How to Cite:
Benaissa, K., & Kerbouche, M. (2026). The impact of organizational learning on the financial performance of business organizations in the Arab Maghreb. *International Journal of Economic Perspectives*, *20*(1), 26–43. Retrieved from https://ijeponline.org/index.php/journal/article/view/1214

The impact of organizational learning on the financial performance of business organizations in the Arab Maghreb

Khadra Benaissa
University Mustapha Stambouli Mascara, Algeria
Email: k.benaissa@univ-mascara.dz

Mohammed Kerbouche
University Mustapha Stambouli Mascara, Algeria
Email: m.kerbouche@univ-mascara.dz

***Abstract*---**This study aims to examine the impact of the dimensions of organizational learning on the financial performance of business organizations in the Arab Maghreb. The standard modeling technique was used, relying on a hypothetical model methodology through structural equations. Among the key findings of the study are Organizational learning is an essential element for improving the financial performance of business organizations. By fostering an environment that encourages the acquisition, sharing, and application of knowledge, organizations can increase their efficiency and innovate new solutions to existing problems. Organizational learning promotes better decision-making processes and enhances adaptability to market changes. All these factors contribute to improved financial performance by increasing productivity, reducing costs, and improving the quality of products and services. Overall, organizational learning enhances the competitiveness of organizations in both local and international markets, leading to sustainable financial growth.

***Keywords*---**knowledge acquisition, information distribution, information interpretation, organizational memory, financial performance.

Introduction

Organizations today are experiencing growth in their size, as well as the development and diversification of their activities, due to the rapid changes in

Corresponding author: *Kerbouche, M., Email: m.kerbouche@univ-mascara.dz*
Submitted: 09 November 2025, Revised: 18 November 2025, Accepted: 27 December 2025

their surrounding environment. These developments have led to a swift leap across various sectors and fields of life in general, and particularly in economic sectors. This has allowed the economy to benefit from the speed and efficiency provided by these advancements. As a result, organizational learning has gained significant importance and a prominent place across all levels.

Organizational learning is considered the only way to accumulate knowledge within an organization. Undoubtedly, successful organizations use, interpret, and apply their knowledge to improve performance and adapt to changes in the business environment. This is achieved by fostering a culture of continuous learning and knowledge sharing. On the other hand, benchmarking is a systematic approach to comparing an organization's performance, processes, and practices with those of industry leaders or competitors to identify gaps and opportunities for improvement. By combining the concepts of organizational learning and performance measurement, organizations can leverage external knowledge and best practices to create and enhance their competitive advantage. Yang et al. (2004) emphasized this in their study, which found a positive relationship between organizational learning and financial performance. The financial performance metrics included several indicators and financial ratios, such as Return on Investment (ROI), Return on Assets (ROA), profitability, external and equity financing ratios, as well as fixed and current asset turnover rates, among others. Given that organizational learning is a fundamental element for organizations to achieve superior financial performance, we raise the following question:

How does organizational learning affect the financial performance of business organizations in the Arab Maghreb?

-To address the research question, the following two hypotheses were formulated:
Hypothesis 1: There is a statistically significant positive impact of organizational learning on the financial performance of business organizations in the Arab Maghreb.
Hypothesis 2: Organizational learning contributes to reducing operational costs by improving internal processes, thereby enhancing organizational profitability.

-Research Objectives:
This study aims to explore the relationship between organizational learning and the financial performance of organizations, and to identify the mechanisms through which organizational learning contributes to improving financial performance. The research objectives can be summarized as follows:

- To determine the extent to which a positive relationship exists between organizational learning and financial performance.
- To measure the level of organizational learning in organizations by identifying its various dimensions.
- To measure financial performance by identifying appropriate indicators such as liquidity ratios, profitability ratios, financing ratios, activity ratios, and financial balances.
- To verify the causal relationship between the two variables using appropriate statistical methods.
- To help organizations understand how to improve their financial performance by adopting organizational learning.

Theoretical Framework:

1. Concept of Organizational Learning:

Organizational learning is the process through which an organization acquires, interprets, and applies knowledge to improve performance and adapt to changes in the business environment. (Argyris C. &., (1997), pp. 346-347) This involves creating a culture of continuous learning, knowledge sharing, and fostering innovation. On the other hand, benchmarking is a systematic approach to comparing an organization's performance, processes, and practices with those of industry leaders or competitors to identify gaps and opportunities for improvement. By combining the concepts of organizational learning and performance measurement, organizations can leverage external knowledge and best practices to drive innovation and enhance their competitive advantage. (Senge, (1990), pp. 5-6)

Learning within organizations is not a new concept, and this fact is further reinforced when we consider that individuals must first learn. The focus on organizational learning processes is justified, as organizations have relied on foundations and methods to measure organizational learning since the 1936s, using approaches such as the Learning Curve and the Experience Curve. These methods are based on the accumulation of knowledge and its impact on production costs in operational labor, comparing it with the production volume and capabilities of competitors. (Jaber, (2008), p. 94)

The concept of organizational learning gained deeper prominence with the work of experts Argyris and Schön who published their book Organizational Learning: A Theory of Action Perspective in 1978. They posed the question: Should organizations learn? They also deeply discussed the mechanisms of individual and collective learning based on research conducted during that era, emphasizing the role of learning in serving the educational process of the organization. (Vasenska, (2013, June), p. 618),

This was followed by numerous attempts by a group of experts who contributed to the study of this field. Since the definition of learning is often associated with the dimension, perspective, or field of specialization addressed by the researcher, the meaning of learning as a general concept differs in the field of education, psychology, and management or organizational work. Below, we review the most important definitions of organizational learning provided by researchers in the field of management and organizational work:

