

EVALUATING THE EFFECT OF KNOWLEDGE MANAGEMENT ON ORGANIZATIONAL PERFORMANCE AND STRATEGIC HUMAN RESOURCES PERFORMANCE

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Abstract. In a new business environment, characterized by increasing turbulence and complexity, the ability of an organization to develop and maintain competitive advantages depends on its knowledge. The importance of knowledge management and its relationship with the organization performance has been widely proven. Knowledge management is the systematic process of finding, choosing, organizing, selecting and presenting the knowledge, helping the organization gain insight and understanding of its own experience. It should be noted that knowledge management is an endless task, which helps organizations in changes and needs permanent support and attention. One of the categories affected by knowledge management in the organization is performance. Thus, the present research evaluates the effect of knowledge management on strategic human resource performances of Zabol Social Security Organization. This research is correlational-descriptive in terms of method and applied in terms of objective and survey in terms of data collection. In this research, Sanchez et al (2015) knowledge management and strategic human resource performances questionnaire, developed based on the Likert scale, was used. Using a simple random sampling, 102 questionnaires were distributed among employees of the Zabol Social Security Organization and the reliability of the questionnaire using Cronbach's alpha method was obtained 0.787. Test validity was confirmed by content and construct methods. The research results using structural equation modeling and PLS software showed that knowledge management has a significant effect on strategic human resources performances, but does not affect the performance of the social security organization.

Keywords: knowledge management, organizational performance, strategic human resource performance.

Introduction. Nowadays, most organizations operate in a dynamic and complex environment, where competition is increased growingly, and other traditional resources do not guarantee the existence of organizations (Sanchez et al., 2015). Moreover, organizations spend much time and money to develop, compile, and implement strategies to achieve their long-term goals and perspectives. Thus, knowing how much the organization performance has achieved its goals and what is the organization's position in today's complex and dynamic environment is very important for managers and organizations. In today's competitive world, organizations in every environment constantly require performance improvement and they should do their best to achieve excellence. Thus, performance assessment is always a challenging topic for management of organizations. Determining and explaining the appropriate indicators to assess the performance of organizations is very important in achieving the goals and perspectives of the organization.

Nowadays, human resources management is considered as a necessary structural mechanism in developing and adapting to human capital to achieve a sustainable competitive advantage (Jackson et al., 2014). In light of human resource activities, organizations will be able to affect people's skills, attitudes and behaviors, so they can be optimistic on creating better jobs and achieving organizational goals (Sanchez et al., 2015). In this regard, despite many studies conducted on strategic human resources performances since the late 1990s, there is strong evidence on the ways to adopt and apply different human resources strategies in Iran and the way it affects the performance of organizations and companies. In addition, knowledge is considered as one of the most important components of intangible assets.

While most of the assets of the organizations were tangible in past, most of the assets of organizations are intangible nowadays. In this knowledge economy, the success of organizations depends on the ability to manage these intangible assets, and in order to be able to manage these assets, they should be first identified and measured in order to be able to manage them (Scholler, 2000). In this regard, knowledge is recognized as a key asset, which is the base of sustained growth and the key to maintain the sustainable competitive advantage of company. In the current atmosphere, there is no doubt that there is global competition on the values of knowledge and learning in improving organizational competence (Preto & Revilla, 2004). Knowledge is a strategic resource for the organization, which plays a basic role in creating a sustainable competitive edge (Grant, 1996). Many organizations use knowledge management as a key strategy for gaining competitive advantage. Paying attention to outcomes of knowledge management in an organization can affect the success of implementing knowledge management programs in an organization. Conducting studies on the outcomes of knowledge management in an organization can lead to useful results, including improved organizational performance (Lopez and Merono, 2011). This, the main question of research is whether knowledge management affects strategic human resources performance and Zabol social security organization performance.

Theoretical principles and research background. Review of literature. Al-bahussin & El-garaihy conducted study entitled "The effect of human resources functions on performance through mediating variables, knowledge management, organizational culture and organizational innovation using structural equation approach in 2013". Results showed both the direct and indirect effects of human resource functions through mediating variables on the performance of the organizations. In 2009, Azlan conducted a research entitled "human resource actions and

organizational performance and motivation as a mediating variable." The effect of three types of human resources actions, including performance assessment, training, and information technology on the performance of Malaysian manufacturing companies, with the presence of motivation as a mediating variable, was examined. A sample of 85 companies in Sarawak, Malaysia, was participated in this study. The results showed that training and information technology have a direct effect on organizational performance. Chang & Huang (2005) examined the effect of strategic human resource management on the performance of the companies in a research entitled "The relationship between strategic human resource management and companies' performance." The results of this research showed that strategic human resource management has no significant effect on the increase and improvement of the companies' performance in this country and the use of any of the methods of human resources management, that is, strategic and traditional methods, are not preferred to the other method. In other words, all hypotheses of the study with confidence level of 95% were confirmed. Gold et al. (2001) examined the effect of knowledge process on organizational performance. They tried to validate the ability of knowledge management in improving organizational performance. The results show that the collection and sharing of new knowledge can provide competitive advantage for the organization and finally improve the performance of the organization. In a study entitled "investigating the effect of knowledge management strategies on innovation and performance of organization (A Case Study of Northern Fars Health Centers), Safarzadeh et al. (2012) showed that knowledge personalization and its encoding had a positive effect on innovation and organizational performance. There is also a positive and significant relationship between organizational innovation and organizational performance.

