

## The Impact of Cognitive Capital on Corporate Learning in Selected Hotels in Anambra State, Nigeria

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### Abstract

One of the greatest challenges for any organization, especially in service industries such as tourism and hospitality, is the ability to ensure appropriate learning so as to gain competitive advantage and remain viable. The aim of this paper is to empirically validate the impact of cognitive capital of an employee on corporate learning of hotels in Anambra State. For the purpose of this paper, cross sectional survey was conducted and the results of the research were analyzed descriptively and inferentially. The authors distributed 120 copies of questionnaire and obtained an 87% response rate from their respondents. From their analysis, they discovered that cognitive capital had a significant impact on the measures of corporate learning, with information distribution having a greater impact than employee awareness. It was recommended that management of hotels provide quality-related training and reduce to the barest minimum communication barriers within the hotel-organization.

### Keywords:

Cognitive capital,  
Corporate learning,  
Employee awareness,  
Information  
distribution

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## **Background to the Study**

Hotels are organizations that provide paid lodging and other services to guests on a short term basis. In recent years, hotels in Nigeria have witnessed massive changes in all areas of the business or organization, where the concepts like globalization, increasing competition, the development of information technology, knowledge explosion and the likes are in vogue (Harpham, 2008). The ability of any organization to learn is therefore, one variable that can be used to enhance organizational growth and development, and the strategy of continual change processes (Crossan, 1995). The ability of any corporation to learn has become prominent in the corporate environment, particularly amongst those organizations that are seeking to reposition themselves and response to change in their respective markets (Dodgson, 2003 and Robson, 2004).

However, one of the mechanisms that could help an organization to be creative, innovative and also develop abilities to identify, assimilate and exploit knowledge from the environment (employees, suppliers, competitors, government) is cognitive capital. Cognitive capital is an important mechanism that gives individuals access to crucial resources available in other people and stressed that cognitive capital facilitates learning by initiating a change in the way organizations or individuals process information, develop shared meaning and interpret events (Crossan, 1995).

Based on the fact that extensive research has been carried out on human capital (Bourdieu, 1986; Cohen, 2001; Coff, 2002), there is little empirical evidence to elucidate the relationship between cognitive capital and how it affects the performance of corporate establishments, how different sectors used it to foster their learning abilities, reposition themselves in their respective markets and adapt more to the various changes that are occurring in the business environment. But, studies on how cognitive capital has influenced learning in hotels operating in Anambra State is a rare one. Therefore, to close this gap in the existing body of knowledge, this study focuses on examining the relationship between cognitive capital and organizational learning of selected hotels operating in Anambra State.

## **Statement of the Problem**

It appears that adequate attention has not been laid by management of hotels operating in Anambra State in terms of creating a favourable climate that would facilitate knowledge sharing, retention and transfer amongst employees. This attitude which has been severally identified in other studies has affected the ability of employees to be creative, innovative, adapt to changes in the business environment, and gain competitive advantage on the long run (Dodgson, 2003; Combs et al 2006). Even though a large majority of management of hotels organizations operating in Anambra State may have a definite interest in the cultivation and dissemination of organizational knowledge, there still exist some flaws/challenges in the process. One example is the absence of clearly defined goals and metrics to measure success. The absence of clearly defined goals and metrics have made it practically impossible for hotel organizations to measure the progress, allocate appropriate knowledge resources, and influence the overall behaviour of those within the organization.

Another problem hindering the successful practice of corporate learning in hotels operating in Anambra State is the inability of the management to motivate employees or person (incentive system) in the organization to attain and share knowledge actively. Without an effective incentive system in place to motivate the employees and clarity incentives for teams, individuals and for the organization as a whole, the transfer and sharing of information/knowledge will be hindered. It is in the light of these problems that this study seeks to empirically establish the relationship between cognitive and learning and possibly proffer solutions to the existing problems.

### **Objective of the Study**

The objective of the study is to examine the relationship between Cognitive Capital and Corporate Learning.

### **Review of Related Literature**

#### **Cognitive Capital**

Cognitive capital represents resources obtained from a common set of goals, a shared vision, and shared representations, interpretations, and systems of meaning among parties or stakeholders (Harpham, 2008; Crook et al, 2011; Coleman, 1988). Woolcock (1998) corroborated by identifying that cognitive capital focuses on shared representations, goals, norms, values and reciprocity among actors in an organization. Acquah (2007) and Nahapiet and Ghoshal (1998), explained further that the indicators used to measure cognitive capital are mostly attitudinal and value-based and include shared norms, values and obligations; reciprocity; shared goals and mission; and attitudes and beliefs. In line with this, Gibbon and Waldman (2004) emphasized that cognitive capital provide the basis for trust and cooperation, which can lead to knowledge transfer and eventually higher organizational performance. In addition, Crossan (1995) stressed that cognitive capital facilitates learning by initiating a change in the way organizations or individuals process information, develop shared meaning and interpret events.

