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THE EFFECT OF KNOWLEDGE MANAGEMENT CAPABILITY AND DYNAMIC CAPABILITIES IN ORGANIZATIONAL PERFORMANCE OF RAZI INSURANCE COMPANY

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ABSTRACT
The present research seeks to examine effect of Knowledge management capability and dynamic capabilities in organizational performance of all representatives of Razi Insurance Company in Gilan province. There have been 74 representatives while conducting this research. In this study, data have been analyzed using structural equations via software lisrel 8.5. The present research has been mentioned as a descriptive survey. With regard to the research hypotheses, there is a relationship between knowledge management and dynamic capability with intensity of 0.30, between dynamic capability and organizational performance with intensity of 0.58, between knowledge management and organizational performance with intensity of 0.21, between knowledge management and dynamic capability with intensity of 0.17, whereby there will be the possibility to compare the parameters of model with each other at level (0.05). as a result, the analyses on collected data came to an end in this way that it can say that there is a significant relationship between "knowledge management and dynamic capability" and organizational performance at representatives of Razi Insurance Company in Gilan province, that there is the capability to improve their performance. With regard to the obtained results, it can consider knowledge as the most important intangible asset, thus the managers at business area put a huge effect to use this asset to create value.

Keywords: Knowledge Management, Dynamic Capability, Organizational Performance

INTRODUCTION
Knowledge management refers to a process which assists the organization to find, select, organize and disseminate important and useful information. Further, knowledge management is essential for doing the activities such as problem solving, dynamic learning and decision making. Knowledge management can improve the organizational performance by enabling the organization to a more intelligent performance. Studies introduce the organizational factors as the most important factors in implementation of Knowledge management (Vaezi *et al.,* 2009). Insurance company due to any activity constantly faces numerous changes. Hence, the managers at this organization have perceived the necessity of use of modern approaches such as implementation of knowledge management in their companies and have sought to implement it. For this, the present research has examined *effect of* knowledge management capability and dynamic capabilities in organizational performance of Razi Insurance Company so as to study favorable implementation of knowledge management in this company. Developments in recent years at Iran insurance industry including privatization, elimination of tariffs on insurance, the growing expectations of the shareholders in the insurance company, changing the type of insurers' expectations from services in insurance companies as well as ranking the insurance companies have been widely drawn into attention by Iran insurance company, representing the necessity to change of traditional attitude to modern attitude in insurance industry. Concerning the performance of insurance companies, it can say that market share has been mentioned as one of the earliest aims in insurance companies, that the companies think how to adapt themselves with larger parts of market and expand their range of influence by increasing market share. The ratio of premiums to GDP in a country which is mentioned as insurance penetration refers to an indicator that is used to evaluate the extent to which insurance is important in economy. Insurance penetration has almost increased in all countries during 1960 to 1990, referring to increasing importance of insurance in national economy. Further, at current age which is the age of

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changing knowledge, knowledge is proposed as a valuable strategic resource that requires management. In knowledge-management economy, competitive advantage is increasingly found in facilitation of information processes or access to special markets and resources, thus knowledge and intellectual capital are proposed as the early basis to achieve leading and strategic competencies for a superior performance. Nowadays, we witness this fact that the knowledge creates wealth in modern economy, thus the organizations should use knowledge management as a tool to transform information to competitive advantage. The present research is a descriptive survey. The statistical population consists of all the representatives of Razi Insurance Company in Gilan province, that simple random sampling method has been used to select sample group. In this regards, the data were collected via questionnaire, that two descriptive and inferential statistics have been used to analyze the collected data. In descriptive statistics, central scattering parameters have been used; in inferential statistics, structural equation modeling has been used. Software EXCELL, SPSS and Lisrel has been used at all the stages.

