

Investigating The Role of Knowledge Management in Organizational Innovation and Its Effect on Organization's Performance.

Case study: Tax affairs general administration of Yazd province

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Abstract

With investigating the knowledge role and its importance on organization's performance, it can be understood that using knowledge and information has converted to an unavoidable necessity for the survival of organizations. Investigating the process of knowledge development in contemporary society shows that today's mega industrial society is an informational where increasing energy technologies are gradually giving their place to increasing knowledge technologies. So addressing the knowledge basis topics such as knowledge management and its related components seems necessary for organization's performance improvement. This main question is discussed in this study that if there is a significant relationship between knowledge management and organizational innovation and if these two components are effective on organization's performance. Sub-hypotheses in this study, investigate the relationship between considered aspects and organizational performance with expanding related components with knowledge management and organizational innovation. The goal of this study is proposing a strategy for improving organization's performance based on knowledge management components and organizational innovation. The methodology is functional in terms of goal and descriptive-correlation in terms of collecting data. For collecting data the number of 140 people of staffs, managers and assistants of tax affairs organization of Yazd were selected as sample size. The collecting data tools were questionnaires in this research which 3 questionnaires were used here. For analyzing data, descriptive statistics and inferential are used such as KS test, Pearson correlation and simple and multi linear regression.

The results of this study show that organizational innovation have constantly significant relationship with organizational performance and only the factor of administrative innovation is not effective on organizational performance, knowledge management also have positive significant relationship with organizational innovation and organization's performance and its affects such as gaining knowledge, creating it and transferring knowledge affect organizational performance. Mentioned organization using the obtained results of this study can have more accurate planning for improving its performance in future and this organization is recommended that by paying more attention to aspects of administrative innovation, knowledge function and recording knowledge, strength these aspects and promotes its performance due to these components.

Key words: knowledge management, organizational innovation, organizational performance

Introduction

Because of special features that it has, current era is called creativity and innovation era. The movement process of human evolution has been indebted to innovations since the last days of the known earthly life in the Stone Age to today's complex civilization (Yaghubi et al, 2014). Knowledge management and organizational change and related fields have close relationship with each other. For example organizational culture isn't prepared for accepting the change as one of knowledge management's infrastructure; the best knowledge management planning might fail in the performance level (Ashena et al, 2013). A knowledge management infrastructure is a mechanism that organization makes using knowledge management due to organizational change and innovation possible through that. (Niazi, Abootouri, 2011). If knowledge management projects are looked as process-oriented organizational change projects, it will be more successful (Ranjbar fard et al, 2013). Considerable studies that have been done in this field emphasize on being prerequisite of knowledge sharing in the development of products and new services and technologies (Jabari, 2014). The results of the

successful implementation of knowledge management in products and services appear as creating value (Mahmoud Salehi, 2012).

The importance of innovation and creativity is for its dramatic effect on organization life (Rezaeian,2001). Survival of organizations depends on their reconstruction. Organizations' reconstruction will be done through coordinating goals with new situation and improving and revising the methods of achieving these goals. Creativity and innovation are necessary for any organization's survival (Yahyapoor et al, 2014). Innovation happens as a result of entrepreneurship and organizational entrepreneurship. Therefore today's organizations requires make innovation in process and its outputs practical through different tools. Undoubtedly organizational space is one of the main determining variables for innovation in each organization (Alam Beigi, Afghahai, 2013). So the process of novelty seeking and innovation in organization must be constant for developing technology in terms of different aspects (Barbolla, Corredera, 2009).

Organizational performance is traditionally evaluated according to the concepts of financial and accounting (Morgan, 2003). Performance criteria in past studies included corporate profitability, stock prices, return on assets, and the growth rate (Hakansson, 2006). Factors such as intense competition, globalization and the explosion of technology, organizational learning, knowledge creation and innovation capabilities have been dominant factors in creating competitive advantage during recent years so organizations have to seek criteria which are beyond traditional financial measures (Papalexandris et al, 2005).

