

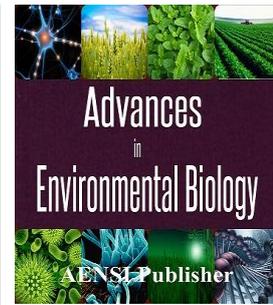


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Examining the relationship between organizational culture, knowledge management and intellectual capital (Case Study: Branches of Sepah Bank in Yazd city)

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ABSTRACT

This study aimed to investigate the relationship between organizational culture, knowledge management and capital city of Yazd is Fkrydr Bank Sepah. The survey method was applied, and by the way, is a correlation with the use of questionnaires and survey data collection is required. The population of this study, staff Sepah Bank city of Yazd and random sampling method Easy to use and 158 samples were collected acceptable. To analyze the data using SPSS 18 software and verify the relationships between variables and factors through confirmatory factor analysis and structural equation modeling techniques were performed using the software Lystl 8.72, the results suggest that organizational culture knowledge management and intellectual capital have a positive impact and the addition of Easy to use and 158 samples were collected acceptable. Knowledge management and intellectual capital impact.

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INTRODUCTION

Today's changing world requires that organizations are looking for new tools to survive. One of the tools that can help organizations to meet these goals is knowledge management. In order the knowledge management to be usable, it requires coordination with existing organizational culture; because each organization has its unique corporate culture that shows individuals ways of understanding and meaning to events [20]. Therefore, the corporate culture is essential for knowledge management and generally support a culture of knowledge management that give value to the knowledge and encourage its sharing, creation and application [3]. Banks and credit institutions as other organizations should have their own culture; a culture that protect ethics and economics with its unique cultural characteristics; that is to say, it should put together the requirements of basic assumptions, constant values and behavior patterns in an appropriate condition in order that staff and organization move towards a full integration in which achieving any target becomes easy with the reliance on the concept of "banking culture" [15].

Organizations that strive to become a knowledge-based organization will be successful if there is the cultural characteristics required for the implementation of knowledge management. Knowledge can be effectively created and shared in organization if it is supported by organizational culture [10]. The pattern of interaction among people can be changed in the organization and take advantage of knowledge management as a competitive advantage only by reviewing, modifying and creating an appropriate and flexible organizational culture. Hence an atmosphere should be created in the organization to share, transfer and interact knowledge among members and train people in the way of conceptualizing their interactions [18].

Today, organizations are entering into a knowledge-based economy, an economy where knowledge and intangible assets have been known as the most important factor of production as well as the most important source of production and competitive advantage as well as the most important innovation source and for organizations. Intangible assets are divided into two categories that one of its major components is intellectual

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capital. Intellectual capital provides a new resource base through which the organization can compete. The capital increase efforts for effective use of knowledge (final product) against the data (raw material) [21].

Given what mentioned above, this study examines the impact of organizational culture on knowledge management and intellectual capital. It also seeks to answer the question whether knowledge management can play an intermediary role in the influence of organizational culture on the intellectual capital or not.

Theoretical Foundations and Developing Hypotheses:

Organizational Culture:

One of the most complete definition of organizational culture is Hokzisiniki & Buchanan's definition (2001) that consider organizational culture as a relatively uniform set of values and beliefs, customs, traditions and sustainable practices that is transmitted by the members of the organization. Robbins (1991) argues that organizational culture specifies the way of doing things in the organization for the staff, representing the common and fixed specifications that distinguishes the organization from other organizations. [20].

The main components of organizational culture:

Due to the different definitions of organizational culture, in studying the effect of organizational culture on knowledge management and finally intellectual capital, the researcher noted that the four components that include: result-oriented, relationship-oriented, control-oriented and team-oriented.

Team-orientation:

Group working in the organization on common goals are given value so that employees like managers feel that they are responsible in their workplace and these organizations rely on groups to get things done. [10].

