

# Exploring Relationship among Organizational Learning Practices, Innovativeness and non-financial performance: A descriptive study on NGOs Sector

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**ABSTRACT.** *Business markets are now emerging and organizations are welcoming the new changes to keep their selves at competitive corner. Organizational learning practices & innovative culture are considered cornerstones and playing crucial role to enhance the organizational performance and to gain competitive edge. The growing importance of organizational learning and innovativeness motivated us to conduct this research. The purpose of this study is to explore relationship between organizational learning, innovativeness and non financial performance of NGOs. For data collection questionnaire survey method was adopted. A sample of 120 respondents was received out of 150 respondents within the period of one month by using random sampling technique.*

*Findings reveled that organizational learning practices (employees' empowerment, behavioral & cognitive changes and leadership that reinforce learning) and innovativeness (Innovative culture) have strong positive and significant relationship with non-financial performance of NGOs. This research bestow help to have deeper understandings and guidelines for management to create learning zone & innovative culture within the organization with a view to enhance employees and organizational performance. At the last of this article, limitations of research, implications and suggestions for further research have also been included.*

**KEYWORDS:** Organizational Learning, Innovativeness, Organizational Performance, NGOs, Pakistan

## **Introduction**

Organizations are moving towards competitive zone due to globalization and rapidly changing business environment and they are facing complexity, ambiguity and challengeable situations in business processes. Global economic landscape and competitive environment putting pressure and organizations are striving to enhance their core competencies with a view to gain competitive advantage. Emerging development in the area of strategic management have proposed importance of organizational learning to improve organizational performance and to gain competitive advantage. (Dimovski, 1994). Organizational learning is behaving like a catalyst and playing a focal role which leads to improve the business performance & productivity in a progressive way (Nafei et al., 2012 ). Serrat (2009) summed up that organizational learning is the capability of an organization to get insight & understanding from experiences through observations, analysis, experimentations and willingness to examine the success and failure. Organizations are facing huge environmental pressure and there is urgent need to adopt change and its possible through organizational learning process. (Lakowski, 2001). Learning processes and practices are considered keystone to mitigate the uncertainties and to adopt the external changes in effective manners to gain & sustain the competitive edge. These practices can be organized, analyzed, managed and improved with efficiency & effectively to polish the management learning skills. Continues & effective learning leads to create an innovative culture which move the organizational performance curve in upward trend.

Learning & innovation are playing crucial role for effective performance and to sustain competitive position (Senge, 1990). Previous researchers summed up that organizational learning capabilities and organizational innovation are related to each other.(Fang et al., 2011). Innovativeness is also playing a vital role to determine the performance and to maximize the core competencies of organization. As Zahid & Ali (2010) summed up that learning directions and innovative culture within the organization have positive and strong association with organization performance. These factors are behaving like cornerstone to improve the organizational performance. Innovativeness is an essential element to gain the competitive edge within the market. As organizational learning and innovativeness has positive link so there should be learning culture within the organization to enhance the innovative capabilities & performance.

In global scenario organizational learning practices and innovativeness both are considered valuable strategic management tools to boost up the financial as well as non-financial performance of organizational. In Pakistan, economic trends are rapidly changing & business markets are now emerging and welcoming the new changes to keep their selves at competitive corner. Now organizations are adopting different learning practices and innovative culture to fine tune their performance levels by gaining competitive environment.

Non-profit organizations are currently operating in a very complex and violating environment and facing uncertainty, challengeable situation, competitiveness, lack of resources and there is need of continues change. (Eyal and Kark, 2004; Trautmann, Maher, and Motley, 2007). Non government organizations are also adopting proactive approaches and introducing different learning practices i.e. employees' empowerment, leadership that reinforce to learning,

behavioral & cognitive changes, knowledge sharing, team work etc. NPOs are now focusing to enhance the learning capabilities of their employees and creating an innovative culture by using different learning tools & techniques to maximize their performance levels.

