Engaging Customers by Fostering Learning Process and Strategic Flexibility Together in Cellular Sector of Pakistan

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Abstract

Globalization has caused immense changes in the business environment and has made difficult for the organizations to respond quickly and effectively to the changing customer preferences. Therefore, organizations that are flexible and are involved in the learning process are able to compete in the modern markets. This research study seeks to achieve the understanding of the contribution of organizational learning along with strategic flexibility to enhance the customer performance in sustaining competitive advantage in a rapidly changing business environment. This allows the organizations to react quickly towards the changing market requirement. Questionnaire was used to collect data. Findings suggested that both the constructs of organizational learning and strategic flexibility help firms to adapt to the changing business conditions in order to satisfy the needs of their customers. The cellular companies in Pakistan call for new approaches to engage customers therefore, managers are required to focus on learning process along with strategic flexibility to respond to the changing market conditions in a timely manner.

Keywords: Organizational learning, Strategic flexibility, Enhanced customer performance, competitive advantage
Introduction

The significant change in the shape of communication has changed the world into a global village. The Telecom sector is the fastest growing sector everywhere in the world which has changed the nature of communication and has made it easier for the people to connect with others. Similarly, it is the fastest growing industry in Pakistan as well, where subscribers have reached to more than 120 million after biometric verification system. Globalization has caused immense changes in the cellular markets of developing countries like Bangladesh and Pakistan. Pakistan has been rated high in the context of growing cellular markets as compared to its competitors which play an important role in various social and economic activities. Today, the cellular industry of Pakistan is facing their intense competition ever. Currently, there are five major cellular companies operating in the country named Mobilink, Ufone, Warid, Zong and Teleport (PTA, 2015).

This transfer of philosophy from product-and-sale to the market orientation helps in understanding the customers completely so that the right services are always provided to customers at a right time to attain competitive advantage (Imtiaz, Khan, & Shakir, 2014). The competition affects the marketing strategies of the organizations, and only those firms that strive to learn and provide customer value are able to create competitive advantage in today's dynamic and volatile environment (Abdullah, Rashid, & Umair, 2013). According to the resource-based view (RBV), the organizations that have rare, unique, non-substitutable and valuable resources and capabilities are more able to create competitive advantage because it becomes difficult for the others to duplicate the strategies that create value for them. However, it is not possible for the firm to have a particular set of resources and capabilities to create value in a long term due to fast changing business environment. Therefore, firms are required to continuously review their valuable resources and capabilities in order to sustain competitive advantage (Helfat & Peteraf, 2003; Newbert, 2008).

Resource-based theory was considered as a base for sustaining and maintaining competitive advantage during 1990s but later on along with this theory, dynamic capability and other competence-oriented theories based on rare, imitable, valuable and non-alternative resources were added to strengthen the approach of resource-based theory which illustrates the importance of constant improvement and adaptation in the turbulent environment to maintain competitive advantage (Zollo & Winter, 2002; Dess, Eisner, Lumpkin, & McNamara, 2011). The above discussed approaches together were used to study marketing resources related to customer orientation in the year 2000, which emphasize on the importance of learning to lead in the market. However, in the recent years, the organizations' ability to learn has been considered the main secret for their survival in a changing environment. Therefore, organizations require to learn in order to get
Organizations are facing rapid business environment changes and the main cause of these changes are the changing technology, changing needs of the customers, suppliers and competitors which has caused immense pressure on the organization to create added value for their customers and be flexible in order to learn faster than their competitors and to look for the best management practices as well as to refresh their skills and resources (Grewal & Tansuhaj, 2000; Wu & Shanley, 2009). Organizational learning as a strategic capability is the ability of the organizations to create long term customer value because it allows to learn continuously, look for new market opportunities and respond to the threats by achieving alignment with its environment and helps them in adapting to volatile market conditions (Bee, Voelpel, Leibold, & Tekie, 2005; Kandemir & Hult, 2005). Therefore, organizations are required to have strategic flexibility to deal with the rapid changes as it determines the future success of the organization and also underline the importance of flexible use and coordination of an organization's resources and reorganization of the processes that enable them to attain competitive advantage.