- According to Peter Senge, through organizational learning, organizational experiences are continuously tested and reviewed, and transformed into knowledge that the organization can acquire, and utilize for its main purposes and to achieve its goals. (Senge, (1990), p. 5)

Huber (1991), who views organizational learning, as the process that enables individuals in an organization, to acquire new information and ideas, share and interpret this information, leading to changes in organizational behavior that improve performance, echoed this. He also identifies four processes, which must be integrated in organizational learning: knowledge acquisition, information distribution, information interpretation, and organizational memory, through which the organization seeks to, improve its overall capabilities and develop itself. (Huber, (1991), p. 100)

- Weick and Roberts (1993) define organizational learning as the interrelationships of individual actions, focusing on these interrelationships.

Whose outcomes are reflected in the collective mind of the organization. (Crossan, (1999), p. 528)

As stated by Peter Senge, through organizational learning, organizational experiences are continuously tested and reviewed, and transformed into knowledge that the organization can acquire and utilize for its main purposes and to achieve its goals. Huber (1991), who views organizational learning as the process that enables individuals in an organization to acquire new information and ideas, share and interpret this information, leading to changes in organizational behavior that improve performance, echoed this. He also identifies four processes that must be integrated in organizational learning: knowledge acquisition, information distribution, information interpretation, and organizational memory (Huber, (1991), p. 102), through which the organization seeks to improve its overall capabilities and develop itself. Similarly, Weick and Roberts (1993) define organizational learning as the interrelationships of individual actions, focusing on these interrelationships whose outcomes are reflected in the collective mind of the organization. (Crossan, (1999), p. 529)

From these definitions, we can derive an operational definition of organizational learning: A continuous process that relies on creating, seeking, acquiring, sharing, and collectively applying knowledge to solve problems within an organizational culture based on a shared vision among individuals. This ultimately leads to the creation of new collective competencies, resulting in changes in organizational behavior that form the basis for successful innovation, which in turn contributes to improving organizational performance. In short, learning is the search for better ways to work. Therefore, organizational learning consists of two dimensions:

- Behavioral dimension that reflects changes in individual behaviors and organizational adaptation.
- Cognitive dimension that demonstrates awareness of acquiring knowledge or new ways of thinking by individuals in the organization.

2. Models of Organizational Learning:

Organizational learning models are tools and strategies used by organizations to develop and improve their processes and enhance their ability to adapt and grow. These models aim to improve organizations' ability to learn from their experiences and effectively apply acquired knowledge. Below are some of the most prominent organizational learning models:

2.1. David Kolb's Model:

- Experiential Learning Cycle: Includes four main stages: concrete experience, reflective observation, abstract conceptualization, and active experimentation. This model focuses on how individuals learn through practical experience. (Kolb, (2014), pp. 5-6)

2.2. Chris Argyris's Model:

- Single-Loop and Double-Loop Learning: Distinguishes between two types of learning: single-loop learning (adaptive learning), which involves adjustments to existing processes, and double-loop learning (generative learning), which involves radical changes in foundational concepts. (Argyris C. , (1976), p. 367)

2.3. Peter Senge's Model:
- Learning Organizations: Emphasizes the importance of building "learning organizations" that seek continuous improvement by understanding patterns and trends in their environment, fostering collective thinking, and collaboration. (Senge, (1990), p. 7)

2.4. Crossan et al.'s 4I Model of Organizational Learning:
Developed by Crossan, this framework, known as the 4I Framework, includes four interrelated sub-processes: intuiting, interpreting, integrating, and institutionalizing. These processes occur at three levels of learning: individual, group, and organizational. The levels define the structure through which organizational learning occurs, while the processes form the link that ties the structure together. Intuiting and interpreting occur at the individual level, interpreting and integrating at the group level, and integrating and institutionalizing at the organizational level. (Crossan, (1999), p. 524)

2.5. Huber's Model of Organizational Learning:
- Huber proposed four constructs related to organizational learning:
- **Knowledge Acquisition**: The process through which knowledge is obtained.
- **Information Distribution**: The process through which information is shared from various sources, leading to new information or understanding.
- **Information Interpretation:** The process through which distributed information is given one or more common interpretations.
- **Organizational Memory:** The means through which knowledge is stored for future use.

Each of these models offers a different perspective on how learning and performance improvement occur within organizations. They can be integrated or adapted according to the needs of each organization to maximize benefits. (Huber, (1991), p. 90)

3. Concept of Financial Performance:
Defining financial performance precisely is not easy, as the concept has been presented in various ways depending on the perspective of each researcher. Due to the differing viewpoints among scholars and researchers, numerous definitions have been proposed, including the following:
- Hoskisson et al, Definition: Financial performance, which assesses the fulfillment of the firm's economic goal. Because of the influence of industrial organization economics. Researchers in the early years primarily used accounting-based profitability ratios, such as ROA, ROE, and ROS, as measures of financial performance. (Gentry, (2010), p. 516)
- The financial performance can be defined as its ability to cover its operational and financial costs. It is typically assessed through financial statements, including the balance sheet, cash flow statement and income statement. Key indicators of Financial Performance include Return on Equity (ROE), Profitability, revenue growth, Return on Assets (ROA), and cash flow. (El Kharti, (2014), p. 30)
- Klein C Definition: Financial performance is the capture of additional market share, the signing of a major international contract, the acquisition of another company, an active stock market policy, depending on the interests of the various economic agents involved. (BENYOUSSEF, (2025), p. 538)

