

The Relationship between Knowledge Management Implementation and Identifying the Entrepreneurial Opportunities in the Automobile Importers Companies in Iran

(Case Study: IRTOYA Company)

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Abstract: Knowledge management is an endless process which begins with a simple conversation and slowly institutionalizes in the mind, belief and behavior of the workers and finally becomes a new method of life. The first steps of this process have been taken in our country for many years however; have been abandoned like many other areas of thought and action in the beginning. Concurrently, in the early years of the twenty-first century rare number of government and private organizations despite all the failures have considered this endless process as a development strategy which can help them to revive their organizations capabilities in understanding and more efficient use of their competitive advantage. Organizations are entering into a knowledge-based economy, an economy in which knowledge and intangible assets, as the most important factor of production are well known as the most important competitive advantage. According to the publically available models of knowledge management and needs of the services sector to study the knowledge management and also lack of a fixed framework for knowledge management, the present study aims to examine the effect of knowledge management implementation on identifying the entrepreneurial opportunities so that the companies could take the first steps to reach the objective of becoming a knowledge based organization and efficiency in on time use of opportunities. The present study is an applied research in terms of purpose and correlational descriptive in terms of nature and method. Correlational test and Spearman correlation test were used order to test the research hypotheses. Alpha coefficient was used to test the reliability of the questionnaire and the cronbach alpha of 91.3% showed the proper reliability of the research instrument. Findings indicated that all the hypotheses were significant and approved.

Keywords: Knowledge, Knowledge Management, Entrepreneurial Opportunities, Opportunity Recognition.

Introduction

Today, the development of leadership is not the wealth and manpower, but human knowledge and the effective management of this knowledge. Examining the experiences and achievements of the leading organizations worldwide suggests that this leadership and innovation is not possible unless in the light of the creation, processing, development, sharing, recording and dissemination of knowledge. Knowledge management is an endless process which begins with a simple conversation and slowly institutionalizes in the mind, belief and behavior of the workers and finally becomes a new method of life. The first steps of this process have been taken in our country for many years however, have been abandoned like many other areas of thought and action in the beginning. Concurrently, in the early years of the twenty-first century rare number of government and private organizations despite all the failures have considered this endless process as a development strategy

which can help them to revive their organizations capabilities in understanding and more efficient use of their competitive advantage. It should be noted that today's world requires a quick response. Immediate adjustment, swift conclusion and, above all, the need for personal growth are affected by the changes which require knowledge and creativity. With the introduction of the element of knowledge as the main source of capital and the importance of the staff knowledge, a new window has been opened in the administration and management of organizations. Entering the information age, the development of new technologies of communication and information devices and applications has caused the formation of a new approach to organizational management issues and it should also be noted that knowledge and intellectual capital are the bases of the core competencies as well as a strategy for better performance. To achieve the sustainable competitive advantage it is required both to consider the existing knowledge and effective use of it and creating a framework for the use of new knowledge.

Organizations should be aware of all these things, because knowledge management as a business strategy at the same time, works in the entire organization and can be considered as the utility of an organization progress. This tool provides the ability to meet external challenges in the organization. Peter Drucker believes that the secret to success in the 21st century is knowledge management (Alpkan et al., 2010). Therefore, in the third millennium the implementation of knowledge management is an integral part of achieving the goals and needs careful planning for proper implementation. Today, organizations are entering into a knowledge-based economy (Tang, 2010), an economy in which knowledge and intangible assets are known as the most important factor of production and competitive advantage (Gronroos, 2000) as well as the most important source innovation for organizations (Hayton, 2005). In recent decades, the changes and the uncertainty in the environmental conditions of increasing competition has made the large organizations which make minor changes in the methods and structures of their own not to be able to small companies, flexibility, have more innovation speed compete. Today, organizations are in a condition in which performing the entrepreneurial activity is essential for them (Shepherd & DeTienne, 2005). Organizations should provide conditions in general so that the atmosphere and the entrepreneurial spirit prevails in the organization and people can individually and collectively do their entrepreneurial activities in the organization. Bhagavatula et al (2010) sees private entrepreneur as a person who has recognized an opportunity and launches an organization to track it. Defines opportunity as the gap between the current situation and potential future that bridging the gap is done by the actions taken by the entrepreneurs. According to Elyasi et al (2011), the entrepreneurial opportunities are the potential form of the new company which is desirable and possible and looks for the profitability of the unmet needs of the market. According to Ozgen and Baron (2007), as well as 16. Yadollahi Farsi and Rizvi (2012), recognizing the entrepreneurial opportunities as the main feature without which there is no entrepreneurship. In this regard, following a briefly review of the literature on knowledge management, recognition of the entrepreneurial opportunity and the relationship between these two are considered.