Matthyssens, Pauwels, & Vandenbempt (2005) argued that in today's dynamic market, strategic flexibility is a success factor in creating customer value and sustaining competitive advantage. Organizations can better understand the external market by focusing on the organizational learning and can flexibly reorganize their resources in advance to better react with the rapidly changing market environment (Santos-Vijande, Lopez-Sanchez, & Trespalacios, 2012). However, being strategically flexible, and implementing effective competitive strategies to grab the huge market share is the major challenge for the cellular sector to survive in current dynamic environment. A little research has been carried out on organizational learning culture and customer orientation in Pakistan (Abdullah, Rashid, & Umair, 2013). However, no previous research has been carried out on the importance of organizational learning in context of strategic flexibility to enhance customer performance in the cellular sector of Pakistan.

The number of recent studies has been carried out on the importance and benefits of organizational learning and its relationship with business performance (Lopez, Peon, & Ordas, 2005), product performance (Alegre & Chiva, 2008), innovation (Weerawardena, O'Cass, & Julian, 2006; Weerawardena, 2003), supplier performance (Carter, 2005), entrepreneurship (Garcia-Morales, Lorens-Montes, & Verdu-Jover, 2006), market orientation (Grewal & Tansuhaj, 2000), joint-ventures (Kandemir & Hult, 2005), organizational commitment and human resource performance (Bhatnagar, 2007; Chiva & Alegre, 2009). However, little consideration has been given to study the
relationship of organizational learning and the strategic flexibility to enhance customer performance in different competitive industries (Santos-Vijande, Lopez-Sanchez, & Trespalacios, 2012). Previous studies have been carried out on the significance of knowledge in the area of implementation of firm strategies (Paisittanand, Digman, & Lee, 2007).

The current study considers the organizational learning as a strategic capability of the organization and examines its role to respond towards the rapid environmental changes in order to pursue the opportunities and to avoid threats. However, there exists a debate on the role of organizational learning towards firms capability in response to the changing business environment and achieving competitive advantage because organizations are facing continuous changes, whether driven by technology, suppliers, customers or competitors which in turn create pressure for the organizations to sustain their customers by improving products and services (Sanchez, Vijande, & Gutierrez, 2010; Santos-Vijande, Lopez-Sanchez, & Trespalacios, 2012). In Pakistan, being a developing nation, organizations are striving hard to develop a sustainable competitive advantage (Akhtar, Khan, & Mujtaba, 2013). Therefore, the current research will provide empirical evidence of the importance of organizational learning and firm's strategic capability to create long term customer value thus having a competitive edge for the organizations.

The purpose of the current study is to find the contribution of organizational learning process towards its capability to be responsive in a dynamic environment which creates the long-term customer value and sustainable competitive advantage for the organization. Number of studies have been carried out on organizational learning and its relationship with organizational commitment (Malik, Nawab, Naeem, & Danish, 2010; Kalyar, Rafi, & Ahmad, 2012), organizational performance (Akhtar, Arif, Naveed, & Rubi, 2011; Abdullah, Rashid, & Umair, 2013), employee performance (Hassan, Shaukat, Shakeel, & Imran, 2011) and innovation in Pakistan. However, little research has been conducted to explain the competitive advantage (Akhtar, Khan, & Mujtaba, 2013). The current research considers the constructs of organizational learning contribution towards firm's rapid response to a highly dynamic and competitive environment.

This research signifies the importance of how the organizational learning process plays an important role and contributes to strategic flexibility in order to create customer value and thus sustaining competitive advantage for the organization. However, previous studies in Pakistan have been conducted on its relationship with organization's performance, commitment, innovation and satisfaction, therefore, this research focuses on its relationship with strategic flexibility and enhanced customer performance. The scope of the study covers the importance of the organizational learning process along with strategic flexibility to enhance customer performance with special
reference to the cellular sector of Pakistan. This helps the cellular sector in having a quick approach to satisfy changing customer preferences in order to maintain and sustain competitive advantage in the business market.

**Research objectives**

The objective of the study is to find out the nature of the relationship between the constructs of organizational learning, strategic flexibility and enhanced customer performance. First of all, the contribution of organizational learning towards strategic flexibility has been discussed which helps organizations in sustaining competitive advantage. Secondly, importance of organizational learning and strategic flexibility has been explained to enhance customer performance in the cellular industry. Finally, the hypotheses were proposed about the relationship between variables and to analyze the mediating role of strategic flexibility between the constructs of organizational learning and enhanced customer performance by using data collected from the managers of the cellular companies.