- Financial performance is the company's financial condition over a certain period that includes the collection and use of funds measured by several indicators of capital adequacy ratio, liquidity, leverage, solvency, and profitability. Financial performance is the company's ability to manage and control its resources. (Fatihudin D. , (2018), p. 554)

In general, financial performance refers to the financial condition of an organization over a specific period. It involves the collection and use of funds and is measured through various indicators, such as capital adequacy ratio, liquidity, financial leverage, solvency, and profitability. Financial performance reflects the company's ability to manage and control its resources. (Horne, (2001), p. 432)

These financial statements are typically prepared and presented annually, semi-annually, or quarterly, depending on the need. Sometimes, financial statements can be prepared in different versions based on specific interests and objectives. For example: Financial reports for managers/executives, financial reports for tax purposes, financial reports for shareholders' general meetings, financial reports used to obtain bank loans.

To analyze the financial health of an organization, we can say that an organization is financially healthy if it generates a profit surplus. This is indicated by the ratio of operating costs to operating revenues. If operating revenues exceed operating costs, it means there is a surplus. Conversely, if operating costs exceed operating revenues, it indicates a deficit, loss, bankruptcy, or inefficiency.

4. Evaluating Financial Performance Using Financial Ratios:

The financial analysis of accounting data published in the balance sheet and income statement provides management with important information and data about the organizations financial and cash position, operational performance, and the identification of strengths and weaknesses in performance. This information and data form the basis for making financial decisions and formulating various operational policies. Consequently, the results of financial analysis will vary depending on the methods, concepts used, and the stakeholders to whom the analysis is directed. Therefore, it is crucial to define the methods and concepts used in any financial analysis process. (Chen, (1981), pp. 52-53)

In our study, we relied on financial ratios to measure financial performance because they are considered one of the most powerful tools used in financial and managerial analysis. By "ratios," we mean the numerical or quantitative relationship between two items or variables. Ratios clearly describe the relationship between various items in financial statements. Hundreds of ratios can be calculated from a set of financial statements, and experts consider which ratios provide relevant information.

Considering the different requirements of the organization and the stakeholders interested in financial analysis, financial ratios can be classified into five groups: liquidity ratios, leverage ratios, profitability ratios, activity ratios, and market ratios. (Fatihudin D. , (2018), pp. 553-554)

4.1 Liquidity Ratios:

Liquidity ratios are a set of financial ratios that evaluate performance by studying and analyzing management's ability to meet the organization's obligations as they come due. Liquidity refers to the availability of funds necessary for the organization or project. There are several liquidity measures, but the most commonly used ones are: (Chabotar K. J., (1989), pp. 193-194)

4.1.1 Current Ratio (Ac / Dc): The current ratio is one of the most widely used liquidity ratios. It is calculated by dividing total current assets by total current liabilities. It shows the organization's ability to cover current liabilities with its current assets, making it the most common method for measuring the organization's ability to meet short-term obligations. The formula is: (Boehlje, (1994), p. 110)

Current Ratio = current Assets / current liabilities

4.1.2 Quick Ratio (Ac - Stock / Dc): Also known as, the acid-test ratio, the quick ratio tests the adequacy of the organization's cash and near-cash resources to meet short-term obligations without relying on inventory sales. It is the most conservative liquidity measure and reflects the organization's ability to meet current liabilities with its most liquid assets. The formula is: (Chabotar K. J., (1989), p. 194)

Quick Ratio = cash+ short term investments + accounts receivabl / Current Liabilities

4.1.3 Cash Ratio (Dispon / Dc):

The cash ratio is the most stringent measure for evaluating an organization's liquidity performance. It is a precise indicator of the organization's ability to meet its short-term obligations represented by current liabilities. The formula is: (Chabotar K. J., (1989), pp. 194-195)

Cash Ratio = (Cash + Temporary Investments) / Current Liabilities

4.2 Profitability Ratios: Profitability ratios serve as a comprehensive measure that synthesizes all aspects of financial analysis, as they gauge the efficiency with which an organization meets its targets regarding operational performance and cost structure. These ratios evaluate the overall effectiveness of management by assessing the profits generated from sales and investments. Consequently, a higher profitability ratio value indicates a stronger company capacity to generate profits. (Limbong, (2021), p. 79) Below is a discussion of some of the most prominent profitability ratios:

4.2.1 Return on Equity (RCP=ROE): This ratio focuses on the organization's overall activities and includes all financial elements and movements. It is calculated as follows: (Mubashir, (2017), p. 22)

Return on Equity (RCP) = (Net Profit / Equity) × 100

4.2.2 Return on Assets (ROA): This ratio measures the ratio of net profit to total assets, indicating management's ability to utilize all assets to generate profits. It measures the return on the organization's total investments and is calculated as follows: (Boehlje, (1994), pp. 110-111)

Return on Assets = Net Profit after Taxes / Total Assets

4.2. 3 Return on Sales (ROS): This ratio represents the ratio of profit to sales volume and shows the profit margin achieved by the organization through production and marketing activities. It is calculated as follows: (Galant, (2017), p. 685)

Return on Sales (ROS) = (Net Profit / Total Sales) × 100

4.3 Activity Ratios:
Activity ratios measure the efficiency and effectiveness of management in managing assets and utilizing resources. The effectiveness of asset utilization is measured by sales levels, and these ratios are commonly referred to as turnover ratios. Some of the key indicators used to measure activity include: (Chen, (1981), pp. 55-56)