Control-orientation:

Organizational control includes a cycle that consists of three steps: defining indicators, measurement and feedback. Control in the bureaucracy can include laws, standards and internal procedures. This procedure improve decisions and raises the ability to predict the performance. This ensures that a system of clear rules and mechanisms exist to monitor performance. [7]

Result-orientation:

Result-orientation is an attempt to achieve the desired objectives and planning management outcomes. Result-orientation includes determining goals and priorities that maximizes the use of available resources in order to achieve lasting results and in interaction with corporate objectives and public expectations [7].

Relationship-orientation:

Sjoerd Beugelsdijk et.al defined relationship-orientation as an inter-organizational and inter-corporate and aspects of communication of interaction relations as well as exchanging goods and services and the relationship the seller and buyer and inter-organizational or inter-corporate cooperation.

Knowledge Management:

Knowledge management is the effort to uncover hidden assets in the public mind and changing these hidden assets to organization assets so that a wide range of people who are involved in the decision-making of the organization can access to this wealth to be able to use it [10]. In other words, knowledge management is a scientific field that encourage and strengthen support from bilateral way to create, capture, organize, and use information.

Main components of KM:

Due to the different definitions of knowledge management, to evaluate the impact of organizational culture on it and the role of mediator of knowledge management on intellectual capital, four objectives for knowledge management including knowledge production, knowledge storage, knowledge sharing, and knowledge application have been considered.

Knowledge Production:

Knowledge production refers to a process in which the organization acquire knowledge from internal and external sources. The first element of knowledge management is the acquisition and creation of knowledge. This knowledge is continuously formed in groups, organizations or companies through interactions among individuals and raises the organization's ability to eliminate and produce knowledge that is the key for creating competitive advantage and expanding new products and services [7].

Knowledge Storage:

It is the activities that makes knowledge in the system viable. In this regard, experts point out that institutional memory as the most important factor and it is the organization's ability to maintain and store knowledge. [10]. Storage and organization of knowledge is the documentation, classification, storage, achievement, maintenance and preparation to facilitate, distribute and use it [1].

Knowledge sharing:

Knowledge sharing refers knowledge transfer or knowledge distribution and a process by which knowledge is transmitted from one individual to another, from individuals to groups and from one group to another one [10]. Knowledge sharing and dissemination can be considered as two separate actions: 1) transfer (send or supply of a potential recipient) 2) absorption of knowledge by the person or group [2].

Knowledge application:

The last step is the application of knowledge, which is the most important knowledge management process, because the identification, production, organization and dissemination of knowledge does not guarantee exploiting and benefiting from knowledge alone [1].

With regard to the principles outlined in the organizational culture and knowledge management and each component of them, the first main hypothesis of the study can be presented as follows:

H1: Organizational culture influence on knowledge management.

Intellectual Capital:

Intellectual capital is set of knowledge-based assets that are specific to an organization and is among its features and considerably improve the competitive position of the organization by adding value to the organization's key stakeholders. Brooking raises a more comprehensive definition that intellectual capital is a combination of intangible assets which enables the company to continue performing his functions. OCED (1999) defines intellectual capital as the economic value of two groups of intangible assets that are human capital and organizational capital [4].

Major components of intellectual capital:

To evaluate the impact of organizational culture on the intellectual capital and knowledge management, the paper consists of three main structures of intellectual capital that all researchers agree, including human capital, structural capital (organizational) and relational capital (customer).

Human capital:

Human capital is the level of personal knowledge that employees of an organization acquire that this knowledge is usually implied. Also, human capital of an organization is the knowledge and skills of its professionals that use them to provide professional services [21].

Structural Capital (Organizational):

This capital includes the mechanisms and structures that its main role is in supporting staff to achieve performance and optimal intellectual and on the other hand optimal performance in the business. In fact, this capital includes all non-human knowledge repositories in an organization, such as databases, processes, strategies and organizational charts that give value to the organization beyond intellectual capital [21].

