

An investigation of the effect of knowledge management aspects on organizational performance (case study: sepah bank in Ardebil province)

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Abstract

The purpose of this study is to investigate knowledge management aspects on organizational performance of Sepah Bank in Ardebil Province. Research population includes all the employees, deputies and managers of Sepah Bank branches in Ardebil Province, which according to the table of Morgan, includes a total number of 169 subjects. Standard questionnaires were used for data collection. Research results showed that knowledge management aspects (knowledge storage, sharing and using) had a positive and significant effect on organizational performance variable and in general 80 percent of variance determines the organizational performance of Sepah Bank in Ardebil.

Keywords: knowledge creation, knowledge storage, applying knowledge, knowledge sharing, organizational performance..

1. Introduction

Today, knowledge, as a capital, attracts the attention of managers. In today's complicated world, organizational knowledge is quickly transforming to the main competitive advantage of organizations. In today's rapid contemporary world, organizational knowledge is a proper chance for organizations that are well familiar with it and manage it. Meanwhile, it is a serious threat to organizations that have been less aware of the environmental changes and are not familiar with them. In recent decades, the awareness has been achieved that organizations should properly manage their intellectual capital and technical tools, which are in the realm of information. In this regard, knowledge management is a methodology to produce, maintain and use all the facilities of a great collection of knowledge that any organization makes use of in its daily activities. Knowledge management is the process that helps organizations in finding, selecting, organizing, publishing and transferring information for activities such as problem solving, dynamic learning, strategic planning and decision-making. Paying attention to knowledge management and supporting it will bring about appropriate conditions for any organization so that apart from being active in the complicated competitive environment, it can excel others and become the leader in different fields of activities [1]. Some of the effective measures in upgrading and maintaining human resources are fitting, knowledge, abilities and skills of the employees and fitting individuals' culture (their beliefs, values, personality, attitude and requirements, etc.) to organization's performance (the age of organization, technology, organizational structure, managers' quality of work). Selecting organizational forces, it is necessary to gain enough knowledge about people's personalities and their abilities in different sections of the organization. Appointing people who do not have the requirements of supervisory will have a negative effect on resourceful and experi-

enced people in the organization and will make them feel lethargy and indolence and consequently it will lead to their inefficiency. The increase in performance of the organization is a result of conditions, the most important of which is motivating the employees for the assigned responsibilities and their knowledge management in line with the objectives of the organization. Motivation of the employees will be achieved by the increase in occupational satisfaction, the quality of occupational life and training. In order to increase the spirit of occupational satisfaction, the needs in workplace should necessarily be taken into consideration. Organizations that can provide appropriate mental space inside the organization proportionate with individuals' knowledge and skills can manage quiet high level of needs of their employees. Today's competent individuals will lose their power of excellence and competitiveness and become incompetent people. In order to avoid such a condition, the need to continuous trainings in the organization seems necessary and the only way of keeping up in current business environment and enhancing fundamental changes in the office of organizations is essential; that is, strategic knowledge management, which is one of its methods in improving performance. Knowledge management begins with management of employees' beliefs, thoughts and attitudes. That is, they should reach the belief that they have the required ability to do the responsibility and feel the freedom to do it and also believe that they have the ability of influencing the results through knowledge and learning and feel that they are following meaningful and valuable occupational objectives. Feeling able is quiet a new issue that has a significant effect on organizational performance. If individuals' feel able, various organizational and individual interests such as creativity, problem solving, high quality occupational performance, occupational satisfaction, mental health will be attained. One of the factors influencing empowering employees is occupational skill, knowledge and information. Bowen and Lawler con-

sider empowering employees as organization's front line employees' participation in four elements of information, knowledge, award and power, which finally refer to the improvement of organizational performance [2].

