

Investigation of Impact of Organizational Structure on Knowledge Management (Case Study: National Youth Organization of Khuzestan, Iran)

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ABSTRACT

This research tries to investigate relationship between structural organization (formality and concentration) and knowledge management (creation, knowledge application and distribution) in Khuzestan national youths organization. This research is of correlation type from nature and goals point of view and data gathering tool was questionnaire. Statistical population of the research includes all employees of this organization. 140 questionnaires from all distributed questionnaires were returned. SPSS 16 was used to analyze data. In inference statistics part, Pearson correlation coefficient, partial correlation and path analysis of structural equations has been used. The results of the research showed that there is significant negative relationship between knowledge distribution and structure's component, but no relationship was verified between other cases.

KEYWORDS: structural organization, knowledge management, national youth organization, Khuzestan.

1. INTRODUCTION

The world is moving towards a new economic era where it is difficult for organizations to be responsive to market changes and keep their competitive power. In such a competitive era, organizations try to find solutions for increasing their competitive advantage. In the late 20th century, organizations have decided to execute organizational resources planning systems in order to apply all present resources to improve their competitive position. (Abell, 1997) This is also done to match increasing and oscillating demand, short-time delivery and diversified orders. Today, many organizations try to keep and develop their markets and customers for conservation in the challenging and competitive business environment. (Bontis, 2001) On the other hand, organizations emphasize on the identification and application of intellectual and knowledge capitals and based on this, they try to implement effective knowledge management approaches. Fast changes in today's world, has challenged organizations; but in today's world, successful organizations are those that use management tools and new technologies to their benefit. Knowledge management is one of these tools. In fact, knowledge management helps employees with satisfying their needs in a better manner (Proubast, 2000). In spite of the fact that knowledge management includes creation, learning, transfer and its application within organization for creating new opportunities (Nonaka, Taguchi, 1995; Seng, 1990), but many organizations have not considered knowledge management seriously. In Today's world, each organization's conservation will require knowledge and creativity. In the current complex and dynamic world, it is necessary for cultural organizations to regularly apply knowledge in the form of creation and validation for their products and service. Peter Drucker believes that: organizations' success secret is knowledge management in 21st century. Therefore, knowledge management is something more important than knowledge itself. Organizations try to identify a way for converting organizational and individual information into individual and group knowledge and competencies (Proust, 2000). therefore, organizations must establish conditions for sharing, transfer and distributing knowledge among its members and educate individuals to conceptualize their interactions (Nanonka, 1994) and try to create necessary infrastructure and identify fundamental factors for establishing knowledge management within organization. The challenge that exists is that knowledge management is a systematic subject and its successful implementation needs a comprehensive approach to different organizational factors. On the other hand, due to numerous models and methods in KNOWLEDGE MANAGEMENT field, sometimes these models confuse the managers who try to implement KNOWLEDGE MANAGEMENT in their organizations. Investigation of knowledge and its importance indicates that up-to-date knowledge and information has become an undeniable necessity for organizations life. Organizational structure and organizations' subjects are from traditional and classic management subjects. Although this classic management belief that says structure follows strategy has been challenged today and arisen new discussions in organizational structure field, academic assemblies no longer pay attention to organizing and organizational structure. The era we live in is called organizations era. In this era, we are surrounded by small and large organizations. Many of our needs are provided by organizations. Although organization has been known over human history but in fact it was propounded as a social phenomenon after industrial revolution when large industrial organizations and state institutes were

