

# DETERMINING THE RELATIONSHIP BETWEEN KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL INNOVATION OF MEGAMOTOR COMPANY

Soheila Shame Sahar\*

*\*Corresponding Author: -  
soheylashaamsahar@gmail.com*

---

**Abstract: -**

*The aim of the present study is to investigate the relationship between knowledge management and organizational innovation of Megamotor Company. In order to find out whether there is a relationship between these two variables, a filed research was selected. The time frame of the present study is from February 2017 to July 2018 and the time of distribution of the questionnaire was May 2018. The present study is part of the field of management and in relation to the effectiveness of the mediating role of innovation in Knowledge management. 335 people were randomly selected as the ultimate subjects of the present study. Analyzing the obtained data, it was found that there is a meaningful relationship between knowledge management and organizational innovation.*

## INTRODUCTION

Manpower should be considered as the most important asset of an organization that plays a key and important role in organizations to achieve their goals. Today, organizations have high costs for attracting and retaining human resources. They spend to not lag behind other competitors in the field of competition (Fandkoli et al, 2015). In the present era, due to the competition between organizations and companies to gain more benefits, it is of special importance to dominate on existing resources. If they have the best technology and the best facilities but do not have specialized and efficient human resources or the ability to use correctly and efficiently they will not have the available forces and are not able to affect the environment and operate successfully in the field of competition (Sovaret and Nocolas, 2015).

Manpower has the ability to process other resources and create the services and goods for which the organization has been established. One of the most important tasks human resource management possesses is the planning of human resources. Human resource management through efficient planning can effectively provide the volume and composition of manpower needed for the future or capabilities of upgrading existing forces.

Therefore, in order to maintain the existence of the organization and achieve its goals, human resource planning must have a high priority. It should be noted that effective and efficient human resource planning and basically any kind of planning requires information, especially processed information (Bahadori et al, 2015).

Knowledge management is an important category that is sought in organizations to explain how to transform individual and organizational information and knowledge into individual and group knowledge and skills. In order to succeed in knowledge management, knowledge-based management should not be considered as an end-to-end process. Knowledge management will never end, because the distribution of required knowledge is constantly evolving. (Martinez et al, 2017). In addition to the above, according to the process of production and formation of knowledge, it is clear that knowledge is first produced in the minds of people and then by sharing, it can be transformed into organizational knowledge and organizational knowledge itself will be a source for individual knowledge production. Therefore, organizational capital is mainly in the minds of individuals. This vital and important knowledge is provided to the organization when the employees are willing to cooperate and share knowledge, and in addition, effective arrangements and mechanisms have been provided by the organization in this regard (Simchi, 2015).

With the change of job and organizational position, as well as the retirement of some employees, valuable knowledge that is the result of years of work experience will be easily lost and the organization will not be able to use it if they do not use effective methods of knowledge sharing. If individual knowledge is not shared with others, it will have an impact on growth and. It will not expand the existing knowledge in the organization and no new knowledge will be produced (Yu et al, 2017).

Knowledge management has been around since the late 1970s. As it approached the mid-1980s and became apparent, the importance of knowledge and its effect on maintaining competitive power in economic markets has been of particular importance. In this decade some systems based on artificial intelligence and intelligent systems have been used for knowledge management and concepts such as knowledge provision, knowledge engineering, scientific systems have become popular. Knowledge management in journals is observed in the field of management, business and library and information sciences. It was during this period that the first books in this field were published with the entry into the 1990s, the activity of a large number of American companies, European and Japanese in the field of knowledge management increased significantly. Emergence in the mid-1990s, The World Wide Web has given new impetus to the field of knowledge management. International Knowledge Management Network in Europe. The US Knowledge Management Forum is expanding its activities online. In 1995, the European Union allocated a substantial budget for the implementation of knowledge management projects under a program called Sprite.

The concept of knowledge does not simply mean the transfer of knowledge and information, but also knowledge of organizational innovation, creativity and integration. Accordingly, a knowledge organization is an idea maker and employs new ideas, and in this way achieves a competitive advantage.

