Examining the role of knowledge management on organizational performance with considering mediating role of market orientation and innovation

Dr. Alireza Hadadn
Assistant Professor, Department of Management, Ferdowsi University of Mashhad, Mashhad, Iran.

Masoud Monazzami Borhani*
MA in Executive Administration, Ferdowsi University of Mashhad, Mashhad, Iran.

Mohamad Ali Nekahi
MA in Executive Administration, Ferdowsi University of Mashhad, Mashhad, Iran.

Shaghayegh Tolunia
MA in Executive Administration, Ferdowsi University of Mashhad, Mashhad, Iran.

*Corresponding author: mas_borhani@ymail.com

Abstract

The main objective of the organization, improving performance and achieve a level of excellence and sustainability in order to maintain the survival, growth, profitability and meet the needs of society. Therefore, the factors effecting on performance has high importance. One of the most important parameters effecting present dynamic environment, is knowledge management. This research measures the impact of knowledge management as the main and independent variable on the performance as the dependent variable and the effect of market orientation and innovation variables as the role of mediator has been investigated too.

Data collecting instrument was an adopted questionnaire. The statistical population of the research is composed 265 managers who are active in forge industry in Mashhad. The sample size estimated to be 70. We analyzed data collected by the questionnaire, and SPSS V.21 software was used for the data analysis. The results expresses a significant relationship between the variables of knowledge management and performance, and if effect of the mediating role of market orientation and innovation applied, the relationship between knowledge management and performance will be stronger than it used to, also our regression analysis emphasized that market orientation has a stronger role than innovation in this relationship.

1. Introduction

Science and knowledge long time ago as prerequisites for economic development has been recognized. Policymakers are increasingly interested in developing policies to ensure continuity science and knowledge in order to support the development of the economy and market.

There is global agreement that the science and knowledge manufacturing competitive power and for successful businesses is required [1,2]. Is interesting to understand the importance of knowledge management (KM), To say that Simon Kuznets to show that (increase in inventory of useful knowledge and expand its use in the nature of modern economic growth), won the Nobel Prize [3]. Managing organizational knowledge has revolutionized habits and routine operation. Should be noted that if the organization's environment be dynamic and innovative, collecting knowledge would be acceptable and pleasant for personnel and this can be guarantee improving the performance (P) of the organization [4].

On the other hand, other researches point to the fact that all the world's economy relies more than ever to innovation (INN) and knowledge. Countries that have coordinated their economy with innovation, economic growth has been rapid, and it is necessary to understand that innovation relies transfer of knowledge in the field of economy [5].

Employee's individual innovation in the environment of organization, the main basis for improving the performance of each organization, so attention to factors of creating innovation is particularly important [6]. In addition these variables can be pointed to the important role of market orientation (MO) and its positive effect on performance [7]. Now is Studies related to market orientation suggest is the activities related to market orientation, through the influence and motivate staff; improved Organizational competitiveness, and thus helps Organizational to achieve high performance [8]. And on the other hand market orientation and attention to environment is the main elements of marketing and an important factor in order to enable the company to understand the market and make strategies of product and appropriate service to responding to customer's needs and demands [9]. Therefore, this study examining the role of knowledge management on performance with considering mediating role of market orientation and innovation to provide more complete results of previous research.
2. Literature review

2.1. Knowledge management

Knowledge as a source of competitive advantage and value creation, an essential element of sustainable development and a decisive factor for companies with global aspirations has known. Moreover, Knowledge that companies are identified is dynamic resource that requires careful management and feed [10]. Many researchers have been introduced detail knowledge in the form of 4 overall level (data, information, knowledge, and wisdom). When organizations do not survey in the field evaluate their knowledge assets, Knowledge management will not guarantee organizational development and performance improvement [11]. Giolet & Terziowski (2004) Knowledge management can be defined as: recognition access to experience, knowledge and expertise that create new capabilities and will encourage innovation, and increase customer value [12]. So must for the implementation of knowledge management in organizations in order to create a common culture for maximizing innovation performance and also tried for creating an effective competitive advantage [13]. In other words, knowledge management is a system that operates collective knowledge (explicit and tacit knowledge) assets across the organization, explicit and implicit knowledge point to Nonaka's category that which includes [14]:

Explicit knowledge is knowledge that is objective and can be expressed in formal and systematic language. This type of knowledge is independent of employees and computer information systems, books, organizational documents and etc. Explicit knowledge can be encoded and encrypted and it can be easily transmitted, processed, and stored in the database. This type of knowledge can be published in the form scientific formula or manual between individuals and organization.

