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EVALUATING THE EFFECT OF KNOWLEDGE-BASED STRATEGIES ON ORGANIZATIONAL PERFORMANCE (CASE STUDY: IMAM KHOMEINI OIL REFINING COMPANY OF SHAZAND)

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ABSTRACT

Purpose: the purpose of the present research is evaluating the effect of knowledge-based strategies on organizational performance.

Research method: this research is field study and in terms of the method is causal and in terms of the purpose is practical. The statistical population of this research is consisted of the managers, deputies and experts of Imam Khomeini Oil Refining Company of shazand.to sampling by available sampling method, finally 194 questionnaires were completed which the analyzing of fourth section is performed based on this number. The researcher-made questionnaire is used to collecting data. In this research, the data analyzing was performed using structural equation modeling by LISREL software.

Findings: the results suggest that the system-based strategies, human-centered strategies, SEO strategies and conservative strategies have significant impacts on organizational performance..

Keywords: Strategies, Organizational, Performance.

INTRODUCTION

The human societies from past up to now are undergoing many changes and developments that have led to the increase of their knowledge. In this era, which named information and knowledge era, the main advantage is in knowledge capital and it says that to maintaining the competitive position of companies, the knowledge is considered as an important strategic resource. Knowledge, as is created within the company and spread on the whole of it, it has the ability to affect in value increasing by strengthening the company's respond to the new and unusual situations. There are evidences to show that companies are increasingly investing in new issues of knowledge management and setting up knowledge management systems to obtain this source better and exploit it. This growing importance of the knowledge

as a critical source, encourages the managers to pay more attention to knowledge management strategies of the companies. . Appropriate strategies for knowledge management are of paramount importance because it ensures that regulate organizational-cultural processes, and developing the information technology related to the knowledge management (KM), leads to creating, classification and effective application of knowledge. Knowledge management strategies are considered as a major concern for companies.

Many researches in the field of knowledge management, examine the knowledge management strategies' domain and have attempted to classify them. Reviewing of this research suggests that knowledge management strategies can primarily

classified based on two major dimensions: knowledge management center and knowledge management source. In knowledge management center dimension, the mentioned strategies are classified to two categories of "implicit" and "explicit". The explicit strategy tries to increase the organizational performance by development and reuse of knowledge, using modern information technologies. The implicit strategy uses personalized approach in which tacit knowledge is exchange through a person to person communication and social processes (Zack, 1999: 126).

The second dimension in KM strategies is based on primary knowledge source of the company. The KM strategies in this dimension can be classified to "Internal" and "external" (Berli and Chakrabarty, 1996: 124). The internal strategy is focused on the production and distribution of knowledge within the boundaries of the firm. External strategies involve efforts to acquire or imitate knowledge from external sources and then transfer it across the organization (Lee et al., 1999: 102).

Although researchers have attempted to strengthen the organizational performance by providing guidelines for appropriate strategies of KM, this issue that how different strategies of knowledge management is effective on organizational performance is still poorly understood. Although empirical studies examine the relationship between knowledge management strategies and organizational performance, but the achieved results up to now have been mixed together. Some researchers emphasize that the KM strategies separately can be followed better. Companies must fundamentally focus on one particular strategy (Pye, 2005: 75).

The Imam Khomeini Oil Refining Company of Shazand believes that competition and gaining competitive advantages in the global business arena by having a written policy and strategy using organizational strategic planning is possible and more accessible. Accurate recognizing of the strengths and profound understanding of strategic areas of the organization is of issues that paying attention intelligently to them, help the company's managers to make effective move. This company, despite having high competitive advantages and high sales rates in

the country, yet for reasons such as lack of proper marketing, the lack of use of modern techniques of international trade, the weakness in the creation of a customer database to identify target customers and their needs, and finally production in accordance with their tastes and needs, has been not the appropriate share of exports to world markets. According to the presented subjects and inattention of the managers of Imam Khomeini Oil Refining Company of Shazand to knowledge-based strategies, the researcher tried to study the impact of knowledge-based strategies on organizational performance of shazand Imam Khomeini's Oil Refining Company. Accordingly, the question of this research is that whether the knowledge-based strategies are effective for organizational performance or not? So, the purpose of this study is surveying the impact of knowledge-based strategies on organizational performance of Imam Khomeini's Oil Refining Company of Shazand.