4.3.1 Current Asset Turnover Ratio (CA / AC): This ratio reflects the organization's efficiency in using current assets to generate sales. It is calculated as follows: (Bragg, (2012) , p. 16)

Current Asset Turnover Ratio = Total Sales / Average Current Assets

4.3.2 Fixed Asset Turnover Ratio (CA / AI): This ratio measures the efficiency of using fixed assets within the organization by relating sales to fixed assets. It is an indicator of the efficiency of managing fixed assets and is calculated as follows: (Brigham, (2019), p. 113)

Fixed Asset Turnover Ratio = Sales / Net Fixed Assets

4.3.3 Total Asset Turnover Ratio (CA / TA): This ratio measures the extent to which total assets are utilized to generate sales. It is similar to the fixed asset turnover ratio but is more comprehensive because it considers all assets instead of just fixed assets. It is calculated as follows: (Brigham, (2019), p. 113)

Total Asset Turnover Ratio = Sales / Total Assets

4.4 Financing Ratios:
Financing ratios measure the extent to which organizations rely on external funds to finance their needs and the contribution of owners to the financial structure. To evaluate financial performance related to management's reliance on borrowed funds, financial analysts use several key indicators, including: (Ross S. A., (2019), p. 57)

4.4.1 Debt Ratio (D / TA): This ratio indicates the proportion of debt a company holds relative to its total assets. It is calculated by dividing the company’s total debt by its total assets. A high debtto-assets ratio suggests that the company may have more debt than assets, which could signal challenges in managing its financial obligations. It is calculated as follows: (Ross S. A., (2019), p. 61)

Debt to assets ratio = Total debt / Total Assets

4.4.2 Permanent Financing Ratio (CS / AI): This ratio expresses the extent to which the organization relies on long-term financing (permanent capital) to finance its total assets. It is calculated as follows: (Peterson Drake, (2012), p. 127)

Permanent Financing Ratio = Permanent Financing / Total Assets

4.4.3 Equity Financing Ratio (CP / AI): This ratio reflects the organization's ability to rely on self-financing rather than debt, when assessing the self-

financing capacity of a firm, information users will be interested in the self-financing ratio of that firm. This ratio reflects the proportion of equity capital to the total assets of the firm. Determining the appropriate level of equity capital in the capital of a firm will depend largely on the activities and policies of each firm as well as each industry. The self-financing ratio is an indicator that reflects the financial self-sufficiency and financial autonomy of an enterprise. This indicator shows how much of the total capital source to finance the enterprise's assets is equity capital. It is used to evaluate the financing structure and is calculated as follows: (Le Quang Trung, (2024), p. 1142)

Equity Financing Ratio = Equity Financing / Total Assets

4.5 Financial Balances:

Financial balances represent the value and temporal correspondence between financial resources in the balance sheet and their utilization. The elements of resources differ in their usage period, which corresponds to their maturity, and the elements of uses differ in their realization period, which corresponds to their degree of stability. These results in three levels of financial balances: working capital, working capital requirements, and treasury. (PETERSON, (2003), pp. 764-765)

4.5.1 Working Capital (FR): Working capital is a financial indicator that represents the difference between current assets and current liabilities. It measures the organization's ability to cover short-term obligations using its available short-term resources. (Parrino, (2025), p. 24)

Working Capital (FR) = Current Assets - Current Liabilities

4.5.2 Working Capital Requirement (BFR): A company's operational activities constitute a process that creates a series of components, primarily represented by inventories and receivables. Concurrently, this process generates short-term resources, such as accounts payable to suppliers or advances received. These resources finance a portion of the current assets. (Mansour, (2024), p. 7)

The Working Capital Requirement (BFR) arises from the organization's inability to align its operating cycle with its short-term debts. It is calculated as follows:

Working Capital Requirement (BFR) = (Current Assets - Cash Assets) - (Current Liabilities - Cash Liabilities)

4.5.3 Treasury (T): Treasury represents the actual financial position and immediate liquidity available to the organization to meet its short-term obligations. It is an important indicator of the organization's ability to manage its daily operations without facing cash flow problems. (Mansour, (2024), p. 7)

Treasury (T) = Working Capital - Working Capital Requirement

- **Structural Model of the Study:**
- **The Impact of Organizational Learning on Financial Performance:**

Figure (01) presents the model of the relationship between organizational learning and financial performance, which consists of 15 financial ratios.