Knowledge management. Knowledge management is not a new concept, but it is as old as work. Knowledge management is an interdisciplinary business model, dealing with all aspects of knowledge, including creating, encoding, sharing, and using knowledge to enhance learning and innovation in the company. Knowledge management, both with technological tools and with current organizational methods, deals with production of new knowledge, gaining valuable knowledge from external resources, using this knowledge in decision making, the introduction of knowledge in processes, products and services, encoding information in documents, Software and databases, facilitating knowledge growth, transferring knowledge to other departments of the organization, and finally measuring knowledge assets and the effect of knowledge management (Cook, 2001).

Organizational performance. Performance means both behaviors and results. Behaviors are resulting from the executor and transform performance from an abstract concept to an action. Behaviors are not just tools for results, but in turn, they are considered as result. This definition of performance leads to conclude that during the managing the performance of groups and individuals, both inputs (behaviors) and outputs (results) should be taken into consideration (Armstrong, 2004). Organizations need continuous improvement in their lives to survive and develop in the competitive world (Bazaz Jazayeri, 2008). Performance refers to the way of performing the tasks, activities and results derived from them (Alam Tabriz et al., 2009). Organizational performance has drawn the attention of academic researchers and executive directors, since the result is using the tangible and intangible resources in organizations, while intangible resources are more important for organizations (Al-Dhaafri et al., 2013). Based on Schermerhorn et al (2002), performance refers to the quality and quantity of individual or group work successes (Ho, 2008). Based on above mentioned principles, the first hypothesis of research is presented below:

Hypothesis 1: Knowledge management has a significant and positive effect on the performance of Zabul Social Security Organization.

Human resources management. Human resource management deals with management of human beings within the scope of the relationship between employee and employer. This management generally refers to "effective use of people from strategic goals of the organization" or "meeting individual needs of employees" (Nuri & Kalantar, 2002). Human resource management has been defined as selection, recruitment, training and development of human resources in order to achieve the goals of organization (Saadat, 2011).

Strategic human resources management. Strategic human resource management has become common since the 1980s by introducing two models of adaptive model and the Harvard model, which integrated strategy and human resource management. Wright and McMahan consider strategic human resources management as the result of using human resources and planned activities which help the organization achieve its goals (Wright & McMahan, 1992). Armstrong and Baron have considered the concept of strategic human resource management as a general approach to strategic human resource management in terms of organizational goals and organizational orientations. Human resource management is a kind of management approach to employees, which is based on the four basic principles of human resources, strategic integration, culture and values of the organization, cooperation and commitment of employees. All managers in fact are involved with human resource management issues and thus, they should have a deep understanding of the values guiding and motivating the employees (Labaf and Nilipour, 2006). Thus, it can be stated that:

Second hypothesis: Knowledge management has a significant and positive effect on the strategic human resource performance of Zabul Social Security Organization.

Research methodology. Methodology. This research seeks to evaluate the effect of knowledge management on organizational performance and strategic human resource performance of Zabul Social Security Organization. The variable of knowledge management was considered as an independent or predictor variable and organizational performance and strategic human resource performance variables were considered as dependent variables. The present research is applied in terms of objective and descriptive-analytical in terms of nature and method. This research is an

applied research since its results can be used Zabul Social Security Organization, and as it seeks to evaluate the relationship between several variables, it is considered as correlational study.

Population and Sample. The statistical population of current research includes employees of Zabul Social Security Organization. The sampling method of this study is simple random sampling. There are several methods to determine the sample size. In this study, the size of the population was considered limited. The required sample size based on the Cochran formula was determined to be 102 people.

