

# THE INVESTIGATE THE ROLE OF KNOWLEDGE MANAGEMENT IN ORGANIZATIONAL TRUST THROUGH MEDIATING ROLE OF ORGANIZATIONAL LEARNING

Zahra Vazifeh<sup>1</sup>, Mohammad Hossein Khosravi<sup>2</sup> and Javad Hasanvand<sup>3</sup>

**Abstract:** *Today knowledge in organization is not only embodied as knowledge documents and repository but also as work events, organizational process, practices, and norms. The purpose of the research is to investigate the role of knowledge management in organizational trust through mediating role of organizational learning. To this end, the most important components of the three variables are extracted first with the help of research literature and opinions of respective experts, and they were presented to the sample population as questionnaire. In this regard, 93 employees of the Social Security Organization in Zahedan Province were all selected using census method. In order to ensure the validity of questionnaire items, face validity (taking advantage of expert opinions) as well as construct-divergent validity were used through exploratory and confirmatory factor analysis (SPSS) and LISREL software program. To check the reliability of the questionnaire items, Cronbach's alpha method and SPSS software program were used. Using structural modelling, the relationships between variables were examined, for which each three variables—knowledge management, organizational learning, and organizational trust—were significantly associated. Using Kolmogorov-Smirnov test, the normality of the variables was confirmed.*

**Keywords:** *Knowledge management, organizational learning and organizational trust, Social Security Organization*

## 1. INTRODUCTION

Organizational knowledge management is the key to success and progress in the modern knowledge-oriented world. However, what does organizational knowledge mean and how can we develop it? Today as we can call it age of

---

<sup>1.</sup> Department of Management, University of Sistan and Baluchestan, Zahedan, Iran

<sup>2.</sup> MA Student, Faculty of Humanities, zahedan branch, Islamic Azad University, zahedan, Iran

<sup>3.</sup> MA Student in Management, University of Sistan and Baluchestan zahedan, Iran

knowledge, development of communication and information technology has put human society in general and industrial society and commercial, industrial, service-providing organizations in particular in a situation that require them to aim for new instruments so as to survive, because financial capital is no longer a competitive advantage.

On the other hand, information and communication technology has brought a variety of information and data to enterprises, in which its application and administration has become a new issue. Accordingly, "knowledge management" has a special place in management literature as it is discussed as a new essential and important instrument for survival and maintaining power and competitive advantage. In this paper, given the importance of knowledge management and organizational learning, we seek to explore the issue and discuss it in detail. In 1980s and 90s, grappling with extreme developments, enterprises came to the conclusion that they have to start learning in order to confront troubles. However, the pace of enterprise learning was supposed to be faster than that of changes in the environment. Therefore, concept of learning came to the fore and was rapidly embraced as it moved from non-dynamic frameworks toward a learning enterprises. Learning organization is referred to as an organization that has an ability to acquire and transfer knowledge and modify its behaviors, in that it reflects new knowledge and approaches.

Since the late 90s, knowledge management as a new management practice was a matter of intense debate in management and other respective discourses. The technique is actually a development of other management techniques rather than something discovered all of a sudden and able to be implemented within 6 months in an organization. Successful organizations found that knowledge is the most important asset left to them as there are some basic principles of knowledge management for employees of organization and they are expected to view them as the key to the success of organization. A number of theorists of management contributed greatly to the development and promotion of the new branch of management science, among whom we can refer to Peter Drucker, Peter Senge, and Paul Strassman from the United States of America.

Knowledge management is a process that in a cultural-social and technological environment deal with producing and acquiring knowledge, organizing and storing knowledge in the organizational memory, distributing knowledge and encouraging employees to share their knowledge with others, applying available and latest knowledge in an attempt to facilitate the achievement of organizational tasks and objectives. Learning organization differs from knowledge management; that is, the concept of learning organization places an emphasis on knowledge

production as opposed to knowledge management which is focused on knowledge collection, arrangement, and dissemination. The latter has been developed to cover up learning organization and knowledge management.