As organizational learning and innovativeness are playing a crucial role to improve the organizational performance so the purpose of this study is to explore the relationship between learning, innovativeness and organizational non financial performance. Study is divided into different sections.

## **1. Literature Review**

### **Organizational Learning & Performance**

Concept of organizational learning & learning organization has been widely accepted (Shrivastava, 1983; Levitt and March, 1988; Huber, 1991; Gopinath, 1994; Miner and Mezas, 1996; Easterby-Smith, 1997; Edmonson and Moingeon, 1998; Tsang, 1997; Sharma, 2001; Sharma and Sharma, 2002) but no common model and theory has been emerged due to the deviation in different approaches and perceptions. Although some researchers and authors developed learning theories for learning and some organizational theorists referred back to Taylors' preface to repetitive tasks to boost up productivity. Abdullah *et al.* (2013) explained that organizational learning and knowledge management both have direct and positive influence on organizational performance but learning has more positive effect on non financial performance e.g. employees motivation and satisfaction. In competitive environment it is the need of time to invest on organizational learning and knowledge management practices to improve the employees' knowledge base. This knowledge has relationship with non-financial and financial performance of organization. Benefits of learning and knowledge management are same for the public as well as private organizations. Similarly Chiu & Huang (2013) mentioned in their study that in globalization scenario, effective and efficient use of learning capabilities are considered important source to maximize the organizations' innovation and performance with a view to gain competitive advantage. Organizational learning capabilities have significant association with innovativeness. Organizational learning culture has positive relation with organizational innovation performance and learning capacity. Organizational learning capabilities played a crucial role to boost up firms' performance.

In addition Individual, group and organizational levels of learning also have significant impact on performance. There is a positive relation between group learning and organizational learning. Learning leadership also positively affects to the personal, group and organizational levels and organizational performance. Due to competitive environment Organizations are now trying to move towards a learning zone to encounter the competitive pressure and challenges. (Koupahi *et al.*, 2013). Organizations need to adopt learning orientation to retain their selves at competitive zone. Learning orientation positively associated and linked up with innovation which leads to improvement in performance. Organizations with learning practices have clear understanding of their environment, customers, suppliers, competitors and emerging technology. (Calantone *at al.*, 2001). Organizational learning, change and knowledge sharing positively influences on knowledge management and knowledge management ultimately affects to the performance of organization. Multinational companies are paying extra attention for learning practices and knowledge management by introducing management strategies and seeding financial and non-financial resources to enhance performance and to enjoy the edge at

competitive environment. (Danish *et al.*, 2012). As Nafei *et al.* (2012) said that Adoptive & general organizational learning have direct and significant association with output of university performance. Employees evaluative attitudes have differences towards organizational learning and performance. Organizational learning is emerged and becomes a crucial part of management and organization. As learning improve the organizational performance so companies at developing countries are now motivated to enhance their learning practices. Learning is an important factor to direct the employees' attitudes and behaviors to promote the performance.

Furthermore Zahid & Ali (2010) explained that learning directions and innovative culture within the organization have positive and strong association with organization performance. These factors are behaving like cornerstone to improve the organizational performance. organizational learning and innovativeness has positive link so there should be learning culture within the organization to enhance the innovative capabilities & performance.

Learning practices within the organization can be considered as antecedent factor for organizational commitment, effectiveness and efficient performance. These learning practices have moderate positive relation with effectiveness and strong positive relation with organizational commitment. (Chi Tseng, 2010). Similarly Hernaurs *et al.* (2006) summed up that organizations having learning mechanism and showing progress in their learning processes can improve their performance but financial measures alone are not enough to judge the organizational performance. Employees' measures are effectively & strongly related with learning capabilities. Dimovski & Skerlavaj (2008) described that organizational learning has well-built, positive & significant relationship with financial and non-financial measures and performance. As organizations with handsome financial position can build better & long term relations with employees, customers and suppliers. Organization learning is considered a vital concept in strategic management due to its effectiveness. In present situation organizations should put organized efforts to gain the strategic learning. Organizations that will manage and develop the higher level learning will gain in terms of profitability and employees value addition relative to their rivals.

