Abstract

The purpose of this study is to investigate the effect of strategic knowledge management, on innovation and performance of banks (Case Study: Refah Kargaran bank in Lorestan province). Knowledge management is a process that helps organizations to identify, select, organize and publish. This enables organizations to solve problems of learning, strategic planning, and decision-making in dynamic, efficient and effective manner. The validity of the research instrument (questionnaire) was approved by the dozen men, from professors, and scholars, and to assess the reliability of, any of the aspects of strategic management (including laws and codes, and privatization) banks innovation, and banks performance, using Cronbach’s alpha coefficient, was greater than 0.7, which indicates the reliability of the model. Our findings suggest that, strategic knowledge management, direct and significant impact on innovation and performance in the Lorestan province Refah Kargaran Bank, the main research hypothesis is confirmed.

Key words: strategic management, innovation, bank performance

1. Introduction

Broaden the scope of science, and the move towards knowledge-based societies, are the elements which, indeed, is everywhere being discussed. Among the significant developments in the field of management is the occurrence of phenomena, such as knowledge management, organizational learning and employee empowerment. Due to the rapid and accelerating transformation of human knowledge, things are drastically changing and evolving. Organization as an open system, in their interaction with the environment, and for survival, is needed to respond to environmental changes. Because, human resources are the most important factor, and centered organization, equipment and preparation of resources for dealing with changes, are of particular importance, and that all organizations with a mission, to devote more Investors, it's time to nurture human beings in different dimensions. (Jafarzadeh, 2007). Basically, any program based on empowerment, it led to productivity, and produces more, better services, attract more customers, and ultimately brought in to take over a larger share of the market. This continuous improvement is essential not only to deal with the threats and opportunities in today's complex environment, but also confirms that the organization should just accept the differences of our employees, and the need to invest on these differences, and they assign the work to be commensurate with the potential (Blanchard, 1999, p 70).

2. Statement of the problem

Change in the external environment and internal organization is so fast, multi-faceted, complex and inclusive that the organization, without foresight, proper planning and the right strategy, not able to survive, grow,
flourish and development. Knowledge is rapidly becoming the most sustainable competitive advantage for the organization. Approach based on the source, is converted into a knowledge-based approach, as now, the most important variable for growing organizations and businesses, and is knowledge (Yaghoobi et al, 2011). Nonaka and Takeuchi (1995) knowledge management understand the process, during which the organization deals with the production of wealth knowledge, or their intellectual capital. From the viewpoint Malhotra (1997), is process, by which organizations acquire the skills, the learning context (internal knowledge), coding knowledge (external knowledge), and the distribution and transmission of knowledge. (Abtahi and Salavati, 2005).

Also today, with the complexities of competition, innovation is considered as one of the main advantages for corporate life. All organizations are to survive, are in need of new ideas and innovative. New and innovative ideas, like a spirit, are blown in the body, and save it, and doom. The emergence of knowledge innovation not only enables organizations to gain competitive advantage over competitors, but also provides a useful tool for improving organizational performance. Knowledge as the main source for innovation and organizational productivity, are of great importance.

2.1 Research Objectives

2.1.1 The overall objective

The overall objective of this study was to examine the effect of strategic knowledge management, on innovation and performance of the bank.
(1) Examine the role of knowledge management strategies, on innovation of banks
(2) Examine the role of KM strategies on the performance of banks

2.1.2 Applications Target:

Practical purposes generally include the following:
1 Increase productivity and profitability of the bank.
2 Strengthening cooperation in the organization.
3 Creating and developing creativity and innovation.
4 Establish and accelerate the flow of knowledge transfer from the manufacturer to the recipient.
5 Facilitate the sharing of information between employees.
6 increase the ability organization to cope with inflation data.
7 increase the quality of customer service.
8 increase awareness of the organization, rather than solutions, and the performance organization competing products.

2.2 Hypotheses and research questions:

2.2.1 Research Question
(1) is knowledge management strategy, are impact on innovation and performance of banks (Refah Kargaran bank in Lorestan province)?

