the learning organization as a solution to deal with this challenging situation of the culture of change

because globalization has an impact on all business sectors, particularly the financial institutions, particularly those in the banking industry. These institutions have experienced a dynamic and competitive environment that must be dealt with by investment and development in the information sector.

2 Learning Organization and the Culture of Change

2.1 Learning Organization

The learning organization, which we define as an organization that learns as a whole, is one that is adept at producing, acquiring, and disseminating knowledge as well as changing its behavior to take into account fresh information and insights from the business world. Senge was one of the first to describe the learning organization as a setting where people continually develop their ability to produce the results they want, where fresh and expansive ways of thinking are fostered, where group aspiration is allowed to flourish, and where people are training themselves to view the big picture (reality) as a whole, [4]. Learning organizations have five key strategic building blocks: teamwork and cooperation, shared leadership and involvement, experimentation-friendly cultures, the capacity to transfer knowledge across organizational boundaries, and clarity and support for mission and vision, [5].

This development can be reached by the increase in the culture of change that the same organization can achieve because it is a learning organization, which is one of the most significant issues that affect all types of businesses, including the banking industry. The demand for better products and services has triggered growth in managerial development. Senge defines the learning organization as the methods and efforts for enhancing organizational effectiveness through a focus on staff development, approaches based on behavioral and attitudinal enhancement, as well as skills, and approaches based on approaches, [6]. Senge identified five learning organization disciplines (systems thinking, personal mastery, mental models, creating shared vision, and team learning) that were embraced in this work and that he believed were essential for a company to be considered a learning organization. The learning organization as defined by David Garvin "A learning organization is one that is adept in producing, acquiring, and disseminating knowledge

as well as changing its behavior to account for fresh information and insights, [7]. The learning organization, excels in five key tasks: (1) systematic problem solving; (2) experimentation; (3) learning from past experiences; (4) learning from others; and (d) learning from others. Garvin asserts that evaluation and measurement of learning are also necessary, [7] .

While examining the Learning Organizations, the organizations must meet the difficulties of the modern economy. We can distinguishe between two trends. The first form of organization is described in terms of dynamic organizational categories that are focused on their growth, look for new opportunities on the market, and continuously improve their effectiveness, efficiency, and adaptability. These companies that opt for growth through staff development make up the second group of learning organizations. These kinds of organizations foster an environment where their members can continually advance their knowledge and abilities, [8] .

Building a learning climate and culture is necessary to support the learning organization. Leaders and other important individuals create the climate and culture by drawing from their own experience, directing others' learning, and creating an environment of expectations that mold and support desired results. In, [8], theory that learning begins at the individual level aids in explaining how people create an environment or culture conducive to learning. Disjunctions, discrepancies, surprises, or challenges are triggers that cause a reaction, which occurs when learning occurs. Based on their cognitive and emotive perception of the significance of the first trigger, individuals choose a strategy or action. The person puts a strategy or plan of action into practice once it has been decided upon. The plan then either succeeds or fails to get the desired results. When it fails, there is dissonance, which starts the cycle all over again, [9].

While the stages of learning may be comparable, what matters most at the organizational level is that learning has evolved into a combined experience and is now the outcome of an interactive, interdependent process. The success of the approach is partly attributed to the organization's capacity for acting cohesion, which is enabled by the dynamic scanning of the organization's environmental setting, both internal and external. Individuals and departments make assumptions regarding the success of the organization's reaction after it has been made. As a result of these activities, there are repercussions for

both people and organizations. Before the organization has a new capacity, significant individual learning may be needed. Organizational learning is the cycle's network outcome. Individual learning is necessary for the organization to change, but it is insufficient. When individuals improve their capacity for learning, they can (cooperatively) enhance the organization's overall capacity for learning, provided the organization is receptive to their efforts and implements suitable mechanisms to enable, support, and reward the use of what is learned. Individual learning is therefore tied to organizational learning, even though it is not equivalent to it and may even be dependent upon it, [10].