Relational capital (customer):

Relational capital is the most important component of intellectual capital in the creation of added value and includes internal and external relations with stakeholders of the organization. Distribution, satisfaction and loyalty of customers are the most fundamental factor in the creation of added value. This capital include all assets that organize and manage the company's relations with the environment and includes communication with customers, shareholders, suppliers, governments, government agencies, and competitors [2].

With the introduction of the theoretical foundations of organizational culture, knowledge management and intellectual capital as well as any of its components, second to fourth research hypothesis can be proposed as follows:

H2: knowledge management and influence intellectual capital.

H3: Organizational culture influence the intellectual capital.

H4: knowledge management play a mediator role in the relationship between organizational culture and intellectual capital.

A review of the research literature:

Results of the study conducted by Jafari *et al* [11] with the aim of investigating the organization's structural and cultural factors of knowledge management strategy in training public schools of Tehran University of Medical Sciences indicates the mediocrity of the status of knowledge management due to recognition and high concentration in the structure of the research centers. Results of Aghili *et al* in examining the role of knowledge management and intellectual capital in gaining competitive advantage by examining 98 managers of different levels of Saipa Co represents a significant and positive impact of knowledge management, intellectual capital and its dimensions in gaining competitive advantage. Akhavan *et al* examined the actions and behaviors of organizational managers that would support the development of innovation among employees. Data were collected through a questionnaire and the results show that the interactions between the three main variables of this study were positive and significant and innovative management is influenced more by corporate culture [1].

In studying the Effect of Organizational Culture on Knowledge Management, Khoramkshah *et al* [14] found that there is a direct significant relationship between four characteristics of organizational culture (engaging in work, consistency, adaptability and mission) and knowledge management but the relationship and effect of adaptability features with knowledge management is more and powerful. Rezaie Kalantarian *et al* investigated the relationship between organizational culture and knowledge management at Islamic Azad University and determined the contribution of each for components namely adaptability, participation, flexibility and mission in Knowledge Management that a correlation was observed among organizational participation, organizational flexibility, organizational mission and organizational adaptation in the components of organizational culture and knowledge management. Ming Fonglai & Guanglee showed that organizational culture can be widely a major obstacle for the maintenance and manipulation in this knowledge. Database was seen as an area that is increasingly affecting the performance of the company and the role of organizational culture in this framework that is associated with the company performance as the competitive intensity.

By reviewing and analyzing the types of organizational cultures that mimic or enhance creativity techniques, Raquel Sanz and Daniel Jimenez (2011) found that organizational culture is a clear factor in confirming creativity technique. In a study on the performance and intellectual capital of the company in biotech companies, Chung Wen (2012) concluded that there is a positive relationship between technological innovation and financial performance. In another study, entitled "The participation of knowledge in scientific of British universities institutions," with the aim of sharing knowledge in universities, Fullwood *et al* (2012) concluded that respondents presented positive comments on the participation of students and their intentions in this regard and believed that sharing knowledge increases their relationship with other colleagues. Results of the study conducted by Pandey & Dutta (2013) with the purpose of investigating the role of knowledge infrastructure capability in the knowledge management within an organization, the relation of knowledge infrastructure capability in knowledge management is shown excellently and the role of knowledge sharing culture is highlighted. In a study to evaluate the effect of cognitive methods of leaders in the application of knowledge management in a public sector of organization, Jain & Jeppsen [12] showed that there are three major factor in cognitive methods that include: Basis (school), creative partners and adopters and the results of data showed that there is a negative verification in creative collaboration procedures in knowledge management while adoption method has a positive verification in the application of knowledge management.