2.2.2 Hypotheses

1 Formulation of a knowledge management strategy, which leads to increased innovation in the bank (Refah Kargaran bank in Lorestan province).
2 Formulation of knowledge management strategy are a direct impact on the performance of banks (Refah Kargaran bank in Lorestan province).

Geographic scope of the present paper is Lorestan province Refah Kargaran Bank, and the scope of the research, in terms of the required information is limited to 2014, a period of 4 months.
2.3 Definition of Terms and Phrases

2.3.1 Knowledge:

Knowledge is a fluid mix of experience, values, information pertaining to a particular package, and correct vision. Knowledge provides a framework for evaluating and integrating experiences and new information, and anyone's mind, shaped it (Davenport and Prusak, 2000, p 21).

2.3.2 Knowledge Management

According to Hoffman et al (2005), knowledge management is the process of creating and sharing, transfer and retention of knowledge, so that it can be used as an effective way of organization.

2.3.3 Organization Performance:

Performance of the organization is a broad mix of both receipts and intangibles, such as knowledge increases, and the incoming concrete and tangible, such as economic and financial results. Assessment of business performance is one of the most important management agendas, because the key to continuous improvement is the ability to assess and evaluate the ongoing performance of the organization. Many organizations also have realized the importance of ongoing evaluation of performance and to apply, various performance appraisal systems in organization (Fernandes et al, 2006).

2.3.4 Innovation:

Innovation is the application of new ideas, of creativity, which can be a new product, new service or a new way of doing things (Soltani, 2001). Innovation is the process of perception, or creation of related knowledge, and conversion to products, and new or improved services for people that are asking for them. Innovation is the process of getting a creative idea and turning it into a product, service, and new methods of operation. Innovation, it means talent, and the ability to change or adapt to it. Exploitation+ Creative + inference = Innovation.

In the above definition, the word implied, is meant to achieve new ideas, according to some subjective frame of reference. Creative word refers to any new ideas that have the potential to become a reality, and word Exploitation refers to the remake (Dehghan Najam, 2009).

2.3.5 Strategic Knowledge Management:

Strategic knowledge management refers to the processes and structures that are used to access create and share knowledge, in order to devise strategies, and strategic decisions. By definition knowledge management is one of its functions, providing tools for strategic actions, organizational knowledge, to achieve, given the role of knowledge management in creating a competitive advantage for the organization, and its role in the organization's objectives (Murray, 2003).

3. The role of knowledge management in achieving organization strategic moves (according to the concept of organizational learning):

Valuable knowledge management in an organization is dependent on its support of the strategic objectives of the organization. This interaction can be well described using the concept of organizational learning. The concept of organizational learning as a conceptual mediator will help to address these interactions in strategic
areas. Organizational learning is a feature that makes it possible for organizations to establish their dynamic interaction with their surroundings, and on the one hand, according to the requirements of environmental conditions, and illustrate the Organization mission, of the appropriate response to environment, through the strategic shift in organizational behavior. This process will lead to adaptation of an organization, like a living organism, the environment, and will ensure its survival in the environment (Story and Kahn, 2010).

3.1 Effects of knowledge management strategy on innovation

Innovation activities in Organization is to search, discover, experiment, and develop new technologies, products and new services, new processes, products, and services, and new organizational structures. Innovation is the implementation, and develops new ideas. Reviewed the literature in this field shows that innovation as a factor of a structure, or a new administrative system, a policy, a plan or new programs, new product or service to an organization that has achieved two methods, or produced in-house or purchased from sources outside the organization. According to some authors and researchers, process innovation is largely dependent upon the knowledge, especially the tacit knowledge (Borghini, 2005). Knowledge is the leading producer of creative thinking and innovation in organizations. This is one of the reasons why innovation is regarded as one of the areas of knowledge management. Darvoch, in their study concluded that the ability of organizations and institutions are more likely to achieve innovation in knowledge management. Also, other researchers have also found that organizations with the implementation of knowledge management strategies have been able to acquire, process improvement initiatives, and improve organizational performance (Majchrzak et al, 2004).