2.1.1 Benefits of Learning Organizations

The twenty-first century is the era of knowledge. Improving learning ability and knowledge sharing within a company has numerous advantages:

- sustaining innovation levels and remaining competitive
- being more equipped to react to pressures from outside
- having the ability to more effectively match resources with consumer needs
- enhancing production quality at all levels
- enhancing corporate reputation by emphasizing people
- Increasing the organization's rate of change, [11].

2.1.2 The Learning Organization and Organizational Learning

Increasing an organization's capacity to behave effectively is the definition of organizational learning, [12]. For the purpose of simplicity, a learning organization is defined as one that adopts (either consciously or unconsciously) the concepts of organizational learning and fosters an environment where it can take place. As mentioned above a useful distinction established between learning by the organization as a whole, and organization learning, which refers to learning by people and groups within the company, [13]. The term "organization learning" will be used to describe learning processes in this study and will be contrasted with the more general concept of learning organization. However, this paper will primarily concentrate on the learning organization, which will be contrasted to banks that are knowledgeable about the disciplines of the culture of change.

2.2 Culture of Change

To increase an organization's capacity for effective action is to engage in the process of organizational learning, [13]. For the purpose of simplicity, an organization is said to be a learning organization if it adopts (consciously or unconsciously) the principles of organizational learning and fosters an environment where it can take place. A distinction has been made between the learning organization, which refers to learning by the organization as a whole, and organization learning, which refers to learning by individuals and groups within the organization. Some authors drew attention to this distinction, [13]. The term organization learning will be used in this paper's discussion of learning processes, and it will be compared with the more general process of learning organization. The learning organization, which will be contrasted to banks that are knowledgeable in the disciplines of the culture of change, will, nevertheless, be the main emphasis of this paper. The layers of the culture are presented in Figure 1.
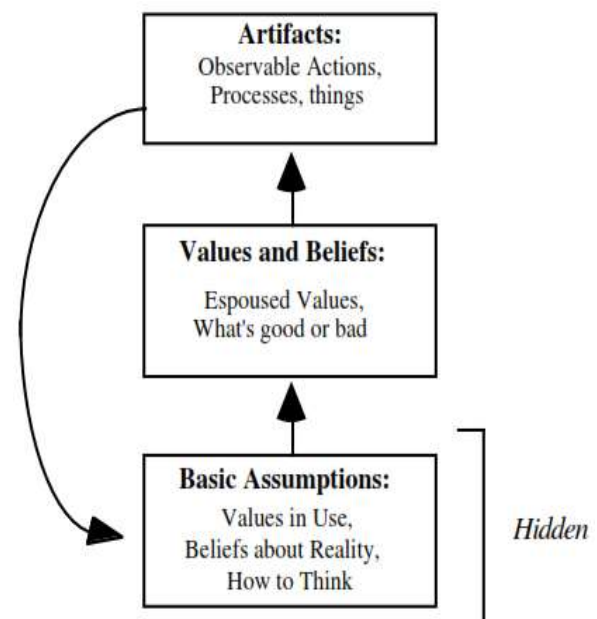

Fig. 1: Layers of Culture, [13]

Every culture undergoes change throughout time. In essence, most societies are conservative because they resent change. Some people resist more than others by passing legislation to safeguard and preserve long-standing cultural norms while erecting obstacles to foreign concepts and products. Our depletion of energy resources and the adoption of new energy sources are other examples of how culture and the environment are interconnected. Intangible assets have surpassed the traditional production elements of land, labor, and

capital as being increasingly crucial to economic performance, [14], [15], [16]. Numerous elements shape organizational culture and have an impact on it; nevertheless, an analysis of the literature suggests that these aspects can be divided into three categories, [17], [18], [19]:

1. Elements that indirectly affect corporate culture (macro-environment of an organization).
2. Elements that directly affect corporate culture (micro-environment of an organization).
3. A leader's influence factor (primary and secondary mechanisms, methods of the change of the organizational culture).

Human economies vary as a result of the need to adapt how we interact with the environment. The rest of the culture adapts to the changes in our economies. The varied attitudes, ideals, and objectives of the organization's founders and leaders are the causes of this. The founders of the organization have the most impact on how organizational culture develops, [20], [21]. The founders construct the organization's fundamental goals and create the environment in which it operates. They refocus their labor and efforts in the organizationally necessary directions. There are managers who use personal traits like a charm to build a company and generate an organizational culture, [17].

