



## Organizational Behaviour

*Elixir Org. Behaviour* 95 (2016) 41038-41041

**Elixir**  
ISSN: 2229-712X

# The Study of the Relationship between Organizational Trust and Knowledge Management

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### ARTICLE INFO

#### Article history:

Received: 13 May 2016;

Received in revised form:

12 June 2016;

Accepted: 22 June 2016;

#### Keywords

Organizational trust,  
lateral trust,  
vertical trust,  
knowledge management.

### ABSTRACT

The purpose of this study is the review of the relationship between organizational trust and knowledge management in the national company of refining and distribution of the oil production in Kermanshah – Iran. This research is on the basis of the descriptive type, and the questionnaires are used in it. Aalonen *et al.*, (2008). Questionnaires are used for organizational trust and for knowledge management evaluation is the questionnaires of Proset *et al.*, Capacity of statistical society consist of 270 employee of the national company on the basis of the class accidental sampling among them, some of them have selected as a statistical sample and finally, 134 questioners have collected. Kolmogorov - Simonov test was used for the determining of the normality collected data, and to confirm the results of it. Hypothesis of the research were put in test container with spearman conjunction test. Results show meaning full and positive conjunction between trust and knowledge management. That is as trust of employees about their organization, increases; they should show much knowledge management.

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### Introduction

In 21 century, the secret of the survival of the human society should search in their creativity. In this time, societies will be able joint to the future that see creative think and don't fear from creativity. In the future word, growing people and their society is accordance with their creativity and in the information age, people have future that has creativity. Present thing about organization doesn't solve this problem, and environmental condition had been complex and dynamic and non-trust that organization can not guarantee their long-life, without creativity. creativity is a reason for growing of organization, improving the productivity increasing in quality of production and services, success in matches development in employee motivation and their job satisfying, decreasing in cost, decreasing organization bureaucracy (Bowen, 2004).

Most of articles about creativity are began with general words that companies should creative if one company not be efficacy in the use of new ideas, destroy its resources and finally it defeats. In turn, each company create effective creative process, it will attain social advantages that will be achieve through group action and employee motivation companies that one active in national and local economy and don't have comparison experience in the international level, can be successful with traditional ways. (McAdam & McClelland, 2002) But world economy has many effects on the world, companies for their remaining don't option, except, finding same direction with management of new models as cross-trust culture (Gibson, 2007).

This idea, that trust is potential and main factor that lead to improving in organizational activity for acceptance of society successfully, effective group action –long- lasting aim for minimizing risks and operational costs. (Lamsa & Pucetaite, 2006) More, trust provide, society discipline is effective in improving life quality. (Pucetaite & Lamsa, 2008)

In turn, costs of low trust is high, because of the lake of the willing to cooperation of employees, doing risk for unsuitable behaviors low quality of work, so low trust will be lost comparisons in the world market.

### Organization Trust

Management on the basis of the trust is new expression of old ideas that is certain in today relations and using of the ways can affect individual and organizational results. Management with trust is the technique that people use it in their relations. But not as behavioral technique that could teach it. Trust is the concept psychology, society, economy, history science. (Ratnasingham, 1998). It has been conceptualized over 40 years by researcher. For example, Deutsch (1958), has described trust through expectations. Gabbro (1978), knows trust as open areas. Between 2 groups and has described as: trust predicts other behavior through what one expects individual action correctly and what one trusts the other doesn't act wrongly (Smith & Birney, 2005).

However, there isn't formal description in this field, instance, Barber (1983) define that the concept of the trust is similar. So, Lewis and Weigert, define confused concept in trust. (Ramo, 2004.) . Indeed trust is complex concept with different aspects. Although there are some problems in expressing of the trust concept, compressive analysis of this study shows some various ideas. (Smith & Birney, 2005).

Some researchers believe that the trust is confidence of concurring events without the existence of some obligatory reasons oxford might describes as an idea or believe that person might rely on it. Other description that offers by Shaw (1997), is, the trust is a belief that we rely on it and sates-your expectations. These expectations are dependent of our determine of other duties for satisfying our need. (Yee & Yeung, 2002).

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In the summary, the trust means beliefs that people have in the future behavior of other group. As one group has much believed, the other one acts his complaints. The trust in organizing of the new organization that was on the basis of the arbitrary has increased, improving and progressing of the trust might be over casting because, establishing of person relations friendly is a time – consuming job. More, lack of the trust contuses cooperation efforts (Lee, 2004).

In turn, organizations that have high level of the trust can enjoy of cooperation efforts that lead to decreasing of operation cost in process. But organizations that have low trust, their strategic options are limited. there are wild plow in the trust , literature , (Ratnasingham, 1998) However , face to the trust is separate : first , he trust in cross – organization that ,that, is as a phenomenon in organizations between employees and managers , that we focus on ham in this study , second trust between organizations , that is one phenomenon across – organizations and third , one , trust between organizations and their customer . Third is expressed as a concept. (Dietz and Hartog, 2006:)

Butler and Cantrell (1984), know, integrity, competence, consistency, loyalty, Openness as key element. Mayer et al., (1995) believe that effective factors that that effect on trust levels consist of on ability – benevolence and competence. Other researchers have determined similar factors that are trust base. Cook and Wall (1980) described creativity, ability as a main factors and Lieberman (1981) knows motive as a main factor.