3.2 Bank Performance

There is no generally accepted method for measuring the performance of banks, but usually financial results and accounting, is the ultimate goal of many banks. Previous empirical studies show that the performance of a multi-dimensional structures, which should be measured with several benchmarks. Thread performance, are lot of the literature on the treaty. Many previous studies have begun to focus on your subject treaties. While it may be difficult to focus solely on the performance of treaties. Actual results treaties are often not reported due to multiple architectures, and the temporary nature of the treaty. Success treaties and performance should eventually become a competitive opportunities, and superior performance for the bank. So, the banks, the cooperative could be an important theme in the literature on the treaty. In this study, we measure the performance of the Bank, using data to improve sales, profitability, return on assets, and return on equity (Jiang and Li, 2008).

Organizational performance is included in the criteria for external efficacy (an organization), which encompasses the three general areas:
(1) Financial performance (profit, return on assets, return on investment, etc.)
(2) Performance marketing (to attract customers, market share, etc.)
(3) The shareholders returns (total return on equity, economic value added, etc.)

3.3 Relationship between Innovation and Performance

The literature on innovation, noted that research and development will lead to the creation of scientific knowledge, that a bank can use this knowledge in different ways, to develop innovations, and competencies; and by developing efficient processes, improve your performance. For example, innovation can reduce the cost of manufacturing goods, by introducing new products, or by improving the quality of existing products. Which in turn will lead to increased market share and sales? Innovation, enabling banks, provide valuable products, rare, non-duplication, and different from others. As a result, leads to higher levels of financial performance for the bank. (Sosik et al, 2009).
3.4 Background of Research

A study conducted by the Azarin Badri et al (2012), entitled, regression analysis, the relationship between the components of knowledge management, and human resources functions. The results showed that physical education department staff, who are young and strong, and of course a good experience working with and receptive to change and innovation, and are ready to implement a knowledge management strategy.

A study by Safarzadeh et al (2012), entitled "The effect of knowledge management strategies, on innovation and organizational performance," Her research will examine the impact of strategic knowledge management, on innovation and organizational performance in the community health centers. The results showed that personalized knowledge, and encoded knowledge are a positive impact on innovation and organizational performance, as well as the variables, through innovation, can have a positive impact on organizational performance.

A study by Schultz and Job (2006), "The impact of knowledge management strategy on organizational performance," the study, knowledge management strategies, which were used by transnational companies, in America, segmentation it is made into four categories: coded, explicit, centralized, decentralized, and the results show that the strategy concentrated, are much higher than other strategies.

A study by Choi and Lee (2005), entitled "Knowledge management style and its impact on organizational performance", this research focuses on the study of this issue, different styles of knowledge management, how affect the firm performance. Results showed that the study shows that, among the four dynamic styles, system, human-centered, and the static, dynamic style that has the greatest effect on organizational performance, with emphasis on tacit knowledge and explicit knowledge.

3.5 Variables and research hypotheses

In this research, knowledge management strategic and independent variables, and the innovation and performance, are considered as dependent variables.

Hypothesis 1
Formulation of a knowledge management strategy, will lead to increased innovation in the bank (Refah Kargaran bank in Lorestan province).

Hypothesis 2
Formulation of knowledge management strategy is a direct impact on the performance of banks (Refah Kargaran bank in Lorestan province).