Davenport and Poursak (1998) stated that that Knowledge Management is considered a structured approach that includes procedures for identifying, evaluating, organizing, storing, and applying knowledge to meet the needs and goals of the organization. In another definition Knowledge management involves the combination of internal and external information and their conversion into active knowledge through the technology platform.

Many knowledge management topics seem to be very similar to the basics of information management: collecting documents, storing them, preparing books and documents of circulation and communication mechanisms, and so on. However, knowledge management has several specific features that distinguish it from traditional ways of dealing with data and information. As Davenport and Podsack say: Knowledge in the knowledge management process is created by the minds that use it. Employees' knowledge includes their competencies, skills, talents, ideas, organizational innovation, commitments, motivations and innovations.

Knowledge is about how well people do their job, how they communicate with the customer, and how they use different ways to do the job with the highest quality. Of course, there is no doubt that the knowledge management process is influenced by the TQM movement and the strategies used to improve the economy. Above all, knowledge management seeks to establish knowledge communication between people working in an organization, to teach ways to use organizational knowledge, to provide the grounds for turning personal knowledge into collective knowledge, and vice versa, to ultimately innovate and strengthen the organization. There are those who have tried to make a connection between the concept of knowledge management and management theories. By distinguishing between explicit and implicit knowledge, they emphasize the need for dynamic interaction between these two types of knowledge and the creation of new knowledge. Knowledge, unlike information, is rooted in beliefs and commitments and is located in the user's mental context and acts on it. Only man can play a central role in creating knowledge.

Today, all managers have several mechanisms to improve internal efficiency and face many effective challenges in business competition, but in fact there are only two major factors that distinguish managers from others as a unique and capable person: Customers and employees. We know that the quality of employees' work, how they cooperate and help, and the common ground in which they make decisions distinguish the best from the ordinary and the successful from the unsuccessful.

**Innovation**

Innovation is the application of new ideas resulting from creativity. In fact, it is called innovation to implement the idea of creativity that is presented as a new product or service. Innovation is with ideation, but innovation is beyond that. Creating a new product and inventing is different. Invention means inventing and supplying. Today, innovation is the introduction of a new product and means the most important factors of economic growth. Innovation in the social space as a supporter of entrepreneurship Needs. Social innovation and business innovation often go hand in hand (Mohammadi, 2014).

Innovation occurs when an idea as a product, process or service through the technology cycle and the stream of innovation can achieve the benefits of continuous change in the organization. Creativity and innovation are not a mysterious talent of individuals, but a daily activity to establish relationships that have not been seen before, and to communicate between issues that are usually not put together consciously and purposefully. Rare opportunities have resulted.

Ufa (2002) classifies innovation into three categories: technological, market, and organizational;

***Technological innovation:***

Relationships are the components, methods, processes, and techniques used in a product or service that may or may not require organizational innovation. It can be product innovation, process or be a service. Product / service innovation must be a new product that aims to satisfy a part of the needs of the market. Process innovation introduces elements of the organization's operations by introducing elements such as workflow mechanism, information and equipment used in the production of product / service

***Market innovation:***

Includes new knowledge in distribution channels, product and applications for customer expectations, value, needs and wants, and its main purpose is to improve the mix of product marketing, price, distribution and promotion. Frascati Manuel (2003) states that market innovation focuses on the marketing of new products and all activities that are in some way related to the development of a new product. These activities may include Market segments such as product acceptance in various markets and advertising, but does not include the creation of distribution networks for market innovation (Saber, 2016)

Types of innovation from the perspective of Navigant Consulting Group (2006)

***Gradual innovation :***

It is about adding changes to the business model or existing technologies and improving them. A company's portfolio is usually full of gradual innovations as a way to gain more value from existing products and services. Very gradual innovation, in cases where resources exist, allocates time to improve existing low-value products and services, while these resources can be devoted to creating more valuable products.