For all real contexts of everyday and commercial life, we need to bear in mind two relevant aspects in order to survive and achieve success at every fundamental level; 1- assets of knowledge which have to be preserved having been processed and employed by individuals and organizations as much as possible, 2- processes relating to knowledge namely producing, organizing, summarizing, converting, transferring, integrating, applying and preserving, which are required to be managed carefully and clearly at every levels and organizational stages.

Knowledge in organization is not only embodied as knowledge documents and repository but also as work events, organizational process, practices, and norms. However, change from data to information and subsequently to knowledge happen smoothly and quietly rather than fast and inconsistently. Since conceptual knowledge is extremely fragile, understanding knowledge is the foremost effort to perform a successful management. Thus further contemplation of some key components such as experience, truth, complexity, judgment, rules of thumb, values and beliefs seem essential. Today, competitive situation and space of organizations have become more and more convoluted and changeable. The space is rapidly changing to such an extent that the pace exceeds most organizations' accountability and adaptability. Continuous changes in knowledge bring new unbalance situations to organizations. Endless flow of knowledge has made market change, which in turn require them to make continuous change (Moshabaki and Zarei, 2003).

Peter Drucker believe that the key to organizational success is knowledge, because a value is set through invention and production as they both are contingent upon the application of knowledge (Nikouiemoghadam and Beheshti, 2006). Knowledge-based organization is able to generate a great power out of a weak force (Abtahi, Salavati, 2006).

Given the above, the research seeks to account for the question as to "is there any relationship between the three variables, knowledge management, organizational learning, and organizational trust?"

## **2. RESEARCH LITERATURE**

### **2.1. Knowledge Management**

Knowledge management is perceived to be any form of process or action in which producing, acquiring, storing, sharing, and applying knowledge are pursued in the

whole organization in order to promote learning and performance of organization. The term “whole organization” refers to a tacit knowledge, which exists in every individual’s mind as opposed to the one being encoded and documented (Vaezi and Motevali, 2006).

Knowledge management is an obvious systematic management of basic knowledge and involves creation, collection, arrangement, dissemination and respective utilization processes, which in turn include a move from personal knowledge to a shared knowledge that allows us to share it throughout organization and probably to be used.

### *2.1.1. Reasons for the tendency toward knowledge management in organizations*

- Providing creation-based employment and using knowledge
- Globalization, competition and the fact that knowledge user organization is able to direct price in market
- Successful innovation
- Reorganizing and downsizing structures
- Sharing best practices
- Theoretical development such the attitude toward resources in which components such as “tacit knowledge” which cannot be imitated are stressed (Shirm and David, 2003)

### *2.1.2. Types of knowledge management*

The simplest form is the one that gives value to knowledge as an intellectual asset. The second type is to utilize intellectual assets relying on knowledge of research and development, and the third one is acquisition through projects such as advising organizations and aerospace corporations, and last but not least we can refer to management of knowledge workers perceived to be the dominating course of action in knowledge management (Ibrahimzadeh, 2011).

## **Plans and Results**

Regarding knowledge management, some plans are made including activities such as appointment of a knowledge leader, setting up a knowledge team, developing knowledge principles and building institution intranet, knowledge centers, knowledge-sharing mechanisms and management of intellectual assets. Thus, proper execution of knowledge management leads to a system which can

- Identify intellectual assets of organization and draw a map
- Create a solemn knowledge on competitive advantage
- Develop knowledge architecture

- Make available many former forgotten knowledge
- Make available many former hidden information
- Set up dynamic meetings to share the best practices (Handersun, 2011)

## **2.2. Organizational Learning**

Organizational learning is a process of error and mistake finding and correcting them Organizational learning is derived from a shred insight, mental patterns and knowledge and rests on former experiences and knowledge and former events. It is a process that occurs over time by acquiring knowledge and improving performance (Alvani, 2012).