RESEARCH LITERATURE

Organizational performance

The organizational performance is one of the most important factors are discussing in the managerial studies, and without doubt is considered as the most important measure of success in business enterprises. But in general, there is steel no complete consensus among the experts about the variables and indicators of organizational performance. Totally, the organizational performance indicators divided into two categories: subjective and objective. The objective indicators of organizational performance are indicators in which are measured quite real and based on objective data. Some of the objective indicators of organizational performance are including the profitability indicators such as return of assets, return of shareholders' equity, return of investment, and earnings per share of equity return. Subjective indicators of organizational performance are included the indicators that are formed on the basis of the judgment of the stakeholder groups. Some of these indicators include customer satisfaction, employees' satisfaction, success in providing new products and other cases (Do'ayee et al, 2011: 89).

The performance management systems are defined as processes and informational formal issues in which the managers use them for maintaining or changing the priorities in organizational activities. These systems focus on transferring the financial and non-financial information that influence the decision-making process and management activities. Large numbers of profitable and non-profitable organizations are implementing performance management systems and often in the form of a score card balances in order to gain a better organizational results. According to Neely's statements, there is a natural evolution cycle in theory development and performance in management control. During this cycle, managers were concerned that they are measuring the wrong things. After struggling with the adoption of a new measurement systems and alternatives, such as balanced scorecard, critical success factors and key performance indicators, they now come to this question of how the data provided by these new systems can be used in management activities. The answer to this question may be found among users of management systems. Bieber in 1997 in this respect stated: the implementation of technical or structural solutions is depends on human and organizational factors in which the research and theory do not match with each other. Few management researchers, identified the requirements and procedures so that the directors may use them to implement their theories, concepts and methods (de Waal, 2010: 79).

Although researchers have attempted to strengthen the organizational performance by providing guidelines for appropriate strategies of knowledge management, this issue that how different strategies of knowledge management influence on organizational performance is still poorly understood. Although empirical studies surveyed the relationship between knowledge management strategies and organizational performance, but the achieved results have been mixed. Some researchers assert that knowledge management strategies should be followed separately. Companies must basically focus on one particular strategy.

Assessment of business performance management is one of the main agendas of management; because the

key to achieving continuous improvement in the ability to continuously evaluate the performance of the organization. Also many organizations have realized the importance of continuous assessment of the performance and use various performance assessment systems in the organization. Between 1850 and 1975, organizations only assessed the performance based on financial measures, which were criticized for reasons such as: encouraging to having short-term view, the lack of strategic focus and inability to provide data about the quality, responsiveness and flexibility, encouraging an optimistic view, failure to provide information about what customers want and quality of competitors' performances (Zare'ie Matin et al., 2010:102).

Strategy

The strategy is a comprehensive program that shows how the organization will achieve its mission and goals. Deft says the strategy is a program to create an interaction with environmental factors that are usually contradictory. To meet the organization aims, some managers considered the aim and strategy as synonymous but his view this is the aim that determines where the organization wants to go and the strategy determine the way to achieving it. Strategic view, consider the issues in the intellectual, conceptual or theoretical level. Therefore, the strategy is expressed subjectively and conceptual and can never be considered as an operational and objective. This subject rejects all the views that consider strategy as a means to achieve long-term goals because from this view, the strategy is a general direction of the organizations' movement to achieving the desired situation in subjective and conceptual level (Maleki, 1382: 161). Strategy is the art and science of formulating, implementing, and evaluating multi-functional decisions that enable an organization to achieve its long-term goals. In this context, the meaning of proper strategy, is a strategy appropriate with leadership style, it means that if the organization, select the innovative leadership style as the chosen style, in order to achieve the goals and realizing the ideals of innovative leadership style, should make appropriate strategy or change the current strategies in the organization along with it.

Here, given that the innovative leadership style is surveyed, Mitt Van used motivational strategies to increase the staff's creativity and innovation. When employees be present in different parts of their organization, their understanding of the mission and goals of the organization will increase and may even play a role in its development, which leads to increasing the transparency in the organization. By Smith and Walsh view, looking at the benefits of the strategy can help us on the path to paying attention to innovation in strategic management direction or a kind of strategic innovation (Seyyed Nghavi and Farahani, 2013: 79).