According to the importance of mentioned information, this study tries to propose a model for improving performance in organization through using knowledge management and with recognizing the most effective organizational performance indexes, recognize the most important knowledge priority. It has been tried in current study that considering the effect of knowledge management effect on organizational innovation and mutual effect of innovation on organizational performance simultaneously, evaluates the effect of these two components on the performance of mentioned organization that is tax affairs organization in Yazd.

2. Research literature

2-1- knowledge management

Knowledge management is defined in a comprehensive definition as knowledge creating, using and lever placement and other organization's intellectual assets systematically for maximizing the rate of people, teams and organization's knowledge based effectiveness and efficiency (Sohrabi et al, 2010).

Knowledge management has process and compiled wheels that create or gain, refining, store and transfer knowledge and lead to functionalizing knowledge and increasing the efficiency of organization (King et al, 2008). The complexity of knowledge concept in existing knowledge management different approaches has caused that experts look at it in different directions. In economy science point of view knowledge management is efficient exploitation for promoting efficiency tangible resources related to knowledge in all economic parts for promoting efficiency and quality of all production traditional factors (Fateh et al, 2008). Knowledge management is data and information management with the ultimate and implicit experiences of people for sharing, using and organization development that leads to more efficiency of organization (Alem Tabriz, 2012). Knowledge management is a measured, explicit and principled basis for renewing and using knowledge due to increasing effect and returning

related knowledge to knowledge capital (Abtahi and Salavati, 2006). Knowledge management means creating necessary processes for recognizing and assimilating data, information and required knowledge by organization from internal and external environment and transferring them to decisions and people and organizations' actions (Wiig, 2010). Knowledge management is a process, using that organizations obtain some skills in the field of learning (internalizing knowledge) codification knowledge (externalizing knowledge) and distributing and transferring knowledge (Abtahi and Salavati, 2006).

2-2- knowledge management components

Investigating knowledge management aspects show in different eras that a united attitude has not been created in this field. Some of attitudes consider technical and technological factors and some human and cultural factors and the third group a combination of these factors, survival in knowledge management success (Farbod, 2014).

In a research which was done by Mirghafouri et al (2010), the structure of knowledge management was considered in this part for showing the increasing of knowledge management capacity in organization in a way that knowledge management components are acquiring knowledge, sharing that and using it. In another research which was done by Sadeqi et al (2010) for investigating the relationship between organizational culture and knowledge management, the aspects of knowledge management included determining goal, identifying knowledge, acquiring knowledge, developing knowledge, sharing knowledge, using knowledge, maintaining knowledge, evaluating knowledge and managing knowledge. Krenz et al (2014) introduced knowledge management components in a research as identifying knowledge, distributing knowledge, developing knowledge and function of knowledge.

Ren Yang et al (2014) introduced knowledge management components as storing knowledge, sharing knowledge, using knowledge and learning knowledge. Mora et al (2015) considered knowledge management aspects including producing knowledge, maintaining/storing knowledge, transferring, disseminating knowledge and the function of knowledge. Donate and Sanchez de Pablo (2014) introduced knowledge management components during a study including knowledge storing, transferring knowledge, the function of knowledge and creating knowledge.

2-3- organizational innovation

Today factors such as environmental changes, technologic progresses and increasing rivals have caused that endless struggle and competition are created among organizations. It is while organizations with tending to accepting more innovation, will be more successful in answering environmental changes and also expanding new capabilities which help them to achieve higher performance (Saeid Ardakani et al, 2010). Therefor with complexity and increasing competition, innovation is considered as one of main advantages for organization's survival. All organizations require new ideas to survive. The emergence of innovation not only enables organization to achieve competitive advantage but also propose suitable tools for promoting organizational performance (Dehghan Najm, 2009).

