

# Investigation of the Relationship between Dimensions of Knowledge Management on Employee Performance at Saderat Bank in Ardabil Province

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## Abstract

Nowadays, knowledge is considered as an organizational asset and its management has become increasingly important. With a view to improving employee performance, this paper is aimed to investigate knowledge management and its relationship to employee performance at Saderat Bank in Ardabil province. The study used Descriptive survey method which utilizes a set of 360 employee of Saderat Bank of Ardabil as the population, 181 subjects were selected. Sampling is through convenience sampling. A questionnaire was used to collect data and we used Pearson Correlation Coefficient to test the hypothesis. The hypothesis was confirmed after conducting the test as such: There was a meaningful and positive relationship between knowledge management variable and employee performance, among acquiring knowledge variable and employee performance, and between applying knowledge variable and performance.

**Keywords:** Knowledge, Knowledge Management, Performance, The assessment process, Performance Evaluation

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## 1. Introduction

Institutions, organizations and executive departments, regardless of their mission, prophecy, goals and prospects, finally perform at the same national and international scope and are obliged to meet the requirements of customers, clients and beneficiaries so that the enterprise that its objective is profitability and customer satisfaction and the organization that aims to totally and precisely fulfill

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its legal tasks and to help achieving the goals of development and excellence of the country, they should be accountable. Therefore, evaluation of the results is considered as an important strategic process. The term “Management” encompasses a variety of issues in the real world. Transference and movement of economic systems toward knowledge-based societies and development of knowledge-oriented economics during recent years are the reasons for establishment of such approach. Types of institutes witnessed dramatic changes in their structure, function, and management styles. Current institutes put more importance to understand, adaptability, and managing changes in the environment. They outrun each other in acquiring and applying updated knowledge and information in order to improve performance and providing better services to the clients. Behazin et al., (2006) there are several reasons for the success of organizations in knowledge-based advantages and if they take place around core features, they ensure survival and persistence of the organization (Adib and Shafie Khani, 2007). Since the improvement of performance in organizations increasingly impacts directly on the strategy of organization through human resource development, quality Improvement, reengineering, and technology, thus executive officials have high responsibility for improving the performance of their organization. In any organization, lots of investments takes place in various fields, but due to lack of concerning about performance, organizations usually do not achieve their desired result from investments. Improved performance management should investigate in performance-related fields in order to provide appropriate suggestions toward organizational goals to improve its performance (Golizade azari, 2007).

## **2. Statement Of The Problem**

Rapid changes in our world today, made organizations to face various challenges but In the meanwhile successful organizations are those who could take advantage of the created opportunities by means of management tools and new technology (Marina du Plessis, 2007) Even staying in local markets requires competing strong competitors. According to development and complexity of objectives, processes, and organizational structure in the competition scene, those organizations could carry out their life that is responsive to the needs and expectations of customers and beneficiaries (Anastasia, 2013). Knowledge management is one of the such tools. The private sector has taken the first steps in this field but the government is following the private sector with one step away (Adib and Shafie Khani, 2007). In order for organizations to be able to compete in the business world and have continuous and stable presence, their work should be centered on knowledge and science. Achieving an in-depth knowledge and understanding at all levels is the condition for the success of organizations. Many organizations, however, still have not paid attention to knowledge management seriously. As Peter Drucker has said: “The secret to

organization's success in the 21st century is knowledge management". Knowledge has a concept beyond data and information (Bayat, 2005).

Knowledge management is a field of science that based on mutual support (competition and at the same time supporting the provider and the receiver of information and knowledge) encourages and reinforces creation, capturing, organizing, and utilizing information. The ability of organization to create, share, and employment of existing knowledge about products, processes, and manpower in order to increase workplace productivity and reducing duplication of activities is called "Knowledge Management" (Marina du Plessis, 2007). Knowledge management provides access to experience, knowledge, and expertise and provides new capabilities and improves performance, increases innovation, employs the existing knowledge and assets in organizations, facilitates distribution of information and knowledge in different organizational areas, and finally integrates information and knowledge in everyday business processes (Khalil Aragi, 2003).

The concept of knowledge is not simply a means of transferring knowledge and information, but also means innovation, creativity, and dynamism. Accordingly, a knowledge organization will be idea maker and utilizes new ideas and thereby gain a competitive advantage (Akbari et al., 2007).