Conceptual Model and Research Hypotheses
The present research aims to represent a conceptual framework to examine the relationship between knowledge management capability and dynamic capabilities in organizational performance of all representatives of Razi Insurance Company in Gilan province. In following, the theoretical model of research and associated hypotheses has been represented:
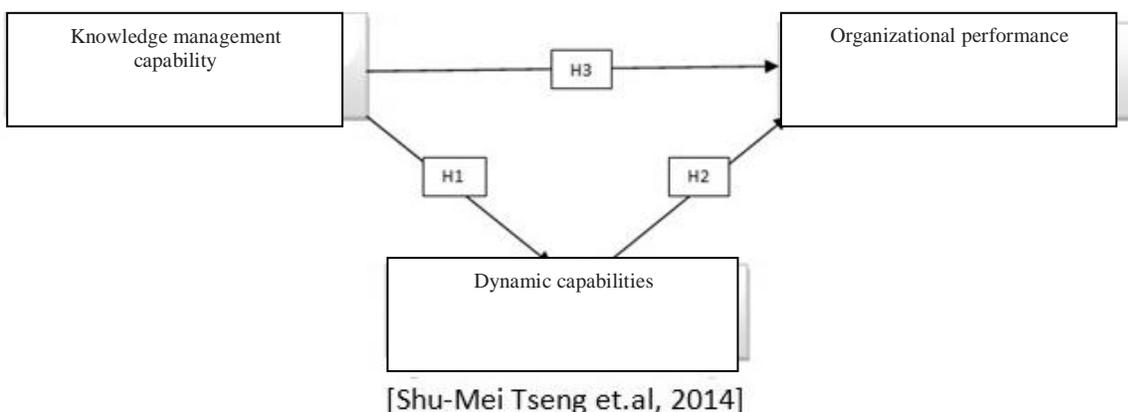

Figure 1: Analytic model of research

The Hypothesis of Research
- There is a significant relationship between knowledge management capability and dynamic capabilities in all representatives of Razi Insurance Company in Gilan province.
- There is a significant relationship between dynamic capabilities and organizational performance in all representatives of Razi Insurance Company in Gilan province.
- There is a significant relationship between knowledge management capability and organizational performance in all representatives of Razi Insurance Company in Gilan province.

MATERIALS AND METHODS
Research Method
Descriptive and inferential statistics have been used to analyze the collected data. In descriptive statistics, central scattering parameters have been used; in inferential statistics, structural equation modeling has been used. Software EXCELL, SPSS and Lisrel has been used at all the stages. Cronbach's alpha method has been used to determine reliability of questionnaire that such coefficient is calculated via statistical software SPSS. Software SPSS has been used to test hypothesis with the aim of measuring concurrent,

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direct or indirect relationships between variables. In this research, inferential statistics have been used to fill the analysis of research data, and descriptive statistics have been used to examine demographic characteristics of respondents. Purposive sampling has been used as the research method, that senior managers have given response to the questionnaire. The aforementioned questionnaires have used Likret scale ranging from 'totally agree' to 'totally disagree'. The statistical population consists of all representatives of Razi Insurance Company in Gilan province which is on the whole 79 representatives, that the sample size has been estimated equal to 65 branches.

RERSULTS AND DISCUSSION
Findings of Research
*Testing Conceptual Model and Research Hypotheses*
Measurement Model
In this research, validity of construct was fulfilled via confirmatory factor analysis tools to analyze internal structure of questionnaire and discover the constituents of each construct. The structural factor analysis of research has been represented in form of diagrams and tables as follows:
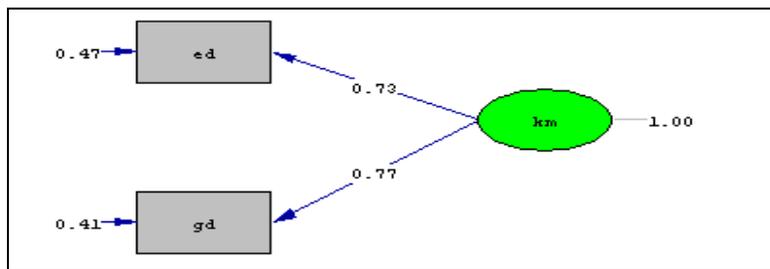
Chi-Square=7.07, df=6, P-value=0.31441, RMSEA=0.022