Many organizations face a lot of competitive problems and these problems are because of high speed of changes in environment especially technologic changes. Due to this managers and staffs should use the power of creation and innovation for fast adaption with changes, production lines, management methods and production processes and so on (Yousefi et al, 2012). Innovation must be considered as a process including discussing new idea, acquiring necessary knowledge from different ways, converting

idea or knowledge or technology to new product or service and proposing that to bazar or customer and accepting that by customer (Shahin Sadeq beygi 2010).

Bates & Khasawneh 2005 defined innovation as accepting and the function of methods and new knowledge that include the ability of an organization for accepting or creating new ideas and the function of these ideas in development and revising products, services, new work processes, innovation is also as an intangible source that is non-imitating too (Bates & Khasawneh 2005). Some of innovations are appeared in new products, services, technology and management methods (Zaugthom, 2003).

2-4- innovation components

The indexes of innovation performance are divided into three groups of innovation in production, innovation in process and organizational innovation (Jimenez- Jimenez et al, 2008). In figure 3 some of indexes of these groups are proposed.

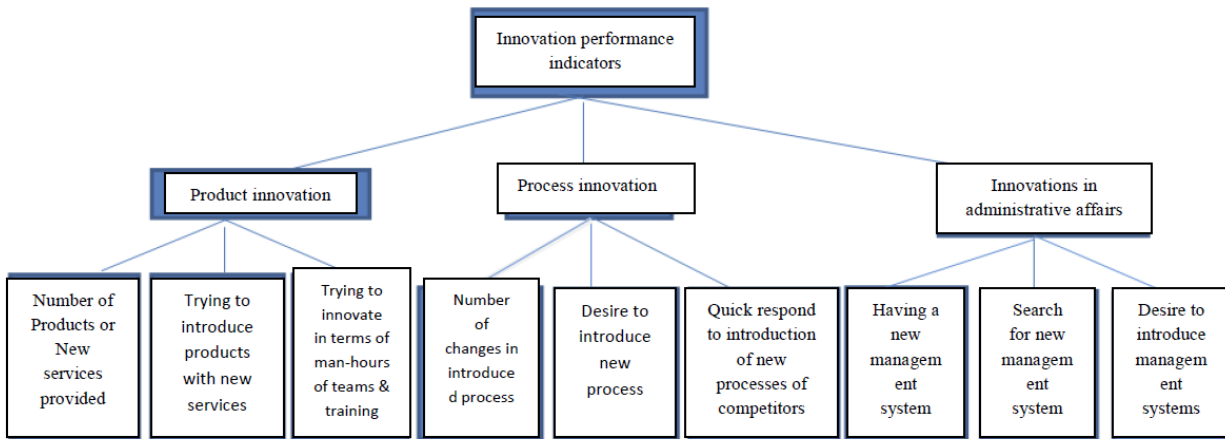


Figure 3- innovation performance indexes- reference: Jimenez- Jimenez et al, 2008

In another division, Gopalakrishnan & Bierly 2010 divided innovation into three categories: technical and management innovation, process and product innovation and gradual and fundamental innovations (Gopalakrishnan & Bierly 2010).

Yamin et al(2009) categorized organizational innovation in three aspects of administrative, product and process innovations (Yamin, Gunassekaran & Mavonda, 2010).

Prajogo et al (2014) identified two kinds of product-performance innovation and process innovation. As result in all these categories, innovation in product and process are emphasized. Innovation in product, includes product or services that will be beneficial for customers or clients and process innovations includes knowledge, equipment, facilities and management and administrative methods that can be used in production process or giving services (Prajogo, Power & Sohal, 2014).

According to previous studies that had the most frequency in administrative, productive and process innovation components, these components are considered as main aspects of organizational innovation in this paper as well.

2-4-1- production innovation: production innovation is a provider of tools for production (Ojasalo, 2008) that refer to development and proposing new and improved production and services. In fact it can be said that production innovation means how much organization is pioneer in proposing new services, allocating financial resources to the research and development and factors like these (Choopani, 2011).

2-4-2- process innovation: process innovation provides a tool for maintaining and improving quality and cost saving (Jimenez- Jimenez et al 2008). It includes making new or improved production methods, distribution or delivering service (Choopani, 2011).