created. Today social organizations are among the most complex and the most diversified systems. Therefore, the scientific study of this phenomenon needs different structural dimensions analysis. In fact, an organization is recognized very well when its organizational structure and its different functions are investigated. Hence, management theories, structure and its types and designing different criteria dimensions of structure are necessary. One way to completely know an organization is to recognize its internal environment. In other words, identification of organizational structure will help recognize its internal environment. Such a kind of identification is a solution to finding organization deviations. In the complex and changing world, some organizations are successful and effective and some are not. Many factors influence on organizations' success and effectivity. Some factors are controllable by organizations and some are not. One of the main factors is organizational structure. In general, organizational structure and system is not a goal on its own but it is a means to achieve organizational goals, to implement duties successfully. Each organization must have a structure and an effective organization such that duties and responsibilities are divided clearly and power delegation is necessary. On the other hand, understanding organizational goals is the first step in understanding organization and effectivity. Each organization's goals must represent its existence cause. Structures of some organizations are old and based upon old resumptons and do not match their current duties. Furthermore, they do not consider human and motivational dimensions of work force and they do not match society's present needs. In view of the fact that organizing is one of the important duties of managers and it is a dynamic process, therefore it must be revised and accompany with environmental changes. It is obvious that presence of a correct and effective system from all dimensions respect like human resource, organization, regulations and way of doing work, are the main factors in each organization's life. There are different opinions about organizational structure's importance in official system and its validity and success or failure and its efficiency or lack of efficiency. In wisdom age when knowledge is the most important capital in each organization or society, knowledge management is the duty of those organizations which want to become a learning organization. Therefore, many organizations seeking for a better competitive position try to implement knowledge management, but successful implementation of this strategy involves preparation, presence of knowledge assets and lever function of knowledge (Ebel and Exbero, 1997). In this research, from among numerous organizational factors that have been mentioned in different organizational models, the key factor "formality and concentration" have been investigated in relation to knowledge management and knowledge management components have been considered as KNOWLEDGE MANAGEMENT key and main activities and their relationship with organizational structure has been investigated. Theoretical literature

Bountis (2001) defined KNOWLEDGE MANAGEMENT as providing competencies and skills for employees so that they can do works in a better manner. However, KNOWLEDGE MANAGEMENT is a phrase which has been defined in different ways by different researchers. So, its exact definition is difficult. There are many different definitions and paraphrases for KNOWLEDGE MANAGEMENT in management literature considering different perspectives and models. Although there is not unanimity on Knowledge management definition, KNOWLEDGE MANAGEMENT definitions are pivoted around two main factors, knowledge as a tool and as a process. KNOWLEDGE MANAGEMENT was confronted with the challenge of increasing workers productivity and achieving competitive advantage in early 1990. Over the past two decades, KNOWLEDGE MANAGEMENT was expected to improve organizations growth and innovation, productivity and efficiency, employees learning and management decision-making and create competitive advantage (Davenport and et al, 2008; Malhotra, 2004; McAfee, 2006; Nanonka et al, 2006; Pollard, 2003; Wilson, 2002).

Among the benefits of investigating relationship between KNOWLEDGE MANAGEMENT and organizational structure are work quality improvement, providing up-to-date information, increase in efficiency, effectivity improvement, improvement of decision-making, increase in responsiveness towards customers, increase in basic needs satisfaction power and ability to change and adopt quickly. Knowledge or wisdom era is the new name of the contemporary and future age. In order to use knowledge capital optimally, a new branch of management called KNOWLEDGE MANAGEMENT has emerged to improve knowledge processes and establish a link between organizational strategy and KNOWLEDGE MANAGEMENT strategy and therefore help provide suitable knowledge at suitable time for a suitable individual and finally help keep competitive advantage. Today, knowledge role in keeping competitive position and profitability is being emphasized abundantly in management and economy literature (Nanonka, 1994). KNOWLEDGE MANAGEMENT helps organizations have an effective knowledge process. Organizations must use their existing knowledge and create new knowledge to choose their markets and KNOWLEDGE MANAGEMENT will help them a lot. However, organizations must know that establishment of any system in organization must have its special infrastructure and preamble and if they are not provided, it will not succeed. KNOWLEDGE MANAGEMENT does not use only documented and coded knowledge but many organizations use their tacit and clear knowledge to improve their competitive position and increase effectivity and productivity. Therefore, KNOWLEDGE MANAGEMENT tries to gain employees knowledge, wisdom and value-added experiences and it also seeks for implementation, recovery and storage of knowledge as organizational assets. Knowledge is undoubtedly the most important competition tool in the present and future markets. Although many organizations have

succeeded in implementing KNOWLEDGE MANAGEMENT, but many of them could not succeed in achieving its goals. Lack of an acceptable method of evaluating and implementing KNOWLEDGE MANAGEMENT has turned this investment into an unnecessary cost in many managers' minds (Balogun, 2004).