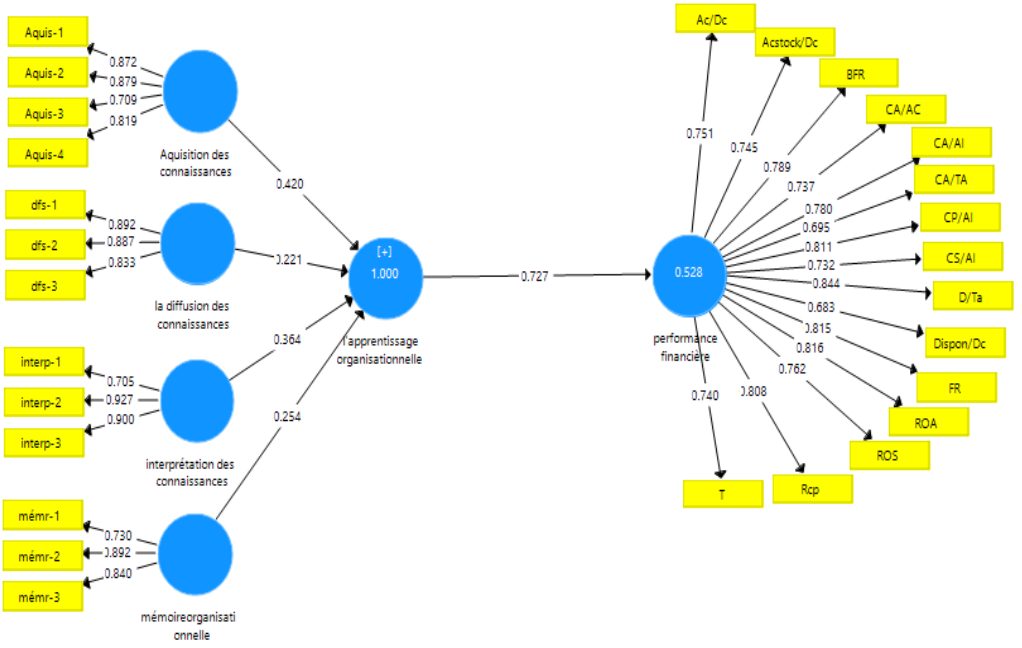

Figure (01): Structural Equation Modeling (SEM) of Organizational Learning to Financial Performance

Source: Prepared by the researchers based on the outputs of the SmartPLS3 program

1. Assessment of Measurement Model:

1.1. convergent validity:

Table (01): Results of Measuring the Validity and Reliability of the Model

Variables	Items	Loading	AVE	CR
Acquisition des connaissances	Aquis-1	0.872	0.678	0.894
	Aquis-2	0.879		
	Aquis-3	0.709		
	Aquis-4	0.819		
La diffusion des connaissances	Dfs-1	0.892	0.759	0.904
	Dfs-2	0.887		
	Dfs-3	0.833		
Interpretation des connaissances	Interp-1	0.705	0.560	0.771
	Interp-2	0.927		
	Interp-3	0.900		
Mémoire organisationnelle	Memr-1	0.730	0.678	0.862
	Memr-2	0.892		
	Memr-3	0.840		
Performance financière	AC/DC	0.751	0.591	0.956
	Acstock/Dc	0.745		
	Dispon/Dc	0.683		
	CA/AC	0.737		

Variables	Items	Loading	AVE	CR
	CA/AI	0.780		
	CA/TA	0.695		
	RCP	0.808		
	ROA	0.816		
	ROS	0.762		
	D/TA	0.844		
	CS/AI	0.732		
	Cp/AI	0.811		
	FR	0.815		
	BFR	0.789		
	T	0.740		

Source: Prepared by the researchers based on the outputs of the SmartPLS3 program

According to the above table (01) and by observing the values of factor loadings and composite reliability illustrated and mentioned for each of the following variables:
knowledge acquisition, information distribution, information interpretation, organizational memory, and financial performance which exceeded 70%, and with the average variance extracted (AVE) values exceeding 50%, it means that the similar questions for each variable are closely aligned with one another. Consequently, the proposed questions for each variable are capable of measuring what is intended.

1.2. Discriminate validity:

1.2.1. Variable correlation (Root Sequare of AVE):

Table (02): latent variable correlations

	Acquisition des connaissances	Interpretation des connaissances	La diffusion des connaissances	Mémoire organisationnelle	Performance financière
Acquisition de connaissances	**0.823**				
Interpretation des connaissances	0.268	**0.749**			
La diffusion des connaissances	0.174	0.602	**0.871**		
Mémoire organisationnelle	0.438	0.211	0.397	**0.823**	
Performance financière	0.611	0.463	0.461	0.494	**0.769**

Source: Prepared by the researchers based on the outputs of the SmartPLS3 program

1.2.2. Cross loading:

Table (03): Discriminant Validity –cross loading

	Acquisition des connaissances	La diffusion des connaissances	Interpretation des connaissances	Mémoire organisationnelle	Performance financière
Aquis-1	0.859	0.162	0.188	0.525	0.523
Aquis-2	0.862	0.103	0.216	0.400	0.513
Aquis-3	0.734	0.113	0.222	0.226	0.338
Aquis-4	0.833	0.189	0.263	0.259	0.604
Dfs-1	0.175	0.884	0.510	0.389	0.400
Dfs-2	0.135	0.886	0.512	0.252	0.437
Dfs-3	0.138	0.842	0.554	0.353	0.367
Interp-1	0.194	0.627	0.888	0.172	0.413
Interp-2	0.058	0.139	0.334	0.062	0.109
Interp-3	0.291	0.459	0.884	0.204	0.421
Memr-1	0.325	0.185	0.073	0.714	0.326
Memr-2	0.449	0.458	0.196	0.894	0.456
Memr-3	0.293	0.291	0.232	0.851	0.423
AC/DC	0.398	0.384	0.281	0.435	0.749
Acstock/Dc	0.451	0.412	0.403	0.546	0.743
Dispon/Dc	0.374	0.312	0.301	0.401	0.682
CA/AC	0.410	0.363	0.429	0.292	0.742
CA/AI	0.527	0.315	0.325	0.499	0.779
CA/TA	0.456	0.377	0.303	0.339	0.693
RCP	0.611	0.368	0.274	0.496	0.803
ROA	0.497	0.348	0.433	0.556	0.817
ROS	0.399	0.410	0.392	0.252	0.768
D/TA	0.483	0.418	0.412	0.340	0.847
CS/AI	0.432	0.364	0.391	0.250	0.733
Cp/AI	0.424	0.379	0.421	0.288	0.813
FR	0.479	0.371	0.372	0.315	0.815
BFR	0.566	0.293	0.329	0.407	0.785
T	0.481	0.162	0.267	0.317	0.740

Source: Prepared by the researchers based on the outputs of the SmartPLS3 program

From Table (02) and (03), we observe that each of the following variables knowledge acquisition, information distribution, information interpretation, organizational memory, and financial performance showed the highest correlation with themselves. This indicates that the questions are distinct and divergent across the study variables, meaning there is no overlap between the aforementioned variables.