Therefore, by collecting and managing knowledge, people can be empowered and their performance might be enhanced. The leader of an organization should value his/her employees based on knowledge properties and the attempt to transfer it. Learning organizations encourage their employees to improve the quality of their work, group and individual skills since remaining competitive is a continuous struggle for all organizations and business environments in the twenty first century. They use their own experience or other people's experience, whether they are useful or negative. People are praised for their skills and the value of their work and all the beliefs and suggestions are significant and respected. According to what was earlier mentioned, knowledge management is directly related to the competitive power of knowledge in an organization and, in fact, available knowledge can be compared with what an organization should know about its strategic performance and requires organizational efficiency and using comprehensive knowledge development to reach an acceptable level of the process of knowledge management. Advantages of applying knowledge management depend on the kind of knowledge application. For example, due to the low reciprocal interactions of premade knowledge, electronic publications can be an effective way for saving costs or increasing efficiency. On the other hand, applications with higher reactive properties support problem solving and the manager should also make a balanced equilibrium between the efficiency of knowledge management, commitment of intelligent operations and the performance of technical tools to provide creativity and new products. A proper combination of intelligent resources will help managers better predict problems and to guide innovative attempts and help knowledge management become more efficient, while focused on having access to organizational objectives [3]. In summary, organizational knowledge and organizational performance are two main components that are required to conform to scientific changes and comprehensive value technology. Today one of the criteria for assessing successful managers can be detected through nourishment, innovation, creativity and management of the knowledge of the employees in that organization and how much the managers have tried in improving the level of knowledge of individuals in their organization and its subcategories. Fatigue and discouragement might be results of obligation. The maximum abilities of an individual will be used when the conformity between the job and the values of the employee is considered. The more aware the individuals are of the effect of their work on the whole activity or total and collective movement, the more responsible they will become regarding the improvement of the result of activities and consequently it will lead to organizational performance [12]. Research results show that knowledge management has a positive effect on employees' performance and by the increase in creation, storage, sharing and using knowledge, the performance of employees increase as well [4-5]. Therefore, according to the aforementioned issues, in the present research we will investigate the effect of the aspects of knowledge management on organizational performance in Sepah Bank in Ardebil Province.

2. Theoretical foundations of the study

2.1. Knowledge management

Historical perspective of today's knowledge management refers to the fact that knowledge management has been an old desire. Wisdom includes knowing and the reasons for knowing was perhaps created a thousand years ago in written form by western philosophers. Eastern philosophers also had the same amount of participation in creating wisdom, although they mostly focused on receiving spiritual guides and having a religious life and many of these attempts were made to achieve single and hypothetical attainments

of what wisdom discusses about. Even some other went further and believed that attempts and forces of primary humans in the unknown environment for understanding the relationships and surviving are practical examples of searching for wisdom and directing that wisdom towards themselves [9].

Knowledge management is the process through which the organization creates values out of intellectual and science-centered assets. Value creation often requires sharing knowledge among the employees, organizational sections or even other organizations. In their well-know book titled "Knowledge-Creating Company", Nonaka and Takeuchi state:

"We believe that Japanese companies have become successful due to their skills and specialty in organizational knowledge-creation"

By organizational knowledge creation, we refer to the company's capacity as a whole in creating new knowledge, sharing it in all sections of the organization and imagining it in products, services and systems. The roots of success lie in the very same point. Organizations not only "process" knowledge, but also "create" it. Consequently, changing knowledge to strategic resources for competition and survival of organizations and communities requires the development and overlooking the methods of creation, sharing and using it. Demand for knowledge in turn will lead to the demand to increase knowledge storing and sharing. Knowledge management is a set of processes to understand and apply strategic source of knowledge in the organization. Knowledge management is a structural approach that provides methods for identification, assessment and organization, storage and application of knowledge to meet the needs and objectives of the organization [2]. Various viewpoints have been presented about the aspects of knowledge management. Aspects of knowledge creation, storage, sharing and application will be used in this study.

Knowledge creation: knowledge creation includes activities that involve the changing of forms and recombination of available pieces of knowledge, reduction of deficiencies, strengthening research and development of capabilities, monitoring and controlling external environments and using out-of-organization technologies that are assessed according to variables such as organization's power and capability and its individuals in different levels to create knowledge [8].

Knowledge storage: a mechanism by which the created knowledge can be stored in a form that is accessible and citable for everyone so that it will be assessable according to indices such as organizational mechanisms and organization's capability in terms of storing knowledge, despite coherent communications among different levels of the organization [2].

Knowledge sharing: knowledge sharing as a complicated but value creating activity is the base of most strategies of organizations' knowledge management that are assessable according to components such as unique information systems and communications between different organizational levels, etc [10].

knowledge application: Guides, rules, procedures and/or instructions to use knowledge in all organizational levels that are assessable according to these components in the organization [4].