Research Background

Knowledge includes the ideas and thoughts, understanding and lessons learned over time that a person acquires through experience, reasoning, insight, learning, reading and listening.

Knowledge management: KM means providing the right knowledge at the right time and place and at the right cost, in a manner appropriate to the individual / team.

Saving Information: conversion of knowledge into machine-understandable format in order to use it in the future. In general, this step is known as the documentation of new knowledge and its storage, so that all stakeholders can easily benefit from this knowledge.

Knowledge transfer: it is a process of knowledge transfer from a person to the others through education, training, documentation and collaboration.

Distribution of knowledge: it is the process of sharing and spreading knowledge that now runs within organizations since the precious knowledge should be shared with others and sharing and transferring can be active or passive.

Knowledge use: it is a process in which the makers and stakeholders of knowledge are enabled to resolve the issues and problems of the organization by using their knowledge. knowledge enrichment: it is a process used to strengthen the knowledge by collected and refined knowledge during the process of knowledge management.

Examining the aspects of knowledge management in different periods has shown that, there is no common attitude and vision on this issue. Some have considered the technological points of view and some others considered human and cultural factors, and the third some combination of these factors as vital to the success of management. Alzami and Zaire are among the researchers who have done a lot of research in this field. They have recognized a variety of critical success factors according to the knowledge management experts which are presented in Table 1.

Table 1. KM components from the perspective of experts(Porbahrami 2014).

| Author | KM components |
|--------------------|--|
| Wigg | Processes of knowledge creation - organizing - Transfer - Conversion - applying and maintaining knowledge |
| Davenport | Organizational and technical infrastructure - knowledge structure - the culture and friendly atmosphere in the organization - clear objectives and a common language - there are multiple channels for transferring knowledge top management support - removing barriers to motivation |
| Davenport & prusak | Technology - knowledge - knowledge distribution - electronic repositories of knowledge - education, culture and leadership - trust |
| Trussler | The existence of appropriate infrastructure in the organization - management commitment - motivation for sharing knowledge - finding the right information - culture - technology - transformation and transmission of knowledge - education and learning |
| Manasco | Group of knowledge - creating the right conditions - monitor the content of knowledge - to support structural and technological improvements in the process of creating and distributing knowledge |
| Bassi | Learning - distribution - implementation and application of knowledge |
| Skyrme & Amidon | Having a compelling vision - a strong relationship with business processes - leading knowledge - knowledge creation and distribution of culture - learning intelligent - technological infrastructure - a systematic process |
| Steele | The structure of knowledge - knowledge organization - communication - distribution - to-date knowledge - management support |

Entrepreneurial opportunity recognition

Entrepreneurship is the main element of creativity and innovation in modern organizations and organizations in most developed countries are performing transition from the bureaucratic state to the entrepreneurship state in their own businesses. The entrepreneurial opportunities should exist in entrepreneurship regardless of whether the opportunities in the environment emerge as the measures of creativity emerge or people need to recognize and make use of them. The opportunity is one of the basic concepts in the entrepreneurship the entrepreneurial opportunities are chances for individuals or groups to provide a new value which often occurs with the introduction of new and innovative products and services to society (Ozgen et al., 2007). This is done by creating a new firm. Opportunity is defined as the "future desired situation which is different from the current position and the belief that reaching the situation is possible". Opportunity recognition refers to the process of understanding the feasibility of a product, service or profitable business. Recognizing the opportunities or the chance to combine resources in a way that leads to profit is an important aspect of entrepreneurship (Gronroos, 2000; Elyasi et al., 2011). Opportunity recognition is a process through which entrepreneurs identify the new ideas leading to the search for business opportunities, refine and select those (De Massis et al., 2013). In general, some entrepreneurs recognize more opportunities and these opportunities gain superiority for them while the others are not able to do so. Heterogeneity among the entrepreneurs clarifying how to recognize opportunity, frequency of opportunity recognition, nature and quality of identified opportunities can be the cause of this issue (Ucbasaran et al., 2008). Puhaka (2010) considers recognition of the opportunity including some aspects such as the dynamics of the competitive environment in relation to the collection and information analysis; pioneering search for the future values in conjunction with an image of the future and creating innovative solutions that sees opportunities in different economic activities. There are several factors that affect the recognition and development of the opportunities. This factors in a category include the entrepreneurial awareness, access to information and prior knowledge, exploratory research in targeted research, social networks, personality traits, including risk-taking, optimism and self-reliance, creativity (Bhagavatula et al., 2011). Another factor that has been noted in several studies is the intellectual capital (Puhaka, 2010).