Tacit knowledge is abstract and not easy to achieve, tacit knowledge is defined as knowledge that its resources and content is hidden in the mind and not easily achievable and non-structured. This knowledge is acquired through experience and learning and not encrypted [15]. This knowledge is not written and expresses the experience and employees skills.

According to the Wig (1993) the main goal of knowledge management, Facilitate, creation, sharing, and use of knowledge with quality in order to create an organization that will act intelligently. Knowledge management will have the facilitator of knowledge communications and requirements interaction in innovation processes [16].

2.2 Innovation

Innovation can be defined accepting a device, system, policy, program, process, new product or service that can be created within the organization or be bought out and the new for organization, this definition of innovation is very comprehensive and can say that it includes many dimensions. Innovation through increased organizational flexibility, willingness to change and introduce new products and services and reduce waste organization positively affects the organization long-term success [17]. Organizations with more innovation in response to changing environments for the development of new capabilities that allow them achieve to better performance, they will be more successful [18]. Many innovation studies have shown that the integration of knowledge inside the organization and outside the organization can be improved innovation [19].

In today's rapidly changing business world, innovation is regarded as a competitive advantage for the organization and maintain it is not possible for a long time. The only way to create value by innovation, it depends to mental capital and creative human resources [20]. According to Chen et al (2004) Innovation refers to introduces new composition of the basic factors production within the production system. Capital innovation include the ability to organizing and use of research and development, new technologies and innovative products to satisfy the needs of customers. Innovation process include knowledge-based, physical, and technical activities which play a pivotal role in development of new products [21].

2.3 Market Orientation

Narver and Slater (1990) introduced market orientation, the heart of the management and marketing. If the business improves its market orientation, expansion of its market performance will increase [22]. Market orientation involves sensitivity to market products and its related behaviors [23]. Of these dimension staff collect information about customers, competitors and their homogeneous industry, in addition, it covers their knowledge about the value or the area in which they are active [24].

Kara, Spillan & DeShields (2005) suggests that market orientation is a powerful source of sustainable competitive advantage, because it is difficult to mimic and the company will focus to find opportunities for growth and reduces the delay in responding to opportunities. Moreover, they suggest that market orientation is a fundamental aspect of organizational culture that creates competing values, norms, artifacts, and behaviors and these provides an opportunity for competitive advantage for organizations [25]. Market orientation can create intelligence across the organization in relation to current and future customer needs, dissemination of intelligence across organization departments and response to that intelligence [26]. Market orientation is not only for outside but also for inside the organization [27], and not only in internal markets but also in international markets [28; 29].

2.4 Performance

Organizational performance is considered as a dependent variable in this study, one of the most important structures in management research and undoubtedly the most important measure of success in business enterprises. Performance in terms is mood or quality of function. The organization performance is a wide mix of receipts non-tangibles such as increasing organizational knowledge and receipts tangibles, such as economic and financial results. Various models have tried to identify and evaluate organizational performance [30]. Organizational performance is a broad concept and covers of what the company produces and areas with which they interact. In other words, Organizational performance is defined how do missions, tasks and organizational activities and their results [31]. Kara et al (2005) are organized consequences of market orientation into four categories: organizational performance, achievement of customer, employee achievement, innovation and achievement. The marketing strategy literature presents market orientation through sensitivity to market and customer
relationship will lead to superior organizational performance [25]. For example, Pelham (1997) is placed performance components in three categories:
1) Organizational effectiveness include: product quality, new product success, customer retention rate.
2) Growth / share include: level of sales, sales growth rate and market share.
3) Profitability include: specific return rate, return on equity, profit margin [32].