Over the past few years, personal knowledge has become an important approach in management theories and interest in this subject (personal knowledge management) is increasing permanently (Efimova, 2005; Grundspenkis, 2007; Jarce, 2010; Pauleen & Gorman, 2011; Polard, 2008; Smedley, 2010; Wright, 2005). However, very few studies have been conducted on this subject. In fact, many of the proposed models lack a theoretical framework. Furthermore, existing models have not referred to personal knowledge management (pknowledge management) and organizational KNOWLEDGE MANAGEMENT (Paolen and Gourman, 2011). One of the wisest responses to changing environment is increasing awareness from KNOWLEDGE MANAGEMENT importance. Ikojiro, the famous Japanese researcher states: in the economy in which the steadiest thing is unsteadiness, KNOWLEDGE MANAGEMENT is a confident and steady source of competitive advantage." when demands are changing overnight, technologies develop, competitors become more, successful companies are those who create new KNOWLEDGE MANAGEMENT and distribute it all over the company and quickly show that in the form of new products and technologies (Nanoka, 2000). Organizational structure indicates formal relationships and bureaucratic levels and specifies managers' span of control. It also includes systems plan though which all units become coordinated and integrated and therefore effective relationship will be guaranteed. Although different aspects of organizational structure indicate its importance but as organizational structure is one of the main bases of strategy implementation, it is an undeniable duty of managers. Because structure dictates strategy and it also determines resources assigning, organizational structure must be changed carefully and it must be designed in a way that KNOWLEDGE MANAGEMENT implementation is simplified.

RESEARCH METHODOLOGY

Research methodology leads scientific studies to achieve reality and achieving scientific goals is possible only through correct methodology. In other words, research receives validity from its methodology and not from its subject. Research methodologies are classified according to goals of a research and data gathering method. Each of the mentioned categories includes different methods that have their own applications, advantages and flaws. Statistical population of the present research includes all employees who work in Khuzestan national youths organization (KNYO) and according to information obtained from public relations division of the mentioned organization, their total number was 350 people. In view of the standard deviation obtained in the primary pilot and using infinite population formula, 175 people were selected as sample size. 140 acceptable questionnaires were returned.

Research model and hypotheses

The hypotheses of the research are as follows:

There is significant relationship between formality level and knowledge creation in KNYO.

There is significant relationship between formality level and knowledge transfer in KNYO.

There is significant relationship between formality level and knowledge application in KNYO.

There is significant relationship between concentration level and knowledge creation in KNYO.

There is significant relationship between concentration level and knowledge transfer in KNYO.

There is significant relationship between concentration level and knowledge application in KNYO.

Data

Data gathering tools are ways of achieving data in order to analyze and discover reality. Data gathering tools are: referring to documents and papers, observation, questionnaire and interview. It must be mentioned that in management studies in Iran, questionnaire can possibly best satisfy researchers' needs. In the present research, library study tools including books and journals, theses, internal and external papers and internet and previous studies were used. Field research was the research methodology.

Results

All of the variables had significant difference with average level using one-sample t-test. Variables related to KNOWLEDGE MANAGEMENT processes (except knowledge application) had means higher than average concentration variable had a mean lower than average because of having converse questions and the organization was very concentrated. Therefore, factors related to KNOWLEDGE MANAGEMENT processes except knowledge application are considered satisfactory but the means showed a high level of formality and concentration. Among all variables, formality had the highest means and knowledge management had the least means. With this short introduction, the results of the model's first test have been presented in the following

figure. Model fitting indices and standard regression coefficients of model relations have been reported separately in the tables.