Puhaka (2010), in his research suggests that the relationship between intellectual capital and identify opportunities is more complex than what has previously been thought about it. The results of his research shows

that entrepreneurs has the following features: 1) formal knowledge for recognition of the opportunities for competitive dynamics; 2) management experience to pioneer trends in future and also understanding not to rely on their management practices when new ideas must be innovative; 3) intrinsic motivation for new innovative ideas and forecasting the future pioneer; and 4) the creativity to see the gap in competitive opportunities and anticipate future-oriented pioneers to fill this gap. Based on these results, the use of flexible and versatile intellectual capital is important to the entrepreneurs in exploring new business opportunities.

Materials and Methods

Research Method: The present study is an applied research in terms of purpose and correlational descriptive in terms of nature and method since it has describes the present time and what exists now.

Data collection: Information obtained in this study was collected through interviews, surveys, and library studies and collection of field data obtained in the industry.

Research population and sample: The study population consisted of 240 participants, including board members, managers, the assistants and experts of IRTOYA Company. Sampling was done based on a combined method (stratified random sampling and cluster sampling) which is a subset of probable sampling. According to Morgan's table, questionnaires were distributed among 148 of the participants.

Data analysis: inferential statistics included the Spearman correlation coefficient (due to the using data ranking) to assess the relationship, simple linear regression to examine the effects and Cronbach's alpha for reliability.

Research Design: *Time: examining the implementation of knowledge management and its relationship with the entrepreneurial opportunities was conducted since August to November 2015 , or in other words, this is a cross-sectional research.*

Location: central office of IRTOYA Company

Subject: Discussions of organizational change management and entrepreneurship.

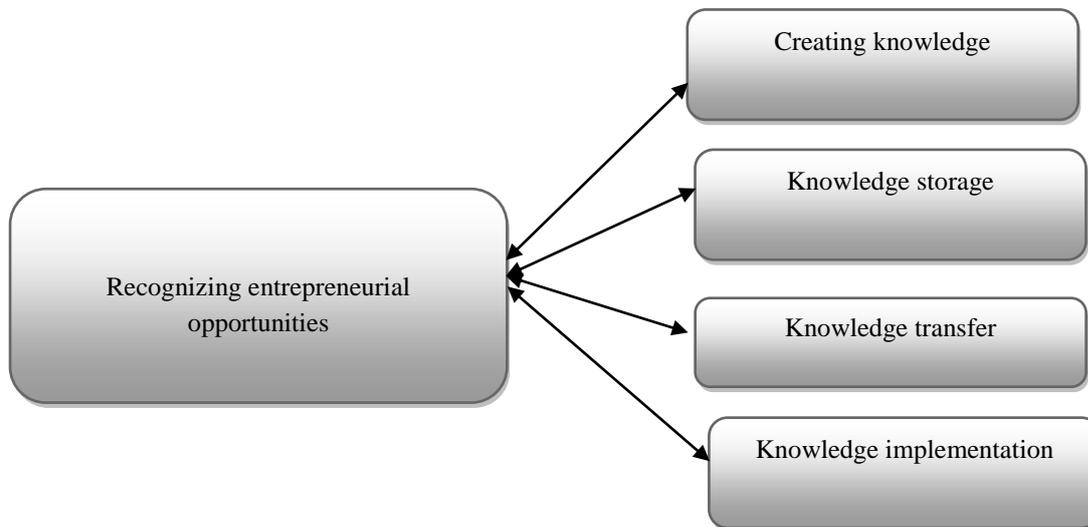


Figure 1. Research model.