In this study, the variable of strategic knowledge management, editing and encoding rules, privatization, innovation, and performance, are the 5 hidden variable models and indicators that describe the hidden variables, the variables are obvious model. Investigate the relationship between variables, it can be shown that the following structural equation:

The structural model for Hypothesis 1:

\[ \text{Strategic knowledge management} = \alpha_1 + \beta_1 \text{Codification} + \eta_1 \text{Personalisation} \]

\[ \text{innovation} = \gamma_1 + \mu_1 \text{Strategic knowledge management} \]

The structural model for Hypothesis 2:

\[ \text{Strategic knowledge management} = \alpha_2 + \beta_2 \text{Codification} + \eta_2 \text{Personalisation} \]

\[ \text{performance} = \lambda_2 + \tau_2 \text{Strategic knowledge management} \]

4. Research method

Present study in terms of aim was to the application research in terms of study method, was cause (correlation), in terms of methodology, and the nature and methods of dealing with attitudes, and is descriptive. Also in terms of understanding, explanation, analysis, and evaluation, and review of the validity of the data collected, the method based on statistics. The study will form the Lorestan province Refah Kargaran Bank staff consists of
160 people. In this study, given that the target population is limited, so the sample size, sampling using Cochran formula used is as follows:

\[ n = \frac{N Z^2_{\alpha/2} \times P(1-P)}{d^2(N-1)+Z^2_{\alpha/2}P(P-1)} \]

In which
n = Sample size
N = size of the population
\( \alpha = \) Sampling error
d = the sampling precision (error estimates)
p = probability of an attribute
Table Z value for \( \alpha = 0.05 \), is equal to 1.96. Because, is uncertain values of p and q, for the number of samples reaches its maximum value, put those values equal to 0.5. Due to the number of members of society, that is 160 people, and taking into consideration the reasonable value of \( \varepsilon \), the limit of 6%, we can calculate the number of samples. Thus, the required sample size was estimated to 114 people. After determining the number of samples of randomly-selected sample.

Data in this study is used in two forms, a combination of both library and field methods: in the field, was collected through questionnaires.

5 research findings

5.1 Hypothesis 1

Formulation of a knowledge management strategy, will lead to increased innovation in the bank (Refah Kargaran bank in Lorestan province).

H0: between the formulation of strategy knowledge management, and innovation in the bank, there was a significant positive correlation.

H1: between the formulation of strategy knowledge management, and innovation in the bank, there was a significant positive correlation.

5.2 Hypothesis 2

Knowledge Management Strategy, are a direct impact on the performance of banks (Refah Kargaran bank in Lorestan province).

H0: Between the formulation of strategy knowledge management and performance of banks (Refah Kargaran bank in Lorestan province) there is a significant positive correlation.

H1: Between the formulation of strategy knowledge management and performance of banks (Refah Kargaran bank in Lorestan province) there is a significant positive correlation.

To test these hypotheses, structural equation is fitted between KM strategy and innovation for banks, and between the formulation of strategy knowledge management, and performance of the bank, and the results of path analysis, path analysis model to determine the appropriateness including chi-square statistic, and a model is presented in Table 4 11.

\[ \text{NC} = \text{ratio chi-square to degrees of freedom}, \text{RMSEA} = \text{root mean square error of the estimate}, \text{GFI} = \text{suitability index}, \]
\[ \text{AGFI} = \text{Adjusted fitness index}, \text{NFI} = \text{norm fit index}, \text{NNFI} = \text{not normal fit index}, \text{RMR} = \text{root mean square residual} \]
The fit indices the model direct measurement of knowledge management strategy on innovation bank, and the bank, in the diagram shows, the model is an appropriate model. Given that the ratio of chi-square, on degrees of freedom (2.89), the optimal interval of one and five. Chi-square, normal, or relative (NC), which is calculated simply by dividing the chi-square value, on degrees of freedom, is a public index, in index of fit. Schumacher and Lumeks (2009), the values of one to five, the acceptance for this indicator. RMSEA value model is equal to 0.066, less than 0.08. The RMR, the root mean square residual is less than 0.05. GFI and AGFI indices fitness levels also are above ninety percent, respectively, and the values of the NFI and NNFI fit indices, respectively, are above 90%, which are acceptable values. So you could say, a structural equation model, between the strategic knowledge management, innovation and performance of the bank, is a good model. Next, path analysis, and meaningful relationships, our main hypothesis:

1 rate coefficient analysis

In this section, by estimating statistic t, at 95 percent, and certification rate, investigate the relationship between strategic management and innovation in banking and performance.
Estimation model, based on the statistic t, can be said in a high, strategic knowledge management, direct and significant impact on innovation in Lorestan province Refah Kargaran Bank. Rate coefficient 0.50, and a two-sided significance level, is equal to 0.000. Due to the significance level is obtained, which is less than 0.05, reject the null hypothesis of 1, and assume the contrary, ie-benefit relationship between strategic management and innovation in banking, be accepted with 95%. Research Hypothesis 1 is confirmed. Results, a significant statistic, t, for the first hypothesis, are given in the following table.