Data collection. To collect the data on theoretical principles and extracting research factors and indicators, library and Internet resources including Persian and English papers, dissertations, etc. were used, and to collect field data, questionnaires was distributed for a period of May 2017 to November 2017. The questionnaire includes demographic questions including gender, age, marital status, education level, and work experience. In addition, the second section of the questionnaire was related to information on variables of research, which included 6 questions on knowledge management, 5 questions on social security organization performance and 15 questions on strategic human resource activities, all of which are adopted the paper written by Sanchez et al. (2015). It was modified by organizational experts and university professors. As the questionnaires used in this research were extracted and translated from foreign sources, its sentences and questions were first modified and finalized through content validity and using the views of the professors. To measure construct validity, the factor load of indicators, convergent validity, and divergent validity, were used. In order to assess the reliability of the research tool before its final implementation in a pilot study, the views of about 30 respondents were collected and using SPSS software and Cronbach's alpha test, its value was calculated and as Cronbach's alpha in this study was more than the standard value (0.7), its reliability is at good level. The results of assessment of reliability of the research questionnaire are presented in Table 1.

Table 1- reliability value of research variables

Research variables	Number of questions	Cronbach's alpha
Recruitment	3	0.874
Training	3	0.711
Participation	3	0.710
Performance assessment	3	0.722
Compensation of services	3	0.704
Strategic Human Resource Actions	15	0.820
Knowledge compliment	3	0.728
Knowledge personalization	3	0.835
Knowledge management	6	0.731
Organization performance	5	0.821
Total questionnaire	26	0.878

Data analysis. In order to analyze the data using descriptive statistics, including frequency distribution tables, percentages, charts, we examine the demographic characteristics of the questionnaires. SPSS and PLS software was used to classify, analyze, and test the hypotheses.

Research results. Comparison of research variables with average of measurement scale. The single-sample t-test was used to compare the observed mean of the research variables with the theoretical mean of the measurement scale of the research variables. The results showed that given the significance level less than 0.05, the mean of the variables of recruitment, training, participation, and strategic human resources performance variables is significantly different from the theoretical mean and based on the estimated means, it can be concluded that the mean of the mentioned variables are more than 3, so they are significantly more than average value, and the mean of the variables of knowledge compliment and knowledge management is less than 3, so it is significantly lower than the average level.

Table 2- Single-sample t-test for research variables

Variable	Comparing the observed mean with constant value 3				
	Estimated mean	Statistic t	df	Significance level	Mean difference
Recruitment (ST)	3.39	3.77	111	0,00	0,39
Training (TR)	3.42	5.57	111	0,00	0,42
Participation (PAR)	3.24	2.81	111	0,01	0,24
Performance assessment (PA)	3.05	0,61	111	0,54	0,05
Compensation of services (CO)	3.12	1.52	111	0,13	0,12

Strategic human resources performance (SHRP)	3.24	4.27	111	0,00	0,24
Knowledge compliment (KC)	2.44	-6.73	111	0,00	-0,56
Knowledge personalization (KP)	3.15	1.59	111	0,12	0,15
Knowledge management (KM)	2.79	-3.04	111	0,00	-0,21
Organization performance (OP)	3.04	0,47	111	0,64	0,04

External model (measurement model). In the methodology of the structural equation model, it is necessary to examine the construct validity at first to determine which of the items selected for measuring their considered variables have required precision. For this purpose, a confirmatory factor analysis (CFA) is used. Accordingly, if the factor load of each item with its variable has a value t higher than 1, 96, that items would have required precision to measure that construct or latent variable. Table below presents the values of the factor load and the significance value for the items of each variable.

Table 3- Confirmatory factor analysis (factor load values and t value) for the dimensions of strategic human resource performance

Variable	item	Factor load	T statistic
Recruitment (ST)	q1	0.876	28.838
	q2	0.941	81.306
	q3	0.864	34.885
(TR) Training	q4	0.839	38.143
	q5	0.736	8.483
	q6	0.806	22.662
(PAR) participation	q7	0.853	24.167
	q8	0.884	33.259
	q9	0.647	6.124
(PA) performance assessment	q10	0.599	4.473
	q11	0.786	12.110
	q12	0.868	31.247
compensation of services (CO)	q13	0.784	15.507
	q14	0.574	5.449
	q15	0.745	10.928

Table 4- Confirmatory factor analysis (factor load values and t value) for the dimensions of knowledge management variable

Variable	item	Factor load	T statistic
knowledge compliment	q16	0.751	15.643
	q17	0.769	10.559
	q18	0.886	12.297
knowledge personalization	q19	0.785	14.565
	q20	0.926	61.651
	q21	0.889	44.777

Table 5- Confirmatory factor analysis (factor load values and t value) for the organization performance variable

Variable	item	Factor load	T statistic
organization performance	q22	0.556	4.314
	q23	0.797	14.086
	q24	0.852	8.250
	q25	0.903	13.335
	q26	0.693	5.413

Given the significance and factor load of the items of this study, all items have a t statistic higher than 1.96, so the model is tested without changes. Additionally, based on factor loads, the index that has the highest factor load would have a larger contribution in measuring the given variable, and the index with smaller coefficients, would have lower contribution in measuring the given construct.

