

KNOWLEDGE MANAGEMENT ON STRATEGIC INNOVATION: EVIDENCE FROM MEHRE EGHTEHAD BANK

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Abstract

The main purpose of this study is evaluating the effect of Knowledge Management on Innovative Function at Mehre Eghtesad Bank. Since all the views of managers and experts have their own importance, we used census method and questionnaire was distributed among all the 200 people and finally 150 questionnaires fulfilled which were applicable in analyzing data. To gathering data we used questionnaire. The amount of Chronbach alpha for questionnaire was %84 which shows the high level of reliability of the questionnaires. For analyzing the questionnaires of this research we used SPSS software. For this purpose, we used one sample Kolmogrov-Smirnov and Regression. The result show that knowledge management affect positively the Strategic innovation.

Key words: *Knowledge management, Innovative Function, Knowledge*

1- Introduction

Most organizations understand the need for annual program objectives and a program-focused work plan. Funders require them, and they provide a basis for setting priorities, organizing work, and assessing progress. The term strategic planning has become very popular in recent years. Many nonprofit organizations now talk about doing strategic planning rather than long-range planning. Yet the difference between the two is not intuitively obvious, nor universally agreed upon (McKay, 2001). The key planning sessions often work best when facilitated by an outsider knowledgeable about the organization or about community-based organizations generally. Innovation as a vital element in activating companies, play an important role in order to make a stable and competitive value in complex circumstances (Madhavan, 1998; 18). Organizations which have high level of innovation are able to react properly I changing circumstances and also are able to improve new abilities which let them to reach to better functions (Mantes, 2006; 21). Innovative solutions are to some extent related to employees knowledge, specialty, commitment as important variables in the process of creating value (Youndt, 2006; 21).

Knowledge means a multi- folded, complex, active and subjective subject which exists in human mind (Blackler, 1995; 1022). Knowledge is the capacity of doing an action effectively. This is the definition presented by the organizational learning association (Argris, 1993; 236).

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Knowledge can be assumed as a distinctive goal which have a cognitive identity (Sarmiento, 2005; 8).

Knowledge is a property belonging to the human. Computer systems are not guarantying its development because it is developing in human mind and in fact, it is the result of thinking. Presentation and distribution of knowledge helps to its development. Knowledge is the only property which in case of others sharing increases (Barney, 1992; 118).

Knowledge management is an effective knowledge process in providing the internal needs for investigation and identification of learned knowledge for creating new opportunities (Pones and Vagenas, 2008; 3). Knowledge management is a process by which organizations are able to change information to knowledge and vice versa and also are able to apply modern knowledge in their decision makings (Madhoushi & Sadati, 2011).

During past decades, organizations have informed comprehensively about the value of knowledge management and many researches are done about this issue. Knowledge management as one of the most important organizational variables needs to settle a new system for learning, compiling, preserving and scattering knowledge through the organization. This system in addition to fostering organizational learning should be able to prevent from forgetting necessary knowledge from one hand and be able to foster organizational forgetting from other hand. Forgetting data, technics and valuable knowledge of organizations should lead to lose the competitive advantages, but in some positions, organizational forgetting leads to increase of rivalry and deleting the knowledge's non- necessary elements (De Holan, 2004).it seems that this phenomenon is a necessary process in change management (Fernandes and Sune, 2009).

Knowledge management is being assumed as an effective solution for improving the organization efficacy on job and work circumstances and social changings (He and Quiao, 2009; 175).

Knowledge management is based on four elements;

1. Content; is related to knowledge type (hidden or apparent).
2. Skill; achieving to skills in order to exploiting knowledge.
3. Culture; organizations culture should encourage the distribution of information and knowledge.
4. Organizing; organizing the available knowledge (Hans, 2001; 12).

Brave actions success and the innovative spirit of 21 century and increase of rivalry in market critically, has led to applied knowledge quality in main stages of job and career (Ndlela and Toit, 2001; 151).

The main purpose of this study is evaluating the effect of Knowledge Management on Innovative Function at Mehre Eghtesad Bank.

2- Methodology

From goal point of view, this research an applied research and in terms of method of data collection is among the descriptive researches of the type of poll-work place. The statistical population consists of managers and experts of Central Bank Office of Mehr-E- Eghtesad bank. It is worth noting the number of 200 people work in the central office of Mehr-E- Eghtesad bank as managers and experts.

Since all the views of managers and experts have their own importance, we used census method and questionnaire was distributed among all the 200 people and finally 150 questionnaires fulfilled which were applicable in analyzing data.

Knowledge management; operational definitions of this dimension, are obtained from the overall earned point of employees from diagrams 1 to 32 and are measured by criteria defined in mentioned diagrams.