**Literature Review**

**Organizational learning process**

Organizational learning has been defined in various ways, but the basic definition describes it as a process through which knowledge is acquired, processed and shared in the firms (Slater & Narver, 1995). Organizational learning has also been discussed in various domains previously and research has been going on over the last 40 years, since Cangelosi & Dill (1965) discussed organizational learning to examine the process during an exercise of complex management decision making. Organizational learning is a process which creates knowledge that enhances organizational capabilities and acts as a basis for having a sustainable competitive advantage as organizations that learn are more flexible and able to respond to changing business environments (Fiol & Lyles, 1985; Geus, 1988; Tsang, 1997). Stata (1989) argued that learning better than the competitors is important for the organizations. However, this requires new management tools and techniques to speed up organizational learning and adapt to dynamic business environment. Organizational learning has its application in strategic context as it is not merely about learning of individuals or developing new products, therefore, organizations need to focus on organizational learning if they want to achieve strategic renewal (Crossan, Lane, & White, 1999). The concept has been explained previously by March (1991) who identified strategic renewal as a tension between exploration and exploitation. Furthermore, the ability of the organization to learn is dependent on the features of the organization, including; leadership, organization's intention to learn, system of planning and decision making, strategies supporting behavior, processes and tools used to acquire, create or transfer knowledge.
between the employees in the organization which in turn affects employee satisfaction and commitment to work, flexibility and efficiency of the organization (Nonaka, 1994; Dimovski & Skerlavaj, 2005). A complete understanding of organizational learning was provided by defining its four constructs or processes named as knowledge acquisition, information distribution, information interpretation and finally an organizational memory (Huber, 1991; Sinkula, 1994). Recent researches on organizational learning provide an explanation of its four processes in a detailed manner (Kandemir & Hult, 2005). In the first stage of organizational learning, knowledge is both created from internal and external sources. Organizations continuously engage themselves in gaining external knowledge in order to enhance their capabilities by comparing themselves with their competitors and by creating joint ventures (Santos-Vijande, Lopez-Sanchez, & Trespalacios, 2012; Wang & Huzzard, 2005). In second stage of organizational learning, distribution of knowledge takes place among the individuals through formal and informal interactions. The better the process and system, the better will be the flow of information in the organization, and the better will be its position to cope with the changing customer preferences (Kandemir & Hult, 2005; Ramirez, Morales, & Moralez, 2012).

However, there are a number of factors including individual, cultural, interpersonal, context of the organization and motivation that influence the knowledge sharing process in the organization (Wang & Noe, 2010; Zollo & Reuer, 2010). The information gathered should be provided to the right people and at the right time in the organization. In the third stage, organizations intend to interpret the information from global perspective which urges them to gain consensus on its meaning and implication through communication models. The main purpose of doing interpretation is to reduce uncertainty about the information created or acquired and this process is critical to the organizations (Huber, 1991). The meaning is given to the information at this stage and shared among those who needed it to finally act on the information. Recent literature on organizational learning has raised the awareness of its importance in creating and maintaining organizational sustainability, which helps the firms in removing barriers for achieving goals and act as a medium for its progress on the journey of sustainability (Smith, 2012). Organizational memory, another construct of organizational learning, signify the storage of all the knowledge gathered by the organization (Cross & Baird, 2000).