Outputs of the main model (path coefficients and t statistics). Using the internal model, hypotheses can be examined. By comparing the t value calculated for the coefficient of each path, the research hypothesis can be rejected or confirmed. Accordingly, if the absolute value of the t-statistic is greater than 1.96, path coefficient is significant at a confidence level of 95%, and if the value of t-statistic is greater than 2.58, the path coefficient is significant at 99% confidence level. Based on the results of the conceptual model of the research, the t-statistic for all the paths, except for knowledge management path to organization performance, is higher than 1.96. Thus, it is significant at 95% confidence

level. The coefficient of determination for organizational performance variable (OP) is estimated to be 0.276, which indicates that knowledge management variables (KM) have been able to explain approximately 28% of variations in variance in the organization performance variable. In addition, 44% of variations in the variance of knowledge management variable (KM) are explained by the strategic human resources performance variable (SHRP)

Internal Model (structural model). Given the results of examining the relationships between independent and dependent variables using the coefficient, we can examine the significance of the effects of the research variables. In order to examine the significance of path coefficient or the beta, t-value for each path coefficient should be considered. Thus, the bootstrapping method was used. Results are shown in Table 6.

Table 6- Linear direct effect of research variables in the main model

path	beta	Standard error	T statistic
KM -> KC	0.734	0.063	10.653
KM -> KP	0.836	0.033	20.337
KM -> OP	0.047	0.162	0.365
KM -> SHRP	0.663	0.058	14.218

Given the t statistic value for all paths, except for knowledge management to organizational performance (OP) path, significance value is greater than 1.96, which indicates that at 95% confidence level, all paths are significant.

Results of testing the hypotheses. After examining the fit of measurement models and structural model, the research hypotheses are tested. As both direction (positive or negative) and significance of the relationship are considered in each research hypothesis, to examine these two issues, Z significant coefficients are used to examine the significance of the relationship and the standardized coefficients are used to examine the direction of relationship in each of the hypotheses (the beta value). Given these two factors, the results of testing the hypotheses are presented in Table 7 in detail.

Table 7- results of testing the research hypotheses

row	Hypothesis	Path coefficient	Significance value	Type of relationship	Result of hypothesis
1	Knowledge management has a significant and positive effect on the performance of Zabul Social Security Organization.	0.047	0.365	Non-significant	Rejected
2	Knowledge management has a significant and positive effect on the strategic human resource performance of Zabul Social Security Organization.	0.663	14.218	Positive and direct	Confirmed

Discussion and conclusion. In the first hypothesis of the research, it was stated that knowledge management has a significant and positive effect on the performance of Zabul Social Security Organization. Based on this test, the statistic value of significance is less than the value of 1.96 and it is equal to 0.356. Thus, the collected empirical data do not support this hypothesis. The reasons for this could be the structure of social security organizations, which do not use knowledge management strategies in their organizational and management structures. Given the descriptive analysis and the results of that analysis, the descriptive status of knowledge management in this organization is less than moderate level based on the employees' view. In other words, in the social security organization, none of knowledge management processes such as compilation, sharing, storage and use of knowledge is used. For this reason, employees believe that knowledge management could affect the performance of their organizations. In the second hypothesis of the research, it was stated that knowledge management has a significant and positive effect on the strategic human resources performance of Zabul Social Security Organization. As the absolute value of t statistic is 148.18 and it is higher than 1.96, the knowledge management variable has a positive effect on strategic human resources performance and this relationship is positive and its value is 0.663. Thus, this hypothesis is confirmed. The result of this hypothesis is in line with those of research conducted by Sanchez et al. (2015) under title of the mediating effect of strategic human resources actions on knowledge management and company performance. In this research, they confirmed the positive and significant effect of knowledge management on strategic human resources performance.

Applied recommendations. Given the results of the first hypothesis of the research and the necessity of implementation of knowledge management in the organization, it is recommended that managers of Zabul social security organization take steps to use explicit and implicit knowledge sharing to fill in the gaps in organizational knowledge, pay attention to efficient learning of employees, create innovative services with distinct speed and quality,

improve the financial performance, satisfy the customers, prevent repetitive mistakes, reduce work load, save time, and motivate the innovation and creativity and strengthen the organization position. Given the confirmation of the second hypothesis and the positive effect of knowledge management on strategic human resources actions, it is recommended that a mechanism of job rotation, job development, and job enrichment to be created in the organization to improve knowledge management processes and capabilities to improve strategic human resource performance. Moreover, the participatory work culture, teamwork strengthening, and cooperative spirit are also recommended in the institutional organization. Experts state that 80% of knowledge management is related to people and organizational culture, and 20% of it is related to knowledge management technologies. Thus, the organizational culture in an organization plays vital role in the success of management and a knowledge-based culture should be promoted in the organization.

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