2.5 Background of the study
Jiménez-Jimenez, Valle and Hernandez-Espallardo (2008) in the research, named "Fostering innovation: the role of market orientation and organizational learning", investigated types of Organizational Innovation. The findings show that the innovation are moderated impact of other variables on performance and relationships are more enriched [33], that adapt with research results of O'Cass & Ngo (2007) [34]. In a study conducted by Lytle (1994) "Service Orientation, Market Orientation, and Performance: An Organizational Culture Perspective", achieved to this results: 1) basic values of the organization are related to service orientation and market orientation. 2) Market orientation and service orientation is related positively with organizational performance. 3) Organizations that more emphasis on service orientation, they have a higher level of market orientation. 4) Market orientation is related positively with ROA and business performance [35]. Yang (2005) conducted a study titled "Knowledge integration and innovation: Securing new product advantage in high technology industry", Concluded that the integration of knowledge and innovation knowledge lead to increases performance of new products [36]. The other hand Lin and Lee (2005) examined innovation and knowledge management of business aspects in research as "Impact of organizational learning and knowledge management factors one business adoption", and found positive impact knowledge management on innovation. Nevertheless proved a low impact knowledge transfer process on innovation [37].
Seleim & Khalil (2007) in a study titled "Knowledge management and organizational performance in the Egyptian software firms", showed knowledge management processes has a positive impact on organizational performance [38]. These results are similar with the findings of Lee and Choi (2003) in a study titled "An empirical investigation of KM styles and their effect on corporate performance", based on the positive impact the knowledge management on performance [15].

2.6 Conceptual model and hypotheses

The research hypotheses are:

\( H_1: \) Knowledge management has a significant and positive impact on performance.
\( H_2: \) Market orientation as a mediator role has a positive impact on relationship between knowledge management and performance.
\( H_3: \) Knowledge management has a significant and positive impact on market orientation.
\( H_4: \) Market orientation has a significant and positive impact on performance.
\( H_5: \) Innovation as a mediator role has a positive impact on relationship between knowledge management and performance.
\( H_6: \) Knowledge management has a significant and positive impact on innovation.
\( H_7: \) Innovation has a significant and positive impact on performance.

3. Methodology

3.1 Data collection
Questionnaires is one of the common methods of data collection in survey research. Standard questionnaire adapted from this research consist 24 items with Likert five-scaled items with range from "totally disagree" to "totally agree", 24 items used in this study can be divided into 4 parts: 1) Knowledge management consists of 10 items drawn from Chen & Huang (2007). 2) Market orientation includes six items taken from the Kohli and Jaworski (1990) research. 3) Innovation with five items from Hurley, Hult & Knight (2003). 4) Performance with three items from Narver & Slater (1990).

3.2 Population and sample
The study's population consists of all the employees in forg industry factories that have an export in Mashhad city. According to statistics of Industries and Mines Organization of Khorasan Razavi (2014), 5 factories were selected. As regards most people are aware of the factory is employees so they were able to respond to questions for this study. In this study was used probability sampling design and generalizability
of the results is crucial that’s why for selecting the sample, according to the access list of companies is used judgment non-probability sample. For calculating sample size is used Cochran's formula and population size (255 people):

\[
n_0 = \frac{n_0 \frac{\hat{P}(1-P)}{D^2}}{1 + \frac{n_0 \hat{P}(1-P)}{N}} = \frac{(1.96)^2 \times \frac{1}{2}}{(0.1)^2} = 96
\]

\[
n = \frac{n_0}{1 + \frac{n_0 \hat{P}(1-P)}{N}} = 69/74
\]

According to the calculations, 70 people have been selected and with considering possibility loss and irreversible, 75 questionnaires were distributed and finally 70 questionnaires were collected.

### 3.2 Validity and reliability of instrument

Questionnaire items’ validity was assessed using confirmatory factor analysis which shows in Table 1, for four variables of knowledge management, market orientation, innovation, performance, analysis results are demonstrated.