2. Building and Testing the Structural Model

2.1. Path Coefficients of Research Hypotheses

- Hypothesis Testing: There is a positive impact of organizational learning on the financial performance of business organizations in the Arab Maghreb.

Table (04): Path Coefficients of Research Hypotheses

Hypo	Relationship	Std Beta	Std Error	T value	P Value	Dicision
H1	organizational learning -> performance financière	0.729	0.060	12.173	0.000	Supported **

Significant at p ** = < 0.01, p * < 0.05

Source: Prepared by the researchers based on the outputs of the SmartPLS3 program

From Table (04) and the P Value of 0.000, which is less than 1%, we conclude that the relationship between organizational learning and financial performance is very strong and statistically significant. Based on the Std Beta value, we conclude that organizational learning has a positive impact on financial performance. This confirms the findings of the study by Marsick and Watkins, which indicated that organizational learning, through its dimensions, positively affects financial performance. This is because organizational learning enables the organization to acquire knowledge that leads to improved and increased production, which in turn increases the organization's profit margin and enhances its financial performance.

2.2. Coefficient of determination R^2:

Table (05): R-squared of the endogenous latent variable

Constructs Relation	R^2	Result
performance financière	0.531	Moderate

Source: Prepared by the researchers based on the outputs of the SmartPLS3 program

From Table (05) and the R^2 value of 0.531, which falls within the range of 0.33-0.67, we conclude that organizational learning has a moderate ability to explain the financial performance of the organization. This is confirmed by the study conducted by Dimovski & Škerlavaj (2006), which showed the positive and statistically significant impact of organizational learning on financial performance. Organizations that invest efforts in adopting organizational learning at various levels—individual, group, and organizational—experience increased employee confidence in leadership, improved work organization efficiency, higher workforce commitment, reduced operational costs, and ultimately increased financial gains. This enables the organization to repay its short-term debts, enhance its self-financing capacity, and reduce reliance on external financing.

2.3. Effect Size (f^2) of Organizational Learning:

Table (06): Effect Size of Organizational Learning

Constructs Relation	effect size F^2	Result
Organizational Learning	0.710	high

Source: Prepared by the researchers based on the outputs of the SmartPLS3 program.

From Table (06) and the f^2 value for the organizational learning variable, which reached 71%, it is evident that the effect size of organizational learning on financial performance is high. This aligns with Cohen (1988), as the f^2 value exceeds 35%. This finding is consistent with the results of the study by Bierley and Chakrabarti (1996), which concluded that organizational learning supports the decisions and competencies necessary for developing organizational processes and products. This, in turn, leads to reduced production costs, improved yields, increased productivity, and higher sales growth over time. Therefore, organizations that adopt organizational learning as part of their strategies are better positioned to identify and seize market opportunities.

2.4. Predictive Relevance (Q^2):

Table (07): Predictive Relevance Q_2

construct	SSO	SSE	Q^2
Organizational Learning	1248.000	684.119	
performance financière	1440.000	931.230	0.353

Source: Prepared by the researchers based on the outputs of the SmartPLS3 program.

From Table (07) and the Q^2 value of 0.353, which is greater than zero, we conclude that financial performance can be predicted through organizational learning. This aligns with the findings of Jones (2000), which indicate that organizational learning enables employees to better understand and manage the organization, accept decisions that continuously improve the organization's financial performance, and reflect on the efficiency of managing the organization's assets, whether current or fixed, to maximize profits.

2.5. Goodness of fit if the Model (GOF):

$$GOF = \sqrt{(R^2 \times AVE)}$$
$$GOF = \sqrt{(0.531 \times 0.653)}$$
$$GOF = 0.58$$

According to the above Table (07) and the GOF value (0.58), it can be concluded that the GOF model for this study is large enough to be considered sufficient for the general PLS model and, therefore, reliable for use.

Conclusion

Organizational learning is a competitive advantage for organizations. It is a continuous process of acquiring and transferring knowledge within the organization, which is used to navigate the rapidly changing business environment in the context of increasing globalization and information technology. This requires organizations to develop their human resources and increase the amount of information and knowledge available through their employees, who are considered their most valuable assets. This helps organizations remain competitive for longer. Through the applied study on economic organizations in the pharmaceutical industry sector, we found that this

sector relies heavily on research and development to address emerging diseases, which necessitates organizational learning and rigorous scientific research.
To address the research question:

How does organizational learning affect the financial performance of business organizations in the Arab Maghreb?

The following hypotheses were tested using Structural Equation Modeling (SEM):
- There is a positive impact of organizational learning on the financial performance of business organizations in Arab Maghreb.

From the P Value of 0.000, which is less than 1%, we conclude that the relationship between organizational learning and financial performance is very strong and statistically significant. Based on the Std Beta value, we conclude that organizational learning positively affects financial performance. This is because organizational learning enables the organization to acquire knowledge that improves the efficient utilization of resources, reduces operational costs, and increases production rates, which in turn boosts profit margins and enhances the organization's financial performance.
- Organizational learning contributes to reducing operational costs, there by enhancing the profitability of business organizations in Arab Maghreb.
Through organizational learning, organizations can improve their processes, reduce costs, and increase profits and return on investment. Organizational learning also encourages creativity and innovation in improving product or service quality, leading to higher customer satisfaction and increased revenue. Additionally, organizational learning helps analyze past mistakes and acquire new knowledge to avoid future financial risks. It empowers management to make informed financial decisions based on accurate data and continuous analysis. Organizations that rely on organizational learning are better prepared to adapt to market changes, giving them a competitive edge that positively affects their financial performance.