Organizational learning is playing a crucial role to enhance the organizational performance. Learning has a significant correlation with performance. Human resource activities affect the Learning of organization. Due to globalization, new learning requirements are considered important for the continues improvement. Learning practices are the route to achieve the success, better performance and competitive advantage. (Khandekar & Sharma, 2006).

### **Innovativeness & Performance**

Zahid & Ali (2010) explained that learning directions and innovative culture within the organization have positive and strong association with organization performance. These factors are behaving like cornerstone to improve the organizational performance. Dedication to learn, shared vision, open mindedness and knowledge sharing within the organization positively attachment with innovative culture and performance. Innovativeness is an essential element to gain the competitive edge within the market. Organizational learning and innovativeness has positive link so there should be learning culture within the organization to enhance the innovative capabilities & performance. Innovation is significantly & positively associated with organizational performance. Innovativeness provides a competitive advantage in the

marketplace. In globalization scenario, effective and efficient use of learning capabilities are considered important source to maximize the organizations' innovation performance with a view to gain competitive advantage. (Vincent, 2009). Innovativeness is a tool to direct the organizational performance positively and it's a tool which emphasize on the willingness of organization to change. (Calantone *et al.*, 2001).

### **Employees Empowerment with respect to Learning**

Employees' empowerment is an important tool for organizations. Human resources are considered strategic assets for any organization and employees' empowerment approach is valuable for human resources development due to which organizational performance, products & services, quality and productivity enhanced. Employees' empowerment is significantly attached with the productivity of organization. Sense of empowerment in employees motivate them to achieve the organizational goals. Employees with empowerment easily & happily accept their responsibilities and have positive attitudes for others and environment. (Asgarsani *et al.*, 2013). Employees Empowerment and leadership also influence the performance of organization.(Abdullah *et al.*, 2013). Moreover Akbar *et al.* (2011) explored that employees empowerment has significant association with employees' job satisfaction. When employees will be more satisfied they will work with more concentration and automatically organizational performance will enhance. Employees' empowerment in terms of decision making can be useful for employees' satisfaction.

Employees Empowerment has positive and significant relation with organizational effectiveness. Empowerment can influence the development, effectiveness and efficiency of organization. If organizations make proper use of employees' abilities, it can be very beneficial for organization in terms of financial or non financial performance. Globalization and tough competitive environment leads the employees empowerment has a significant role in management because organization with skilled, committed, satisfied, empowered and motivated employees will be able to improve their performance and retain their selves at competitive environment. Similarly (Dizgah *et al.*, 2011). Employees Empowerment toward the vision have also positive alliance with organizational effectiveness and commitment. (Chi Tseng, 2010). Similarly Hassan *et al.* (2013) mentioned that employees creativity has positive association with organizational innovation and performance. In services sector creativity is an important factor and has impact on performance. Organizations can't ignore the value of creativity to retain their selves at competitive world. There is a direct relationship of supervisory relationship and job complexity with employees' creativity.

### **Leadership and Behavioral & Cognitive Changes with respect to Learning**

Leadership that support to learning is playing a crucial & significant role to transform the higher education institutes into learning organizations. Leaders' Behavior influence the organizational learning positively and leaders are considered as key factor to create a learning & innovative atmosphere within the organization. Leaders should be forward thinker & visionary to create the learning surrounding within organizations. (Malik *et al.*, 2012). In addition leadership styles (Transitional & Transformational) have direct, positive and statistically significant relationship with organizational learning. Due to rapid changing and continues improvement in organizations, leaders become important and demanding and they playing a significant role to