***Influential innovation***

Indicates a fundamental change in the business model of the lower right quadrant of the evolutionary matrix or technology of the quadrant. Apple Computer, historically in the field of influential innovation, according to the introduction of competitive technical innovations, operates in the upper left quarter, while Dell introduces a new business model that delivers goods directly to the customer and does not have the hassles of a traditional distribution system. This area is based on innovation in the quarter business model.

***Radical innovation:***

This innovation is the result of successful management of the company in cases where the business model and technology change simultaneously. Appropriate radical innovation can bring about fundamental change in the competitive industry environment. To create excessively radical innovations can waste resources and create expectations, unrealistic about creating new things in the future that can be deadly for the company. Without strong support for capabilities in gradual and influential innovations and creating a combination strategic of all kinds of innovations, radical innovation can be very costly

The innovation process is divided into four main stages:

Idea: Gathering potential innovations, rooting ideas, evaluating and then presenting ideas;

Explanation of the conceptual model: Extensive and detailed review and evaluation and then development of the conceptual model to reach the solution, implementation and marketing;

Execution: Execution and testing of the solution to reach the final product;

Marketing: All steps related to motivating and then meeting customer needs including supply, production, equipment, Marketing and sales.

Knowledge creation refers to the ability of organizations to create new and useful ideas and solutions. Organizations with development and restructuring of past and present knowledge in different ways to create new facts and concepts.

Knowledge creation is an important process in which motivation, indoctrination, experience, and chance play an important role. The criterion for measuring new knowledge is its effective role in solving current problems and innovation in the market. However, it is not recommended that organizations try to generate new knowledge under any circumstances.

There are several ways in which experiences can be re-tested. For example, any organization can use the strategy of imitating, replicating and replacing part of existing knowledge. In some cases, an organization can improve its capabilities by relying on its capabilities and reducing shortcomings. An organization can create a stronger knowledge base by strengthening the capabilities of research and development, surveying the external environment and applying spending technology.

To implement knowledge management in any organization, one must pay attention to factors such as organizational structure, existing technologies in the organization and organizational culture. While planning to achieve organizational goals, knowledge management should be considered in the organization; this means in formulating strategic plans every organization should also pay attention to the knowledge capital available in the organization. For this purpose, knowledge teams in organizations are created that play a significant role in implementing knowledge management in the organization. In fact, knowledge teams in any organization move the knowledge cycle in that organization and to production, organize, store and share knowledge at the organizational level.

Each organization can have specific policies for employees who participate in knowledge sharing. One of these policies is to reward employees based on the amount of knowledge they share in the organization. This can increase the motivation of employees to share their knowledge. It should be noted that knowledge evaluation should also be done in the organization's programs to determine the effectiveness of knowledge. Certainly included knowledge management in the strategic plans of the organization is not alone in the implementation of sufficient knowledge management. In today's world we have to use information technologies to successfully implement knowledge management in our organization.

With the help of information systems, the knowledge in the minds of each employee can be stored and maintained and provided to other employees of the organization when needed. IT-based platforms such as intranets, extranets, portals, software groups, the internet, etc. can be used to share knowledge and use it. Today, intranet is widely used as one of the knowledge management tools in organizations. Intranet is a private computer network within the organization that plays an important role in sharing knowledge in the organization.

On the other hand, organizations today have realized that nothing is as important as knowledge and it cannot place them in the desired competitive world. Therefore, more than anything, the employees of the organization the title of knowledge holders and the most important capital of the organization have been considered and knowledge management as the tool that can gather existing knowledge and give order and dynamism and spread throughout the organization has become important. But the experience of many companies in organizational learning has failed, and this is because organizational learning is seen as a temporary transient that this kind of thinking permeates all levels of the organization and leads to the failure of organizational learning programs and knowledge management in organizations (Hasan Beigi, 2012).

### **Review of the literature**

AlMahmid (2018) in a study entitled the impact of organizational learning and innovative knowledge management on capacities technology and agility of small and medium industries came to the conclusion that organizational knowledge management has a significant effect on organizational agility in a positive and direct direction.