**Strategic Flexibility**

The notion of strategic flexibility has been studied in previous researches of management, marketing and economics, and has a diverse range of definitions. The early research on the concept was in the late 1970's that (Eppink, 1978) argued that flexibility makes the organizations less susceptible to the
uncertain external changes and places it in an enhanced position to successfully respond to these
rapid changes. In (Porter, 1980) work on competitive strategy based on the study of external
environment provides us with a deterministic approach to strategy which refers to strategic choice in
which organizations have a range of strategies to opt from to cope with the changes in external
environment. Therefore, strategic flexibility is about both internal restructuring of the organization
and its relationship with external environment where competition exists within and even outside the
industry (Anderson, 1985). According to Evans, (1991) strategic flexibility is a set of skills and
abilities that allow the organizations to effectively respond to changing environment, highly
dependent on the availability of the flexible resources and their application to various courses of
actions (Sanchez, 1995). The current business environment is highly dynamic because of the
changing preferences of the customers and volatile environment which has put emphasis on the
capability of strategic flexibility. Recent studies provide evidence that strategic flexibility has
become a source of competitive advantage by generating strategies to maintain the competitive
position of the organization and improve its performance (Dreyer & Gronhaug, 2004; Shimizu &
Hitt, 2004). This also shows that organizational flexibility and dynamic capabilities are similar to the
concept of strategic flexibility and defined as the capability of the organization (Teece, Pisano, &
Shuen, 1997) but recently, the concept of strategic flexibility has been discussed within the
perspective of product competition in strategic management (Schilling & Steensma, 2001).
According to the resource-based view (RBV) the assets and capabilities provide a competitive edge
to the organizations, therefore, earlier research on strategic flexibility provides an evidence that it
depends on both resources and its application to various actions for sustainable competitive
advantage (Pauwels & Matthyssens, 2004). The degree to which the organizations have the
capability to shift from one strategy to another and the range of strategies they have are the two ways
on which strategic flexibility has been conceptualized in the previous studies (Nadkarni & Narayan,
2004). Literature provides an empirical evidence of the role of strategic flexibility in better
performance of the organizations in responding to the uncertain shocks of the dynamic environment
(O’Regan & Ghobadian, 2005; Nadkarni & Narayan, 2007; Tamayo-Torresa, Moreno, & Verdu,
2010). Strategic flexibility allows organizations to be more proactive and provides the means
through which the organizations can make the strategic choices to deal with the turbulent business
environment (Hitt, Ireland, & Lee, 2000; Roberts & Stockport, 2014). According to
Ussahawanitchakit, Sriboonlue and Pankom (2011) firms with strategic flexibility are able to
manage the economic and political risks successfully and effectively by responding to the market
threats and opportunities in a proactive manner. However, further research on the area reveals not all
organizations are able to recognize, create and exploit market opportunities (Saini & Johnson,
2005). Organizations are basically adapting themselves in order to face different technological evolutions, intense competition and expectations of the customer (Harrigan, 2006) but its contribution varies depending on the intensity of competition in the market (Dreyer & Gronhaug, 2004; Tamayo-Torres, Ruiz-Moreno, & Verdu, 2010). Further, research shows that there are a number of aspects of flexibility, including tactical and operational, but a long-term perspective of flexibility is strategic flexibility which emphasizes managerial capability of the organization to identify, generate and sustain real options and position itself according these options and respond to the unpredictable changes in the business environment (Johnson, Lee, Saini, & Grohmann, 2003; Cannon & Jhon, 2004).

**Enhanced Customer Performance**

In order to achieve sustainable competitive advantage, organizations have shifted their emphasis on creating value for their customers instead of focusing on structural characteristics of the firm. Today's businesses are market oriented and customer orientation is one of the components of the market orientation. Such type of businesses spend considerable time with their customers in order to satisfy their changing needs and also involve them in their different activities which makes their customers more loyal and if the customers are not satisfied, then there will be greater turnover and it will become difficult for the organizations to retain their customers (Jhonson & Fornell, 1991; Anderson, Fornell, & Lehmann, 1994; Slater & Narver, 1994). However, very few studies show that there is no direct or weak relationship between customer satisfaction and customer retention (Hennig-Thurau & Klee, 1998). Meta-analysis of customer satisfaction reveals that there are consequences of the dissatisfaction which includes negative word of mouth, complaining behavior of the customers and their repurchase intentions (Szymanski & Henard, 2001). The perceived image of the company significantly enhances the customer loyalty. However, few studies also reveal that brand or image of the firm does not directly influence the customer loyalty rather the relationship is mediated by the presence of relationship quality (Chena & Myagmarsuren, 2011). Effective communication with the customers and customer satisfaction both have a significant positive relationship with the customer loyalty and have a negative relationship with customer intention to switch to other products or services (Filip, 2013). However, alternative products or services positively influence the intentions of the customer in switching to the product or service while it has a negative effect on the customer satisfaction (Yen & Horng, 2010).

Customer retention is valuable to the organizations in today's turbulent environments. Previous studies reveal that customer satisfaction, customer perceived value, customer trust and relationship have an impact on customer retention. However, if the customer is satisfied, he will ignore the small
disturbance and will not switch to other products.