Simon defines organizational learning as insight growth and successfully reconstructing and revising organization's problems through individuals, the results of which are reflected on structural factors and results of organization (Sobhaninejad et al, 2010). Tampelton et al (2006) attempted to give a single definition of organizational learning, concluding that there are three demographic paradigms in order to define organizational learning; learning from personal and organizational perspective (social measures) which include topics such as knowledge acquisition, secondary distribution, organizational intelligence, content valuation of organization and organizational results. Spector and Davidson believe that learning is viewed as heart of company management and basis and nature of inventive activities given the considerable changes and commitment in modern circumstances of organizations.

## **2.3. Trust**

According to Oxford Dictionary, trust is confidence in or reliance on some quality or attribute of a person or thing, or the truth of a statement" (Oxford Dictionary, 1971). Employee's faith in achieving organizational objectives and the belief that work matters in organization (Meyer et al, 1995). Trust in organization is believed to be a feature of developing organization and it is to believe in people good deeds (Tosi, 2010). In a research conducted by Robins (2005), five aspects of determined trust are at play; honesty, competence, consistency or stability, loyalty and integrity.

### ***2.3.1. Three types of trust identified in an organization***

1. Organizational trust is a trust by which policies of organization are administered and executed fairly as explained.
2. Strategic trust, confidence in mission, organization's strategy and the ability to achieve success

3. Personal trust, the trust that subordinates have in their bosses in order to consider their interest impartially (Galfrod and Anda, 2012).

As mentioned, trust is a multifaceted concept. In this paper, focus is on organizational trust, which means that there is an overall space of trust in an organization, i.e. when an individual evaluates trust in the form of intra-organizational trust he actually refers to employee's trust in manager. Apart from the relationships, bilateral trust, mutual trust between coworkers, teams and working units should be taken into consideration in organization (Arganly et al, 2007).

### **Research Method**

The method is a descriptive-survey method.

### **Sample Population and Statistical Method**

Sampling method of the study consists in stratified random sampling. That is to say, necessary sample size was chosen with respect to the number of personnel working in Social Security Organization in Zahedan. Since the size of statistical population consisted of 93 individuals, all of them were selected based on a census method, because they were low in number.

### **Detailed Explanation of the Method and Data Instruments**

In this method, both library and field study were used for data collection. To be more specific, library method was used to complete research literature and theoretical foundations, as field techniques were utilized for collecting necessary information. As for library part, articles and journals required to collect essential data were used, and a researcher-made questionnaire was used to collect data from personnel with respect to field technique.

### **Data Analysis**

Chronbach's alpha test, exploratory factor analysis, normality test, and modelling were used to analyze data. To this end, SPSS and LISREL software programs were utilized.

## **4. RESEARCH HYPOTHESES**

- Knowledge management has a significant effect on organizational learning
- Organizational learning has a significant effect on organizational trust.
- Knowledge management has a significant effect on organizational trust.

## 5. RESEARCH FINDINGS

### 5.1. Reliability of Questionnaire Items

Table 1 represents the values of Cronbach's alpha

**Table 1**  
**Reliability of questionnaire items**

<i>Variables</i>	<i>The number of items</i>	<i>Values of Chronbach's alpha</i>
Knowledge management	25	0.87
Organizational learning	25	0.79
Organizational trust	16	0.93
Total questionnaire	66	0.81

### 5.2. Validity of the Questionnaire Items

In general load factor indicates that questionnaire items can measure questionnaire items appropriately. LISREL software provides us with a series of indicators to evaluate the goodness of fit of the model developed. Indices of chi square ( $X^2$ ) represent values of chi-square in the model. Indeed, the index reveals the difference between model and data and it is a measure for badness of the model. Thus, the less its value, the less difference between variance-covariance matrix as variance-covariance matrix is derived from the model which revealed the badness of the model. However, it should be noted that badness value of the index is influenced by the number of the samples adopted.

Degree of freedom: the parameter represents degree of freedom of model as it should not be less than zero. Chi-square to degree of freedom ratio ( $X^2/df$ ) is one of the best indices in order to evaluate goodness of model. However, there is no standard limit for goodness of the index value. Yet many scientists believe that the index should be less than three. In the end, goodness consists in the recognition of researcher and type of research. The Root Mean Square Error of Approximation (RMSEA) is also used to evaluate badness of model based on error of the model in the same way as chi-square index does. Some scientists believe that the index should be less than 5%, as others think a value less than 8% is more appropriate.