Dietz and Hartog (2006) know competence and ability in a prediction as main factors that make trust.

**Benevolence:** Benevolence means friendly motives and amount of kind\ness of the other. Integrity refuses to the other ability that they can do their duty.

**Competence:** Competence consists of imitation (following) of some principle that accepted by the other group. **Ability of anticipation:** Ability of anticipation is related to consistency in behavior so trust has multiple aspect concepts. (Dietz and Hartog, 2006)

Ellonen et al.,(2008) offer other classifying of the organizational trust ,they divide it in ,as interpersonal trust and impersonal. in this study both of them are reviewed. (Ellonen, 2008). Impersonal trust can divide in 2 aspect later trust that is related to trust between employees and vertical trust that refers to the trust between employees and their bosses. Trust is on the base of competence, benevolence or reliability. Trust between employees, and trust between teams in organization is one of the most important elements that prepare long – life of the organization (Bao et al., 2004.) . Tan and Tan(2000) know trust to bosses as a willing of employee to vulnerability , toward boss behaviors that his action isn't in control . (Tan & Tan, 2000) . In this study impersonal trust organization is named as institutional trust. Trust impersonal in the organization level hasn't studied widely, exception some cases such as mc McCauley and Kuhn ret (1992) , Atkinson and Butcher(2003) , Cosigns et al.,(1998). For example in human resources, justice, the justice is related to employee's attitudes directly. Such as obligation to the organization. Institutional trust can determine as an element trust to strategy and vision of the organization, its business merit, process and construction (Ellonen et al., 2008). Tan and Tan (2000) introduced trust to organization.

As determining of organizations that understands by employee. In fact, trust to organization is employee trust that means the organization behavior that are advantageous or

don't have any harmful behavior (Tan & Tan, 2000). Institutional trust means that person believes those are necessary to prepare successful efforts and are determined as two various types. Situational normality and structural assurance. In first one all things have normal position and all of them are in the correct position. so situational normality means that success is attained because of the normality of situation on the other hand, assurance of constructs means that success is because of Contracts and assurance. So institutional trust indicates action and process of the organization that hasn't been personal for organization element such as technology and business integrity, strategy and human resource principle and relations (McKnight et al., 1998).

### Knowledge Management

In the early 1990, knowledge management seriously entered topics of organization, although discussion and negotiation about knowledge had started from a long time ago; in 1965 Marshall claims that a major part of capital includes knowledge. Also, he believes that knowledge is the most powerful engine of generation, so the organizations should increasingly focus on its management. Kohn (1970) insists that knowledge is per se the capital of a group. In 1972, Hubremass points to this matter that knowledge should not be considered as a abstract existence, but it's a product based on volition and sometimes non conscious activities of human (Radding,1998).

Complexity and breadth of the concept of knowledge management has led that the same attitudes about knowledge management don't be formed. Therefore, different experts have seen that from different angles and paid to define it. Despite this fact, some of the most common definitions of knowledge management are expressed here:

Knowledge management refers to a series of regular and systematic activities of organization that is performed to obtain the larger value through the available knowledge. The available knowledge includes all experiences and learning of organization persons and all documents and reports inside an organization (Marwick, 2001).

Knowledge management includes behaviors of human, attitudes and capabilities of human, philosophies of business, patterns, operations, procedures and complex technologies (Wiig, 2002).

In another definition, knowledge management is considered as a commercial process with two basic aspects (Future Development consults, 2007):

- Considering of the element of knowledge in commercial processes: so that the element of knowledge displays prominently itself in all of strategies, lines and employing these principles.

- Creation of intellectual capitals of organization: that includes both explicit capitals (registered) and implicit capitals (individual knowledge) and it takes positive results of that.

- In practice, knowledge management is proposed to identify and characterize intellectual capitals and creating new knowledge to prefer competitive in the global scene outside the organization and to facilitate data availability, share appropriate processes, and obtain information and communication technology inside the organization ( Barclay& Murray, 2000).

- Knowledge management is knowledge creating and sharing, transferring and retention process so that it can effectively apply it in the organization (Hoffman, Holster and Sheriff, 2005).