Methodology:

Given that the results of this study can help improve current conditions and selection of applied decisions, so it is an applied research in terms of purpose and a survey-descriptive research in terms of research method. Since it addresses the relationship between organizational culture and knowledge management and intellectual capital, it is the type of correlation studies. The research statistical population consisted of all branches of Bank Sepah in Yazd city which the sample size has been selected 158 employees of Bank Sepah at Yazd city according to Krejcie and Morgan Table. In addition, government employees include branches deputies, authorities of fund circles, branches credits and banking authorities. The temporal scope of this study is a 9-month period March 2013 until November 2014. On data collection, to confirm or reject hypotheses, field method is used. In describing demographic data of the study using descriptive statistics to examine the variables according to the median of measure, one sample t-test was used and data were analyzed using the software spss18. Confirming the relationships between variables and factors through confirmatory factor analysis and structural equation modeling technique using LISREL 8.72 software was performed. Also using Sobel Test, the assumption of the mediator role of knowledge management variable is reviewed. For validation, the initial questionnaires distributed among 30 members of the target population and were surveyed and recommendations of the experts were also applied. In addition, to confirm the validity, the opinions of supervisors and advisors have been used. To determine the reliability of the questionnaire, Cronbach's alpha was used. Test results are presented in Table 1.

Table 1: Calculation of question's reliability of the questionnaire

Chronbach's alpha	Number of questions	Number of questionnaire's questions	Variable
0.953	27	1-27	Knowledge management (KM)
0.941	24	28-51	Intellectual capital (IC)
0.913	20	52-71	Organizational culture (OC)
0.975	71	-	Total questionnaire

The above table presents Cronbach's alpha and the number of questions related to the total questionnaire and questionnaire variables. Since the value of Cronbach's alpha of the total questionnaire and variables is larger than 0.7, thus the test has an acceptable reliability. A summary of research variables and also their role have been shown in Table 2.

Table 2: Research variables and their role

Variable	Index	The role in research	Symbol	Resource
Knowledge management	Knowledge production	Mediator	PK	Beugelsdijk 2009
	Knowledge sharing	Mediator	SHK	
	Knowledge storage	Mediator	SK	
	knowledge Application	Mediator	AK	
Intellectual capital	Human Capital	Independent	HC	Hajhosseini 2011
	Structural Capital	Independent	SC	
	Relational capital	Independent	RC	
Organizational capital	Result-orientation	Dependent	RO	Chen 2012
	Relation-orientation	Dependent	REO	
	Control-orientation	Dependent	CO	
	Team-orientation	Dependent	TO	

Research Findings:

First, the confirmatory factor analysis for knowledge management intellectual capital and organizational culture variables were tested that the results are as follows. Measurement equation is presented based on the number of observed variables. Each equation contains the path coefficient between observed and latent variables, measurement error of the variable observed with a significance test based on t characteristic and the value of R^2 i.e. the coefficient of determination or ratio of the variance specified by latent variable.

Confirmatory factor analysis of the study variables:

The comparison between the observed explanatory variables of latent variables exists just in case of standard estimate and the model in standard mode indicates how much of the variance related to latent variable is explained by the observed variables. In the confirmatory factor analysis, each variable of the study including knowledge management, intellectual capital and organizational culture, the results obtained show that absolute values of t-statistics for relations is higher than 1.96 and the amount of variance explained by each variable is an acceptable value by the latent variable. Thus the model has an acceptable propriety and the validity of each of these variables is approved.

Main Model:

Is necessary to ensure the accuracy of the measurement model before entering the stage of hypothesis testing. In this study, confirmatory factor analysis using path analysis to test the significance of the factors has been taken into account. In studying each of the models, the appropriateness and good fitness of measurement should be ensured before confirming the structural relations which statistic χ^2 and other appropriateness measures for the model fitness should be studied. In this case, a model is appropriate that has the following optimal conditions. The amounts of χ^2 to degrees of freedom must be less than 3 and the less, the better; because this test shows the difference between data and model. The closer the RMSEA index to 0.05 and smaller than 0.08 (closer to zero), the more fitness of the mother will be. And if the criteria does not represent a suitable model fitness, the model should be modified using output related to model modification and then study the questions and hypotheses in the model using the modified model.