Figure 1: Measurement model for the variable of knowledge management capability

According to figure 1, importance of each of dimensions concerning coverage of the definition space for the latent variable of knowledge management capability include integration capability (0.73) and knowledge capability (0.77).
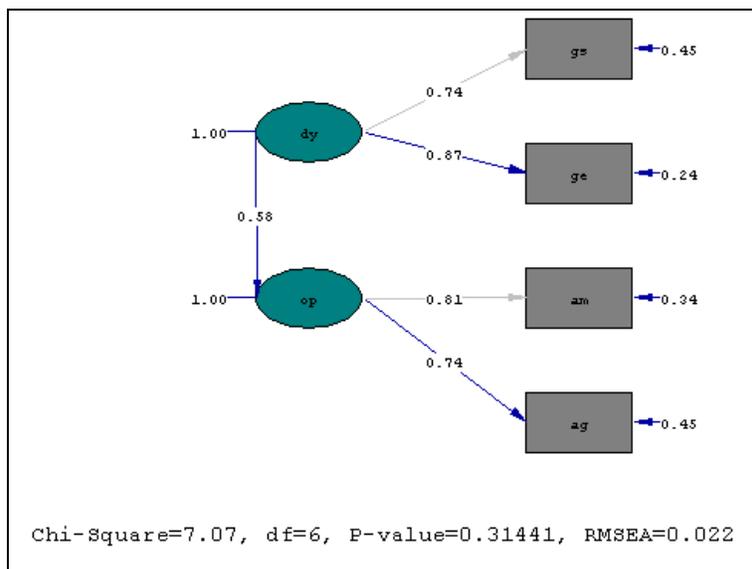
Chi-Square=7.07, df=6, P-value=0.31441, RMSEA=0.022

Figure 2: Measurement model for the variables of dynamic capability and organizational performance

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According to figure 2, dimensions concerning coverage of the definition space for the latent variable of dynamic capability include measurement capability (0.74) and integration capability (0.87). Dimensions concerning coverage of the definition space for the latent variable of organizational performance include non-financial performance (0.81) and financial performance (0.74). It is obvious that the questions with more factor loadings have a stronger correlation with variable and have a stronger role in determination of the concept of variable.

Structural Model

Structural equation modeling has been used to analyze data and test research hypotheses, which the structural model has been, represented in figures 3 and 4.
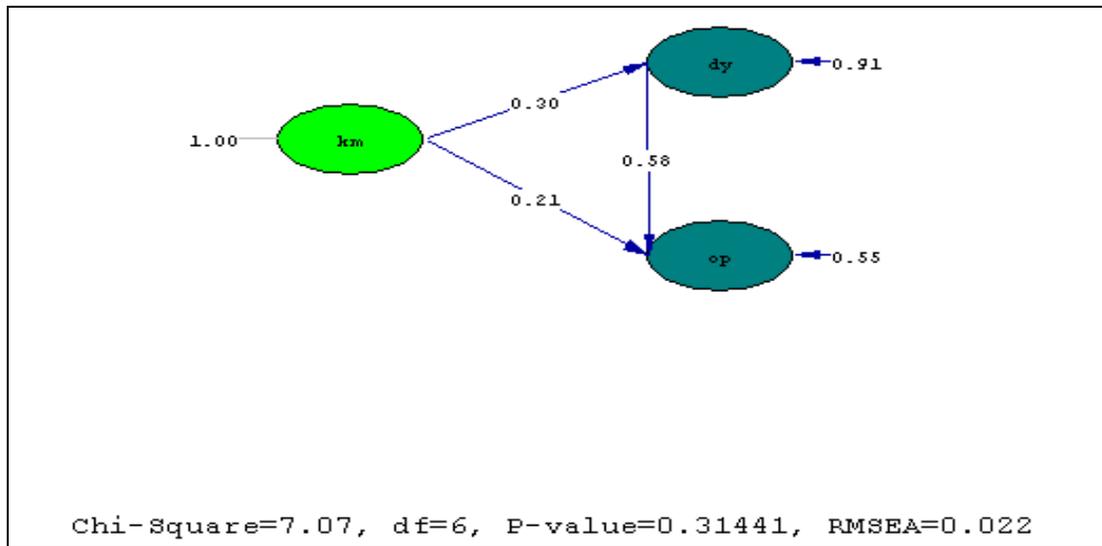