enhance the team & organizational performance .So organizations should adopt transitional & transformational leadership styles to satisfy and motivate their employees in order to make their contribution towards organizational learning. Due to this employees performance will enhance and organizational can gain the competitive advantage. (Nafei & Menoufia, 2012). Similarly Giannopoulou (2011) summed up that transactional and strategic leadership behaviors are more effect in nongovernment organizations. Leadership behaviors of top executives of NGOs are considered important for innovation, ability to learn and performance of organization. Strategic leadership showed strong and positive relationship with organizational learning and innovation. Organizational learning is a pathway to improve the effectiveness of NGOs. According to Awan *et al.* (2012) there is a positive & significant relationship between servant leadership style, employees motivation and performance. Effective leadership is appropriate for NGOs and other organization to motivate the employees and this motivation is playing a crucial role to enhance the performance, commitment, outcomes and satisfaction. transformational leadership has positive and direct association with organizational performance. (Elenkov, 2002).

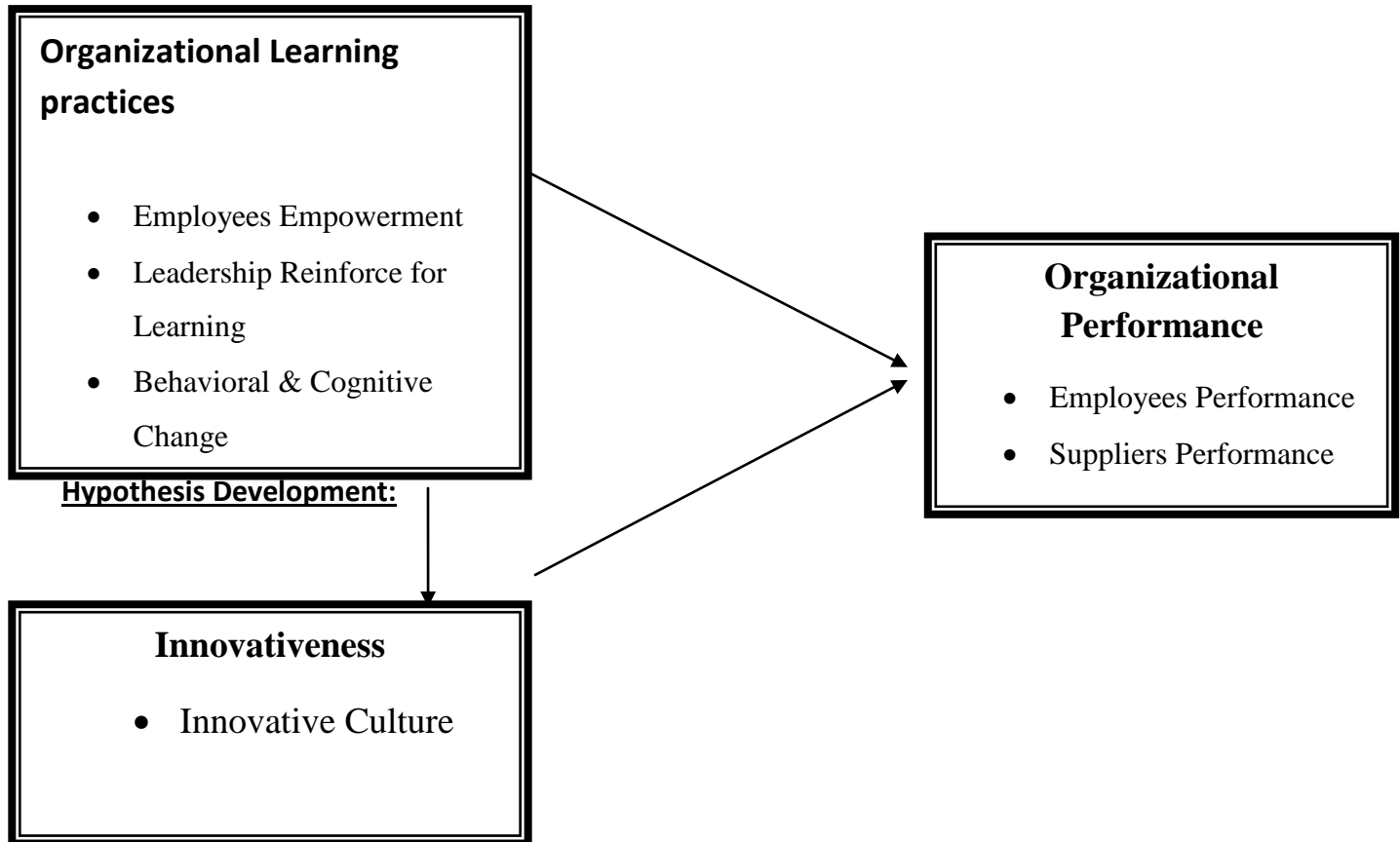
Furthermore Hafeez *at al.* (2010) mentioned that to enhance the learning in educational sector, leadership should be improved. Organizations must adopt the effective leadership tools to enjoy the Journey of learning. For improvement in learning, leaders should encourage the creativity and views of subordinates to maximize the performance. Leaders should encourage the multi-dimensional views, listen attentively and ask probing questions from employees with a view to improve their performance. Organizations can b m