Concept of strategy since 1960 has been used in the study of business, and despite its widespread acceptance, it is still a vague concept and specific in management. Defining the concept of strategy is different from a researcher to another researcher, but in the essence of the many definitions, the concept of strategy, is stated as follows: "The pattern in the decisions and activities that its main character, is relating the organization with its environment and is a decisive factor in achieving its objectives". "Business Strategy in this study is as" an integrated set of activities aimed at increasing the strength and long-term capabilities of the company in relation to its competitors ". Business strategy researchers are related to understanding that what make the organization so effective in its environment and refer exploring the processes required to improving the effectiveness of the organization.

The important thing is that in all definitions presented, there is a common thread and is that the strategic management deals with formulation (planning or selection), implementation and evaluation(or control) of strategy (Zare'ei Matin et al., 2010: 98).

System-based strategies

The system-based strategies are strategies in which are designed based on the abilities and skills in different parts of the organization. Organizations in human societies are arise to meet the specific needs, and managers, are not the only decision-makers of the organizations, employees also can propose their

views, so the management achieves new nature and an aspect of it that named leadership is highlighted.

Today the environment is so complex, and dynamic that organizations cannot set their long life with superficial changes in structure, methods, systems and so on. The leaders of the organization should provide conditions so talented and creativity of staffs be fertilized, and can easily, continuous, and individually or by group, implement their innovative activities. The performed researches in the field of leadership show that the role of leaders in forming the concepts and behaviors of followers in the organization has been proven. Also, the studies related to successful or unsuccessful organizational changes, are focused on the decisive role of the leadership which has been known to leadership based on innovation and insights, in such situations (Seyyed Nghavi and Farahani, 2013: 76).

Dynamic capabilities are depend on functionality of the organization and core capabilities of the organization. Abilities refer integrity of perform task links and activities in the organization. The central capabilities refer to those capabilities which are valuable, rare, special and difficult to imitate, that defines the fundamental business of the organization. The central capabilities, by the Porter view (1982), effectively will lead to organizational achievements in terms of performance, quality and reliability, and will be operational in strategy results. Central capabilities, are unique endowment of the company that gives the company a competitive advantage in a market.

Therefore, the first hypothesis of this research can be formulated as follows:

“system-based strategies has significant impact on organizational performance”.

Human-based strategies

It is now widely accepted that we are living in a business environment that increasingly has complexity and volatility and constantly is changing. In order to deal positively with these changes and challenges, both theorists and those who are actually engaged in business in this environment, recommended that organizations should find the vital role of learning and development in their life. Thus,

each organization should recognize and understand the importance of developing knowledge, skills and abilities of its employees. In this situation, the human resources strategy will play a major role in increasing the competitive advantage of the organization. Today the strategic place of human resources, not only in terms of their role in implementing organizational strategies but also because it can be a stable resource of competitive advantage, is so important (Akhavan and Pezeshkan, 2011:3). Totally, the human resources strategy is a basic compound of trade or macro strategy of the organization, and considers the relationship among the strategic management in the organization. This management returns to considered general direction of the organization, what the organization seeks to achieve its objectives by employees. Since human capital is the main cause of competitive advantage for companies and they are employees that perform strategic plan, so the senior managers need to fully consider this issue when designing strategies (Rangriz and Malek Mohammadi, 2005: 73). The purpose of human resource management, is policies and measures required to implement a part of the management tasks which depends on aspects of employee activity, especially for recruitment, staff training, performance evaluation, rewarding and create a healthy environment and fair for the organization's staff. The human resource management is not only one of the approaches from benefits to employees, but also is a special approach to employee relations with the emphasis on mutual commitment in the relationship (Do'ayee et al., 2011: 87). Human resource strategies, are programs, policies and innovative activities in the field of human resources which are designed to create a close relationship between human resources with the organization's general strategic goals and will focus on the specific objectives of the organization, about what should be done and the changes that need to be applied. Ensuring that the organization has the employee required, training, motivation, flexibility, team working, stable relationships of the employees, are the matters that these strategies paid for. These matters guarantee the successful achieving of the organization strategies to their goals (Rangriz and Malek Mohammadi, 2005: 74).

Therefore the second hypothesis of this research is as follows:

“The human-based strategies have significant impact on organizational performance”.

Explorer strategies

Undoubtedly, knowledge, is the cornerstone of innovation, and appropriate management of the knowledge resources, bring innovation with itself. According Lemmon et al., "an effective innovation that leads an organization remains in uncertain competitive environmental conditions, it is appropriate to the organization to make some efforts to establishing, obtaining, using, sharing and performance of knowledge and elite".