#### **Concept of Corporate Learning**

Learning is a core concept within work and organizational context. The concept has become prominent in the corporate environment due to rapid changes in all fact of business. Thus, many researchers have viewed it from various perspectives. According to Herdberg (1981), learning is the process by which organizations adjust themselves defensively to reality and the processes by which knowledge is used positively to improve the fit between organizations and their environment. Learning of any organization means the process of improving actions through better knowledge and understanding (Fiol& Lyles, 1985, Obiora and Okpu, 2014; Maritime, 2000).

The business environment is witnessing rapid changes in all spheres, thus increasing the uncertainty faced by firms. That is why the greater the degree of uncertainty in the corporate environment, the greater the need for learning. Dodgson (2003) suggested that organizations want to go beyond being 'bundles of resource', and that learning is a dynamic concept that suggests a philosophy of change. In line with Dodgson submission, Dixon (2003) opined that

through learning, organizations adapt to environmental constraints, avoid the repetition of past mistakes and retain critical knowledge that might otherwise be lost. The measures of learning used in this study are employee awareness and information distribution.

Employee awareness is the level to which an employee knows certain policies, situation, documents or any other important information in an organization. Edvisson et al (1997) opined that employee awareness is a term used to denote knowledge created through the interaction of an agent or employee and its environment. Employee awareness describes how individuals monitor and perceive the information surrounding their organization, colleagues and the environment they are in. (Nonaka, 1995).

Information distribution is the process through which individuals, groups or different units of the organization share data and information among themselves. Edvisson et al (1997) assert that information distribution is the process of ensuring that the right information is available to the right people at the right time. Information constitutes a valuable, intangible asset for creating and sustaining competitive advantages within organizations. Information is an arrangement of people, data, ideas, opinions, process, stored and needed by an organization to make decisions. Adebayo (2007) explained that if the relevant information required in a decision-making process or an organization planning is not available at the appropriate time, then there is a good chance to be a poor organization planning, inappropriate decision making, poor priority of need and defective programming or scheduling of activities.

### **Relationship between Cognitive Capital and Learning**

According to Stewart (1997), employee awareness is a strategic tool for an organization to gain competitive advantage because it helps to foster employee's integrity by sharing and measuring corporate culture and ethnic, improving communications and commitment and code of conduct. Employee awareness ameliorates practical knowledge on the procedures, on the enacted corporate policies and workplace procedure, which comprises routine operations, business processes and emergency actions. (Thompson, 2006). Mactins (2000) stressed that business environments are continually changing, therefore employee awareness must be constantly maintained and improved by organizations through the formulation of programs that include knowledge in company's strategic goals, policies to reduce energy and time waste, decreasing operational costs and increasing efficiency, improving knowledge and professional attitudes. This is because the higher employee awareness, the better competitiveness of the organization. (Becker, 1964; Gibbon and Waldman, 2004, Dreher and Bretz, 1991.)

Information is essential for the endurance of organizations in the global and competitive market. Accordingly, the stored information must then be recalled and distributed for the use of an organization leadership and top management as well as mid-level manager to take effective long term (strategic) and short term (tactical) decision making (Newman, 2001). Information is essential for the endurance of organizations in the global and competitive market. Cognitive capital regards the value that is created by and within an employee, the ideas going around in minds of the organization-man and the solutions they create. It is

argued here that an increase in employee awareness and information sharing would trigger off a corresponding increase in the cognitive ability of the employee. Hence, it is hypothesized as follows:

**Ho<sub>1</sub>** There is no significant impact of cognitive capital on information distribution.

**Ho<sub>2</sub>** There is no significant impact of cognitive capital on employee awareness

### **Research Methodology**

The target population of this study comprised all the hotels in Anambra State. However, due to the nature of some hotels' structure, managerial style, employees' attitude and non-conformity to the Hotel Association requirements, only six (6) hotels were accessible in the study. This study, which generated data from 120 senior level staff hotels in three major cities in Anambra State, was conducted in a non-contrived setting as a cross-sectional survey. The study relied on extant literature for the survey instruments used to measure the study variables. For test of reliability of the scale the following Cronbach's alpha coefficients were obtained: cognitive capital (.81), employee awareness (.77), information (.79). The demographic section of the instrument thus had questions on respondents' educational qualification, gender, tenure and status in organization, and religion. To empirically evaluate the bivariate relationship between the predictor and criterion variables, the Spearman Rank Order Correlation Coefficient Technique using the statistical package for social sciences (SPSS) version 22 was used.

