

# The role and position of organizational culture in knowledge management in government-owned banks of Gilan Province

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## Abstract

The purpose of this paper is to investigate the relationship between two variables of organizational culture and knowledge management in government-owned banks of Gilan Province. Studies that deal with reasons of the failure of management innovations suggest that organizational culture is a major factor for success. The research method is a descriptive correlational. Research population includes 346 employees of government-owned banks of Gilan Province. The measuring instrument is questionnaire and data are analyzed by SPSS software, t statistical tests and Spearman correlation test. Results showed that there was a significant relationship between organizational culture and knowledge management; and between the components, the organizational culture of individual creativity is most correlated with knowledge management.

**Keywords:** Government-owned banks of Gilan province, conflict, organizational culture, knowledge management, organizational identity

## Introduction

In the economy of leading countries, the balance between knowledge and other resources has changed in favor of knowledge. Such a way that knowledge has become a determining factor in lives, even more than land, labor and capital. Although the knowledge seems to be necessary for the survival of organizations as a resource, many organizations still have not seriously considered knowledge management. Accordingly, considering the knowledge of organization employees is of utmost importance. Participating in the knowledge of people who are working in the organization is one of the most important and effective strategies

in increasing the organizational efficiency (Farhoodi and Doroodi, 2008). If a man becomes able to prepare himself for changes in the future world, the realization of this affair would be possible. This is also conditioned to knowledge, skill and dynamism (Seyid Javadein *et al*, 2010). However, this is not enough because the organization's success in implementing the strategies such as knowledge management depends on the support of organizational culture. Organizations' efforts to become knowledge-based organizations will be successful if the cultural characteristics required for the implementation of knowledge management, exists in the organization. If knowledge is supported by the culture of an organization, it can be created and shared in the organization. The organizational culture also can be used as a powerful lever for improving organizational behavior. A weak organizational culture prevents the sharing and publishing of knowledge of the people trying to keep their personal power base and performance (Wang, 2003).

## Theoretical Premises

### Knowledge Management

Over the past two decades, the increasing amount of information in organizations and the necessity of their effective use in organizational decisions have led to the emergence of the phenomenon called knowledge management. Knowledge management is a systematic and organized mechanism which is able to lead the organizations to the optimal use of knowledge resources (Ansari and Ghasemi, 2009). Today, one of the most important and most valuable assets of any organization is knowledge. By rapid changes and increasing growth of knowledge and information, each organization is forced to utilize all its efforts in knowledge management in order to survivorship. Therefore, organizations intend to identify predis-

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posing factors and create the groundwork to make knowledge management so that they can take advantage of their knowledge resources and their environment when needed (Tabarsa and Ormazd, 2008).

Knowledge management is a collaborative teamwork and everyone at all levels of the organization must be involved in it. Coordination and creation of flexible organizational culture are effective in achieving knowledge management goals. Knowledge management programs should be well-organized, be evaluated and implemented in the context of the corresponding organization (Golchinpour, 2007).

Recent advances in information technology have reduced management costs significantly. These improvements have brought the concepts of Learning organization, knowledge organizations and knowledge management into the management and organization literature. Applying knowledge management strategy Organizations have provided the possibility of innovation in their processes, activities, products and services, and thus they improve their own competitive position (Alwani et al, 2007). In the world of society, competitive pressure in global marketplaces is much increasing than the quality improvement, cost reduction, on time meeting of customers' and citizens' expectations. Also, managerial accountability are not an option but a strategic necessity (Hadizadeh *et al.*, 2010). Knowledge management is the purposeful design of processes, tools, structures which are intended to increase, renew, share or improve the use of some knowledge that appears in one of the triple forms of the Intellectual and social, structural and human assets (Forghani, 2010).