Studying measurement models using t statistics, standard coefficients and error rate in various factors:

In structural equation modeling methodology, it is initially required that the construct validity be studied to determine whether the selected items to measure the desired variables are accurate or not. In this way, the path coefficient of each item with its variable has a value of t greater than 1.96. In this regard, this item has the required accuracy for measuring that structure or latent variable. Thus, if the absolute value of t-statistic is greater than 1.96, it is significant at 95% confidence level and if the t-statistic value is more than 2.58, the path

coefficient is significant at the 99% confidence level. According to the results of measurement models, all items have a t-statistic greater than 1/96, and also their determination coefficient was good. So none of the items are removed from the model, then working with all these items will be continued and the model is investigated. On the other hand, according to the standardized coefficients (factor loadings), the index with the maximum factor load has a greater contribution in the measurement of related variable and the index with smaller coefficient has less contribution in the measurement of the related structure.

Organizational Culture (OC):

Table 3: studying coefficients and t value for the index of organizational culture

Items	Symbol	Standard coefficients	t-statistics	Determination	Error
Result-orientation	RO	0.80	11.75	0.64	0.055
Relation-orientation	REO	0.79	11.38	0.63	0.071
Control-orientation	CO	0.69	9.42	0.48	0.058
Team-orientation	TO	0.73	10.28	0.53	0.057

Knowledge management (KM)

Table 4: studying coefficients and t value for the index of Knowledge Management

Items	symbol	Standard coefficients	T statistics	Determination	Error
Knowledge production	PK	0.85	-	0.72	-
Knowledge sharing	SHK	0.94	15.52	0.88	0.048
Knowledge storage	SK	0.91	14.86	0.84	0.056
Knowledge application	AK	0.43	5.62	0.18	0.098

Intellectual capital (IC)

Table 5: studying the coefficients and t value for the index of intellectual capital

Items	Symbol	Standard coefficients	T statistics	Determination	Error
Human capital	HC	0.86	-	0.74	-
Structural capital	SC	0.92	16.53	0.85	0.051
Relational capital	RC	0.89	15.29	0.79	0.056

In Figure 2, the numbers on the paths indicate t-value for each direction. If this value is not significant, it is shown in red at the output of the software. In this model, the t-statistic for each direction (organizational culture and knowledge management to intellectual capital and knowledge management direction to organizational culture) is more than 1.96 and thus is significant.