Figure 1: Measurement model of knowledge management in standard estimation state

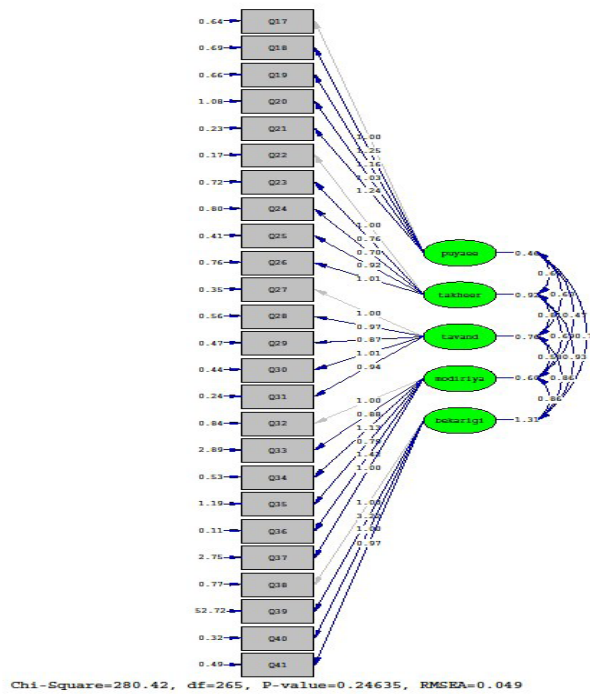
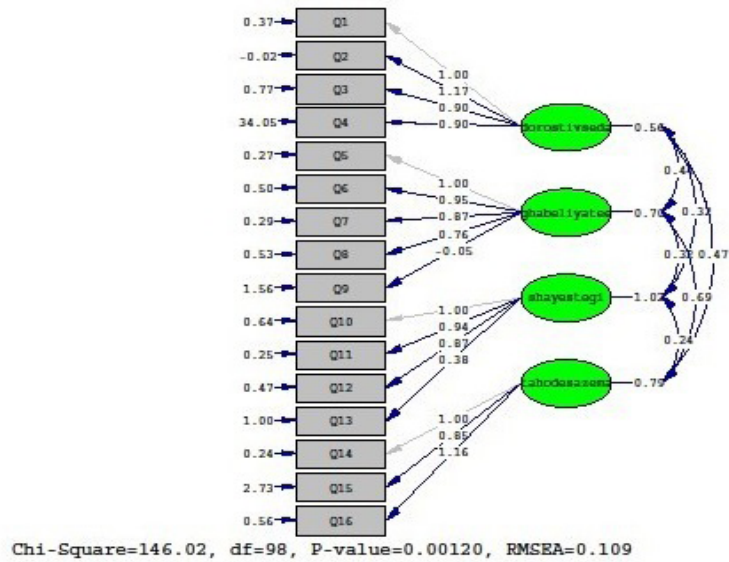
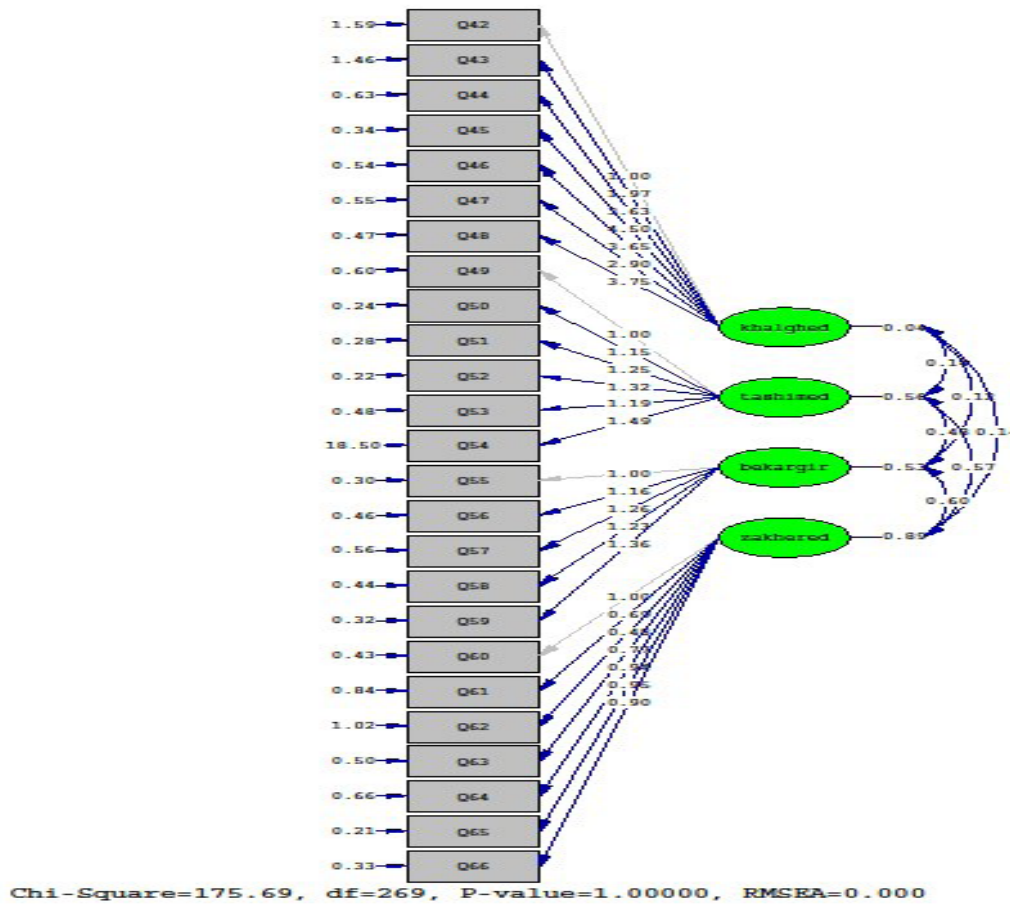