Switching cost and relationship quality both have a significant relationship with the customer retention, but relationship quality and customer's perceived value has a direct impact on the customer satisfaction and customer retention (Chakraborty & Sengupta, 2014; Rasheed & Abadi, 2014; Tamuliene & Gabryte, 2014). Customer loyalty has a significant relationship with the corporate image and service and price of the product or service. Further research highlighted that the main drivers of customer loyalty include price and quality of the product or service, and the perceived image of the organization (Peng, Quan, & Zhang, 2013). Similarly, brand sustainability of any organization, service quality and length of the customer association has a direct relationship with customer satisfaction especially in technology related services. Previous studies reveal that product and service quality has significant relationship with customer retention (Seo, Ranganathan, & Babad, 2008). Recently, the importance of retention of customers has been emphasized in the telecommunication sector because of intense competition in the marketplace. The sector provides continuous services and also additional services to its customers for a certain tenure to make profit. It is less expensive to retain the current customer in the mature market than attracting the new customers (Seo, Ranganathan, & Babad, 2008).

Figure 1: Proposed Model and Hypothesis Development

Globalization has brought considerable pressure on the organizations to adopt effective ways of responding to customer preferences. This has caused them to know their customers better and faster and move ahead of the competition in the market. Customer value creation has always been a goal of business marketers because it serves as a basis for customer loyalty and has a positive relationship with organizational learning (Sanchez, Vijande, & Gutierrez, 2010; Battor & Battour, 2013). According to Day (1994), organizations that are better in learning are able to gain accurate
information their customers and competitors. Also, these organizations are capable of making strategies to deal with customers and competitors which in returns lead to better business performance. But, in the current economic condition, keeping the customers satisfied and delivering them a high quality product or service is critical for the survival of the organization. Therefore, organizational learning makes the organization to learn better about the customers and offer those products which can better satisfy their needs ultimately leading towards customer retention.

Organizational learning improves the customer satisfaction and sales, which add to better performance of the organization (Slater & Narver, 1995; Bontis, Hulland, & Crossan, 2002; Hung, Lien, Yang, Wu, & Kuo, 2011). Organizations are required to continually learn to gather information outside the market to have a better understanding of their customers. Previous studies showed that organizations can adopt market-based learning approach towards customers in order to know their needs and to create long term customer value, thus, leading to attaining competitive edge. Therefore, in today's turbulent environment, organizations are required to continually learn from their external environment to generate knowledge essential for their survival in the market (Hoe, 2008). Further, the development of strategic flexibility is dependent on building the dynamic core competencies of the organization which can help them to better serve the needs of their customers and gain competitive edge over their competitors in the dynamic market (Hitt, Keats, & DeMarie, 1998). Strategic flexibility also helps the organization to deal with the changes in the customer demand and the moves of the competitors. If organizations want to satisfy the needs of their customers, then they must think about strategic flexibility (Shimizu & Hitt, 2004). Organizations are required to constantly pay attention to market trends in order to meet the needs of their customers. Market orientation involves both customer and competitor orientation and if organizations are capable of understanding their customer needs, then they are able to offer products and services which can satisfy customers in the turbulent business environment (Khin, Ahmad, & Ramayah, 2012). Organizations are facing uncertainty whether its global competition, technological trends or changes in the demand of the customers, but in order to compete effectively organizations need to have strategic flexibility to prepare for uncertainty (Cingoz & Akdogan, 2013). Hence, following hypothesis can be formed:

H₁: There exists a relationship between the constructs of organizational learning and enhanced customer performance.

H₂: There exists a relationship between the constructs of organizational learning and strategic flexibility.

H₃: There exists a relationship between strategic flexibility and enhanced customer performance.
performance. H4: Strategic flexibility mediates the relationship between the constructs of organizational learning and enhanced customer performance.

Methodology

Sample and data collection

The unit of analysis of the present study was employees working in telecom industry of Pakistan. The five major cellular service providers of this sector are Mobilink, Telenor, Ufone, Warid, and Zong. The sampling frame of the study consisted of the main offices of five companies. The sample of managers of any gender was used that seems sufficient for the current study. Functional Managers were selected because of their knowledge of the organization's strategies, operations and business performance. Questionnaire was distributed among the managers of the offices of five cellular companies. Brief discussion on the purpose of the research study was included in order to reduce the biases in filling the questionnaire. The collected responses were then coded for analysis purpose and maintained through Statistical Package for Social Sciences (SPSS). The sample consisted of 11.8% females and 88.2% males, 23% respondents with age between 27-37, 72% between age 38-47 and 5.5% by age between 48-57. Majority of the sample i-e 80.4% consisted of respondents with a Master's Degree, while there were 19.6% respondents with a Bachelor's degree. Majority of the respondents i-e 27.3% belonged to Ufone, 22.3% belonged to Mobilink, 18% belonged to Zong, 17.3% belonged to Telenor, and 15.1% belonged to Warid.