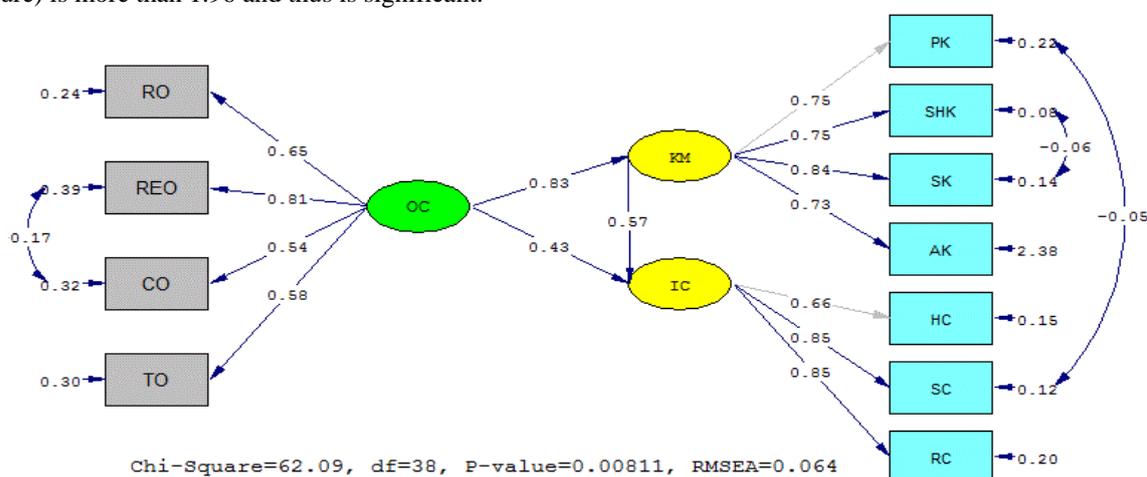


Fig. 1: the model in the mode of non-standard estimate

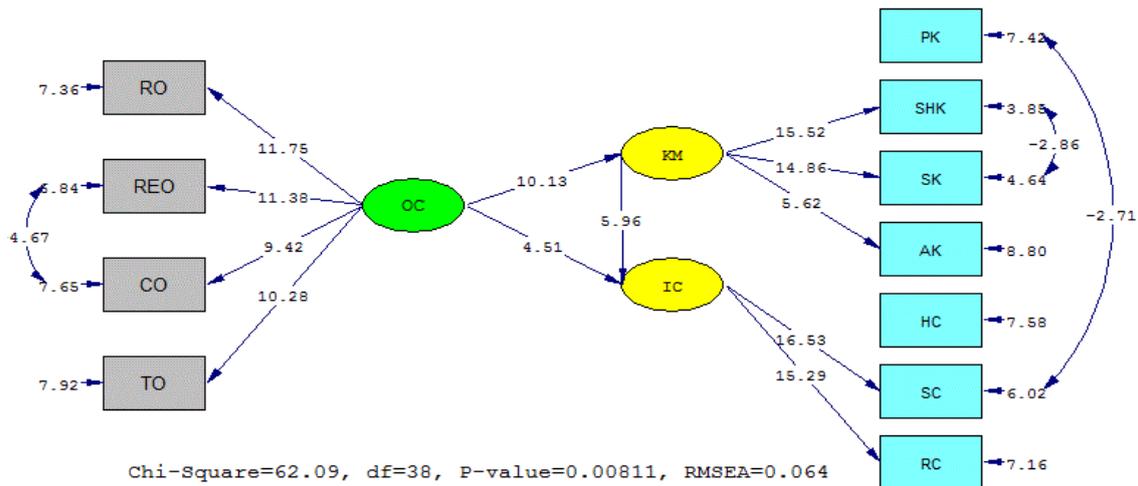


Fig. 2: the model in the mode of significance numbers (t-value)

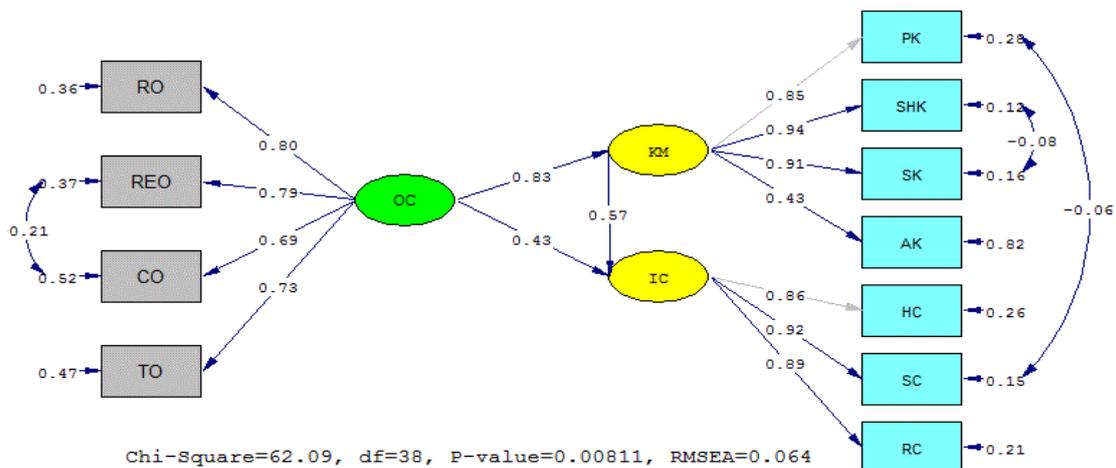


Fig. 3: the model in the mode of standardized coefficients

Figure 3 shows the overall model in the mode of standard estimate. Just in the standard estimate is it possible for the comparison between the observed explanatory variables and latent variable and given the standard coefficients, it can be said that Knowledge management variables (0.75) and organizational culture (0.43) have the greatest impact on the variable of intellectual capital. Similarly, in measurement models according to standardized coefficients, it can be said that dimensions of result-orientation (0.80), relation-orientation (0.79), team-orientation (0.73) and control-orientation (0.69) have the greatest impact in the structures of organizational culture variable, respectively. Furthermore, the dimension of knowledge sharing has the highest impact in the construction of knowledge management variable. In the structure of intellectual capital variable, the dimensions of the structural capital (0.92), relational capital (0.89) and human capital (0.86) have the greatest impact, respectively.