Figure 2: Measurement model of organizational learning in standard estimation state



Figure 3: Measurement model of building trust in standard estimation state



### 5.3. Exploratory Factor Analysis of Research Variable

In order to determine the variables of the research, experts and specialists were first asked to express their opinions in the form of an open questionnaire, for which 13 variables were obtained as result. A kmo test was also used to analyze if exploratory factor analysis is correct, as the value of Kaiser- meye – olkin measure of Sampling Adequacy is equal to 0.708 which represents goodness of data to be used in exploratory analysis.

**Table 2**  
KMO Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.708
Approx. Chi-Square	320.599
Bartlett's Test of Sphericity <sup>df</sup>	78
Sig.	.000

**Table 3**  
Recognition of contribution of each factor in the sum total of variances

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.122	31.709	31.709	4.122	31.709	31.709
2	2.864	22.031	53.740	2.864	22.031	53.740
3	1.974	15.181	68.921	1.974	15.181	68.921
4	1.048	8.060	76.980			
5	.681	5.236	82.216			
6	.597	4.589	86.805			
7	.470	3.614	90.419			
8	.383	2.943	93.362			
9	.303	2.332	95.694			
10	.226	1.738	97.432			
11	.154	1.184	98.616			
12	.124	.954	99.570			
13	.056	.430	100.000			

Table 3 indicates that there are three factors

**Table 4**  
**Categorization of variables with respect to factors**

<i>Variables</i>	<i>Knowledge management</i>	<i>Organizational learning</i>	<i>Organizational trust</i>
Creation of knowledge, knowledge contribution, application of knowledge, storing knowledge	0.731		
	0.730		
	0.848		
	0.742		
Learning dynamics, change and development on organization, organizational capability, knowledge management, application of latest technology		0.787	
		0.849	
		0.772	
		0.802	
		0.792	
Honesty and integrity and reliability and competence of organizational commitment			0.571
			0.780
			0.692
			0.575

Table 4 indicates that 13 components derived from experts' poll can be categorized in three overall classes.