Measures

The main variables were Organizational Learning ($\alpha=.952$) 29 contents derived from the research by (López-Sánchez et al., 2011), Strategic Flexibility ($\alpha=.788$) 5 contents derived from the research by (Vorhies and Morgan, 2005) and Enhanced Customer Performance ($\alpha=.873$) 5 contents derived from the research by (Lings, 2004). The total reliability of the questionnaire with 39 contents was ($\alpha=.70$).

Analysis and Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>IA</th>
<th>KD</th>
<th>KI</th>
<th>OM</th>
<th>SF</th>
<th>ECP</th>
</tr>
</thead>
<tbody>
<tr>
<td>IA</td>
<td>3.64</td>
<td>.438</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KD</td>
<td>3.77</td>
<td>.553</td>
<td>.77**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KI</td>
<td>3.69</td>
<td>.502</td>
<td>.53**</td>
<td>.72**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OM</td>
<td>3.77</td>
<td>.468</td>
<td>.50**</td>
<td>.65**</td>
<td>.64**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SF</td>
<td>3.89</td>
<td>.474</td>
<td>.65**</td>
<td>.83**</td>
<td>.69**</td>
<td>.79**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>ECP</td>
<td>3.60</td>
<td>.769</td>
<td>.38**</td>
<td>.42**</td>
<td>.67**</td>
<td>.80**</td>
<td>.68**</td>
<td>1</td>
</tr>
</tbody>
</table>
The above table explains the descriptive output and correlation of the research variables. The mean of organizational learning (information acquisition, knowledge dissemination, knowledge interpretation and organizational memory), strategic flexibility and customer performance has been shown through column mean. The mean value ranged from a low of 3.60 to a high of 3.89 which is above average in the organizations. The above table also indicates that a positive correlation exists between information acquisition and enhanced customer performance (r=0.388, p < 0.01). This is consistent with the previous studies. Organizations that engage themselves in acquiring information from the external environment are in a better position to satisfy the needs of their customers (Santos-Vijande, Lopez-Sanchez, & Trespalacios, 2012). There exists a positive correlation between knowledge dissemination and enhanced customer performance as well (r=0.429, p < 0.01). Ramírez, Morales, & Morales, (2012) argue that the better system and processes in the organization for knowledge distribution, the better will be the strategies in dealing with changing customer preferences. Knowledge interpretation has positive correlation with enhanced customer performance (r=0.670, p < 0.01). Similarly, a positive significant correlation has been identified between organizational memory and enhanced customer performance (r=0.807, p < 0.01). Knowledge interpretation and organizational memory, both are important constructs of organizational learning. The information is interpreted, shared and stored in the organization to manage the uncertainties in the business environments in order to satisfy the customers (Noruzy, Dalfard, Azhdari, Nazari-Shirkouhi, & Rezazadeh, 2013). Organizational learning improves the customer satisfaction which adds to better performance of the organization (Hung, Lien, Yang, Wu, & Kuo, 2011). These findings support the hypothesis H1.

The above table also explains that a positive significant correlation exists between information acquisition and strategic flexibility (r=0.658, p < 0.01), knowledge dissemination with strategic flexibility (r=0.658, p < 0.01), knowledge interpretation with strategic flexibility (r=0.691, p <0.01 and between organizational memory and strategic flexibility (r=0.798, p < 0.01). These findings are consistent with the previous studies. Organizations that are involved in a learning process are more flexible and facilitate strategic flexibility to respond the changing market needs by capturing the opportunities and neutralizing the threats (Kenny, 2006). They learn better about their customers through organizational learning process and in a better position to satisfy the needs of their customers (Hung et al., 2011). These findings support the hypothesis H2.