Martinez et al. (2017) in a study entitled the role of innovative knowledge management on environmental capacities with the mediating role of organizational innovation. It was concluded that innovative knowledge management has a significant effect on environmental capacities with the mediating role of organizational innovation.

Commission & Lopez (2016) in a study entitled the impact of organizational innovation on technological capacities and organizational performance concluded that organizational innovation has a positive effect impact on technological capacity.

Al-Hakim et al. (2014) in a study entitled the effect of implementing knowledge management strategies in achieving innovation and learning and improvement of organizational performance concluded that knowledge management strategies have a significant effect on achieving innovation and learning and improve organizational performance.

### **The significance of the study**

Due to little scientific research on the effectiveness of the mediating role of innovation in the relationship between knowledge management and organizational agility of Megamotor Company in Iran, the lack of research due to the result of Irandac inquiry in Megamotor Company is new and innovation in research. Turns on the present.

This study is the first in Megamotor Company to determine the effectiveness of the mediating role of innovation in the relationship between knowledge management and organizational agility simultaneously from three updated models for Measuring the dimensions of variables is used. Aziz and his colleagues' model (2018)

Knowledge management includes all activities that make knowledge available, in a way that knowledge Getting it right to the right people is essential (Yu et al., 2017). On the other hand, Aziz and Contributors (2018) believe that knowledge management includes all activities that create, store and Knowledge is made available in such a way that the right knowledge is available to the right people. The concept of agility has been introduced by researchers at the Yakuka Foundation, and after its first introduction, it has received increasing attention from researchers and the industrial community. So far, many studies have been published on this subject in an attempt to provide a definition of agility. Commonly accepted definitions of agility relate to the ability of organizations to respond quickly and effectively to changes in market demand, with the goal of finding customer needs in terms of price, features, quality, quantity, and delivery.

**Research hypothesis**

There is a significant relationship between knowledge management and organizational innovation of Megamotor Company

**Methodology**

In the present study, this variable is based on the scores obtained from the standard questionnaire of Aziz et al. (2018). According to the dimensions of knowledge creation (knowledge creation), knowledge absorption, knowledge organization, knowledge storage, dissemination Knowledge and application of knowledge consisting of 72 questions (2 questions in each dimension) and using a 2-choice spectrum Likert (strongly disagree: 0, disagree: 7, disagree: 1, agree: 2 and strongly agree: 2) is measured

Organizational innovation in the present study using the dimensions of hidden innovation and overt innovation and using a questionnaire Rio Standard (2015) consists of 10 questions, each with 5 questions and using a 5-choice Likert spectrum (Completely Disagree: 1, Disagree: 2, Opinion: 3, Agree: 4 and Completely Agree: 5)

**Research collection tools**

In the present study, this variable is based on the scores obtained from the standard questionnaire of Aziz et al.(2018) Considering the dimensions of knowledge creation (knowledge creation), knowledge absorption, knowledge organization, knowledge storage, knowledge dissemination and application of knowledge consisting of 24 questions (4 questions in each dimension) and using Likert 5-choice spectrum (completely opposite: 1, opposite : 2, comment: 3, agree: 4 and completely agree: 5) is measured.

**Organizational Innovation;**

This variable in the present study using the dimensions of hidden innovation and overt innovation and using a questionnaire Rio Standard (2015) consists of 10 questions (5 questions per dimension) and using a 5-choice Likert spectrum Strongly disagree: 1, disagree: 2, comment: 3, agree: 4 and strongly agree: 5

**Data analysis method**

In order to analyze the data obtained from the questionnaires collected from the spectrum scale Five-choice Likert is extracted, descriptive statistics methods (to estimate frequency distribution, mean calculation and standard deviation) and inferential statistics are used. Given that the measurement of responses on the Likert scale is qualitative, so to convert them into quantitative responses of number options is used. Also, at the inferential level, the path coefficient and the structural equation model are used to test the hypotheses. Also, all stages of testing and analysis of hypotheses using SPSS V: 23.0 and AMOS V: 18 software package are used

**Results**

Hypothesis 2: There is a significant relationship between knowledge management and organizational innovation of Megamotor Company.