Model verification:

As can be seen from Table 6, χ^2 to the degrees of freedom is 1.63 and smaller than 3 that is a suitable value. The lowness of this index represents the low difference between the research conceptual models with the data observed. Also, the RMSEA value is equal to 0.064 which is less than 0.08. In addition, the lower the RMSEA index, the model has a more appropriate fitness and (NFI – NNFI – IFI – CFI– GFI) indices is larger than 0.9 and AGFI index is greater than 0.8. Thus the model shows an appropriate fitness and is approved.

Table 6: studying indices of fitness

Indices	Value reported
Chi-square	62.09
Degree of freedom	38
Chi-square to degrees of freedom	1.63
RMSEA	0.064
GFI	0.93
AGFI	0.88
NFI	0.98
NNFI	0.99
IFI	0.99
CFI	0.99

Testing the hypothesis:

Table 7 summarizes the results of hypotheses from the first one to the second one. According to the table, table of coefficients of determination for the intellectual capital value is estimated 0.91 and show that knowledge management and organizational culture variables altogether account for 91% of the variation of intellectual capital. Due to the standardized coefficients and t-statistics, it can be said that variable of knowledge management (0.57) and organizational culture (0.43) have the highest impact on the intellectual capital (Highest standardized path coefficient). On the other hand, it can be said that 69 percent of variations of knowledge management is explained by changing the organizational culture.

Table 7: Summary of standard coefficients of correlation coefficients, t-statistics, and the results of the first to third hypotheses

Paths	Standard coefficients	t-statistics	Determination coefficients	Result
Organizational culture → knowledge management	0.83	10.13	0.69	Approved
knowledge management → intellectual capital	0.57	5.96	0.91	Approved
Organizational culture → intellectual capital	0.43	4.51		Approved

The fourth hypothesis to examine the impact of organizational culture on intellectual capital with respect to the mediator role of knowledge management was raised. According to Table 8 for path 1, the absolute value of t-statistic equals 10.13 and greater than 1.96. Therefore, of organizational culture has a significant influence on knowledge management; on the other hand, the absolute value of the t-statistic equals 5.96 and greater than 1.96. Therefore, knowledge management has a significant impact on intellectual capital.

Table 8: for Hypothesis 4

	Path	Standard	t-statistics	Determination	Result
1	Organizational culture → Knowledge management	0.83	10.13	0.082	0.83
2	Knowledge Management → intellectual capital	0.57	5.96	0.095	0.57

However, given the Sobel test statistics (5.161) and the significance level (0.000) that is smaller than 0.05 and the null hypotheses is rejected, therefore, given the significance of the direct relationship between organizational culture and intellectual capital in the model, knowledge management plays a minor role as a mediator variable and indirect effect is equal to 0.473. As a result, organizational culture influence intellectual capital through knowledge management at the 95% confidence level.

Table 9: for Sobel Test

Z test statistics	S.E	P significance level	Indirect influence	Standard indirect impact
5.161	0.092	0.000	0.473	0.473