Furthermore, strategic flexibility has a positive correlation with enhanced customer performance (r=0.680, p < 0.01). These findings are also consistent with previous researches. Strategic flexibility has been cited as an important source for the organizations to deal with the external business environment. According to Shimizu & Hitt (2004), if organizations want to satisfy their customers,
then they must focus on strategic flexibility and must be capable to adapt changing business needs which resulted in changing demands of their customers to sustain competitive advantage. Strategic flexibility has been considered as dynamic core competency which helps the organization to better serve their customers need to attain competitive advantage (Cingoz & Akdogan, 2013). These findings support the hypothesis H3.

Multiple Regression Analysis

Table 2. (Organizational learning and Strategic Flexibility)

<table>
<thead>
<tr>
<th>Model</th>
<th>Variables</th>
<th>B</th>
<th>F-Change</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>IA</td>
<td>.028</td>
<td>.50</td>
<td>.005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KD</td>
<td>.446</td>
<td>7.97</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KI</td>
<td>.020</td>
<td>.41</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OM</td>
<td>.438</td>
<td>9.42</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

R = .902, R-square = .813, Adjusted R-square = .809 189.242 .000

a. Dependent Variable: SF

The above table shows that the value of the R²=.813, (P<0.001) which indicates a correlation between the variables. The value of adjR²=.809, (P<0.001) shows that 80.9% variation in strategic flexibility is explained by the variation in the constructs of organizational learning. The relationship between the variables is statistically significant and value of F=189.242, (P<0.001) shows that constructs of organizational learning depicts the strategic flexibility. A regression analysis predicting strategic flexibility from constructs of organizational learning is statistically significant where the values of β with t-statistics lie in the significant level.

Table 3. (Organizational learning and Enhanced Customer Performance, Strategic flexibility as a mediator)

<table>
<thead>
<tr>
<th>Model</th>
<th>Variables</th>
<th>B</th>
<th>F-Change</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>(Constant)</td>
<td>-2.06</td>
<td>-7.49</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>IA</td>
<td>.287</td>
<td>2.86</td>
<td>.005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KD</td>
<td>-.75</td>
<td>-7.58</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KI</td>
<td>.73</td>
<td>8.59</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OM</td>
<td>1.26</td>
<td>15.24</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

R = .879, R-square = .772, Adjusted R-square = .767 147.584 .000

(Constant) -2.34 -9.12 .000
The table shows that the value of the $R^2=0.772$, ($P<0.001$) which indicates a correlation between the variables. The value of $\text{adj}R^2=0.767$, ($P<0.001$) shows that 76.7% variation in enhanced customer performance is explained by the variation in the constructs of organizational learning. The relationship between the variables is statistically significant and value of $F=147.584$, ($P<0.001$) shows that there exists a positive relationship between organizational learning and customer performance. Moreover, The value of $R^2$ has been changed from $R^2=0.772$ to $R^2=0.810$ that depicts that organizational learning and strategic flexibility explain 81% of the variance. Secondly, both steps have significant results $F=147.584$, ($P<0.001$) and $F=147.511$, ($P<0.001$). A regression analysis predicting enhanced customer performance from constructs of organizational learning and strategic flexibility is statistically significant where the values of $\beta$ with $t$-statistics lie in the significant level resulting in partial mediation. The results of the finding show that strategic flexibility act as a mediator between the constructs of organizational learning and enhanced customer performance. The literature on strategic flexibility reveals that it is a source of competitive advantage for the organizations which provide them with an ability to control their external business environment. That's why organizations who have control on their competitive landscape are in a better position to have a competitive edge over their competitors in the marketplace (Nadkarni & Herrmann, 2010).

Furthermore, strategic flexibility has been recognized as an organizational resource or core competency by some organizations which help them to grab market opportunities in the turbulent business environment and allows them to perform better. However, this has been discussed previously in literature that not all organizations are able to recognize, create and exploit market opportunities (Saini & Johnson, 2005). Organizational learning allows organizations to learn continuously and act as a strategic capability which is the ability of the organizations to create long term customer value because it helps them in adapting to volatile market conditions (Kandemir & Hult, 2005). Therefore, organizations must focus on organizational learning process along with strategic flexibility to sustain competitive advantage in the changing business environment. These
findings support the hypothesis H4.