2-4-3- administrative innovation: administrative innovation refers to processes, policies and organizational shapes (Jimenez- Jimenez et al 2008). It includes changes that affect policies, resource allocation and other related factors with organization's social structure. In fact the purpose of administrative innovation is that how much organization's managers use modern management systems (Choopani, 2011).

2-5- knowledge management and innovation

Knowledge has been discussed as the basis and most important competition factor and beside knowledge, innovation also is considered as the most important factor due to organization's survival. In literature related to innovation, knowledge is discussed as the most important parts of innovation process and the importance of knowledge management and its relationship with innovation is confirmed widely (Hall & Mairesse, 2006). Effective knowledge management facilitates knowledge relationships and changes innovation flow's needs and moreover increases innovative performances through attitudes and new abilities so knowledge management ability has a core role in protecting and training innovations. Knowledge management is a very valuable concept that provides field for innovation. Innovation also can convert implicit knowledge to explicit one (Aranda & Molina-Femandez, 2002).

Yang 2005 concluded that integration knowledge and knowledge innovation increases performance about new products (Yang 2005).

Brockman and Morgan (2013) stated that knowledge management can promote performance and innovation in new products (Brockman and Morgan 2013). By referring to Gloet and Terziovski's ideas 2010 there is a positive and strong relationship between knowledge management and innovation but there isn't positive relationship between information technology and innovation (Gloet and Terziovski 2013).

Lin and Lee 2013 investigated innovation and knowledge management in terms of business and found out the positive effect of knowledge management on innovation and despite this proved the low effect of knowledge transferring on innovation as well. But in many studies, the positive relationship between knowledge transferring and innovation was proved too and concluded that knowledge transferring can have a lot of effect on innovation (Lin and Lee 2013).

Prajogo et al 2014 admitted that knowledge management has also considerable positive effect on product's innovation and process innovation as well. Previous studies that was about the aspects of technology, human resources or social aspects of management really emphasized on the effect of knowledge management on innovation (Prajogo, Power & Sohal, 2014).

2-6- Organizational performance

Business performance evaluation is one of the most important management's agenda; because the achieving key to constant improvement in evaluation ability and constant measuring of organization's performance. Many organizations also perceived the importance of continuous evaluation of performance and use various performance evaluation systems in organization (Fernandes et al 2006).

There are various definitions about organizational performance and its evaluation, one of the comprehensive definitions which is taken as main definition in this research is proposed by Simonize 2000. Simonize believes that control systems and performance measuring are information-oriented processes and formal affairs that managers use them for maintaining or revising organizational activity patterns. Based on this definition each performance measuring system has four main goals:

- 1- The goal of all control systems and performance measuring is transferring information.
- 2- Control systems and performance measuring show formal processes and affairs.
- 3- Control systems and performance measuring must be designed for managers' use.
- 4- Managers use control systems and performance measuring for maintaining or revising organizational activity patterns (Simonize, translated by Mojtaba Asadi, 2006).

2-7- Organizational performance components

It means a method that organization can perform its duties in an excellent way (Stoter, Rovard Ferriman 2011). One of the efficient models that looks organization performance evaluation with strategic view is balanced score card model. Balanced score card model (BSC) is a comprehensive model for evaluating organization's performance. This model converts organization's strategic goals in several vital fields to evaluable indexes. These fields are:

Financial, client or customer, organization's performance process, learning and growing (Heinz, 2010)

Mentioned model evaluates either current performance of organization or the effect of these factors on improving processes such as staffs' motivation and promoting informational systems through balancing scores of each organization in above four areas. Balanced score card model (BSC) will be used in this paper for evaluating organizational performance.