Strategic innovation; operational definitions of this dimension, are obtained from the overall earned point of employees from diagrams 33 and 36 and are measured by criteria defined in mentioned diagrams.

The amount of Cronbach alpha for questionnaire was %84 which shows the high level of reliability of the questionnaires.

For analyzing the questionnaires of this research we used SPSS software. For this purpose, we used one sample Kolmogorov-Smirnov and Regression.

3- Results

Hypothesis one; knowledge management has meaningful effect on *Strategic innovation*.

Zero thesis and antithesis of hypothesis one defined as follows;

H1; knowledge management has meaningful effect on Strategic innovation

H0; knowledge management has not meaningful effect on Strategic innovation

According to the regression test this issue investigated and the results have come in table 2. But prerequisite of regression test is that the data should have normal distribution. For investigation of this issue we used Kolmogorov-Smirnov test which its results have come in table 1.

Table 1: Kolmogorov-Smirnov test

| Variable | Kolmogorov-Smirnov | P-Value |
|----------------------|--------------------|---------|
| Strategic innovation | 1.259 | 0.114 |

Since the possibility amount is bigger than 0.05 and statistical number is 1.259, hypothesis H_0 based on data normal distribution, due to available documents, can be rejected. So it can be claimed that between the distribution of variable “Strategic innovation” and normal distribution. Now, using regression test, we are testing the first hypothesis which its results have shown in tables 4 to 6.

Linear regression is one the statistical technics which is used in predicting the amount of dependent variable according to the amount of independent variable. When the standardized regression coefficient is more, we can conclude that independent variable has more influence on dependent variable. The results of regression have come as follows;

Table 2: Model summary

| Model | R | R square | Adjusted R square | Std. Error of The Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | 0.710 | 0.579 | 0.550 | 0.004 |

- a. Predictors(Constant), Knowledge management
- b. Dependent variable: strategic

As you can see, in this model R is equal to 0.710 which shows that between knowledge management and Strategic innovation there is a strong correlation. Also the amount of determined coefficient is equal to 0.579 which shows that independent variable of knowledge management is able to determine and explain the 57.9 percent of changes of dependent variable of Strategic innovation.

Table 3: Anova test

| Model | Sum of squares | df | Mean square | F | sig |
|------------|----------------|-----|-------------|--------|----------------|
| Regression | 5.222 | 1 | 5.222 | 613.12 | 0.000 a |
| Residual | 2.11 | 166 | 0.12 | | |

| | | | | | |
|-------|-------|-----|--|--|--|
| total | 7.332 | 167 | | | |
|-------|-------|-----|--|--|--|

- a. Predictors(Constant), Knowledge management
- b. Dependent variable: strategic Strategic innovation

According to the results of above table the amount of F which is meaningful in the level of faults minimal than 0/01, shows that independent variable has the high explanatory power and is able to explain the changes scales and variance of dependent variable. In other words, the regression model of the research is a good model and we are able to explain the changes of dependent variable of Strategic innovation according to the independent variable of knowledge management.

Table 4: Coefficients test

| Model | Unstandardized coefficients | | Standardized Coefficients | t | sig |
|---------------------|-----------------------------|------------|---------------------------|--------|-------|
| | B | Std. Error | Beta | | |
| 1 (constant) | 0.515 | 0.21 | 0.489 | 29.213 | 0.000 |
| Knowledge anagement | 0 | 0.000 | | 21.03 | 0.000 |

Dependent variable: Strategic innovation

For interpretation of above numbers we can say;

Since standardized regression coefficient (beta) for variable knowledge management is meaningful in a fault level smaller than 0/01 and is equal to 0/936, so we can conclude that knowledge management variable is affecting Strategic innovation variable. According to the above hypothesis of the research is approved so that Knowledge management has meaningful effect on strategic.

4- Conclusion

In this research first we reviewed the relevant concepts of knowledge management and Strategic innovation. Then through performing a field research and getting assist of the results, we studied the effect of knowledge management on Strategic innovation. Mehre Egtesad bank was chosen as a case study. Statistical population was managers and senior experts of this bank.

The result show that knowledge management affect positively the Strategic innovation. There is a complete concordance among this research and other performed researches which some of those researches are as follows;

Heydar Chupani et al in 2012 investigated the relation between thought investment and organizational innovation. The results showed that there is a meaningful and positive relation between thought investment and organizational innovation.

Somayye Safari et al in 2009 studied the relation between organizational structure and innovation of committee experts which came to this conclusion that two variables of formality and concentration have reverse relation with employees' innovation.

Applied suggestions

B) Since knowledge management has the most effect on innovation, we can concord employees with organization by concentrating on these three above mentioned items so that regarding employee's knowledge level, variety of products be able to be produced in order to satisfy customers and their needs.

C) By upgrading management level in employees, behavioral innovation and strategic innovation also upgrades too.

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