Knowledge management is focused on improving the organization's abilities. Success requires creating a new workspace in which knowledge and experience are simply sharing. Also processes and information technologies for this purpose should be applied. Human behavior in organizations also should be in this regard so that information and knowledge be integrated and delivered in the right time to people who need it in order to make them able to operate with greater efficiency. Currently many organizations have invested in the development of knowledge in different levels and have been successful, but many organizations have also been defeated. Lack of appropriate mechanisms for evaluation and implementation of knowledge management has made manager's mind to consider this type of investment as an additional cost. Hence, organizations should provide an environment for sharing, transferring, and contrasting knowledge among their members in order to teach people to make their interactions meaningful and try to establish a basis for settlement and identifying the underlying factors of knowledge management in their organizations (Sivan, 2000). Knowledge management provides rightful people with the insight and experience in appropriate time, allowing them to use the required expertise and knowledge. Knowledge management provides collaboration, sharing of knowledge, and learning and continuous improvement. This lead to higher quality decision making and sharing of intellectual property and the effectiveness and productivity (Seyyed javadin, 2011). Measuring the benefits of knowledge-related investments has become one of the most difficult and the most challenging issues in today's

knowledge-based businesses. Quantifying knowledge is impossible and measuring direct results of knowledge management is not easy (Sobhan ollahi, 1999). Performance measurement is a process that represents progress in achieving goals. First and foremost, it is necessary to include factors that exert the greatest impact on employee (Administrators, employees) performance. It is generally believed that performance of staff is the result of interactions between three essential components. Only one of them is their desire and motivation to do their duties. The other two components that affect their performance are: Skills and mental abilities and available resources. Organization in creating (or destroying) motivation in their workforces plays a crucial role. The same can be said about the ability of staff that this is the organization that enhances the ability of their administrators and employees through planning and investigating on development and training them. The available resources are an indicator of adequacy and potential power of organization (Glaser, 2003).

By informing employees of their performance, their field of education would be provided and they make a conscious effort to replace negative attitudes and behaviors and appropriate removal will be effective (Khalil Aragi, 2003).

Overmazdy (2010) has done his doctoral thesis as “Measuring and explaining the underlying factors for knowledge management case study at the National Iranian Oil Products Distribution at Tehran region”. The findings showed that the transfer of knowledge, information processing, knowledge systems, business processes and supporting information management and information technology management in the companies studied are in good condition. And also fields of collaboration in decision making and sense of belonging in the organization of the company from the perspective of the respondents is not in ideal conditions.

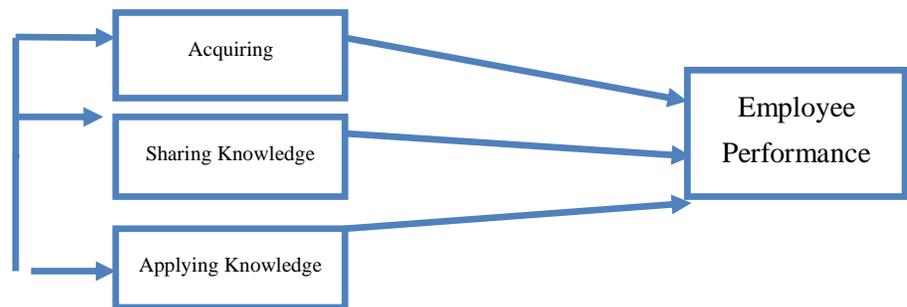
Kandulval & gushchuk (2003) during the survey as “Knowledge management in law firms in Australia” and a questionnaire distributed among 500 Australian law firm concluded that here is a direct relationship between the use of ICT in enterprises and the level of knowledge sharing. In the meanwhile motivation and reward had a significant role. As employees are encouraged for sharing information and knowledge, most of this work will continue. As result an organizational culture based on sharing knowledge will be formed (Chan ming, 2005).

Zac McCain (2005) conducted a research as “The effect of knowledge on performance or time”. In this study, the effect of knowledge management on organizational performance in 19 organizations of the private sector in "Canada" has been examined. The findings showed that

knowledge management, organizational performance and financial performance are related. In other words, in this study, all hypotheses were confirmed at ensuring level of 95%.