#### **5.4. Normality Test of Data**

The results of Smirnov Kolmogorov test indicated the normality of research variables.

**Table 5**  
**The normality test of data**

<i>Variable</i>	<i>Asymp. sig.(2-tailed)</i>	<i>Kolmogorov-smirnovz</i>
Knowledge management	0.646	0.739
Organizational	0.032	1.43
Building trust	0.134	1.16

### 5.5. Comprehensive Structural Model in Two States

Figure 4: Structural model in standard estimation state

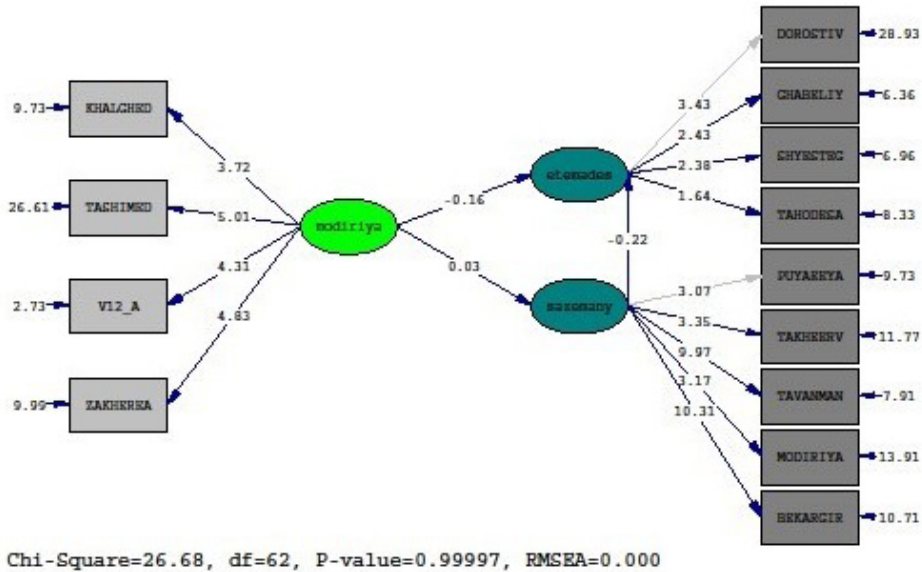
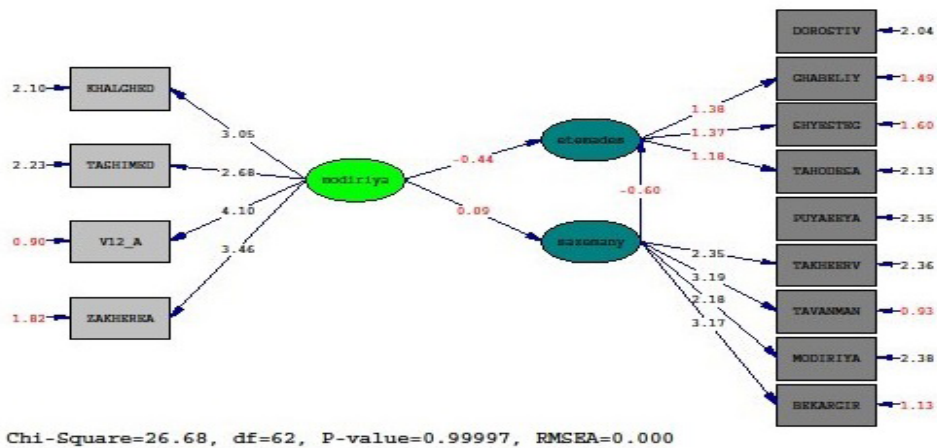


Figure 5: Structural model in significant coefficient state



The results of the effect or rejection of hypotheses in table 6 can be seen.