Research Hypotheses

Main Hypothesis: There is a significant positive relationship between the implementation of knowledge management and recognition of the entrepreneurial opportunities in IRTOYA Company.

Sub-hypotheses:

- ✓ There is a significant positive relationship between the knowledge storage and recognition of the entrepreneurial opportunities in IRTOYA Company.
- ✓ There is a significant positive relationship between the knowledge transfer and recognition of the entrepreneurial opportunities in IRTOYA Company.

- ✓ There is a significant positive relationship between the knowledge creation and recognition of the entrepreneurial opportunities in IRTOYA Company.
- ✓ There is a significant positive relationship between the knowledge implementation and recognition of the entrepreneurial opportunities in IRTOYA Company.

Research Instrument

Validity: In order to examine the validity, one should answer the question that whether the instrument must measure what it aims to? In order to answer this question, research questions were examined by help of some experts and scholars in order to remove the ambiguities which indicated the acceptable content validity of the research instrument.

Reliability: The reliability is one of the technical characteristics of measuring instruments and deals with the fact that if the measuring instrument provides the same results in the same extent which reliability refers to the accuracy, stability and reproducibility of test results. In other words, the reliability coefficient indicates the extent to which measurement tool characteristics or features variable measures the stable subjects. The reliability of the questionnaire was examined by Cronbach's alpha using the data obtained from the questionnaires and by SPSS software, the result of which are as follows:

Table 2. Reliability.

| Component | Alpha coefficient |
|--|-------------------|
| Knowledge creation | 0.811 |
| Knowledge storage | 0.856 |
| Knowledge transfer | 0.799 |
| Knowledge implementation | 0.836 |
| Recognition of the entrepreneurial opportunities | 0.803 |

Results

Reliability coefficient by Cronbach's alpha was used and the total scale's Cronbach's alpha was 91.3%, which demonstrated the stability and internal consistency of the questionnaire. To calculate the Cronbach's alpha coefficient, the variance of scores for each subset of the questionnaires and total variance should be calculated first.

Cronbach's alpha is calculated the following formula:

$$\alpha = \frac{k\bar{C}}{\bar{V} + (k-1)\bar{C}} \quad \text{OR} \quad \alpha = \frac{k}{k-1} \left(1 - \frac{\sum_{i=1}^k S_i^2}{\sigma^2} \right)$$

Where K is the number of questions in this regard, S_i^2 is the variance of the ith question, σ^2 is the variance of total questions, \bar{C} is the average of the covariance between questions, and \bar{V} is the variance of the questions.

Data Analysis

Correlation Analysis: Correlation analysis is a statistical instrument to determine the type and degree of relationship of a variable with another variable. One of the criteria used to determine the correlation coefficient is variable. The correlation coefficient shows the significance of the relationship and the type of relationship (direct or inverse). This index is between 1 and -1 and lack of relationship between the two variables is zero.

Spearman Correlation Coefficient: The correlation coefficient is a parametric method used for normally distributed data or a large number of data. Spearman correlation coefficient was calculated using the following equation.

$$r = \frac{\sum xy - n\bar{x}\bar{y}}{\sqrt{\sum x^2 - nx^2} \sqrt{\sum y^2 - ny^2}}$$

Table 3. Analysis Assumptions

| Hypothesis | Variables | Correlation coefficient | Approve or reject |
|------------|--|-------------------------|-------------------|
| H1 | knowledge storage and recognition of the entrepreneurship opportunity | 0.891 | Approved |
| H2 | Knowledge transfer and recognition of the entrepreneurship opportunity | 0.726 | Approved |
| H3 | Knowledge creation and recognition of the entrepreneurship opportunity | 0.894 | Approved |
| H4 | knowledge implementation and recognition of the entrepreneurship opportunity | 0.792 | Approved |
| Main | Implementation of knowledge management and recognition of the entrepreneurship opportunity | 0.903 | Approved |