<table>
<thead>
<tr>
<th>Table 1. Results of confirmatory Factor Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>KM5 0.506 KM4 0.609 KM3 0.738 KM2 0.790 KM1 0.712</td>
</tr>
<tr>
<td>KM10 0.587 KM9 0.545 KM8 0.697 KM7 0.643 KM6 0.541</td>
</tr>
<tr>
<td>MO5 0.717 MO4 0.824 MO3 0.508 MO2 0.582 MO1 0.792</td>
</tr>
<tr>
<td>MO6 0.628</td>
</tr>
<tr>
<td>INN5 0.534 INN4 0.564 INN3 0.729 INN2 0.682 INN1 0.662</td>
</tr>
<tr>
<td>P3 0.649 P2 0.733 P1 0.594</td>
</tr>
</tbody>
</table>

Cronbach's alpha coefficients, as the most common internal consistency test in multifactorial scales, were applied to measure scales’ reliability. Table 2 reveals the results. Since the value of all these coefficients for all components are close to or above 0.7, we can declare that study questionnaire has a reasonable level of reliability (Nunnally, 1978).

<table>
<thead>
<tr>
<th>Table 2. Results of the reliability study</th>
</tr>
</thead>
<tbody>
<tr>
<td>performance</td>
</tr>
<tr>
<td>P</td>
</tr>
<tr>
<td>0.720</td>
</tr>
</tbody>
</table>

### 3.3 Confirmatory Data Analysis

Prior to analyzing the data, confirmatory analysis has been fully implemented to ensure study assumptions and conditions met the prerequisites to run any methods of data analysis on. Considering qualifying results, (Shown in Table 3), parametric statistical tests were employed. Since the aim of any research project is to detect a relationship and identify its power for estimating purposes, this study has utilized correlation test and regression analysis in order to analyze proposed relationships.

<table>
<thead>
<tr>
<th>Table 3. Results of Kolmogorov-Smirnov test of normality based on data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant</td>
</tr>
<tr>
<td>0.116</td>
</tr>
<tr>
<td>0.068</td>
</tr>
<tr>
<td>0.190</td>
</tr>
<tr>
<td>0.095</td>
</tr>
</tbody>
</table>

As regards values obtained are above P ≥0.05, Data normality is confirmed and indicates a strong relationship among the variables.
4. Data Analysis

4.1 Demographic Characteristics of Respondents

Analysis of demographic questions indicate that 6% of respondents to the questionnaire in less than 24 years, 32% were between 25 to 34, 25% were 35 to 44, 23% placed 45 to 54 and 14% have been higher than 55. Among the valid respondents for gender question were 80% male and 20% female.

Regarding educational level of total 70 respondents, 11% had diploma, 10% associate degrees, 59% undergraduates, 13% graduates, and 7% had a doctorate.

4.2 Hypotheses Testing

To determine the relationship among variables, Pearson correlation analysis was employed using SPSS software ver. 21. Arithmetic means, standard deviations and correlations for are shown in Table 4.

Table 4. Correlation matrix analysis

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard deviation</th>
<th>KM</th>
<th>MO</th>
<th>INN</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>KM</td>
<td>3.4107</td>
<td>0.9897</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MO</td>
<td>4.1214</td>
<td>0.73320</td>
<td>0.320</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INN</td>
<td>3.2393</td>
<td>0.65860</td>
<td>0.319</td>
<td>0.238</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>3.6286</td>
<td>0.76346</td>
<td>0.364</td>
<td>0.546</td>
<td>0.453</td>
<td>1</td>
</tr>
</tbody>
</table>

As Table 4 reveals the results of correlation analysis, the overall relationships between study variables are acceptable, this gladly confirms previous studies. Since this study sought to assess and analyze proposed mathematical relationships, so that it can help to quantify an unknown variable using known ones, we can use the following regression equation for each table to test the relevant hypotheses.

\[ Y = a + \beta_1 X_1 + \beta_2 X_2 + \epsilon \]

\[ Y: \text{ dependent variable (performance)}, \ a: \text{ constant}, \ X_1: \text{ independent variable (Knowledge Management)}, \ X_2: \text{ mediating variable (Market Orientation and Innovation)}, \ \epsilon: \text{ randomized confounders}. \]

For regression analysis, first we conducted a general regression assessment of the mediating role of market Orientation in the relationship between knowledge Management and performance. Then if significant, we evaluate two total regressions of knowledge Management and market orientation along with linear regression equation to examine their significance and mediating role of market orientation to be specified for each relationship. Furthermore, to answer research questions and to determine the extent of the effect of independent variables on the dependent ones and also comparing the effects of these variables, we utilize standardized \( \beta \) coefficients. At that scale, the possibility of comparing same variables’ parameter estimates is provided. After assessment of the mediating role of market orientation, assess all regression analyzes for mediating role of innovation, then if significant regression of knowledge management on the performance separately assess the variables of knowledge management and innovation. Finally, examine the regression of knowledge management on performance.