The explorer strategies are strategies that their focus is on evaluating the environment and specifies the best organization decision and strategy based on it's recognition from environment and competitors.

The surround environment of each organization can be defined in two ways: First, in general and informal and in total concept, the surround community of the organizations which provide the organization inputs such as data, physical data, employees and so on, and in contrast, abstract the organization outputs. Thus every part of society can be seen as part of the organization's environment that somehow interacts with the organization. Naturally, in such a situation the environment analyzing task is very difficult because today, the economic activity even within the political borders of the countries is not limited, therefore infinite internal and external factors will be discussed.

So the third hypothesis of the research is formulated as follows:

“Explorer strategies significantly impact on organizational performance”.

Conservative strategies

This type of strategy will be adopted in vague terms and without sufficient information from the environment and competitors by the organization and in these situations, the organization will attempt to maintain the status quo. Strategies to using the potential advantages lie in environmental opportunities, to compensate for weaknesses in the organization. (Mehrmanesh et al., 1391: 138).

In today's competitive world, the creation and implementation of new and innovative strategies, to take advantage of opportunities, seems difficult. Certainly, we can say that each strategy is not appropriate for all organizations. If a strategy be appropriate and effective for an organization, necessarily will not be useful in other organizations, nearly all of the society's population, have consumed goods produced or services rendered of various companies and factories. Strategic decisions taken in the organization, has large impact on employees, customers, competitors, investors, and even society in all businesses (ibid: 137).

Therefore the fourth hypothesis will be as follows:

“The conservative strategy has significant impact on organizational performance”.

RESEARCH METHOD

This research in terms of nature and method is causal. Because the researcher is tried to survey the knowledge-based strategies impact on organizational performance in Imam Khomeini Oil Refining Company of Shazand town. In this path, the structural equation modeling technique which is a method to evaluating the causal relationship between variables, is used. Also, the research method based on the practical purpose of the research. The field method is used to collecting data required for research hypotheses testing. In the present research, questionnaire is used to collecting data. The questionnaire used in this study, have 20 questions related to evaluating the knowledge-based strategies impact on organizational performance in Imam Khomeini Oil Refining Company of Shazand town. For measuring the indices in the questionnaire, the Likert five options range is used. In this research, to surveying the relationships among the model components, the structural equation modeling, and to hypotheses analyzing, the LISREL software are used. Validity and reliability of data measuring tools:

In this study, to investigate the validity of the questionnaire, the reasonable method and content branch are used. In this status, the quantity and quality of the questions have examined by the xperts' view. The initial questionnaire of the study was designed to investigate the validity and was to be

seen by professors and advisors. After corrective actions, in next stage, 33 questionnaires were distributed among the research population and the respondents' answers to designed questions were obtained. Finally, the final questionnaire is designed to distribution in wider scale. In present research, to reliability investigation of the questionnaire, the Chronbach alpha scale method is used. In this stage, 33 questionnaires were distributed to evaluating the reliability level. Then, to determine the validity, the SPSS software was used and the achieved Chronbach alpha coefficient to all questionnaire questions determined as 0/872 which regarding that this amount is more than (0/7), so it shows that the questionnaire has enough validity.

Statistical population and determining sample size:

The statistical population of this research is consisted of the managers, deputies, and experts of Imam Khomeini Oil Refining Company of Shazand town. The statistical sample is the limited number of statistical population which explain the main characteristics of statistical population (Azar and Mo'meni, 1380:6).

With respect to this that the structural equation technique is used to data analyzing, to determine the sample size, the following formula is used:

$$5q \leq n \leq 15q$$

Because the numbers of the questionnaire questions are 20, at least the sample must be among the 100 and 300 persons, after questionnaire distribution using available sampling method, finally 194 questionnaires were completed.

DATA ANALYZING

Table(1), shows the demographic characteristics of the study sample. Goodness-of-fit tests.

When a model has an appropriate theoretical support, in the next stage, it is time to survey the fitting of this model with the data that the researcher has collected, hence some of the goodness- of- fit tests for data and models used in this research is carried out to check the fit. According to obtained results from surveying indices, it can be concluded that the data collected were appropriate and the research model has appropriate fit. The diagram 1, shows the t coefficients for measurement model (t coefficients

for questions and the related variables) and structural model (t coefficients for proposed paths in model among the variables).

Also, in diagram 2, the standard coefficients for each of research variables are proposed. The diagram 2, shows the standard coefficients for measurement model (standard coefficients for questions and the related variables) and structural model (standard

coefficients for proposed paths in model among the variables).