Beckman has defined the knowledge management as a process of individual and organizational knowledge distribution across the organization that leads to increase efficiency and performance of the whole organization. In short, knowledge management is looking to explain and clarify how information and individual and organizational data are transformed to individual and group skills (Haddizadeh et al, 2010). Knowledge management also helps the transparency in the process of knowledge integration of other groups, such as employees (Cang et al, 2010). Song also believes that knowledge management is a process through which organizations employ their gathered data (Tsong, 2009). Knowledge management is the process of creating and sharing, transferring and retaining knowledge in a way that it can be used effectively in the organization (Hafman at all, 2005). Ali defines knowledge management as follows: technology and internal structure of a firm to assist people in knowledge learning and personal communications. Others define it as a process,

and some others have defined knowledge management focusing on intellectual capital (Harorimana, 2010). Scott (2008) believes that a knowledge-based and a knowledge centered organization is an organization that knowledge creation and the process of knowledge sharing is internalized in it and it has been accepted as a guided action (Scott, 2008, p 8).

In the study done by Mathi (2004) in Germany, the key factors of knowledge management are:

- Knowledge-based organization
- Culture
- Strategy
- Information technology systems and infrastructures
- Systematic processes and effective meters (2004, Mathi).

In the present study, we have assessed knowledge management using the indicators that have been used by Allen Reading:

**Innovation:** refers to all the activities that lead to the creation of knowledge in the organization.

**Modeling:** deals with encoding and coordination of knowledge, structuring and evaluating the gathered knowledge.

**Procedure:** in order for knowledge to be valuable, it must be shared with others. Therefore, procedures generally involve the transfer and exchange of a group or individual's knowledge in an organization to another group or person that are determined necessarily as resources and facilities for knowledge.

**Implementation:** is establishing proper mechanisms for use and reuse of knowledge.

In the chain of the creative learning and knowledge production, people at different levels of the organization play different but interlinked role. Creative people, members of the research and development units, recognize opportunities and create new and novel ideas during the research processes. The ideas are then modeled and implemented with the help of the executives. Operating methods are specified with the help of the next levels and generated knowledge comes up (Ganjinia, 2003).

Historically, three generations of knowledge management can be distinguished. 1990-1995 periods are known as the first generation of knowledge management. During this generation, many actions were based on definitions of knowledge management and evaluation of its potential benefits. The second generation of knowledge management appeared around 1996, in such a way that many organizations considered new organizational posts such as senior director for knowledge management. The second generation of knowledge management defines that knowledge management

is about the systematic change of organization, where management practices, measurement systems, tools and content management need to be co-developed. The third generation of knowledge management is now emerging with new methods and findings as a result of new viewpoints and approaches. The third generation of knowledge management has been integrated with organization philosophy, strategy, objectives, methods, systems and organizational procedures, and it seems that it emphasizes the link between knowledge and action (Zomorrodian and Rostami, 2010).

The success of knowledge management is assessed by concepts such as the impact on business processes, leadership strategy, efficiency and effectiveness of knowledge management processes, efficiency and effectiveness of knowledge management systems, and organizational culture (Jennex, 2009).

In knowledge management literature, much attention has been drawn to the role of organizational culture in knowledge management development. Nedlel and Dotowit have discussed organizational culture as a basis for knowledge management. Organizational culture is studied as a facilitator source of knowledge management (creation, storage, transfer and application of knowledge). So, leaders and senior managers must be able to manage subcultures within organizations and adjust them with the objectives of knowledge management (Shojaei, 2010). According to the research conducted by Van Krougn, one of the major obstacles of knowledge management settlement in organizations is organizational culture and culture change is one of the most important aspects of any knowledge management system (Daneshfars, Shahabinia, 2009). Marco and Art (2009) argued that the effective creation of knowledge requires a specific structure in the organization. The internal structure of the organization can encourage or inhibit knowledge management. Knowledge creation and transfer requires an organizational culture in which individuals and groups are willing to work together and parallel their knowledge with each other in line with their mutual interests (Marco & Art, 2009).