Table 5. The Investigation of KM on P

<table>
<thead>
<tr>
<th>Variables</th>
<th>b</th>
<th>S.E</th>
<th>( \beta )</th>
<th>t-value</th>
<th>Significant level*</th>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>2.045</td>
<td>0.498</td>
<td></td>
<td>4.104</td>
<td>0.00</td>
<td>H1</td>
<td>Confirmed</td>
</tr>
<tr>
<td>KM</td>
<td>0.464</td>
<td>0.144</td>
<td>0.364</td>
<td>3.225</td>
<td>0.002</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\( R^2:0.133 \)

\* \( P \leq 0.05 \)

According to Table 5, 13% of changes yield as a result of changes in KM. Thus, considering significance level \( (P \leq 0.05) \), hypothesis \( H_1 \) is confirmed. For every unit change in KM, a 0.364 unit change is caused in performance.

Table 6. The Investigation of Mediating Role of MO in Affecting KM on P

<table>
<thead>
<tr>
<th>Variables</th>
<th>b</th>
<th>S.E</th>
<th>( \beta )</th>
<th>t-value</th>
<th>Significant level*</th>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>0.657</td>
<td>0.524</td>
<td></td>
<td>1.231</td>
<td>0.223</td>
<td>H2</td>
<td>Confirmed</td>
</tr>
<tr>
<td>KM</td>
<td>0.269</td>
<td>0.134</td>
<td>0.211</td>
<td>2.012</td>
<td>0.048</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MO</td>
<td>0.498</td>
<td>0.109</td>
<td>0.479</td>
<td>4.563</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\( R^2:0.338 \)

\[ Y: 0.657 + 0.269KM + 0.498MO + \epsilon \]

\* \( P \leq 0.05 \)
As can be seen in Table 6, 33% of changes yield as a result of changes in KM. Thus, considering significance level \( P \leq 0.05 \), hypotheses \( H_2 \) is confirmed. For every unit change in KM, a 0.211 unit change is caused in performance. In case of MO playing a mediating role, a unit change in KM will cause a 0.479 unit change in performance. This rate of change supports the relationship between KM and performance through MO acting as mediator.

Table 7. The Investigation of KM on MO

<table>
<thead>
<tr>
<th>Variables</th>
<th>b</th>
<th>S.E</th>
<th>( \beta )</th>
<th>t-value</th>
<th>Significant level*</th>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>2.785</td>
<td>0.487</td>
<td>5.721</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KM</td>
<td>0.392</td>
<td>0.141</td>
<td>0.320</td>
<td>2.785</td>
<td>0.007</td>
<td>( H_3 )</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

R\(^2\):0.320

* \( P \leq 0.05 \)

According to Table 7, 32% of changes MO as a result of changes in KM. Thus, considering significance level \( P \leq 0.05 \), hypothesis \( H_3 \) is confirmed. For every unit change in KM, a 0.320 unit change is caused in MO.

Table 8. The Investigation of MO on P

<table>
<thead>
<tr>
<th>Variables</th>
<th>b</th>
<th>S.E</th>
<th>( \beta )</th>
<th>t-value</th>
<th>Significant level*</th>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>1.285</td>
<td>0.443</td>
<td>2.902</td>
<td>0.005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KM</td>
<td>0.569</td>
<td>0.106</td>
<td>0.546</td>
<td>5.376</td>
<td>0.000</td>
<td>( H_4 )</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

R\(^2\):0.298

As can be seen in table 8, market orientation on performance has positive and significant impact and with considering significance level \( P \leq 0.05 \), hypothesis \( H_4 \) is confirmed.