2.2. Organizational performance

In practice, all managerial approaches seek objectives that are usually the most fundamental one is reaching the desired results based on planners' pre-programs in the organization. Factors such as quick change, budget deficit, shrinkage and restructuring and social pressure for organizations' more responsiveness regarding their performance have led to more emphasis on organizational performance. Organizational performance is a set of interconnected measures of policies and procedures and measures that are focused on reaching objectives through focusing on the performance of organizational aspects. In better words, it is a process based on a set of activities that are established in such a way that should be designed through insuring the continuous improvement of performance of individuals and groups in line with strategic objectives and organizational efficiency. Organizational perfor-

mance is a set of interconnected measures of policies and procedures and measures that are focused on reaching objectives through focusing on the performance of organizational aspects. The role of organization in reaching economic, political, social and cultural objectives is so significant that organizations in a community are considered carrousel of realizing them. The fact is that these organizations are considered essential components of human life for some reasons. They serve the community, they help us do things that we are not capable of accomplishing without them, they also present a flow of knowledge and awareness and they are important sources in terms of setting career path [11].

Certainly, economic, social and cultural development and improvement of life standards and providing higher levels of welfare for the public are some of the great objectives in any system. However, reaching these great objectives is not easily possible and accurate and comprehensive planning is vital to make optimal use of all available facilities and talents to increase gross domestic production or in other words national wealth and reallocation of earnings and wealth in the society. Today in development approaches, only providing new capacities does not serve the purpose, but increasing the performance and improving available capacities or in other words a mixed approach or simultaneous improvement of inputs have been used as the main model of development plan and play an influential role in accelerating the process of economic development and growth. Therefore, it is a strategy that has been put forward in recent decades as the key for solving the economic growth and development. Meanwhile, for many developing countries in which lack of investment and the low level of technology are negative factors in improving the socioeconomic welfare, increasing the performance per se can compensate a significant part of gross domestic production and provide welfare in society [4].

Public sector and the administrative system of a country are important grounds of growth and development and the main tools of implementing governmental activities and duties. Hence, inefficiency of this sector will entail various problems for the community. During the last three decades, due to numerous economic and administrative problems in the country, the government has faced great problems and challenges in different fields. During this period, due to great problems, the governmental organizations did not have the desired efficiency and could not perform their main objective, which was serving the public [6]. In such a situation, it is necessary that the current condition of the organizations and the main factors affecting them be recognized to improve the performance of the organizations [7]. In this regard, it seems that knowledge management can significantly influence organizational performance and improve it. According to the aforementioned facts in previous sections and in the framework of the main objective of the research which is investigating the effect of knowledge management aspects on organizational performance in Sepah Bank in Ardebil Province and based on the review of theoretical principles and related experimental studies, the conceptual model has been illustrated in figure 1.

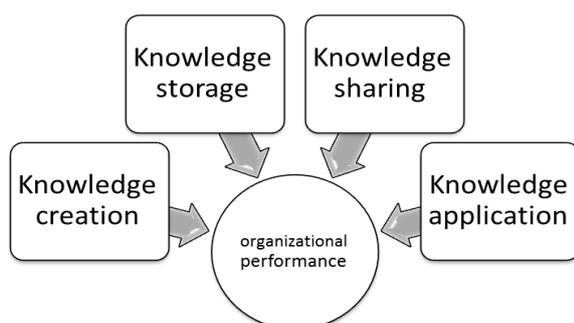


Fig. 1: Conceptual Model of the Research.

According to the discussed issues and the conceptual model, research hypotheses are presented as follows.

Hypothesis 1: Knowledge creation significantly influences organizational performance.

Hypothesis 2: Knowledge storage significantly influences organizational performance.

Hypothesis 3: Knowledge sharing significantly influences organizational performance.

Hypothesis 4: Knowledge application significantly influences organizational performance.