3- Research history

Taleqani et al(2012) investigated the relationship between knowledge management and organizational innovation in an insurance company in their study. The results of this research show that based on Pearson correlation coefficient test there is a significant relationship between knowledge management and organizational innovation. In a research by Badri Azin et al 2012 the relationship between knowledge management parts and human resources' performance in physical education organization was investigated. The results of these functional research showed that the variable of knowledge acquisition from knowledge management has had the most effect human performance of study organization. In a research named the effective factors on innovation and creativity in organization, besides reviewing research literature, innovative organizations' features, effective and facilitating factors of creativity and innovation and also creativity barriers are investigated (Yahya poor et al, 2014). In a research named knowledge management, researcher besides checking dimensional and the introduction of knowledge management component, considered this process as a competitive advantage

for cross-capital companies. This study is also reflector the way of performing knowledge management process in improving organizations' performance (Farbod, 2014).

Lendel & Vamus (2014) in a research named evaluation from trade innovation performance first investigated innovation performance systems and its function in business. The results showed that innovation process is an effective factor on trade performance of companies and there is a significant relationship between innovation and trade performance (Lendel & Vamus 2014).

Krenz et al (2014) investigated the role of knowledge management in main networks of product's value and introduced effective components of knowledge management such as storing knowledge, sharing knowledge, function of knowledge and learning knowledge. The results of this research showed that knowledge management is an important and effective factor on main networks of product's value (Krenz et al 2014).

Teresa & Alvarez (2014) in a research with the subject of investigating the effect of informational communication technology (ICT) in knowledge management and innovation, seek to find a theoretical model for explaining the role of ICT in knowledge management and innovation in organizations. The results of this research showed that combination use of ICT and knowledge management will cause promoting innovation of organizations especially organizations which use electronic informational tools (Teresa & Alvarez, 2014).

Ren Yang et al (2014) in a research named knowledge leadership for the importance of project and organizational performance, first introduced the most important knowledge management components such as storing knowledge, function of knowledge and learning knowledge. Finally the result of this research showed that there is a positive and significant relationship between aspects of leading knowledge and organizational performance (Ren Yang et al 2014).

Mora et al (2015), in a research investigated the relationship between process method and providers/partners with key trade results through mediating knowledge management variable. The results of research obtained from modeling structural equations by PLS¹ software showed that the mediating variable of knowledge management has been able to predict about 53.5 percent of key trade results variable and there have always been significant relationship among all models' aspects (Mora et al 2015).

4-conceptual model

The conceptual model of current research is a structures and compound set of linked concepts and hypotheses to each other. In another word this model is made of concepts and hypotheses have close relationship with each other and totally form a coherent and unified framework. Figure 5 shows the relationship between research variables (knowledge management indexes, organizational innovation and organizational

¹ Partial least squares

performance.



Figure 5- research conceptual model

5- Methodology

Current research is functional in terms of goal and descriptive and discovery in terms of collecting data (study plan). The statistical population in this research includes 216 people of staffs, assistants, manager and the boss of Yazd tax affairs organization. Finally based on Cochran's method the number of 140 were selected to study based on classification and random method. After determining sample size, 140 questionnaires were distributed that among them 111 questionnaires were returned and their data were analyzed. Questionnaire was used for collecting data in a way that main questionnaire is made of merging of three questions of Knowledge management based on a Bhatt questionnaire (2001), researcher made questionnaire of organizational innovation which is a combination of Jimenez-Jimenez et al 2008, Pendiáz 2006, Projogo and Sohal 2006(quoted by Choopani, 2012) and organizational performance questionnaire was distributed between statistics population based on balanced score card model. Since the validity and reliability of questionnaires were very important. In this research, for questionnaire validity used facial validity method according to experts and scholars view in tax affairs administration and some of university's professors. Thus, after investigating and studying questionnaires and similar researches' questions, articles and numerous books related to the subject and studying different models of knowledge management, organizational innovation and organizational performance and also consulting experts (Advisor, consultant and expert) are used and finally questionnaire was confirmed.

For questionnaire reliability, Cronbach’s alpha coefficient method was used by SPSS 21 software.