Table 9. The Investigation of Mediating Role of INN in Affecting KM on P

<table>
<thead>
<tr>
<th>Variables</th>
<th>b</th>
<th>S.E</th>
<th>( \beta )</th>
<th>t-value</th>
<th>Significant level*</th>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>1.157</td>
<td>0.533</td>
<td>2.169</td>
<td>0.034</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KM</td>
<td>0.312</td>
<td>0.141</td>
<td>0.245</td>
<td>2.204</td>
<td>0.031</td>
<td>( H_5 )</td>
<td>Confirmed</td>
</tr>
<tr>
<td>INN</td>
<td>0.435</td>
<td>0.129</td>
<td>0.375</td>
<td>3.381</td>
<td>0.001</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Y: 1.157 + 0.312KM + 0.435MO + \( \varepsilon \)

R\(^2\):0.259

* \( P \leq 0.05 \)

As can be seen in Table 9, 26% of changes yield as a result of changes in KM. Thus, considering significance level \( P \leq 0.05 \), hypothesis \( H_5 \) is confirmed. For every unit change in KM, a 0.245 unit change is caused in performance. In case of INN playing a mediating role, a unit change in KM will cause a 0.375 unit change in performance. This rate of change supports the relationship between KM and performance through INN acting as mediator.

Table 10. The Investigation of KM on INN

<table>
<thead>
<tr>
<th>Variables</th>
<th>b</th>
<th>S.E</th>
<th>( \beta )</th>
<th>t-value</th>
<th>Significant level*</th>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>(constant)</td>
<td>2.043</td>
<td>0.438</td>
<td>4.669</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KM</td>
<td>0.351</td>
<td>0.126</td>
<td>0.319</td>
<td>2.776</td>
<td>0.007</td>
<td>( H_6 )</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

R\(^2\):0.102

* \( P \leq 0.05 \)

According to Table 10, 10% of changes INN as a result of changes in KM. Thus, considering significance level \( P \leq 0.05 \), hypothesis \( H_6 \) is confirmed. For every unit change in KM, a 0.319 unit change is caused in INN.

Table 11. The Investigation of INN on P
As can be seen in Table 11, INN has positive and significant effect on performance. Thus, considering significance level ($P \leq 0.05$), hypothesis H$_7$ is confirmed. For every unit change in INN, a 0.435 unit change is caused in performance.

5. Discussion, Conclusions and Recommendations

The analysis of the demographic characteristics of respondents, we infer to relative abundance of the age range between 25 to 34 staff and this is a reason to do more research and surveys to identify organizational and business success, that’s why young people are the most common in business and failing in business causes damage to society seriously. As the regression analysis suggests impact knowledge management on performance is confirmed and inalienable and should be continued because it provides context to improve organizational performance, which is in agreement with studies of Selim & Khalil (2007), Choi and Lee (2003).

The results obtained should be noted to impact the mediator roles of innovation and market orientation on relationship between knowledge management and performance. The companies have achieved high profitability by considering this relationship, which is in agreement with studies of Jiménez-Jimenez et al (2008), O’Cass and Ngo (2007), Lin and Lee (2005), Lytle (1994) and Yang (2005).

Market orientation provides possibility for being able to collect and process information market for companies; This ability is also enhanced institutional innovation and it enables organizations have fast reaction in the face of environmental turbulence and complexity in today’s increasingly competitive environment and rapid response to environmental challenges, and lead in new products. The results obtained can be very useful for corporate executives who want to gain leadership in the market. Since applied model is presented which is in agreement with studies of Seleim & Khalil (2007), Choi and Lee (2003).

The second suggestion to corporate executives for elevating the performance is considering the following:

1. Technical and professional staff skills convert to writing and systematically and put them on the path of information flow.
2. Pay special attention to employees who have effective and innovative strategies and support them.
3. Implementing periodic meetings in order to share knowledge and improve the way and a reward system should be organized in order to promote sharing knowledge.
4. Reviewing and analyzing changes in the work environment effects on client.

The second suggestion to researchers for doing better future research is using of metrics such as growth and market share for performance evaluation until eventually been able to get a comprehensive view. It also recommended that future researches will be used applied model, which is presented, in its study in different fields of industry, trade and service.

References


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