Davenport and Prussia (2009) believe that the knowledge management in leading organizations helps to create a culture of knowledge sharing among employees and evaluates the organization by converting human capitals into structured intellectual property (Nikpour and Salajegheh, 2010).

### **Organizational Culture**

Today, one of the aspects of organizational strength and distinction is having a favorable organizational culture. The organizational culture of each

series reflects attributes, traits, strengths, and weaknesses of the organization and shows its internal and external faces in terms of its employees' commitment to the values, principles, beliefs, convictions and other related beliefs. In the last two decades, industrialized countries have found that a strategic. The determining factor is particular importance in the success or failure of business firms and organizations. This factor, which was not noticed much in the past, is the culture of organizing. Successful organizations in the world, especially those who have come to the high level of safety, Claim that many of these successes have been achieved through the strengthening of their organizational culture. In relation to the importance of culture, Quinn and others believe that a culture that is supportive of the organization's strategy will have better performance in the organization. For an organization, it should create harmony between organization culture and the type of the business. Obviously, the consistency of organizational culture with the values of the employees, keeps the organization on the path of success (Shahbndzadeh and others, 2010). Gordon has defined organizational culture as taking one hundred and sixty-four definitions of different scientists into account, that is, organizational culture is the system of shared values and assumptions of an organization that is widely considered and leads to specific patterns and behaviors (Hamdi et al, 2009). American anthropologist, Melville Herskowitz, claims that organizational culture defines a set of beliefs, attitudes, knowledge, crimes, values and goals that make a person's lifestyle (Abzari and Deloy, 2009). Wendel French et al also definesthe components of organizational culture as follows: Opinion is verification of something. The hypotheses of an old story that can be reliable, somewhat reliable or imaginary. Norm is unwritten rules about how people's behavior. Destination is the organization's mission or expected results that organization's employees follow them.

Organizational culture is a social label that joins the members of organizations together, through shared values, symbolic ideals and social plans (Moshabaki and Khalili, 2010).

Sutherland and Woodward point out that culture includes anything that can be transmitted from one source to another. It means the social heritage and comprehensive totality that includes knowledge, religion, art, morals, law, technology, tool making and their application and techniques to bring them upon.

There are four types of culture from Robinson's view:

1. Scientific culture: organizations with scientific culture more emphasize on learning, growth and strengthening scientific characters. Therefore, they tend to hire young people.

2. Club culture: in the organization with club culture's emphasis is on the suitability of people's spirit of loyalty and commitment to the organization. In this culture seniority and work experience in the organization is the major criterion for the importance and value of individuals.

3. Team culture: in the team culture organizations, emphasis is on innovation and freedom.

4. Defensive culture: unlike the team culture that focus on invention, innovation and exploration, defensive culture focuses on conservation and survival of the organization. In this culture job security is important (Askarian, 2009).

Organizational culture is composed of various elements and components that it seems to be the case that there is public acceptance."Stephen Robbins" introduces ten characteristics as the elements of organizational culture that are: personal initiative, risk taking, leadership, integrity, protect management, control, reward systems, identity, conflict tolerance and communication patterns (Dargahi et al, 2010).

In this study, the components of organizational culture are based on the model proposed by Robbins (2005) and include the following:

- Personal initiative is the responsibility, freedom and independence of individuals within a culture. This specifically refers to responsibilities, personal initiative, freedom and independence of people. Environment and organizational culture play an important role in employees' creativity.

- Protective management: how managers communicate with their subordinates and support them.

- Organizational belonging (identity): is the extent to which members equate themselves with the whole organization and obtain an identity from it. Such as the level of commitment and loyalty to the organization, feeling proud to join the organization, and willing to stay in the organization are the components of organizational identity.

- Tolerance of conflict: the extent to which employees are encouraged to accept conflict and criticism.

- Leadership style: is to what extent organizational communications relate to the high level formal command hierarchy of the organization (Keshavarzi and Ramazani, 2010).