oved towards success through effective leadership in which employees are empowered and committed with organizational goals. In addition Abbas & Yaqoob (2009) mentioned that there is a strong positive association between leadership development and employees performance. Different dimension and factors of leadership i.e. empowerment, delegations, participation, training & development and coaching have relationship with employees performance. According to Limpibunterng & Johri (2009) Executives perform different leadership tasks and these tasks are significantly affects to the organizational learning capabilities and these Learning capabilities significantly affects the organizational performance. Top leadership and executives play a crucial role to build and improve learning capabilities and performance.

Behavioral and cognitive changes in learning are most important to boost the Organizational performance. The implementation of behavioral & cognitive changes are most important to convert words into action form, if there is no change in behaviors means no effective learning is there. To maximize the positivity in behavioral and cognitive changes managers should convert the close minded, aggressive and autocratic behaviors into open mindedly behaviors to handle two way information. (Hernaurs *et al.*, 2006). Similarly Dimovaski (1994) explained that there is a positive relation between behavioral & cognitive change and organizational performance. Organizational learning practices have association with learning outcomes with respect to behavioral and cognitive change. A Significant relation exists between learning outcomes and performance of an organization. In learning outcomes behavioral change occurs more that cognitive change within the organizations.

## 2. Theoretical Framework

After studying the number of articles and having review of articles regarding organizational learning and innovativeness we have developed our research framework which is expressing relationship among learning practices, innovativeness and performance of organization.



## 3. Hypothesis Development

*H1*; There is a positive association between organizational learning and non financial performance of organization

*H2*; There is a positive association between innovativeness and non financial performance of organization.

*H3*; There is a positive association between organizational learning practices and innovativeness.

*H4*; Employees Empowerment has significance association with non-financial performance of organization

*H5*; Leadership that reinforce learning has significance association with non-financial performance of organization

*H6*; Behavioral & Cognitive Change has significance association with non-financial performance of organization.

## 4. Gap Identification

A large number of researchers have already done lot of work on organizational learning and innovation with different dimensions but we have found that in Pakistan, literature is available

at small quantity at non government sectors, so we have conducted our research in NGOs sector because it's ignored area regarding learning and innovativeness research. We have also differentiated our research by introducing a unique dimension of learning "Behavioral & Cognitive Change". In Pakistan scenario few articles are there which are covering this dimension so we have examined that how this factor of learning can contribute in performance enhancement.