The path among all independent variables with dependent variables, is introduced and named with Gamma path coefficient and the path among all dependent variables with dependent variables is introduced and named with Beta path coefficient.

Table. 1 : demographic characteristics of the sample:

Gender	frequency	percent
Male	178	91/8
Female	16	8/2
Age status		
30-40 years	50	25/8
40-50 years	109	56/2
More than 50 years	35	18
Education level		
Diploma	2	1
Advanced diploma	11	5/7
Bachelor	130	67
MA	51	26/3
Status History		
Less than 10 years	8	4/1
10-15 years	73	37/6
15-20 years	91	46/9
More than 20 years	22	11/4

Table. 2: the goodness –of- fit indices of the research model

Fit indices	standard value	index value in research
Degree of freedom	-----	160
Chi-square	-----	243/14
Chi-square/degree of freedom (χ^2/df)	less than 3	1/51
Root mean square error of approximation (RMSEA)	less than 0/08	0/052
Root mean of error square(RMR)	less than 0/08	0/049
Normed fit index (NFI)	more than 0/9	0/92
Non-normed fit index(NNFI)	more than 0/9	0/96
Comparative fit index (CFI)	more than 0/9	0/97
Increasing fit index (IFI)	more than 0/9	0/97
Goodness-of-fit index (GFI)	more than 0/8	0/89
Adjusted goodness-of-fit index (AGFI)	more than 0/8	0/85