## Review of related literature

Nonanco et al (2005) studied the impact of organizational culture on knowledge management at Honda and concluded that unless the prevailing organizational culture is not changed, creation and loading of knowledge will not result. Monaco (2008) believes that despite the generality of knowledge management in the trading and economy area, management has still not found its the place in the universities, universities with research center are one of the sources of the knowledge production, thus, they should be the pioneer of the application of knowledge management in the society (Nikpoor and Salajaghe, 2010). Pazhoohan (2008) has investigated the relationship between organizational culture and knowledge management settlement in Management Faculty of Islamic Azad University of Tehran in his study. The statistical population of the research was all faculty members and staffs of the Management Faculty of Tehran branch. The results indicate that there is a significant relationship between organizational culture and its components (Qeltash *et al.*, 2011).

A research was conducted by Keshavarzi (2007) about the effects of organizational culture on knowledge sharing behavior of employees in the automobile industry of Iran. In this paper, two different cultures in both private and public companies were identified, and the impact of these two cultures on the way of exchanging employees' knowledge were also assessed. A study titled, examining the relationship between organizational culture and effective implementation of knowledge management among 71 managers in New Zealand organizations indicates that low levels of organizational culture internal indexes such as leadership and education can be barriers to effective implementation of knowledge management. Also, 55% of respondents stated that the components of organizational culture are barriers: 23 percent leadership and 16 percent education, moreover, there is the highest negative impact on the effective implementation of knowledge management (Keshavarzi and Ramazani, 2010).

By giving the emphasis of the government on knowledge-based economy in the country's development prospects and the benefits of knowledge management, better understanding of its success factors especially culture and their relationship with four major components of knowledge management rise, thus, a suitable background and a firm foundation are provided for successful implementation of knowledge management. The aim of this study

was to determine the relationship between organizational culture and knowledge management in the government-owned banks of Gilan province.

## Methodology

Considering the above, this study is practical and is also a descriptive survey study. It is descriptive because the researcher searches and investigates in order to identify and provide a snapshot of the status of the organizational culture among the employees of government-owned banks and level of knowledge management according to its four majors. The desired data are obtained from statistical population; it means that by referring to the population and distributing a questionnaire among the selected sample and analyzing the findings the results are concluded. Statistical population of this research includes 3132 employees of government-owned banks

of Gilan province that were sampled randomly. In this study, the behavior of the entire population is not possible, so we study the behavior by sampling. In this case, a sample is selected and the results generalize to the entire population. Those who were selected for this purpose, form the sample population. Through make use of Korjesi & Morgan table, as it is clear, the statistical population is limited to 3132 people, so the sample size is equal to 346 people. In this study, two questionnaires were used to measure the variable size which is one of the current tools of research and is a systematic method for obtaining the research data. The questionnaire related to organizational culture model included 13 questions. It was prepared with the guidance of advisors and consulting advisor and use of knowledge management questionnaires by United States Federal Communications Commission. The five-point Likert scale is used for measurement.

**Table 1. Cronbach's alpha variables of organizational culture and knowledge management**

Communication patterns	Protection	Tolerance of conflict	Initiation	Identity	Knowledge management	Culture	Cronbach's alpha variables
873/0	724/0	861/0	878/0	904/0	931/0	942/0	

In this study, 30 pre-test questionnaires were used to determine the questionnaire's reliability and the Cronbach's alpha was used. This method is used for measuring internal reliability.

According to the definitions, organizational culture is selected as an independent variable on the theoretical basis of the Robbins model. According to Robbins model components of organizational culture includes ten components that we have used five of them as follows: Identity, originality and creativity (personal initiation), tolerance of conflict, protect management (relationship), communication patterns (communication). Knowledge Management (reading pattern) was chosen as our dependent variable that includes four following components: innovation, modeling, implementation methods, and implementation.