Discussion and Conclusion

As noted, the business environment has become more complex and dynamic than ever before. Therefore, in order to identify new opportunities for higher performance and more proactive action compared to the rivals, one should pay special attention to the factors that are influential on recognition of the opportunities. Opportunities form the heart of entrepreneurial activity so one should create features in individuals in order to be able to recognize opportunities. Organizations need to be able to concentrate on their subjects of their intangible assets in order to achieve greater recognition of entrepreneurial opportunities and create competitive advantage compared to other competitors. By approving the research hypothesis it was found that the implementation of knowledge management entrepreneurial opportunity recognition has a positive effect. According to knowledge workers and develop these assets, the company leads the activities in which people are excited about the entrepreneurial opportunities available and people are more sensitive to recognize them. Knowledge creation, knowledge management are defined as the tools used by an organization to create value and solve organizational problems. So with the approval of the first hypothesis, it is concluded that there are entrepreneurs in knowledge creation as inputs that lead to outcomes such as self-employment decision, the survival of the company and is the company's performance. Knowledge storage and maintenance is in fact the recognition and pursuing the opportunities (Ucbasaran et al., 2008.) Result of this hypothesis are consistent with the results found by Fuentes Fuentes et al (2010), Tang (2010) and also Yadollahi Farsi and Razavi (2012) showed that the organization knowledge capital such as knowledge and experience of the staff had positive impact on recognition of the entrepreneurial opportunities, and producing new ideas and understanding of entrepreneurial opportunities achieved is an affirmation of the findings of this study. The second sub- hypothesis of the research makes clear that structural funds of IRTOYA Company had a positive impact on entrepreneurial opportunity recognition. As noted above, capital structure refers to the structures and processes within an organization that employees use them and then apply knowledge and skills to their work. So this is the result of the organizational structural assets such as corporate culture, organizational processes, information systems and systems of intellectual property of the organization with higher efficiency which can make the business opportunities quickly recognized by the organizations and used in order to try to take advantage of them. The third sub-hypothesis of the present study suggests that knowledge transfer of innovative organizational communication had a strong positive impact on the recognition of entrepreneurial opportunities. Confirming this hypothesis makes clear that corporate executives are given a strong relationship with our customers and partners to identify opportunities is influenced by them. According to this article, the confirmation of hypotheses have been made, the proposals are presented. Thus, according to the hypothesis that the study represents a significant impact on entrepreneurial opportunity recognition is knowledge management, knowledge management indicators are proposed to be included in the company's financial reports so they can be evaluated make it easier to be able to assess payments and strengths and weaknesses in relation to the parameters specified in order to improve performance. Further, approving the sub-hypotheses of the present study showed that different sectors can take measures in order to strengthen their knowledge capital in the following areas: According to the first hypothesis of the impact of knowledge on entrepreneurial opportunity recognition and tested, it is recommended that investment managers to strengthen their knowledge, continuous measurements of the level of competence of staff have to measure the employees' job satisfaction the job satisfaction measurement systems within the organization and using measures such as reward and punishment, providing enrichment programs and career development, in order to sustain work staff. Regarding the confirmation of the second hypothesis, it was found

that the storage and maintenance of knowledge affects the identification of the entrepreneurial opportunities in IRTOYA Company. Therefore, it is suggested in order to strengthen the knowledge capital, the corporate executives should take some measures to identify activities to increase value for people, create a supportive culture through incentive systems designed to foster individual creativity and innovation, use corporate information systems in a way that preserves intellectual property rights of each employee, provide free access to information for those organizations to facilitate knowledge sharing on the internal components. In addition, the establishment of computer networks for communication with customers and other companies could help better recognizing of the entrepreneurial opportunities through the customers. The study also confirms the findings of the third and fourth hypothesis was obtained. Thus, it was found that the transfer of knowledge and the use of knowledge on entrepreneurial opportunity recognition and a significant positive impact. In this regard, it is suggested to strengthen the knowledge capital, managers are continually communicating with customers and partners to take action, the training is organized in conjunction with the customer in turn, some steps taken in the development of social networks and the addition of a system for timely and quick response to customers' expectations and provide complaints. It is also proposed to strengthen the recognition of entrepreneurial opportunities by training on how to recognize the entrepreneurial opportunities by people in the surrounding environment so that the sensitivity of the people toward the environment is excited and they do not ignore the opportunities ahead.

Conflict of interest

The authors declare no conflict of interest

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