Figure 3: Structural model

The arrows depicted in path diagram indicate coefficients. Sign of these coefficients indicates type of relationship including positive or negative relationship and intensity of predicted relationship between variables.
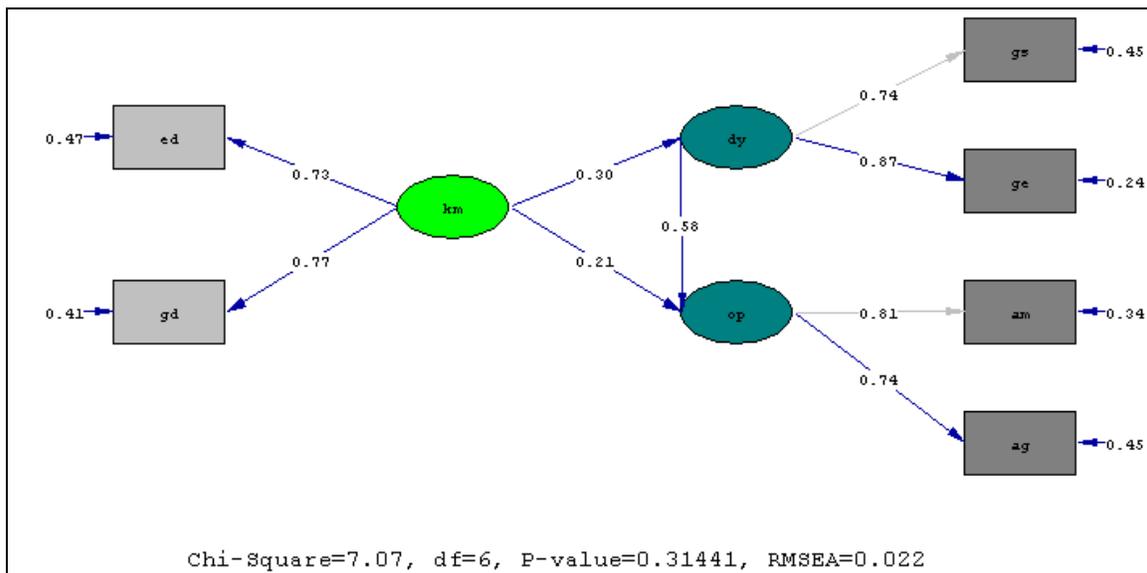

Figure 4: Basic model

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Table 1: Fitness indicators

Fitness indicators	Value
Chi-square	7/07
Freedom degree	6
Freedom degree	1/17
Root Mean Square Error of Approximation (RMSEA)	0/022
Goodness of fit index (GFI)	0/99
Adjusted Goodness of Fit index (AGFI)	0/98
the Comparative Fit Index (CFI)	0/99
The normed fit index (NFI)	0/99

Fitness indicators of model indicate appropriateness of model. The ratio of chi-square to freedom degree is under 3 and Root Mean Square Error of Approximation (RMSEA) is under 0.08. Root Mean Square Error of Approximation (RMSEA) which relates to residual of model ranges from zero to one, that the more value of RMSEA is smaller, the model will enjoy a better fitness. In this regards, chi-square test represents the difference between the observed and expected covariance matrix. Three indicators of Goodness of fit index (GFI), Adjusted Goodness of Fit index (AGFI) and parsimony Goodness of Fit Index (PGFI) for fitness of model is recognized with absolute fitness indicators. Values of GFI and AGFI must range from 0 to 1. Among these three indicators, GFI is suggested to determine the absolute fitness (Kalantari, 2009).

Testing Research Hypotheses

With regard to research model, results of testing structural hypotheses of research have been represented in table 6.

Table 2: Results from hypotheses of structural model

Hypotheses	Abbreviation	Standard estimation	t	Result of test
There is a significant relationship between knowledge management capability and dynamic capabilities in all representatives of Razi Insurance Company in Gilan province.	km , dy	0/30	4/31	Confirm
There is a significant relationship between dynamic capabilities and organizational performance in all representatives of Razi Insurance Company in Gilan province.	dy , op	0/58	8/30	Confirm
There is a significant relationship between knowledge management capability and organizational performance in all representatives of Razi Insurance Company in Gilan province.	Km , op	0/21	3/25	Confirm
There is a significant relationship between knowledge management capability and dynamic capabilities and organizational performance in all representatives of Razi Insurance Company in Gilan province.	km , dy , op	0/17	---	Confirm

If the fitness of model be acceptable, estimation of parameters will be examined. Ratio of estimation of each parameter to standard error is represented via t-value. When t-value is greater than 1.96, it will be significant at 0.05 level, and when t-value is greater than 2.56, it will be significant at 0.01 level. Since estimations of non-standardized parameters are followed by scale of variables, thus these estimations can be analyzed based on