## Results

### A - Demographic data of respondents:

Descriptive statistics of demographic variables showed that 79/8% of respondents are male and 15/3% of respondents are women, nearly 18/2% of respondents were high school graduates, about 19/9% had Foundation degree, about 58/1% BA and 2/0 per-

cent of the respondents were MA graduates. Approximately, 70% of respondents have more than 5 years of experience and are well acquainted with the organizational culture and high recognition of organizational culture raises the validity of responses in this study.

### B - Spearman correlation test

*The main hypothesis:* There is a relationship between organizational culture and knowledge management in government-owned banks of Gilan Province.

#### Sub-hypotheses

- There is a relationship between identity and knowledge management in government-owned banks of Gilan Province.
- There is a relationship between initiation and knowledge management in government-owned banks of Gilan Province.
- There is a relationship between conflict tolerance and knowledge management in government-owned banks of Gilan Province.
- There is a relationship between protection management and knowledge management in government-owned banks of Gilan Province.
- There is a relationship between leadership style and knowledge management in government-owned banks of Gilan Province.

**Table 2. The results of the Spearman correlation test for the hypotheses of research**

Variable		Personal Initiation	Protection Management	Organizational identity	Conflict	Leadership style	Organizational culture
Knowledge management	The correlation coefficient	634/0	535/0	565/0	544/0	458/0	785/0
	Level of significance	000/0	000/0	000/0	000/0	000/0	000/0
	Number	346	346	346	346	346	346

The findings of inferential statistics in Table 2 show that all the relationships at 1% significance level are meaningful, as a result, all research hypothesis were confirmed with 99% certainty. Thus, the relationship among all the components of organizational culture and knowledge management in the statistical population are reported significant.

Among the components of organizational culture, individual creativity with  $r=0/634$  has the highest correlation with knowledge management.  $R=0/461$  (coefficient of determination) also means that 1/46% of changes explain knowledge management. The conflict, identity, protection and leadership components are respectively in the next levels.

## Discussion and Conclusion

The purpose of this paper is to investigate the relationship between organizational culture and knowledge management in government-owned banks of Gilan Province. According to the findings related to the present status of organizational culture and knowledge management in the mentioned banks and study of literature that all indicate the relationship of cultural factors with knowledge management, it can be concluded that the weakness of dimensions of cultural indexes' status leads to the weakness of knowledge management indexes in the statistical population. This shows the significant relationship between the dimensions of organizational culture and knowledge management in government-owned banks of Gilan. This relationship is positive, so the main hypothesis (existence of meaningful relationship between organizational culture and knowledge management in government-owned banks of Gilan) is confirmed with 99% certainty.

The findings suggest that individual creativity plays an important role in the acquisition and development of knowledge; therefore, the government-owned banks of the province should encourage the employees to acquire new knowledge and develop and disseminate it in the organization, giving them freedom of ac-

tion and encouraging them to initiate. Banks should also provide more opportunities to the members of the organization. Thus, their potential talents become actualized. Researchers have shown that organizations with organic structures have more creative employees. These employees have more conducive morale to innovation and the creation of new knowledge.

Managers should provide suitable opportunities for initiation in the work area and emergence of new thoughts, in order to create a new product or service and also new use of existing products and services in the organization.

Valuing required researches and providing facilities such as a financial facility for researchers and innovators should be predicted in order to have a proper organizational culture. Planning must be done in such a way that the research be institutionalized as a tool for the expressing new ideas and new initiatives. So, organizational culture as the basis of organization plays an important role in establishing a knowledge management system. In order to effectively regulate the organizational knowledge and spread it in the entire organization, the organization should initially consider the organizational culture.

The results indicate that if individuals belong themselves to the organization and identify their organizations and their selves, organizational readiness for implementing knowledge management is raised. So necessary measures should be taken to make the employees feel more proud to be a member of the organization, and respect their identity.

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