## **5. Problem Statement**

Kaupahiet *al.*(2013) stated that organizations are striving to sustain themselves in globalized and competitive environment. They are facing ambiguity, complexity and challengeable situations in business processes. Due to intensive economic pressure and competitive environment organizations are facing problems and they are probing different ways to enhance their core competencies with a view to gain competitive advantage. Abdullah *et al.* (2013) explained that intensive competitive environment force organizations to keep themselves updated and learned about organizational environment in which they operate. This is an issue that how organizations can increase their intellectual assets and learning capabilities with a view to retain in competitive zone.

## **6. Purpose of Study**

The purpose of this study is to exploring the relationship among organizational learning, innovativeness and organizational non-financial performance. Our core theme is to analyze that how effective learning practices and innovative culture can contribute to enhance the organizational performance.

## **7. Significance of Our Study**

In knowledge based and dynamic rapid change Organizational learning is a strategic tool in business management to enhance organizational performance and gain competitive advantage. Learning practices are considered keystone to mitigate the uncertainties and to adopt the external changes in effective manners to gain & sustain the competitive edge. These practices can be organized, analyzed, managed and improved with efficiency & effectively to polish the management learning skills. Continues & effective learning leads to create an innovative culture which move the organizational performance curve in upward trend. Innovation can lead an organization towards growth and improvement in business processes which ultimately leads to get core competencies and competitive edge. Under study variables have significance importance to grow organizational performance.

## **8. Methodology**

This study demonstrates and explores relationship between organizational learning practices, innovativeness and organizational performance. Employee empowerment, effective strategic leadership, behavioral & cognitive change and innovative culture combined effect on the performance of an organization has been measured.

All under study variables in the study have been operationalized using scales from prior studies.



### **8.1 Questionnaire Design**

We have used survey method to explore relationship among organizational learning practices, innovativeness and performance of organization. Questionnaire is used in survey. Questionnaires is comprises two sections. First section is related to the personal profile of the respondents including their gender, age group, and educational level, nature of employment and length of employment. Second section deals with the under study variables (organizational learning practices, Innovativeness & Non-financial performance of organizations).

Employees empowerment measured through Marsick and Watkins scale (2003). Scale consists on 3 items. To measure the leadership that reinforces the learning we adopted scale of Garvin, Edmondson, and Gino (2008). Scale consists of 11 items. Behavioral and cognitive change measured by adopting scale of Zahra and Covin (1993). Behavioral & cognitive change is measured with 14 items. Innovative culture is measured with 5 items. Employees and suppliers performance is measure by adopting the scale of Dimovski and Škerlavaj, 2005; Škerlavaj et al., 2007. Scale comprises of 15 items.

### **8.2 Sampling:**

Our population is all NGOs in Gujranwala and Lahore. As for as sample size is concerned, Kilne (2005) suggested that determination could be considered on the basis of ratio of cases to free parameters (10:1 or, even better, 20:1). Bentler and Chou (1987) also suggested that the sample-to-parameters ratio for structural equation modeling should be between 5:1 and 10:1. So our sample size was 150.

### **8.3 Data Collection:**

We obtained the list of NGOs from official website that registered under different Ordinances. We have distributed 150 questionnaires in different NGOs working for women & human rights. The core reason behind the selection of NGOs sector was that we have not found too much literature and research work in this sector regarding learning and innovativeness. We received 130 questionnaires out of which six have missing values and four were incomplete.

### **8.4 Demographics:**

Demographic section depicts the information about respondents' gender, age, education level, nature of employment and length of service. We distributed 150 questionnaires to collect the responses of respondents out of which 120 valid questionnaires received. 70 filled by female and 50 filled by male respondents whose percentage is 58.3% and 41.7% respectively. Mostly respondents were between the age group of 26-44 whose percentage is 62.5%. Following to this 29.2% and 8.3% were age group of up to 25 and age group of 46-55 respectively. Furthermore respondents were 45%, 54.2% and 0.8% belonged to Bachelors', Masters' and others category of educational level respectively. Mostly respondents were highly educated with 45% Master degrees. 52.5%, 46.7% and 0.8%, respondents were doing their jobs as permanent employees, contractual employees and internees respectively. 48.3% respondents have 2-5 years length of service and 24.2%, 16.7% and 10.8% respondents have 5-10 years, up to 1 year and more than 10 years length of service at visited NGOs respectively.