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scales of variables. In contrast, estimation of standardized parameters provides the possibility for comparison of parameters of model.
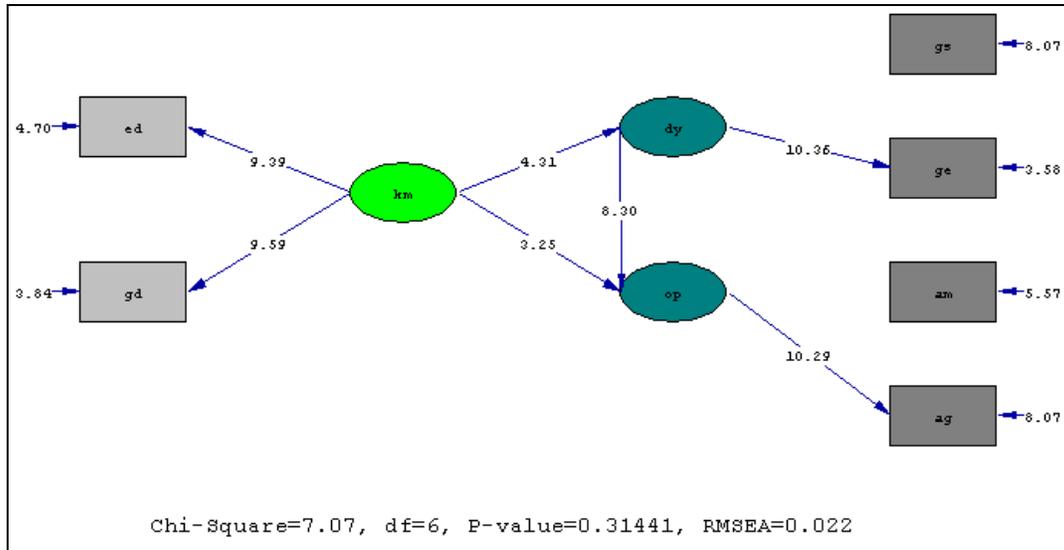

Figure 5: The basic model for hypotheses testing (t-value)

Discussion and Conclusion

In this section, overview of results from overview of research data is considered.

- There is a significant relationship between knowledge management capability and dynamic capabilities in all representatives of Razi Insurance Company in Gilan province.

As observed, standard estimation equals to 0.30 and t-value equals to 4.31, under which the research hypothesis is confirmed. With regard to the results from this research and comparison with the previous studies, knowledge has been specified as the most important intangible asset, thus the managers at business area put a huge effort to use this asset for creation of value. In this regards, this study represents the relationships between overview of knowledge management capability, dynamic capability and organizational performance as well as the obtained results. Further, this research indicated that knowledge management capability indicated provides increasing dynamic capabilities in organization and dynamic capabilities, causing competitive advantages.

There is a significant relationship between dynamic capabilities and organizational performance in all representatives of Razi Insurance Company in Gilan province.

As observed, standard estimation equals to 0.58 and t-value equals to 8.30, under which the research hypothesis is confirmed. Emergence of knowledge management and creation of dynamism at work environment followed by information management represent an effort in this context that has put an emphasis on intellectual capitals and domestic resources besides foreign resources. Range of knowledge management activities has gone beyond education and research problems, overshadowed the administrative processes and executive affairs.

- There is a significant relationship between knowledge management capability and organizational performance in all representatives of Razi Insurance Company in Gilan province.

As observed, standard estimation equals to 0.21 and t-value equals to 3.25, under which the research hypothesis is confirmed. With regard to the results from this research and comparison with the previous studies, it is specified that there is a significant relationship between knowledge management and learning among members of organization.

- There is a significant relationship between knowledge management capability and dynamic capabilities and organizational performance in all representatives of Razi Insurance Company in Gilan province.

As observed, standard estimation equals to 0.17, under which the research hypothesis is confirmed.

It should be noted that results from this research and comparison with previous studies refer to creation, analysis, development, dissemination and optimization of knowledge as a part of training improvement of quality. In this

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process, technology of social media plays a major role for conductance, because knowledge and learning have been mentioned as the activities in process of knowledge management, concluding that they can play a major role in improvement of organizational performance.

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