Organizational culture is a powerful and positive factor in the establishment and early development stages and needs to be further developed. When an organization is in its growth stage, subcultures emerge, and managers can use these subcultures to select values that are acceptable and change the organizational culture in the desired direction. When the organization reaches its maturity stage, the majority of the elements that make up the organizational culture must be changed. For the organizational culture change to be successful, employees must be concerned, the accomplishments that have already been made should be constantly highlighted, and efforts should be The focus on the intended culture should always be upheld, and every change is only for the best. Employees should be encouraged to devote themselves to new ideas, [21].

3 Learning Organization and the Culture of Change in the Banking Industry

Every civilization evolves throughout time. In general, conservative societies tend to be resistant to change. Some demonstrate greater resistance than others by passing legislation to safeguard and maintain long-standing cultural norms while erecting obstacles to foreign concepts and objects. Our depletion of energy resources and compelled adoption of new energy sources are more indications of the interaction between culture and the environment. The conventional production variables of land, labor, and money have lost some of their significance for corporate performance in favor of intangible assets, [14], [15], [16]. Numerous elements shape organizational culture and have an impact on it. Based on an analysis of the research from a variety of sources, three types of factors are suggested, [17], [18], [19]:

1. Elements that have an indirect impact on organizational culture (macro-environment of an organization).
2. Elements that have a direct impact on organizational culture (micro-environment of an organization).
3. The impact of a leader (primary and secondary mechanisms, methods of the change of the organizational culture).

As a result of necessity, human economies and how we interact with the environment change. Our economies change, and the rest of civilization follows suit. This is due to the disparate attitudes, ideals, and objectives of the organization's founders and top executives. The founders of the organization have the most impact on the development of organizational culture, [20], [21]. The founders determine the fundamental goal of the organization, create the setting in which it operates, and refocus their labor and efforts in the right ways for the business. There are managers who, through the use of personal traits like charm, build an organization and its culture, [17].

Organizational culture is a powerful force that must be further developed during the establishment and early stages of development. Subcultures emerge in organizations during the growth stage, and during this time, managers can select the subcultures' acceptable values to change the organizational culture in the desired direction. However, as the organization matures, a majority of the elements that make up the organizational culture must be changed. For the organizational culture change to be successful, employees must be concerned, the accomplishments made thus far must be continually highlighted, and efforts must be made to ensure that the organizational culture change is successful. And since every change is for the better, staff members should be urged to

commit themselves to innovative concepts and the desired culture should always be kept in mind, [21].

4 Research Objectives

The purpose of this study is to examine how learning organizations foster a culture of change. By filling the gap left by the absence of comparable studies, the relevance of the relationship between these two variables is attempted to be established.

5 Research Hypotheses

This research has one main hypothesis:

1."Learning Organization has a positive impact on the Culture of Change."

To test this hypothesis, three other sub-hypotheses are set up:

1.1 Learning Organization has a positive impact on factors indirectly influencing organizational culture (macro-environment of an organization).

1.2. Learning Organization has a positive impact on factors directly influencing organizational culture (micro-environment of an organization).

1.3. Learning Organization has a positive impact on the factor of leader's impact (primary and secondary mechanisms, methods of the change of the organizational culture).

6 Methodology

6.1 Sampling

The study sample was made up of (250) Bank employees after a random sample of all bank employees in Algeria was chosen for the study. Following the recovery of the questionnaires, correction of any errors, and exclusion of any invalid responses, the study sample was made up of (167) replies that can be exploitable for the study. Table 1 illustrates the sample distribution.

Table 1. Sample distributions

Variables	Levels	N	Percentage
Gender	Male	96	45.5
	Females	71	54.5
Experience	Less than 5 years	61	36.4
	5-10 years	38	22.7
	More than 10 years	68	40.9
Qualifications	Bachelor or below	144	86.4
	Graduate	23	13.6

6.2 Instrument Validity and Reliability

The researchers created an instrument to assess the study's variables and created a study tool in order to accomplish the study's objective (60). Reliability is a technique used to verify that test questions, when answered by several test takers, are internally consistent with each other. Employees were handed 25 surveys to measure reliability. The sample's overall Cronbach's alpha was 0.89, indicating very high statistical internal consistency. By interviewing 20 managers and banking industry professionals who consented to complete the questionnaire and provide feedback on the scales used, the questionnaire was "pilot-examined" in order to strengthen the content validity of the research instrument. After gathering their feedback, certain changes were made to increase the questionnaire's validity.