**9. Analysis & Findings**

To explore relationship among organizations’ learning practices, innovativeness and performance. we used different statistical tools and tests. To test the reliability of study Cronbach’s Alpha test is brought into play. Pearson correlation and regression analysis test applied to explore relationship among under study variables. Cronbach’s Alpha is **0.815** that shows 81.5% reliability of the survey. To observe the influence of organizational learning practices and innovativeness on organizational performance linear regression analysis was utilized and Pearson correlation was applied to ensure the link between study variables.

**Table. 1.1**

Variables	Mean	SD	1	2	3	4	5	6
1. Organizational Learning	2.0960	0.40863		.488**	0.691**			
2. Innovativeness	2.2150	0.47468			0.616**			
3. Organizational Performance	2.15	0.456			1			
4. Employees Empowerment	2.0694	0.50561			0.525			
5. Leadership that Reinforce Learning	2.0740	0.46588			0.529			
6. Behavioral & Cognitive Changes	2.1446	0.44866			0.748			

**N = 120**

In **Table 1.1** data speaks itself the reliability and behavior of collected data. Mean value for organizational learning, innovativeness, Organizational performance, employees empowerment, leadership and behavioral & cognitive changes is 2.0960, 2.2150, 2.15, 2.0694, 2.0740 and 2.1446 respectively. Standard deviation is helpful to realize the dispersion in under study variables. **Table 1.1** showing that organizational learning, innovativeness, organizational performance, employees empowerment, leadership and behavioral & cognitive changes is deviating from central point with 0.40867, 0.47468, 0.456, 0.50561, 0.46588 and 0.44866 respectively and it means that if we examine reliability of variables, organizational learning (independent variable) is more reliable than innovativeness and performance as its standard deviation values is less than others. **Table 1.1** also indicates the correlation of independent variables (Organizational Learning, innovativeness) and learning dimensions (employees empowerment, leadership and behavioral & cognitive changes) with dependent variable (organizational performance). **Table 1.1** indicating that organizational learning and innovativeness are positively associated with Organizational performance with (r= 0.691, p < 0.05 and r= 0.616, p < 0.05) respectively and both are significant at 1%. The correlation 0.691

indicates that organizational learning and Organizational performance explain variance in one another to the extent of  $(0.691)^2$  48%. The correlation 0.616 indicates that innovativeness and Organizational performance explain variance in one another with to the extent of  $(0.616)^2$  38%. **Table 1.1** also showing the correlation of sub dimensions (employees empowerment, leadership and behavioral cognitive changes) of under study independent variables with dependent variable. Employee’s empowerment is correlated with organizational performance ( $r= 0.525, p< 0.05$ ). Similarly leadership is also correlate with organizational performance ( $r= 0.529, p< 0.05$ ) Behavioral & cognitive change also associate with performance ( $r= 0.748, p< 0.05$ ) and innovative culture positively correlate with Organizational performance ( $r= 0.616, p< 0.05$ ). All variables are significance at 1%. All above results are supported by previous research.

**Table 1.2**

**Regression Analysis**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.761 <sup>a</sup>	.580	.573	.29845	1.760

a. Predictors: (Constant), Innovativeness, Organizational Learning

b. Dependent Variable: Organizational performance

**Table 1.2** illustrated that summary of results where  $R = 0.761$  which shows 76% variance in organizational learning, innovativeness and Organizational performance. R square indicates the variation in Organizational performance (dependent variable) due to organizational learning and innovativeness (independent variables). R square value is 0.580 which means that organizational learning practices and innovativeness have 58% influence on Organizational performance. Durban Watson is used to examine the nature of correlation whether it is positive, negative or zero. Durbin Watson value is 1.760 which is less than 2 which demonstrate that there is a positive correlation among studies variables.