Table 3- investigating the questionnaire different aspects reliability

Title of questionnaire	No. of questions	Operating Name	Cronbach's alpha coefficient	Reliability Status
Organizational Performance (Balanced Scorecard)	7	Customer perspective	0.818	acceptable
	6	Internal processes perspective	0.707	acceptable
	7	Growth and learning perspective	0.796	acceptable
	5	Financial perspective	0.796	acceptable
All dimension of questionnaire			0.848	acceptable
Organizational Innovation	7	Production innovation	0.785	acceptable
	6	Process innovation	0.77	acceptable
	4	Administrative innovation	0.79	acceptable
All dimension of questionnaire			0.872	acceptable
knowledge management	6	Knowledge acquisition	0.747	acceptable
	6	Knowledge creation	0.892	acceptable
	5	Knowledge application	0.828	acceptable
	11	Knowledge transfer	0.802	acceptable
	10	Knowledge register	0.824	acceptable
All dimension of questionnaire			0.927	acceptable

According to the amount of calculated Cronbach’s alpha coefficient (bigger than 0.7), in above table all three questionnaires are reliable enough and obtained information of these three questionnaires are completely accurate. Data analyzing also was done using SPSS 21 and done path analysis method.

6- Research findings

6-1- Normality test

Table 4- the results of Kolmogorov-Smirnov test (KS)

		Organizational performance	Organization al innovation	Knowledge management
N		111	111	111
Normal Parameters ^{a,b}	Mean	2.9730	3.5381	2.8052
	Std. Deviation	.82528	.36359	.46953
Most Extreme Differences	Absolute	.297	.111	.135
	Positive	.271	.111	.115
	Negative	-.297	-.081	-.135
Kolmogorov-Smirnov Z		3.127	4.22	2.34
Asymp. Sig. (2-tailed)		.000	.000	.000

According to KS test and above table data, the amount of level significance (Sig) was less than 0.05 so research data distribution isn’t normal therefor, for investigating and proving research hypotheses will be used Spearman correlation test.

6-2- Testing research hypotheses

First will be proved and investigated sub-hypotheses from first main hypothesis means the existence of relationship between three aspects of production innovation, administrative and process through Spearman correlation test by SPSS 21 software. Obtained results of this test are shown in table 5.

Table 5- the results of Spearman correlation test of first sub-hypotheses

			Product innovation	Process innovation	Administrative innovation	Organizational Performance
Spearman's rho	Product innovation	Correlation Coefficient	1.000			
		Sig. (2-tailed)	.			
		N	111			
	Process innovation	Correlation Coefficient	.290**	1.000		
		Sig. (2-tailed)	.002	.		
		N	111	111		
	Administrative innovation	Correlation Coefficient	.419**	.289**	1.000	
		Sig. (2-tailed)	.000	.002	.	
N		111	111	111		
Organizational Performance	Correlation Coefficient	.404**	.619**	.308**	1.000	
	Sig. (2-tailed)	.000	.000	.001	.	
	N	111	111	111	111	

According to above table's data all three aspects of innovation (production, process and administrative) have significance level of less than 0.05 toward organizational performance factor that show significant relationship between organizational innovation parts with organizational performance and also considering the positive amount of Spearman correlation coefficient these relationships are direct and positive and the most strength of relationship is for process and production innovations. So three, first sub-hypotheses are confirmed. As following, multi variable regression is used for investigating the effect of each one of organizational innovation aspects on organizational performance that results are proposed in table 6.

Table 6- standard coefficient of organizational innovation aspects on organizational performance

Variable name	Standardized coefficient (beta)	significant number (sig)	Conclusion
Product innovation	0.213	0.007	Has a significant effect
Process innovation	0.553	0.00	Has a significant effect
Administrative innovation	0.136	0076	Has not significant effect

As it is shown in above table just administrative innovation didn't have significant relationship with organizational performance because of the significance level of less than 0.05 and based on Beta standard coefficient, process innovation will have the most effect on organizational performance.