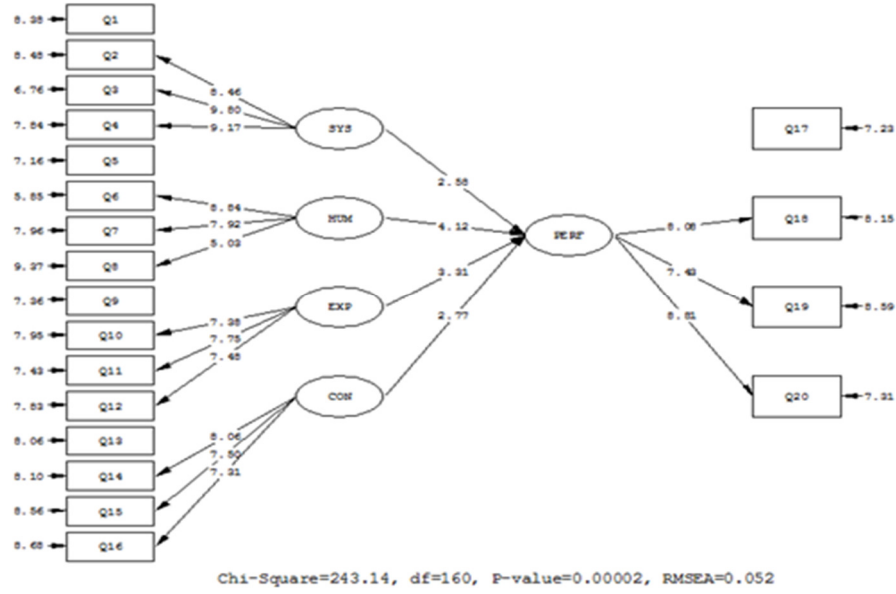


Fig 1. t-statistic for structural model and measurement

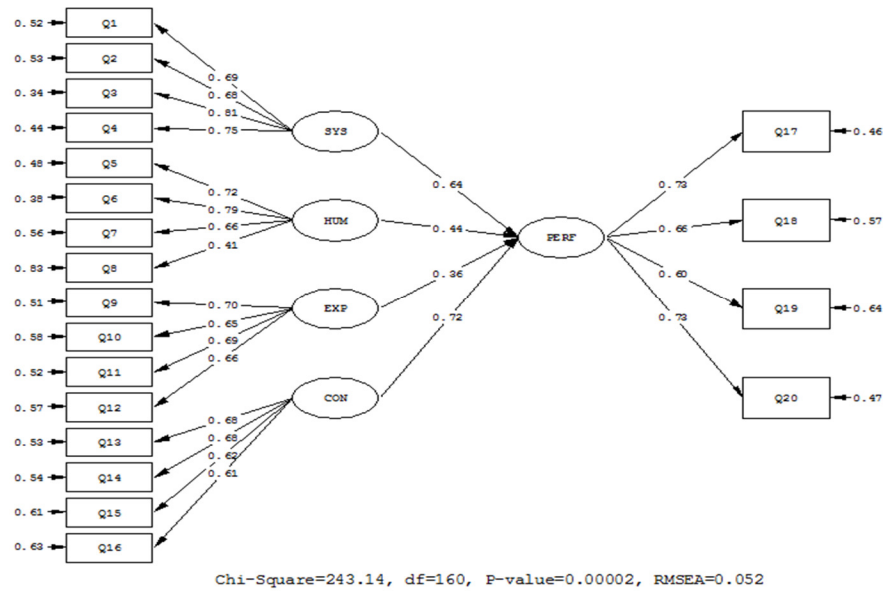


Fig. 2. standard coefficients of structural model and measurement

The results of research hypotheses test:

Table. 3: abstract of the results of research hypotheses test

Path	hypothesis	standard coefficient	t-statistical	significance	result
SYS→PERF	H1	0/64	2/58	significant	acceptance of hypothesis
HUM→PERF	H2	0/44	4/12	significant	acceptance of hypothesis
EXP→PERF	H3	0/36	3/31	significant	acceptance of hypothesis
CON→PERF	H4	0/72	2/77	significant	acceptance of hypothesis

DISCUSSION AND CONCLUSION

Based on the analysis of data from each hypothesis, the findings and the results are analyzed and presented separately.

The first hypothesis measures the impact of system-based strategies on organizational performance. The results of the statistical analysis suggest that this hypothesis is supported. So with level of reliance of

75%, we can say that the system-based strategy has a significantly positive effect on organizational performance. It means that by using system-based strategy, the organization performance will improve, in other words, for every one unit increase/ reduction of system-based strategy, the organization performance 0/41 increases / decreases.

Since the system-based strategy has significantly positive effect on organizational performance, managers and strategists recommended before formulating their strategies, to precise evaluating the production systems, financial and technical facilities, and by identifying the strengths and weaknesses of the company in these areas implement the necessary steps to formulating the organizational strategies, so that optimize their production strategy by considering the strengths and potential of its production equipment, skills and abilities of their staff and considering the technical and financial facilities, so that by this, maximize the efficiency and performance of the organization.

According to the second hypothesis, human-based strategies significantly impact on organizational performance. The results of the statistical analysis suggest that this hypothesis is supported. Therefore in reliance level of 95%, we can say that, the human-based strategy has positively significant impact on organization performance. It means that by using the human-based strategies, the organization performance will improve which in other word, for every one unit increase/ reduction of human-based strategy, the organization performance 0/19 increases / decreases.

Because the human-based strategies has positively significant impact on organization performance, so it recommended to the organization managers and strategists, with the cooperation of the human resources department, evaluate all organization's employees using standardized test in terms of creativity and identify creative employees and after going through the proposed stages, before formulating the organizational strategies, collect opinions and suggestions of the employees and after evaluating their opinions and suggestions, formulate the strategy. The third strategy, evaluates the impact of explorer strategy on organization performance.

The results of statistical analyzing suggest that this hypothesis is supported. Therefore in reliance level of 95%, we can say that, the explorer strategy has positively significant impact on organization performance. It means that by using the explorer strategies, the organization performance will improve which in other word, for every one unit increase/ reduction of explorer strategy, the organization performance 0/13 increases / decreases.

Since the explorer strategy has positively significant impact on organization performance, so it recommended to the organization managers and strategists, before designing and implementing their production strategies, during field surveys, identify the needs and requests of the customers so that formulate the design and production strategy of their products, according to the customers' needs. Designing and manufacturing products according to customer needs in addition to their satisfaction, will lead to profitability, and improve the organization's performance.

Fourth hypothesis: conservative strategies have significant impact on organization performance. The results of statistical analyzing suggest that this hypothesis is supported. Therefore in reliance level of 95%, we can say that, the conservative strategy has positively significant impact on organization performance. It means that by using the conservative strategies, the organization performance will improve which in other word, for every one unit increase/ reduction of human-based strategy, the organization performance 0/52 increases / decreases.

Since the conservative strategy has positively significant impact on organization performance, so it recommended to the organization managers and strategists, by setting up a specialized unit entitled information unit, continuously and periodically collect information (customers, competitors, environment, etc.) using field method, in which in the time of strategy formulation, without any hassle and risk, formulate and design the strategy, and confidently implement the formulated strategies in order to improve company's performance.

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