**Table 1.3**

		ANOVA				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.374	2	7.187	80.685	.000 <sup>a</sup>
	Residual	10.421	117	.089		
	Total	24.795	119			

a. Predictors: (Constant), Innovativeness, Organizational Learning

b. Dependent Variable: Organizational performance

**Table 1.3** illustrates the level of significance whether it is acceptable or not. Results indicate that significance value is 0.000 which is less than 0.05. Thus it is acceptable and show strong impact of organizational learning practices and innovativeness on Organizational performance.

**Table 1.6** indicating the Beta value which means the individual independent variable influence on dependent variable. Results indicated that organizational learning has strong positive influence on Organizational performance with beta value 0.513. It indicates that 51% variation in Organizational performance is due to organizational learning which is significant at 0.000 and supported our H1. Similarly innovativeness also has positive influence on performance with

Model		Coefficient		t	Sig.	
		Unstandardized Coefficients				Standardized Coefficients
		B	Std. Error			
1	(Constant)	.166	.158	1.050	.296	
	Organizational Learning	.573	.077	7.469	.000	
	Innovativeness	.351	.066	5.321	.000	
	Employees Empowerment	.149	.067	2.228	.028	
	Leadership that reinforce learning	.044	.081	.544	.038	
	Behavioral & Cognitive Changes	.532	.089	5.998	.000	

a. Dependent Variable: Organizational performance

beta value 0.365. It indicates that 36.5% variation in Organizational performance cause due to innovativeness which is significant at 0.000 and supported to our H3. Employees empowerment also has positive influence on organizational performance with beta value 0.165 at 0.28 an supported to our H4. In addition leadership and behavioral & cognitive changes also have positive influence on organizational performance with beta value 0.045 and 0.523 at 0.038 and 0.000 significance value respectively which is supported our H5 & H6.

## **Conclusion & Discussion**

In global scenario organizational learning practices and innovativeness both are considered valuable strategic management tools to boost up the financial as well as non-financial performance of organizational. The core purpose behind this study was to explore relationship among organizational learning practices, innovativeness and organizational non financial performance in NGOs sector. For this purpose survey questionnaire method was used. Data were collected by using random sampling technique from NGOs at Lahore and Gujranwala within the period of 1 month. After applying all necessary tests in SPSS results revealed that organizational learning practices and innovativeness has strong positive influence on organizational non financial performance. Learning practices have more influence on non financial performance than innovativeness. We have applied statistical tools on sub dimensions of our study variables to examine their effects on dependent variable. With respect to organizational learning Employees empowerment, leadership and behavioral and cognitive changes also have positive association with non financial performance.

We summarized our study that learning practices are playing crucial role to enhance the knowledge and to polish the management skills and expertise. Effective learning environment in organizations leads to create innovative environment. Learning and innovative culture both contribute to improve performance and to gain competitive advantage.

## **10. Limitations**

This study can be more accurate and perfect by increasing sample size. In our study sample size was too small and we also have financial and time constraints and also limited to NGOs located in Lahore and Gujranwala.

## **11. Practical Implication**

This study provides insight understanding the growing importance of organizational learning practices and innovative culture. So profit and non profit organizations can utilize our findings and can apply different learning tools to create innovative culture with a view to increase their performance.

## **12. Directions for Further Research**

In future researches can expand this study by adding other variables to predict the performance of organizations. They can make accurate study by adopting untouched dimensions of learning practices. Further studies can be carried out with large sample size. Our study is limited to few dimensions of organizational learning and innovativeness to judge the performance but general outlines can also apply to other dimensions and activities like marketing and future studies researchers can also create link other dimensions with learning. Due to globalization and rapid economic changes there is an opportunity for researchers to test applicability of organizational learning and innovativeness in other cultures and cross national level.

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