Table 2: Results of t-statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>rate coefficient</th>
<th>statistic t</th>
<th>Sig</th>
<th>Significance level</th>
<th>Result (accept or reject a hypothesis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic KM, ← Bank Innovation</td>
<td>0.50</td>
<td>2.31</td>
<td>0.000</td>
<td>0.05</td>
<td>accept</td>
</tr>
</tbody>
</table>

Estimation model based on the statistic t, in figure (4-11), we can say, strategic knowledge management, direct and significant impact on the performance of Refah Kargaran Bank in Lorestan province. Rate coefficient 0.66, and a two-sided significance level, is equal to 0.000. Due to the significance level is obtained, which is less than 0.05, reject the null hypothesis of 2, and assume the opposite, namely the inclusion relationship between the strategic management and performance of the bank, will be accepted with 95%. That is ok, the main hypothesis of the study. Results, a significant statistic, t, for the first main hypothesis, are given in the following table.
Table 3: Results of t-statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>Rate Coefficient</th>
<th>Statistic t</th>
<th>Sig</th>
<th>Significance Level</th>
<th>Result (Accept or Reject a Hypothesis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic KM, ← Bank performance</td>
<td>0.66</td>
<td>4.20</td>
<td>0.000</td>
<td>0.05</td>
<td>accept</td>
</tr>
</tbody>
</table>

Source: research findings

6. Results

Since the present study was to study the relationship of variables on each other, we can say, strategic knowledge management, on innovation and performance, in Lorestan province Refah Kargaran Bank, directly and significantly affect the result confirms the hypothesis the original research. Furthermore, the results of fitting the model, and meaningful relationships, structural equation R, is estimated as follows:

The main hypothesis of structural equation 1:
Strategic knowledge management = 0.83Codification + 0.95Personalisation
innovation = 0.50Strategic knowledge management

The main hypothesis of structural equation 2:
Strategic knowledge management = 0.95Codification+0.69Personalisation
performance = 0.86Strategic knowledge management

6.1 Results for Hypothesis 1

This hypothesis is investigated by examining the relationship between strategic management and innovation in Refah Kargaran Bank in Lorestan province. Rate coefficient 0.50, and a two-sided significance level, is equal to 0.000. Due to the significance level, which is less than 0.05, it can be inferred that the rejection of the null hypothesis and accept that the default contrast, the inclusion relation between strategic management and innovation bank. So there is a significant relationship between innovation and the knowledge management strategy, in Refah Kargaran Bank in Lorestan province, in other words, by raising the level of strategic knowledge management, innovation and creativity will be more banks.

6.2 Results for Hypothesis 2

This hypothesis is investigated by examining the relationship between knowledge management strategy, and performance, in in Lorestan province Refah Kargaran Bank. Rate coefficient 0.66, and a two-sided significance level, is equal to 0.000. Due to the significance level, which is less than 0.05, it can be inferred that the rejection of the null hypothesis and accept that the default contrast, the inclusion relation between strategic management and performance of the bank. So there is a significant relationship between performance and the knowledge management strategy, in Refah Kargaran Bank in Lorestan province, in other words, by raising the level of knowledge management strategy, and implement it in the bank, the higher the performance of the bank.

References
[7]. Safarzadeh, Hussein, Taday'oun, A., Hor Mohammadi Maryam (2012), "The impact of knowledge management strategies, on innovation and organizational performance", Journal of School Health, Yazd, year XI, Number One, Ss86-76.