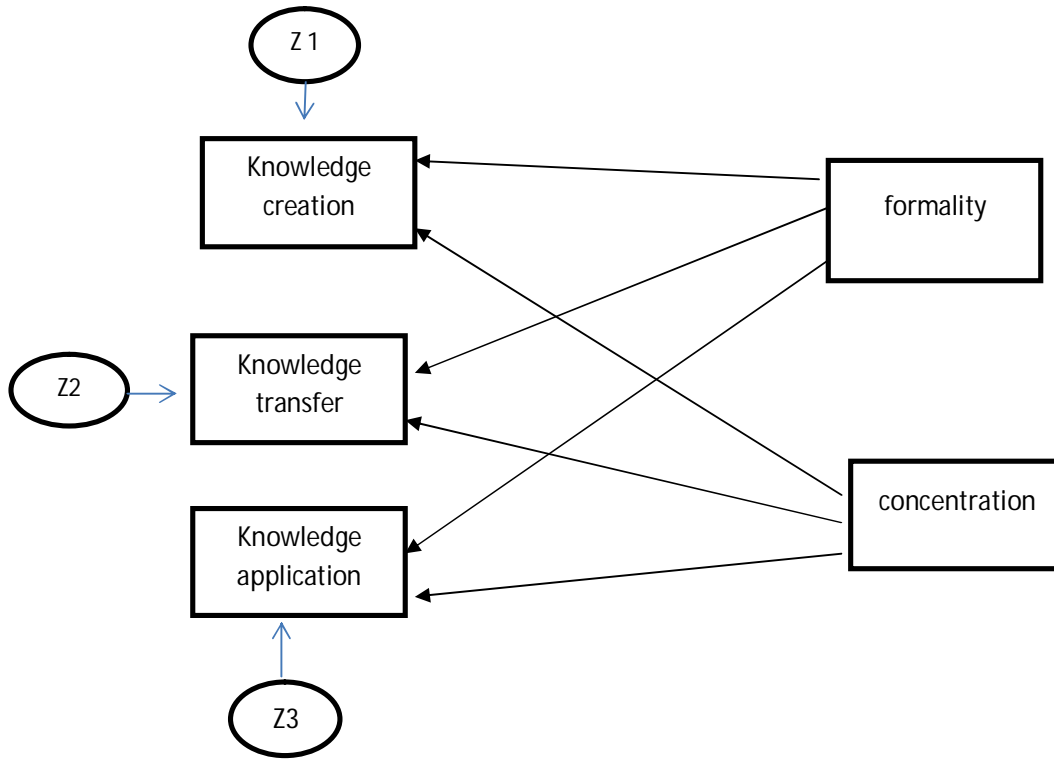


Figure 1: path analysis model

In the following table, significance level of each of the relations and standard regression coefficients has been presented. As it can be seen in the table, all hypotheses have been verified in 5 percent significance level.

Table 1.Hypotheses test results summary (primary model)

Dependent variable	Independent variable	Standard estimation	P
Knowledge creation	formality	-0/295	.001
transferknowledge	formality	-0/119	.002
Knowledge application	formality	-0/088	.082
Knowledge creation	concentration	-0/226	.000
transferknowledge	concentration	-0/158	.000
Knowledge application	concentration	-0/024	.169

In the following table, the most important fitting indices of the first model have been presented. Most of the indices including GFI, PNFI and PCFI are in acceptable range.

Table 2.Summary of statistical results of model fitting indices

Model	CMIN	DF	P	CMIN/DF	GFI	AGFI	PGFI	RMSEA	CFI	PNFI	PCFI
Default model	13.152	4	0/011	3/288	0/942	0/782	0/251	0/109	0/945	0/370	0/378
Saturated model	0/000	0			1/000			0/286	1/000	0/000	0/000
Independence model	177/850	10	0/000	17/785	0/495	0/242	0/330		0/000	0/000	0/000

Applied recommendations

Managers of organizations can re-engineer organizational structure from formality level viewpoint through investigating organizational structure and adopting appropriate decisions. Improving social networks within organization, forming work teams and committees, eliminating redundant official regulations and so on can help reduce formality. Knowledge management does not have a satisfactory condition in KNYO organizational structure. KNOWLEDGE MANAGEMENT requires an organization with low level of formality and concentration. An organization must try to decentralize its decision-making, increase employees authority and freedom of action, encourage employees to decide on their own duties and reduce control and supervision over them. In order to reduce formality in an organization, it is recommended to reduce regulations, rules, standards

and procedures within organization as far as its circumstances and to decrease formal corresponding and pre-planned methods and therefore increase organizational flexibility. In fact, organizational structure of KNYO has a mechanical form which must become organic.

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