RESULTS AND DISCUSSION

Given that the absolute value of the t-statistic equals 10.13 and greater than 1.96, so it is concluded that organizational culture has a significant effect on knowledge management and the value of this impact is 0.83 and is positive (direct). Namely with the promotion of enterprise culture, knowledge management level will also increase. This result is consistent with the one achieved by Keshavarzi and Ramezani, Haghighat Monfared and Houshiar [10], Sadeghi *et al*, Shafei and Laweh [20], Ghaltash *et al*, Jafari *et al* [11], Amin Bidokhti *et al* [3], Fazli and Alishahi [7], Akhavan *et al*, Kouchaki Siah Khaleh *et al*, Mojibi *et al*, Khoramkhah *et al*[14], Rezaie Kalantari *et al* [17], Ming Fonglai & Guanglee and Pandey & Dutta . Given that the absolute value of the t-statistic equals 5.96 and greater than 1.96, so it is concluded that knowledge management has a significant impact on intellectual capital and the value of this effect equals 0.57 and is positive (direct). This is to say, by promoting the level of knowledge management, intellectual capital level increases. This results is consistent with the results obtained in the studies of Aligholi *et al* [2] and Kowink. Given that the absolute value of the t-statistic equals 4.51 and greater than 1.96, so organizational culture has a significant effect on the intellectual capital and the effect value equals 0.43 and is positive (direct). That is to say, by promoting the level of organizational culture, the level of intellectual capital will also increase. This result is consistent with the ones obtained by Nasiripour *et al*. Given the significance of the direct relationship between organizational culture and intellectual capital in the model, and on the other hand, given the Sonbel test statistics (5.161) and significance level (0.000) that is smaller than 0.05, knowledge management variable plays a minor mediator role and its indirect impact equals 0.437. As a result, the organizational culture influence intellectual capital through knowledge management. This result is consistent with the ones achieved by Sayed Naghavi *et al* [19].

Recommendations Based on Research Findings:

As the results showed, organizational culture has a significant and positive impact on knowledge management. The pattern of interaction between people in the organization can be gradually changed and knowledge management can be taken advantage of as a competitive advantage only by reviewing, modifying and creating an appropriate and flexible organizational culture. Thus, it is suggested that Sepah Bank managers pay a particular attention to organizational culture to promote knowledge management in organizations. In addition, to promoting the level of organizational culture, relationship-oriented index should be considered more. Therefore, the following recommendations to strengthen each component of relationship-orientation will be presented:

- Managers should welcome the staff' constructive criticism.
- The relationship between employees and senior executives of the bank should be increased.
- The domination of individualism culture in the bank causes that individuals begrudge the transfer of knowledge they have, therefore, they increase, create and exchange knowledge by promoting the culture of knowledge dissemination among employees.

As the research results showed knowledge management has a significant and positive impact on intellectual capital, therefore, it is proposed that Bank Sepah managers pay a special attention to knowledge management to promote the level of intellectual capital. In addition, to increase the wealth of knowledge management, more attention should be paid to indicators of knowledge production and knowledge storage in the institute. The following suggestions to enhance each component of the production and storage of knowledge is thus offered:

- After the completion of each project and plan, past mistakes should be reviewed to prevent from being reiterated.
- Supporting for diverse views and opinions opposed to the institution.
- generating new ideas and exploitation of the intellectual engine of the organization.
- Strengthening the system of suggestion systems in the organization.
- Creating a knowledge bank (corporate memory, knowledge repositories) and recording insights and experiences to be used and making them available at any place and any time, by anyone who is in need.
- Improving the communication between a single unit of organization and communications of queue units and headquarters for corporate knowledge management.
- Encouraging employees to update their knowledge base through interaction with the people who have expertise and skills in that particular field.
- Investment in knowledge management in order to accelerate the exploitation of innovations and increasing the knowledge of the organization's people.

According to the results, which showed that organizational culture has a significant positive impact on the intellectual capital, it is therefore proposed that Bank Sepah managers pay a special attention to organizational culture to promote the intellectual capital in the Institution and human capital characteristics should be more considered in the aspect of intellectual capital.

The following recommendations are thus provided to enhance each component of human capital:

- Continuous measurement of the level of employees' competence and using improvement program.

- Promoting teamwork of employees in bank branches.
- Providing training and advice to help improve future employees.
- Encouraging employees to improve education.
- Creating motivation among the staff to increase their ability in the organization.
- Encouraging employees to provide innovative ideas.

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