Table 7- the results of Spearman test due to proving main hypothesis (1)

			Organizational Performance	Organizational innovation
Spearman's rho	Organizational	Correlation Coefficient	1.000	-
		Sig. (2-tailed)	.	-
	Performance	N	111	-
	Organizational	Correlation Coefficient	.444**	1.000
		Sig. (2-tailed)	.000	.
	Innovation	N	111	111

According to above table data, the amount of significance level is less than 0.05 in this test that shows there have always been significant relationship between organizational innovation and organizational performance and considering the positive amount of Spearman correlation (0.444) this relationship is direct and positive the strength of that is average. Therefore first main hypothesis means the existence of positive and significant relationship between organizational innovation and organizational performance is proved and confirmed.

Table 8- standard coefficients of organizational innovation on organizational performance

Variable name	Standardized coefficient (beta)	significant number (sig)	Conclusion
Organizational innovation	0.511	0.00	Has a significant effect

According to obtained data from above table, organizational innovation has always affected organizational performance.

Following that, sub hypotheses of second main hypothesis are investigated and proved through Spearman correlation test by SPSS 21. The obtained results are shown in table 9.

Table 9- Spearman correlation test results for proving second sub-hypothesis

			Knowledge acquisition	Knowledge creation	Knowledge application	Knowledge transfer	Knowledge register	Organizational Performance
Spearman's rho	Knowledge acquisition	Correlation Coefficient	1.000	-	-	-	-	-
		Sig. (2-tailed)	.	-	-	-	-	-
	Knowledge creation	Correlation Coefficient	.546**	1.000	-	-	-	-
		Sig. (2-tailed)	.000	.	-	-	-	-
	Knowledge application	Correlation Coefficient	.438**	.428**	1.000	-	-	-
		Sig. (2-tailed)	.000	.000	.	-	-	-
	Knowledge transfer	Correlation Coefficient	.481**	.538**	.441**	1.000	-	-
		Sig. (2-tailed)	.000	.000	.000	.	-	-
	Knowledge register	Correlation Coefficient	.297**	.449**	.327**	.535**	1.000**	-
		Sig. (2-tailed)	.002	.000	.000	.000	.	-
	Organizational Performance	Correlation Coefficient	.435**	.513**	.338**	.491**	.289**	1.000**
		Sig. (2-tailed)	.000	.000	.000	.000	.002	.
			N	111	111	111	111	111

According to above data all five aspects of knowledge management (acquiring knowledge, creating knowledge, function of knowledge, transferring knowledge and recording knowledge) have the significant level of less than 0.05 toward organizational performance that shows the significant relationship among knowledge management aspects with organizational performance and also considering the positive amount of spearman coefficient these relationships are direct and positive. Among these the aspects of creating knowledge, transferring and acquiring knowledge have the most correlation with organizational performance so five sub-hypotheses of second hypothesis means the existence of significant and positive relationship among knowledge management components and organizational performance are confirmed.

Table 10- standard coefficients of knowledge management aspects on organizational performance

Variable name	Standardized coefficient (beta)	significant number (sig)	Conclusion
Knowledge acquisition	0.099	0.314	Has not significant effect
Knowledge creation	0.235	0.019	Has a significant effect
Knowledge application	0.117	0.216	Has not significant effect
Knowledge transfer	0.366	0.001	Has a significant effect
Knowledge register	0.0421	0.674	Has not significant effect

According to obtained results of above table, two factors of creating knowledge and transferring knowledge from knowledge management have always affected organizational performance.

For proving the second main hypothesis, the results of Spearman correlation test are shown in table 11.

Table 11- the results of Spearman test for proving second main hypothesis

			knowledge management	Organizational Performance
Spearman's rho	knowledge management	Correlation Coefficient	1.000	.
		Sig. (2-tailed)	.	.
		N	111	.
	Organizational Performance	Correlation Coefficient	.564**	1.000
		Sig. (2-tailed)	.000	.
		N	111	111

According to above table data, the amount of significance level in this test is less than 0.05, it shows that there have always been significant relationship between knowledge management and organizational performance and considering the amount of Spearman correlation coefficient (0.564) this relationship is direct and positive. Therefore the second main hypothesis is proved and confirmed.