Anastasia J. In 2013 conducts a research as "function and feasibility of knowledge management in enterprises" to examine the issue from the perspective of knowledge management in a systematic and structured approach. He has expressed that knowledge and large amount of knowledge in particular has created a complex situation that must be balanced for success and survival of enterprises. He expressed that by means of structural-systematic analysis, one can have a better understanding of enterprises as a learning and communicating organizations. Also he points to understanding of a specific model of knowledge management which is constantly moving and changing and will help implementing it (Sivan, 2000).

Considering the above and regarding the importance of improving employee performance, the researcher aims to investigate the relationship between knowledge management and employee performance at Saderat Bank in Ardabil province. Performance evaluation, employee evaluation and studying their behaviors and capabilities are one of the essential duties of administrators. By informing employees of their performance, their field of education would be provided and they make a conscious effort to replace negative attitudes and behaviors and appropriate removal will be effective. This will not only lead to efficiency, but also can lead to organizational effectiveness. Performance evaluation of identification of weak points is not for possibly punishment or negative dealing. Rather, the purpose of the evaluation is to help improve performance through the introduction of various job training and empowering staff. In fact, one of the main reasons for the evaluation is identification of training needs of employees, employee compensation on decreased abilities to achieve the required standard and upgrade their capabilities (Hasanzade, 2007). According to the material presented conceptual model is presented as follows:



**Figure 1:** Conceptual Model Of Study (Resource: Antonino, 2010)

### **3. Hypothesis**

#### ***3.1 Main Hypothesis***

There is a meaningful relationship between knowledge management and employee performance at Saderat Bank in Ardabil province.

#### ***3.2 Alternative Hypothesis***

- 1) There is a meaningful relationship between acquiring knowledge and employee performance at Saderat Bank in Ardabil province.
- 2) There is a meaningful relationship between sharing knowledge and employee performance at Saderat Bank in Ardabil province.
- 3) There is a meaningful relationship between applying knowledge and employee performance at Saderat Bank in Ardabil province.

### **4. Materials and Methods**

The study used Descriptive survey method and is based on targeted objectives. In this study, we investigated the whole employees of Saderat Bank in Ardabil province which includes 340 subjects. According to Morgan Table, 181 subjects were selected. The method of sampling in this study is through random sampling. Questionnaire will be filled in consultation with faculty advisors and specialists. Cronbach's alpha was used to determine the reliability of the study which is computed by SPSS application for set of questions related to each variable. In practice, for calculating reliability coefficient through Cronbach's alpha, we initially a prototype including 25 questionnaires pretested and then Cronbach's alpha was determine through resulted data. Results were 0.82 more than 70 percent, so questionnaire is reliable. Pearson Correlation was used for analyzing data.

#### 4.1 Analyzing Data

Hypothesis	The Correlation Coefficient	Meaningful Coefficient	Results
There is a meaningful relationship between knowledge management and employee performance at Saderat Bank in Ardabil province.	0.776	0.000	Confirmed
There is a meaningful relationship between acquiring knowledge and employee performance at Saderat Bank in Ardabil province..	0.663	0.000	Confirmed
There is a meaningful relationship between sharing knowledge and employee performance at Saderat Bank in Ardabil province.	0.749	0.000	Confirmed
There is a meaningful relationship between applying knowledge and employee performance at Saderat Bank in Ardabil province.	0.641	0.000	Confirmed

**Table 1:** Pearson Correlation Coefficient

**Main Hypothesis:** There is a meaningful relationship between knowledge management and employee performance at Saderat Bank in Ardabil province.

**$H_0$ :** There is no meaningful relationship between knowledge management and employee performance at Saderat Bank in Ardabil province.

**$H_1$ :** There is a meaningful relationship between knowledge management and employee performance at Saderat Bank in Ardabil province.

According to the above table and the results of the Pearson correlation test, the intensity of the relationship between knowledge management and employee performance at Saderat Bank in Ardabil province is 0.776. Since  $SIG = 0.00 < 0.05$ , then value of the test statistic falls in  $H_1$ . Due to this with 95% confidence hypothesis  $H_0$  is rejected and hypothesis  $H_1$  is confirmed. The research hypothesis that there is a meaningful relationship between knowledge management and employee performance at Saderat Bank in Ardabil province will be confirmed.

**Alternative Hypothesis 1:** There is a meaningful relationship between acquiring knowledge and employee performance at Saderat Bank in Ardabil province.

$H_0$ : There is no meaningful relationship between acquiring knowledge and employee performance at Saderat Bank in Ardabil province.