H0: There is no significant relationship between knowledge management and organizational innovation of Megamotor Company

H1: There is significant relationship between knowledge management and organizational innovation of Megamotor Company

Test result	Meaningful number (t-value)	Coefficient Path (B)	Path From variable to variable	Hypothesis
Confirm H <sub>1</sub>	10.58	0.72	Knowledge M Agility	1

Given the calculated error level which is less than the calculated error level of 0.05 and also the calculated t for the hypothesis that between the critical values at the confidence level 95% does not fit it can be inferred that the relationship between knowledge management and organizational innovation of Megamotor Company There is a significance that according to the computational path coefficient which is between +1 and 0, this relationship to the face is positive and direct. The results also show that knowledge management has a 72% effect on organizational innovation of Megamotor Company. So Hypothesis H1 is confirmed and Hypothesis H0 is not confirmed.

## REFERENCES

- [1] AL-Hakim, Laith Ali Yousif and Shahizan Hassan. (2014). "Who are the Crew Members on Implementation of Knowledge Management Strategies to Enhance Innovation and Improve Organizational Performance, Journal of Resources Development and Management, Vol. 3, No. 2, pp 54-64.
- [2] Azmi, Ida Madieha. (2010). "Legal and Ethical Issues in Knowledge Management in Malaysia", computer law & security review, No. 26, Vol. 4, pp. 61.
- [3] Bahadori, M; Teimourzadeh, E; and Masteri Farahani. (2013). "Factors Affecting Human Resources' Productivity in a Military Health Organization", Iranian Journal of Military Medicine Vol. 15, No. 1, pp 77- 86.
- [4] Camisón, C; and López, A. (2016). "Organizational innovation as an enabler of technological innovation capabilities and firm performance". Journal of Business Research, Vol. 67, No. 1, pp 2891-2902.
- [5] Darroch, J; and McNaughton, R., (2014), "Examining the link between knowledge management practice and types of innovation", Journal of Intellectual Capital, Vol.3, No.3, pp. 210-222.
- [6] Datta, A., and Sukumar Ray Ch., (2012), "Modeling the Effect of Organizational Structure on Organizational Self-Renewal and Knowledge Diffusion", Academic Management Review. 17, 701-720.
- [7] Findıklı, M. A; Yozgat, U; and Yasin Rofcanin. (2015). "Examining Organizational Innovation and Knowledge Management Capacity The Central Role of Strategic Human Resources Practices", 3rd International Conference on Leadership, Technology and Innovation Management.
- [8] Figueiredo, P. N. (2002). Learning processes features and technological capability-accumulation: Explaining inter-firm differences. Technovation, Vol. 22, No 11, pp 685-698.
- [9] Hui, H; Radzi, C. W; Jenatabadi, H. S; Kheirollahpour, M; and Son Radu. (2013). "Impact of Knowledge Management and Organizational Learning on Different Dimensions of Organizational Performance: A Case Study of Asian Food Industry", Interdisciplinary Journal of Contemporary Research in Business, Vol 5, No 3, pp 148-154.
- [10] Hussein, N; Mohamad, A; Noordina, F; and Noormala Amir Ishak. (2014). "Learning Organization and its Effect on Organizational Performance and Organizational Innovativeness: A Proposed Framework for Malaysian Public Institutions of Higher Education", Procedia - Social and Behavioral Sciences, Vol. 130, No. 3, pp 299 – 304.
- [11] King, William R. (2014). "Knowledge Management and Organizational Learning", Procedia - Social and Behavioral Sciences, Vol. 130, No. 3, pp 100 – 129.
- [12] Knif, M. Lorraine, S., wilson, c. (1990). "Measuring Organizational Learning", Management Journal, Vol. 21, No. 2, pp 24-29.
- [13] Liao, Sh., Wu, Ch., (2009), "The Relationship among Knowledge Management, Organizational Learning, and Organizational Performance", International Journal of Business and Management, Vol. 4. No 4, pp 64-76.