**Table 6**  
**Results of hypotheses tests**

<i>Hypothesis</i>	<i>Effect rate</i>	<i>Significance</i>		<i>Significance of total effect</i>	<i>Confirmed</i>
		<i>Direct</i>	<i>Indirect</i>		
Knowledge management has a significant effect organizational learning	0.03	0.09		significant	confirmed
Organizational learning has a significant effect on building trust	-0.22	-0.60		significant	confirmed
Knowledge management has a significant effect on building trust			0.09-0.60	significant	confirmed

## 6. CONCLUSIONS

Knowledge management is a prerequisite for the establishment of a learning organization. Concepts such as knowledge management, organizational learning and building trust, which act as a chain linked to one another. The results confirmed the research result of Soleyman entitled “integrating knowledge management into organizational learning, Violenn “effect of knowledge conversion processes in the implementation of organizational learning strategy, which indicated that there is a correlation between knowledge management and organizational learning through knowledge conversion processes. The result of the research is in line with that of Khaleghinejad, Zarenejad, Ghanbarnejad, Khaleghinejad (2013), and Zarei, Tahmasebi, Mosavai (2009), and Yaghubi, Karimi, and javadi, and Nikhbakht (2006), and Beigi, Zare, Dariush (2013).

## References

- Abtahi, S. and Salavati, A. (2006) “Knowledge management in organization”, Tehran, Peyvandnou.
- Alvani, S. (2012), “General Management”, Tehran: Nashr-e Nei.
- Erqeneli, A, Lamari. G.S, Miten. S, (2007) Psychological empowerment & its relationship to trust in immediate managers, *Journal of Business research* 60, 41-94.
- Galford, R. and A. Drapeau (2012), *The Truste leader*, Available at:www.quickmba.com. *Proposal of management*, Vol. No. A, pp. 250-952.

- Henderson, Clarence (2011) Knowledge the new front five, *Asian business strategy & street intelligence Ezine*.
- Ibrahimzadeh, R. (2011) "Study of effect of knowledge management on learning organization" The Third International Conference on Management, 29.
- Khaleghinejad, S. Zarenejad, Mansor, Ghanbarnejad, Khaleghinejad, Seyyed Ali (2013) "study of the relationship between components of knowledge management and organizational learning among Gachsaran Oil and Gas Exploitation Co.", National Conference on Auditing and Management, Shiraz-Iran.
- Moshabbaki, A. Zarei, Azim (2003) "Knowledge management with a focus on innovation", Tehran: *Journal of Management and Development*, Vol, 4.
- Oxford English Dictionary, the compact Edition. (1971). New York: Oxford University Press.
- Mayer, R.C., Davis, J.H., and Schoorman, F.D. (1995). An integrative model of organizational trust. *Academy of Management Review*. 20(3): 709-734.
- Rajab-Beigi, Mojtaba, Zare, Roya, Dariush, Amin (2013) "Study of the relationship between knowledge management, organizational learning, and organizational performance of Oil and Gas Exploitation Co.
- Shyrme, David J. (2003) *Knowledge management Making sense of oxymoron*.
- Sobhaninejad, M. Shahaie, Yuzbashi, B. (2010) "Learning organization" (theoretical foundation of research and measurement pattern), Tehran, Seytaron Publication.
- Spector, M.J, and Davidson, P.I. (2012), How can organization learning be modeled and measured? *Evaluation and program planning*, 29, pp. 63-69.
- Templeton G. F, Lewis, B.R, and Snyder. C.A (2006) Development of a measure for the organization learning construct journal of management information systems, 19(2), 175-218.
- Tosi, M. (2010) "Organizational development", Tehran: Public Management Education Center.
- Vaezi, R. Motevalli, Habbibi, M. (2006), "A knowledge-based look into knowledge management", *Journal of Management*.
- Yaghubi, M. Karimi, S. Javadi, Nikbakht, A. (2006) "Relationship between components of organizational learning and knowledge management among personnel of selected hospitals in Isfahan", *Health Management* 13, pp. 65-75.