$H_1$ : There is a meaningful relationship between acquiring knowledge and employee performance at Saderat Bank in Ardabil province.

According to the above table and the results of the Pearson correlation test, the intensity of the relationship between acquiring knowledge and employee performance at Saderat Bank in Ardabil province is 0.663. Since  $SIG = 0.00 < 0.05$ , then value of the test statistic falls in  $H_1$ . Due to this with 95% confidence hypothesis  $H_0$  is rejected and hypothesis  $H_1$  is confirmed. The research hypothesis that there is a meaningful relationship between acquiring knowledge and employee performance at Saderat Bank in Ardabil province will be confirmed.

**Alternative Hypothesis 2:** There is a meaningful relationship between sharing knowledge and employee performance at Saderat Bank in Ardabil province.

$H_0$ : There is no meaningful relationship between sharing knowledge and employee performance at Saderat Bank in Ardabil province.

$H_1$ : There is a meaningful relationship between sharing knowledge and employee performance at Saderat Bank in Ardabil province.

According to the above table and the results of the Pearson correlation test, the intensity of the relationship between sharing knowledge and employee performance at Saderat Bank in Ardabil province is 0.749. Since  $SIG = 0.00 < 0.05$ , then value of the test statistic falls in  $H_1$ . Due to this with 95% confidence hypothesis  $H_0$  is rejected and hypothesis  $H_1$  is confirmed. The research hypothesis that there is a meaningful relationship between sharing knowledge and employee performance at Saderat Bank in Ardabil province will be confirmed.

**Alternative Hypothesis 3:** There is a meaningful relationship between applying knowledge and employee performance at Saderat Bank in Ardabil province.

$H_0$ : There is no meaningful relationship between applying knowledge and employee performance at Saderat Bank in Ardabil province.

$H_1$ : There is a meaningful relationship between applying knowledge and employee performance at Saderat Bank in Ardabil province.

According to the above table and the results of the Pearson correlation test, the intensity of the relationship between applying knowledge and employee performance at Saderat Bank in Ardabil province is 0.641. Since  $SIG = 0.00 < 0.05$ , then value of the test statistic falls in  $H_1$ . Due to this with 95% confidence hypothesis  $H_0$  is rejected and hypothesis  $H_1$  is confirmed. The research hypothesis that there is a meaningful relationship between applying knowledge and employee performance at Saderat Bank in Ardabil province will be confirmed.

## 5. Conclusions and Suggestions

Today, most experts believe that organizations should seek effective methods for disseminating institutional knowledge among the various levels of staffing throughout the organization. Research results have indicated that there is a meaningful relationship between knowledge management and employee performance. According to the findings, the following suggestions can be made separately for each hypothesis:

1) According to confirmation of main hypothesis based on existence of a meaningful relationship between knowledge management and employee performance, our suggestions could be as follow:

In today's dynamic and competitive environment that knowledge is considered as an essential asset for organizations, the organization should establish a knowledge management cycle to empower their employees and any readiness to respond to environmental changes and threats and the use of the passing opportunities should be always retained.

2) According to confirmation of the first alternative hypothesis based on existence of a meaningful relationship between acquiring knowledge and employee performance, our suggestions could be as follow:

- Interaction with other organizations and agencies in order to upgrade and update the knowledge
- Effectively interact with each other in order to acquire new knowledge and improve performance

- Communicate with customers, clients and contractors in order to acquire and update knowledge for improving employee performance

3) According to confirmation of the second alternative hypothesis based on existence of a meaningful relationship between sharing knowledge and employee performance, our suggestions could be as follow:

- Free flow of information between superior employees, and Infra organization.
- Free circulation and flow of information between the staff category.
- The flow of knowledge between different units and departments within the organization.

Achieving these goals requires establishing an environment where people tend to disseminate and publish their information regardless of various issues. Therefore people are required to believe in the founded norms, beliefs and attitudes and be loyal to them. If any aspect of knowledge sharing dare violated, the data will not be delivered to the expected subject, and hence will lead to a bottleneck for data transfer.

According to confirmation of the third alternative hypothesis based on existence of a meaningful relationship between applying knowledge and employee performance, our suggestions could be as follow:

- Effective management of knowledge in the practical use of knowledge within the organization.
- Effective application of knowledge in the practical application of knowledge.
- Encouraging employees to search and apply knowledge

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