Therefore, organizations that invest efforts in adopting organizational learning at various levels—individual, group, and organizational—experience increased employee confidence in leadership, improved work organization efficiency, higher workforce commitment, reduced operational costs, and ultimately increased financial gains. This enables the organization to repay its short-term debts, enhance its self-financing capacity, and reduce reliance on external financing.

Organizations value organizational learning because it allows them to develop capabilities that positively impact financial performance, fosters development, improves communication, and makes the organization more adaptable to changes in work procedures and structures. In short, the relationship between organizational learning and financial performance is complementary. The more an organization invests in organizational learning, the more positively it reflects on its financial performance, enhancing its stability and sustainability in a dynamic business environment.

Recommendations
Based on the applied study and the results obtained, we propose the following recommendations:

- Organizations should encourage employees to move between different units, as this helps them gain diverse types of information.
- Organizations should allow even junior employees to express their opinions. Employees who operate machinery are well aware of what they are handling, whether it is the machine itself or the product they are manufacturing or assembling. This enables them to uncover hidden issues and provide solutions to urgent problems.
- Organizations should create an environment that fosters development and improvement, even in the simplest matters, as this encourages initiatives that can lead to advancements in activities and other areas.
- Establish specialized committees composed of various departments and units to focus on product development, process improvement, and administrative and marketing practices.
- Pay attention to public relations with stakeholders.
- Equip employees with information from various sources and encourage them to develop products, administrative practices, and marketing strategies.

References

1. Argyris, C. &. (1997). Organizational learning: A theory of action perspective. Reis, (77/78), 345-348.file:///C:/Users/DELL/Downloads/REIS_077_078_17_TextoClasico_2.PDF%20(2).pdf
2. Argyris, C. (1976). Single-loop and double-loop models in research on decision making. Administrative science quarterly, 363-375. https://www-jstor-org.sndl1.arn.dz/stable/pdf/2391848.pdf?refreqid=fastlydefault%3Acac40ea177e9b21427f740c522640cc7&ab_segments=0%2Fspellcheck_basic_search%2Ftest&initiator=searchresults&acceptTC=1
3. BENYOUSSEF, N. &. (2025). Exploration conceptuelle de la performance: Définition, mesure et évolution. International Journal of Accounting Finance Auditing Management and Economics, 6(1), 530-545. file:///C:/Users/DELL/Downloads/pp+530-545+V005IS04N001914+Nizar+Benyoussef_compressed%20(2).pdf
4. Boehlje, M. (1994). Evaluating farm financial performance. Journal of ASFMRA, 109-115. https://wwwjstororg.sndl1.arn.dz/stable/pdf/43758734.pdf?refreqid=fastlydefault%3Add628fae4b0d28368e49b5a3f356b29f&ab_segments=0%2Fspellcheck_basic_search%2Ftest&initiator=search-results&acceptTC=1
5. Bragg, S. M. (2012). Business ratios and formulas: a comprehensive guide. John Wiley & Sons. https://books.google.dz/books?hl=en&lr=&id=EUtah5w2_5wC&oi=fnd&pg=PR17&dq=5.%09Bragg,+S.+M.+(2012).+Business+ratios+and+formulas:+a+comprehensive+guide.+John+Wiley+%26+Sons.&ots=206Un3ebS&sig=2ERg_wI4hXJFcAUvGvAeSC8MJcU&redir_esc=y#v=onepage&q&f=false.
6. Brigham, E. F. (2019). Fundamentals of Financial Management 15e. Boston: Concise by Cengage. Cengage Learning. https://ucsc-extension.simplesyllabus.com/api2/doc-pdf/zprb0z503/2023-Winter-BUSM-X405-%2811%29-.pdf