The boundaries of the study and its determinants are as follows:

- The application of this study was limited to employees in the Algerian banking industry in 2022.
- Therefore, implications for the validity and reliability of the tools used in the study cannot be extrapolated or generalized.

6.3 Analytical Procedures

The use of statistical software programs for the social sciences (SPSS 23) to respond to the study's questions helped to achieve the study's goals.

6.4 Hypotheses Test

We utilized the SPSS 23 program to conduct research in order to evaluate hypotheses. Below is a discussion of the analysis findings.

Hypothesis 1.1: Learning Organization has a positive impact on factors indirectly influencing organizational culture (macro-environment of an organization):

	Dependent variable	Independent variable	R square	Standard β	T-test	Result
Hypothesis 1.1	*Learning Organization*	*Factors Indirectly Influencing Organizational Culture*	0.299	0.280	3.930	***Confirmed***

The calculated Beta Standard ratio is 0.280, which is noteworthy based on the findings. Consequently, this assumption is supported, and learning organizations have a favorable effect on

the variables indirectly affecting organizational culture (macro-environment of an organization).

Hypothesis 1.2 Learning Organization has a positive impact on factors directly influencing organizational culture (micro-environment of an organization):

	Dependent variable	Independent variable	R square	Standard β	T-test	Result
Hypothesis 1.2	*Learning Organization*	*Factors Indirectly Influencing Organizational Culture*	0.253	0.184	2.645	*Confirmed*

According to the results, the Beta Standard ratio is calculated at 0.184 which is significant. Thus, this hypothesis is confirmed and learning organization has a positive impact on factors directly influencing organizational culture (micro-environment of an organization).

Hypothesis 1.3: Learning Organization has a positive impact on the factor of leader's impact (primary and secondary mechanisms, methods of the change of the organizational culture):

	Dependent variable	Independent variable	R square	Standard β	T-test	Result
Hypothesis 1.3	*Learning Organization*	*Factor Of Leader's Impact*	0.207	0.225	3.339	*Confirmed*

The computed Beta Standard ratio is 0.184, which is noteworthy according to the results. Thus, this claim is supported, and learning organizations have a favorable effect on the variables directly affecting organizational culture (micro-environment of an organization).

7 Conclusion

It has been established that the ideas of the learning organization and culture of change are interconnected and mutually beneficial. The banking industry must invest in order to transition into a learning organization, which will then increase the culture of change and allow it to advance in the competitive worldwide environment. The learning organization is like the heart and lungs of a living body.

The management task now is to further enhance the meanings and consequences coming from the combined exploitation of these disciplines after the synergies between the learning organization and culture of change have been formed. The key takeaways from this study and potential areas for additional study can be summed up as follows:

- To the extent that they should keep in mind the bank industry planners, learning organizations, and the culture of change are intimately related.

- The generation of new corporate knowledge from the entirety of the environment in which the organization operates should be a primary focus for organizations, as should the fostering of the cultural environment that supports it and ensures its ongoing development.

- To manage the culture of change and respond to the dynamics of the information economy facilitated by a culture of change, the majority of banks have modified or changed their management styles and business structures. Many of these institutions have adopted a culture of change management without even realizing it. Bank managers should arm themselves with the most recent information so they can adapt to future events.

- As was previously said, this crucial task is made possible with competent personnel under competent management. Managers should also be aware that the fact that companies are working in a vacuum is not surprising given the lack of methods and tools available to them for analyzing organizational learning flows and the culture of change capital stocks.

Despite the drawbacks of data use, the current study offers insightful information about the relationship between a culture of change and financial performance. Finally, this research contributes to expanding the field of learning organizations' present research agenda in the discipline of the culture of change.

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