Conclusion, Limitations and Recommendations

Findings of the study indicate that organizational learning enhances the ability of the organization to respond to the changing market needs that is strategic flexibility. Further, organizations that are involved in the learning process are able to capture the significant knowledge or information required to adapt the external environment. Therefore, the cellular companies of Pakistan must be capable of creating knowledge from both internal and external environments. They must develop and manage the systems and procedures through which they acquire the relevant information and ensure the flow of knowledge in the organization regarding customers and competitors. This will allow the companies to be in a better position to ensure that new technology and customer preferences are adapted which eventually becomes the learning culture of the organization. These companies are operating in a competitive environment which requires having strategic flexibility because it allows them to lead the change. Adaptation to the changing business environment has become a necessity for the firms because of changing requirements of the customers (Grewal & Tansuhaj, 2000). Management learning has been acknowledged as the antecedent to strategic flexibility in previous literature and also as a competency for the organizations for attaining competitive advantage and improved performance. Therefore, organizations are required to be able of learning in their process of creating effective strategies in order to maintain strategic flexibility. Organizations learn from their internal environment by implementing the strategies which enhance the increase flow of knowledge and ultimately the performance of the organization (Dickson, Farris, & Verbeke, 2001). The cellular companies must make sure that the acquired information should be provided to the right groups in a timely manner and discarding those which are not operative anymore. The interpretation of the acquired and shared information is critical for the success of these companies because this allows them to finally develop and act on the strategies to satisfy the changing customer needs. Furthermore, the cellular companies are required to be strategically flexible to adapt to changing business markets. They must renew their resources and capabilities and their application to various courses of actions which also involves generating and managing strategies to maintain their competitive position in the industry.

Organizational learning facilitates strategic flexibility to shape the market evolution by capturing the market opportunities and neutralizing the market threats. Therefore, the greater the process of organizational learning greater will be the organization's ability to respond to dynamic business environment by utilizing the resources effectively and efficiently (Shimizu & Hitt, 2004; Kenny, 2006). The mediation in the study indicates that with the knowledge of organizational learning,
companies are in a better position to enhance customer performance by responding quickly to the changing business environment. This shows that with the help of information and experience, organizations are able to enhance customer performance. Likewise having such competencies helps the organization to fully utilize its resources and to adapt to the changing environment. Therefore, findings suggest that cellular companies are required to be flexible in order to face the unpredictable conditions in business market because their greater capability proved to be dependent on organizational learning. So, to face the global challenges of 21st century business markets, organizations must be responsive as compared to its main competitors.

The current study provides empirical evidence that organizations with strategic flexibility can predict future changes, whether these changes are related to competitors, customer preferences or technological evolutions and are in a better position to act timely. The cellular companies must be proactive to take the advantage of market opportunities and protect themselves from external threats in order to have a sustainable competitive advantage. Intense competitions in the market have made it difficult for these companies to better function and implement right strategies to increase their growth and performance. Therefore, they are required to focus and give priority to the dimensions of organizational learning in order to improve their strategies, enabling organization to better respond to the changing preferences of the customers and to attain competitive advantage. The current research also highlights the innovation aspect of the services of the cellular companies since customer preferences are changing day by day. Organizational learning positively influences the performance of the organization and has a direct relationship with the innovation of the firm (Noruzy, Dalfard, Azhdari, Nazari-Shirkouhi, & Rezazadeh, 2013). The companies are required to retain their customers by offering the services which are preferred by them.

This research has several managerial implications which are valuable for the managers in the severe changing business condition in Pakistan. The critical feature of organizational learning is to balance both internal and external environments for the survival of the organizations which is also an important feature of strategic flexibility. The results of the study specify that by focusing on organizational learning process, managers can the changing market conditions and requirement by reconfiguring their resources and competencies flexibly. The organizational learning and strategic flexibility both are key constructs in developing the managing strategies which provide better results and can contribute to the competitive advantage in the industry. Managers must focus on organizational learning along with strategic flexibility to respond to the changing preferences of the customers in a timely manner.

The first limitation of the study is that the sample was only from the cellular sector of Pakistan and
was selected only from the main offices of the companies. The study is cross-sectional in nature and focuses only on the importance of the constructs of organizational learning along with strategic flexibility to enhance customer performance and to sustain competitive advantage. Organizational memory is an important construct of the organizational learning process but very little consideration has been given to its empirical study. Further studies may focus on each step of the organizational learning process in enhancing the business, employee performance or internal structure of the organization or by considering other factors including different types of flexibility in mediating the relationship. Future studies should focus on other manufacturing or service sector of Pakistan to fill the gap in the literature and to provide organizations with a framework that will help them in sustaining competitive advantage in a long run.

Bibliography


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