7. Chabotar, K. J. (1989). Financial ratio analysis comes to nonprofits. The Journal of Higher Education,60(2),188-208.https://www-jstororg.sndl1.arn.dz/stable/pdf/1982176.pdf?refreqid=fastlydefault:d4a9cf3a4830d4eed2215781d2323c30
8. Chen, K. H. (1981). An empirical analysis of useful financial ratios. Financial Management , Vol. 10, No. 1, 51-60. https://www-jstor-org.sndl1.arn.dz/stable/pdf/3665113.pdf?refreqid=fastlydefault%3Af647fa41237fb472f5204c85aaf6ddeb&ab_segments=0%2Fspellcheck_basic_search%2Ftest&initiator=searchresults&acceptTC=1
9. Crossan, M. M. (1999). An organizational learning framework: From intuition to institution. Academy of management review, 24(3), 522-537. https://journals.aom.org/doi/full/10.5465/amr.1999.2202135
10. Demirhan, H. (2024). Financial anomalies and creditworthiness: a python-driven machine learning approach using mahalanobis distance for ISE-Listed companies in the production and manufacturing sector. Journal of Financial Risk Management, 13(1), 1-41. file:///C:/Users/DELL/Desktop/Financial_Anomalies_and_Creditworthiness.pdf
11. El Kharti, L. (2014). The determinants of financial performance of microfinance institutions in Morocco: a panel data analysis. Savings and Development, 38, 27-44. https://www-jstor-org.sndl1.arn.dz/stable/pdf/savideve.38.1.27.pdf?refreqid=fastlydefault%3Aec1ec4673c2d0320a3f0802dec8ac4f3&ab_segments=0%2Fspellcheck_basic_search%2Ftest&initiator=search-results&acceptTC=1
12. Fatihudin, D. (2018). How measuring financial performance. International Journal of Civil Engineering and Technology (IJCIET), 9(6), 553-557. https://iaeme.com/MasterAdmin/Journal_uploads/IJCIET/VOLUME_9_ISSUE_6/IJCIET_09_06_063.pdf
13. Galant, A. &. (2017). Corporate social responsibility and financial performance relationship: A review of measurement approaches. Economic research-Ekonomska istraživanja, 30(1), 676-693. https://www.tandfonline.com/doi/pdf/10.1080/1331677X.2017.1313122
14. Gentry, R. J., & Shen, W. (2010). The relationship between accounting and market measures of firm financial performance: How strong is it?. Journal of managerial issues, 514-530. https://www-jstor-org.sndl1.arn.dz/stable/pdf/25822528.pdf?refreqid=fastly-default%3Aec1ec4673c2d0320a3f0802dec8ac4f3&ab_segments=0%2Fspellcheck_basic_search%2Ftest&initiator=search-results&acceptTC=1
15. Horne, J. C. (2001). Fundamentals of financial management(12th ed.). Prentice-Hall. p. 432. https://sfmclassnotes.wordpress.com/wp-content/uploads/2014/10/financial-management-and-policy.pdf
16. Huber, G. P. (1991). Organizational learning: The contributing processes and the literatures. Organization science, 2(1), 88-115. https://www.jstor.org/stable/2634941
17. Jaber, M. Y. (2008). Learning curves for imperfect production processes with reworks and process restoration interruptions. European journal of operational research, 189(1), 93-104. file:///C:/Users/DELL/Desktop/1-s2.0-S0377221707005085-main.pdf
18. Kolb, D. A. (2014). Experiential learning: Experience as the source of learning and development. Englewood Cliffs, NJ: Prentice Hall.

file:///C:/Users/DELL/Desktop/Experiential_Learning_Experience_As_The_Source_Of_-1.pdf

19. Le Quang Trung, D. T. (2024). Self-financing and debt financing capabilities of small and medium-sized enterprises. International Journal of YMER VOLUME 23. https://ymerdigital.com/uploads/YMER2308E1.pdf
20. Limbong, C. H. (2021). Financial Ratio Analysis at PT. Adaro Energy Tbk. Based on The 2017–2020 Financial Statements. . Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE), 4(1), 77-86. file:///C:/Users/DELL/Downloads/1460-Article%20Text-5850-3-10-20211120%20(1).pdf
21. Mansour, M. F. (2024). The role of financial balance indicators in assessing the financial performance of the algerian hydrocarbon insurance company an analytical study for the period 2021-2023. International Journal of Professional Business Review: Int. J. Prof. Bus. Rev., 9(11), 7. file:///C:/Users/DELL/Downloads/Dialnet-TheRoleOfFinancialBalanceIndicatorsInAssessingTheF-9869624%20.pdf
22. Mubashir, A. &. (2017). Application of financial ratios as a firm's key performance and failure indicator: Literature review. Mubashir, Afeera and Bin Tariq, Yasir, Application of Financial Ratios as a Firm's Key Performance and Failure Indicator: Literature Review. Journal of Global Economics, Management and Business Research, 8(1), 18-27. file:///C:/Users/DELL/Downloads/MUBASHAR812016JGEMBR4224.pdf
23. Parrino, R. B. (2025). Fundamentals of corporate finance. John Wiley & Sons. https://books.google.dz/books?hl=en&lr=&id=nss5EQAAQBAJ&oi=fnd&pg=PA2&dq=22.+Parrino,+R.+B.+(2025).+Fundamentals+of+corporate+finance.+John+Wiley+%26+Sons.&ots=eijHcFu6tz&sig=HCg7DP7iRosUSjNa6LO87U7CGX8&redir_esc=y#v=onepage&q&f=false.
24. Peterson Drake, P. &. (2012). Analysis of financial statements. John Wiley & Sons, Inc. https://download.e-bookshelf.de/download/0000/6445/86/L-G-0000644586-0002386196.pdf
25. Fabozzi, F. J., & Peterson, P. P. (2003). Financial management and analysis (Vol. 132). John Wiley&Sons. https://zenempresarial.wordpress.com/wp-content/uploads/2009/12/financialanalysis.pdf
26. Ross, S. A. (2019). Corporate Finance (12th ed.). McGraw-Hill Education. https://studylib.net/doc/26110731/corporate-finance-12th-edition-solutions-manual-01-02-19
27. Senge, P. M. (1990). The art and practice of the learning organization (Vol. 1). New York: Doubleday. http://www.seeing-everything-in-a-new-way.com/uploads/2/8/5/1/28516163/peter-senge-the-fifth-discipline.pdf
28. Simon, H. A. (1991). Bounded rationality and organizational learning. Organization science, 2(1), 125-134. file:///C:/Users/DELL/Desktop/Simon-BoundedRationalityOrganizational-1991.pdf
29. Vasenska, I. (2013, June). Organizational learning and employee empowering increasing tourist destination performance. In Proceedings of the 2013 Active Citizenship by Knowledge Management & Innovation: Proceedings of the Management, Knowledge and Learning International Conference (Vol. 2013), pp. 615-624. https://ideas.repec.org/h/tkp/mklp13/615-624.html