3. Research methodology

In terms of purpose, it is an applied study, in nature, it is a quantitative research and in terms of the level and degree of controlling variables, it is a non-experimental study. The statistical population of the research includes all the employees, deputies and managers of 30 branches of Sepah Bank in Ardebil Province. The table of Krejcie and Morgan [13] was used for sampling, based on which 169 samples were selected. Questionnaires were used for data collection. The data collection questionnaire included 35 questions. Of 35 questions, 15 questions were related to organizational performance made by Stinson (1998) and 20 questions were related to assessment of organizational knowledge management by Spritzer (1997) (including measuring indices such as knowledge creation, knowledge storage, knowledge sharing and knowledge application). The questionnaire used in the present study is standard, whose validity is confirmed due to being standard. For the reliability of measuring tools, Cronbach's alpha was used. Coefficient of Cronbach's alpha was 0.805 and 0.882 for knowledge management and organizational performance questionnaires, respectively. It can be said that the questionnaires have acceptable reliability.

4. Research findings

Multiple Regression was used to test research hypotheses. According to table 1, it can be stated that F statistic and its significance level indicate the significance of the whole model. Also the amount of Durbin Watson's statistic shows the independency of errors in regression model. Based on the determined coefficient, it can be said that about 80.7 percent of the changes of the dependent variable are justifiable by independent variables of the model. According to the regression hypotheses, based on table 1, the amount of the coefficient of knowledge creation variable is 0.181, which is not significant. In other words, knowledge creation has no significant effect on organizational performance. Hence, it can be stated that hypothesis 1 is not confirmed. The amount of the coefficient of knowledge storage variable is significant at 0.01 level of significance. In other words, knowledge storage has a positive and significant effect on organizational performance. Hence, it can be stated that hypothesis 2 is confirmed with 99 percent assurance. The amount of the coefficient of knowledge sharing variable is 1.166, which is significant at 0.01 level of significance. In other words, knowledge sharing has a positive and significant effect on organizational performance. Hence, it can be stated that hypothesis 3 is confirmed with 99 percent assurance. The amount of the coefficient of knowledge application variable is 0.485, which is significant at 0.01 level of significance. In other words, knowledge application has a positive and significant effect on organizational performance. Hence, it can be stated that hypothesis 4 is confirmed with 99 percent assurance. Findings obtained from testing research hypotheses are consistent with the results of research done by Mojtabehzadeh and Arumogam [14] and Liao and Wu [15].

Table 1: Regression Results

	Unstandardized Coefficients	Standardized Coefficients	t
Constant	6.363**		3.323
Knowledge creation	0.181	0.063	1.040
Knowledge storage	0.851**	0.290	4.673
Knowledge sharing	1.166**	0.448	7.339
Knowledge application	0.485**	0.188	3.306
F	170.930**		
R Square	0.807		
Durbin-Watson	1.893		

** . Is significant at the 0.01 level

5. Conclusion

Now we live in an age called the age of knowledge. Knowledge is the real asset of an organization and is the source of income for individuals. The significant property of this strategic source (that is, knowledge) is that its value increases by being shared. Successful organizations found out that knowledge is their most important asset and some of the fundamental principles of knowledge management are present in organizations and their employees and they look and knowledge management as the key factor of success and tools for improving organizational performance and merits. Organizations' success depends on their ability to transform information to knowledge as the basis of competition and decision-making and manufacturing new products and services. Organizations that can make use of available opportunities by the use of managerial tools and modern technology and bring about advantages for the organization can be successful. Meanwhile, knowledge management is considered a managerial tool, value creating process and performance developer. Knowledge management begins by managing employees' beliefs, thoughts and attitudes. That is, they should reach the belief that they have the required ability to do their duties and feel that they have the freedom to do them. They should also believe that they have an influential ability through knowledge and learning and feel that they are following meaningful and valuable career objectives. Feeling empowered is a quiet new issue that significantly influences organizational performance. If individuals feel empowered through optimal management of their knowledge, they will gain various organizational and individual advantages such as creativity, flexibility, problem solving, high quality job performance, job satisfaction, mental health that eventually can lead to the improvement of performance throughout the organization. According to the results obtained from the confirmation of hypotheses that stated knowledge management significantly influences organizational performance, the managers in the branches of Sepah Bank in Ardebil Province are suggested to put more attempt in knowledge management to improve organizational performance in different branches of Sepah Bank because it has a vital role in the organization. This fact is possible in the light of encouraging employees to exchange their beliefs and knowledge, welcoming new knowledge creation at bank level, using previous experiences and activities for future successes, creating new knowledge in line with administrative processes, making knowledge accessible for other people, using digital library to publish knowledge and facilitating knowledge sharing by the use of speeches and conferences.

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