Table 12- standard coefficients of knowledge management on organizational performance

Variable name	Standardized coefficient (beta)	significant number (sig)	Conclusion
knowledge management	0.621	0.00	Has a significant effect

According to obtained data from above table, knowledge management has always affected organizational performance.

Finally for proving third main hypothesis that is significant relationship between knowledge management and organizational innovation, the results of Spearman correlation test are shown in table 13.

Table 13- the results of Spearman test for proving third main hypothesis

			knowledge management	Organizational innovation
Spearman's rho	knowledge management	Correlation Coefficient	1.000	.
		Sig. (2-tailed)	.	.
		N	111	.
	Organizational innovation	Correlation Coefficient	.532**	1.000
		Sig. (2-tailed)	.000	.
		N	111	111

According to above table data, the amount of significance level in this test is less than 0.05, it shows that there have always been significant relationship between knowledge management and organizational innovation and considering the amount of Spearman correlation coefficient (0.532) this relationship is direct and positive and relationship strength is average. Therefore the third main hypothesis means the existence of significant and positive relationship between knowledge management and organizational innovation is proved and confirmed.

10- Conclusion and recommendations

This research has been done with goal of investigating the relationship between knowledge management and organizational innovation and its effect on organizational performance that its statistical population included the staffs of Yazd tax affairs organization and the method of collecting information were through three merged questionnaires and distributing a united questionnaire in the level of statistical society. Three main hypotheses and 8 sub-hypotheses in accordance with main hypotheses had been discussed in this study.

Analyzing data and test results prove the existence of positive and significant relationship among three components of knowledge management, organizational innovation and organizational performance, the results of research represent the positive effect of placing organizational innovation and knowledge management on organizational performance. It is deduced from the results of research sub-hypotheses related to organizational innovation aspect that all three aspects of innovation have had significant relationship with the amount of organizational performance and among these two aspects of process and production innovation had more effective role due to the amount of organizational performance. This problem emphasizes for senior managers of organization that put their attention on production and process innovation for performing services and administrative affairs and considering the unimportant role of administrative innovation in the performance of this organization, managers must revise the way of relationship among staffs, performing duties, processes and structures.

The obtained results of proving second sub-hypotheses according to Spearman correlation test show that there have always been a significant relationship among all knowledge management aspects with organizational performance and according to multi variable regression test, the aspects of function of knowledge and recording knowledge haven't have dramatic effect on organizational performance so study organization must concentrate on the fields if acquiring knowledge, creating knowledge and transferring knowledge that have the most effect on organizational performance based on Beta standard coefficient and with strengthening related aspects with knowledge function in implementing organization's processes and recording knowledge in individual and organizational memory due to strengthening these two aspects, improve organization's performance.

Investigating the third hypothesis also represented that there have always been significant relationship between knowledge management and organizational innovation and this relationship is direct with the amount of positive Spearman correlation coefficient that is organizational innovation that played as mediating variable, had had dramatic role due to increasing organizational performance through knowledge management and mentioned organization should increase its organizational innovation power through implementing knowledge management that this issue causes increasing the organizational performance power.

Based on obtained results below recommendations are proposed to managers;

Organization is recommended to strength innovation infrastructures especially in the fields of production and process innovation considering its urgent needs because the necessity of agility in providing tax services to taxpayers and clients will be constant innovation and following programs due to this and also with creating conversation and interaction space try to interact ideas and getting staffs' ideas and suggestions especially suggestions which are innovative and step due to strengthening administrative innovation. On the other hand organization can have planning and programming in some

knowledge management's aspects which were effective on organizational performance in this study such as acquiring knowledge, creating knowledge and transferring that because knowledge management knowledge management has affected organizational innovation considering research conceptual model. Other researchers are also recommended to use other knowledge management's models with more and more completed aspects due to organizational performance and investigate the strategic aspects on organizational performance for prospective of better survival of organization.

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