### **Findings**

Adopting the Taro Yamane sample size determination method, the corresponding sample size for the study was 92. 92 copies of questionnaire were distributed, out of which 80 copies representing 87% were retrieved and 12 copies representing 13% were not retrieved. Therefore, the statistical analysis for the study was based on the 80 copies (87%) of the respondents, which could be viewed as strong enough to undergo the analysis of the study. 59% (54) of the respondents were male while 28% (26) were female. In respect of their position 21% (19) were personnel managers, while 11% (12) were marketing manager, 32% (30) were customer relation managers, and 22% (20) were financial managers. The marital status of the respondents was disclosed that 35% (32) were single, 52% (48) were married, and none were divorced or widow. It was also seen that none of the respondents were PhD holders. Though 4% (4) were Master degree holders, 5% (5) were PGD holders, 49% (45) were B.Sc holders, 19% (17) were NCE holder, and 10% (9) were SSCE holder. In terms of years of work experience in the hotel industry, 26% (24) of the respondents have served for 2 – 4 years, while 32% (29) for 5 – 7 years, 10% (9) for 8 – 10 years, and 19% (18) have served for 11 years and above. The chart above shows that 54 (59%) of the respondents were male while 26 (28%) were female.

### **Bivariate Analysis**

**Ho<sub>1</sub>:** There is no significant impact of cognitive capital on information distribution.

		Cognitive Capital	Information Distribution
Cognitive Capital	Coefficient Correlation	1.000	.975
	Spearman's rho	80	.009
			N
Information Distribution	Coefficient Correlation	.975	1.000
	Spearman's rho	80	.009
			N

\*\* Correlation is significant at the 0.05 level (2-tailed).

From table 1, it is observed that the null hypothesis is rejected and the alternate hypothesis is accepted. Hence, cognitive capital has significant impact on information distribution

**Ho<sub>2</sub>:** There is no significant impact of cognitive capital on employee awareness.

		Cognitive Capital	Employee Awareness
Cognitive Capital	Coefficient Correlation	1.000	.900
	Spearman's rho	80	.007
			N
Employee Awareness	Coefficient Correlation	.900	1.000
	Spearman's rho	80	.007
			N

\*\* correlation is significant at the 0.05 level (2-tailed).

From Table 2 above table, it is observed that the null hypothesis is rejected and the alternate hypothesis is accepted. Hence, cognitive capital has significant impact on employee awareness.

### **Discussion of Findings/Results**

The first null hypothesis sought to examine the relationship between cognitive capital and information distribution. As can be seen from the analysis of data, the null hypothesis was rejected and the alternative hypothesis was accepted, which states that there is a significant relationship between cognitive capital and information distribution. This result is in consonant with the earlier finding of Bourdieu (1986); Obiora and Okpu, (2014) and Youndt et al, (2004), who posited in various studies that an organization with an expressive body of knowledge, disseminates appropriate information, and assist members to suspend assumptions and enter into genuine brainstorming sessions together. This implies that patterns of interaction are recognized and engrained, the opinions of other employees in decision making is encouraged within the hotel. Indeed, Coleman (2008) and Crook et al (2008) argued that the rate at which individuals and organizations learn may become the only sustainable competitive advantage and innovative ability. Crossan, 1995; Dodgson(2003) and Murphy (1989) suggested that organizations have their own particular learning systems and that learning is influenced by factors such as organizational culture, strategy, structure and systems.

Also, Nicolini (2005), Huber, 1991; Richard and Crossan, 2008 asserts that a changing environment necessitates learning, and organizational learning can facilitate change, create and transfer new knowledge which can improve organizational performance. It was hypothesized that there is no significant relationship between cognitive capital and employee awareness. As can be seen from the analysis of data, the null hypothesis was rejected and the alternative hypothesis was accepted which states that there is a significant relationship between cognitive capital and employee awareness. This implies that the ability of the employee to identify, assimilate and exploit knowledge would enhance their cognitive capacity by 90%. This finding is in agreement with Youndt (2004), Crook (2011) and Cohen (2001) when they opined that cognitive capital has ability to ensure that each new product and service meet customer expectations and will increase the employee awareness of the organization through increase in sales turnover. This also implies that workers with are able to consistently realize the results that matter most deeply to them -- in effect, they approach their work life as as cultpor would approach a work of sculpture. They do that by becoming committed to their own lifelong learning. Hence, the worker continually clarifies and deepens personal vision, of focusing their energies, of developing patience and of seeing reality objectively, thus triggering off the capacity of the organization to learn.

The findings also revealed the ability of the employee to carry on meaningful conversations that balance inquiry and advocacy, where people expose their own thinking effectively and make that thinking open to the influence of others. In line with this, Miller (2006) and Burt (2002) assert that for organizations to be successful relative to their competitors, their learning must be greater than the rate of change of the business environment.

## Conclusion and Recommendations

The findings of this research attest to the fact that Cognitive Capitalism a sine quo non for the implementation of learning of the Hotel. It has shown that it is a strategic tool for an organization to employ in the quest to remain competitive and resilient. If adequately deployed, the learning brings about added value to an organization in terms of efficiency in operation, employee satisfaction, customer satisfaction, act creative and innovative and even enhance organization's ability to adapt to changing circumstances. It is therefore recommended that management should encourage employee awareness by providing employees with quality-related training, reduce to the barest minimum communication barriers between the various departments and allow customer complaints about product or service rendered serve as input to improve production process.

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