- [14] Liao, Sh., Wu, Ch., (2010), "System perspective of knowledge management, organizational learning and organizational innovation", Expert Systems with Applications 37., Pp 1096–1103.
- [15] Mary, M., Crossan, Hari B. Bapuji., (2003), "Examining The Link Between Knowledge Management, Organizational Learning And Performance, Organizational Learning and Knowledge, 5th International Conference.
- [16] Martinez, C, I; Soto-Acosta, P; & Carayannis, E. G. (2017). "On the path towards open innovation: Assessing the role of knowledge management capability and environmental dynamism in SMEs". Journal of Knowledge Management, Vol. 21, No. 3, pp 553-570.
- [17] Mojtahedzadeh, A., Arumugam, V., (2011), "A Structural Relationship Between Knowledge Management, Innovation, and Performance of Iranian Industries: a Theoretical Approach", International Journal for Quality research, UDK- 005.336.4(55), Review Paper (1.02).
- [18] Noe, R. A., & Wang, S. (2010), "Knowledge sharing: A review and directions for future research", Human Resource Management Review, Voi. 21, No. 1, pp 113-135.
- [19] Nonaka, I., and Takeuchi, H. (1995). "The knowledge - creating company: How Japanese Companies Create the Dynamics of Innovation". Oxford university press, Oxford.
- [20] Pana, Flavius; and Ferdi Put. (2014). "Performance evaluation of RSVP using OPNET Modeler", Simulation Modelling Practice and Theory, Vol. 49, No. 1, pp 85–97.
- [21] Ralf, N. (2014). "Knowledge Management", Procedia - Social and Behavioral Sciences, Vol. 130, No. 3, pp 600 – 629.
- [22] Sanayei , Ali. (2011). "Investigation of Customer Knowledge Management (CKM) Dimensions: A Survey Research", International Journal of Business and Management, Voi. 5, No. 2, pp 234, 235.
- [23] Sattari Ghahfaroghe. M., (2007). "The Relationship Between Knowledge Management Subsystems in Learners Organization and organization Intelligence Factors (Case Study of Steel Factory of Isfahan)", international forum center of Razi.
- [24] Stivenson, M. (1998), "Organizational Learning", Journal of Knowledge Management, Vol. 7, No 2, pp 57.
- [25] Swart, J; and Nicholas, K. (2015), "Organizational learning, knowledge assets and HR practices in professional service firms", Human Resources Research Management Journal, 20(1), pp. 64-79.
- [26] Tissayakorn, Kittipong, Fumio Akagi, and Yu Song. (2013). "A Model of Organization Knowledge Management Maturity", International Journal of Bioscience, Biochemistry and Bioinformatics, Vol. 3, No. 6, November 2013.
- [27] Uhlaner, L., Van Stel, A., Meijaard, J., and Mickey F., (2007), "The relationship between knowledge management, innovation and 205 firm performance: evidence from Dutch SMEs", www.eim.nl/smes-and-entrepreneurship.
- [28] Vera, D., and Mary C., (2012), "organizational learning, knowledge management, and intellectual capital: an integrative conceptual model", International Journal of Business and Management, Vol. 4. No 4, pp 100-110.

- [29] Wu Wei-Wen, and Lee, Yu-Ting. (2007). "Selecting Knowledge Management strategies by Using the Analytic Network process". *Expert Systems with Applications*, Vol. 32, No.2, pp 841-847.
- [30] Yang, L; Huang, C; and Ting-Jui Hsu. (2014). "Knowledge leadership to improve project and organizational performance", *International Journal of Project Management*, Vol. 32, No. 2, pp 40-53.
- [31] Yang, Seung-Bum & Ok, Choi Sang. (2009). "Employee Empowerment TeamPerformance", *Team Performance Management*. Vol. 15, No. (5/6).
- [32] Yu, C; Zhen-Gang Zhang and He Shen. (2017). "The Effect of Organizational Learning and Knowledge Management Innovation on SMEs' Technological Capability ", *EURASIA Journal of Mathematics Science and Technology Education*, Vol. 13, No. 8, pp 5475-5487.