-Knowledge management means improving knowledge word processes. Improving knowledge word requires reduction of top-down interferences. Staff should have freedom and necessary independence in their work until they can utilize their knowledge in problem solving and decision making. Perost , Rebb and Romhard(2000) designed a model called " The model of cornerstones of knowledge management building" for knowledge management. The designers of this model see knowledge as a dynamic cycle that it is in constant rotation. The step of this model includes eight subsets consisting of two outer and inner cycles.

a) Outer cycle:

1. Determination of knowledge aims: the aims of knowledge management should rise the main aims of organization and should be characterize in two strategic and operational levels.
2. Knowledge evaluation: the method to achieve specific aims and use of its results as feedback, to aim determination or modification, relates to this section.

b) Inner cycle:

1. Identification of knowledge: outer knowledge is analyzing and explaining of environmental knowledge. Lack of transparency, leads to effectiveness of decisions and cause errors to be repeated.
2. Knowledge acquisition: many companies import a significant part of their knowledge from external resources. Communication with customers, suppliers, competitors and partners in cooperative and collaborative work is a considerable potential for providing knowledge.
3. Knowledge development: How to create a new specialty? Knowledge development is a cornerstone that it is the processor of process of knowledge acquisition. Its main focus is on developing new skills, new products, and better ideas and more efficient processes.
4. Knowledge sharing and distribution: How knowledge can be put in place right? Fundamental requirement for data conversion and individual experiences is something that organization will be able to use it. In this stage. the necessary preconditions are:
  - Everyone should know how much and with what level of knowledge about a problem and be able to do it.
  - How to facilitate knowledge sharing?
5. Applying the knowledge: How can we ensure that knowledge is used? Concept of knowledge management is to ensure that current knowledge in an organization be used to benefit the entire organization effectively and productively.
6. Preservation of knowledge: How can we ensure that we do not lose knowledge? Obtained abilities will not be forever available. Preservation and selection of information, documents and experiences require management. Organization have often complained of the fact that reorganization has caused them to lose a part of their memory, hence the selection process, the processes of storing and updating the knowledge that will be valuable in future should be organized with complete accuracy. If this is not done, valuable expertise will be unintentionally abandoned, (Probst, Raub&Romhardt, 2000).

### Research Hypothesis:

Main hypothesis of this study is there is a relation between organization trust and knowledge management of the oil productions of Iran – Kermanshah.

There are 3 subs - hypothesis in this situation:

- 1:There is relation between lateral trust and knowledge management.
- 2:There is relation between vertical trust and knowledge management.
- 3:There is relation between institutional trust and knowledge management

### Smirnoff- Test

To determine of type of used test for research hypothesis, first it should be determined normality or non- normality of data, so using conclusion of this test, we should use parametric and non- parametric test of these hypothesis.

$H_0 : \rho = 0$		Normal distribution follows of observations distributions.		
$H_1 : \rho \neq 0$		Normal distribution doesn't follows of observations distributions.		
Variable	Number of sample	Test statistic	Percent of Sig	Test result
knowledge management	134	0.746	0.392	Normal distribution
Organizational trust	134	0.561	0.629	Normal distribution
Lateral trust	134	0.817	0.723	Normal distribution
Vertical trust	134	0.741	0.523	Normal distribution
Organizational trust	134	0.631	0.412	Normal distribution

Table (1): Test Kolmogorov - Smirnoff

As you see in table (1), percent of test in 0.5 level is bellow of crisis percent so zero hypothesis that is, data normality is accepted and non-normality is rejected so Spearman unity confident is used for test of this hypothesis.

### Hypothesis Test

Test of main hypothesis:

There is a meaningful relation between organizational trust and knowledge management in Kermanshah – Iran Products Company

$H_0 : \rho = 0$	There isn't meaning full relation between vertical trust and knowledge management in national company of refining oil production.
$H_1 : \rho \neq 0$	There is meaning full relation between vertical trust and knowledge management in national company of refining oil production.

The results of this test in 0.01 levels for main hypothesis are as below: Table indicates that in 99 percent trust level, the percent is Sig=0.000 and blew of 0.01, as result, zero is rejected. That is, there is meaningful relation between organization trust and knowledge management. Spearman unity coefficient between 2 variance is 0.643 that shows positive relationship between them.

### That of first sub hypothesis

There is meaningful relation between lateral trust and knowledge management in national company of distribution of the oil product.

Statistical hypothesis of this hypothesis is as bellow:

The results of this test of Spearman in 0.01 level is as be in 0.99% trust, the Sig= 0.000 and below 0.01, as a result,

zero hypothesis is rejected and we accept following hypothesis:

There is certain relation between lateral trust and national company. Spearman correlation coefficient between 2 variance is 0.625 that indicates positive relation.

$H_0 : \rho = 0$	There isn't meaning full relation between lateral trust and knowledge management in national company of refining oil production
$H_1 : \rho \neq 0$	There isn't meaning full relation between vertical trust and knowledge management in national company of refining oil production

#### Test of second sup-hypothesis:

There is a meaning full relation between vertical trust and knowledge management in the national company.

Statistical hypothesis include:

$H_0 : \rho = 0$	There isn't meaning full relation between vertical trust and knowledge management in national company of refining oil production
$H_1 : \rho \neq 0$	There isn't meaning full relation between vertical trust and knowledge management in national company of refining oil production

The result of this test is as below:

In 99% level of this trust the percent of Sig= 0.000 is below 0.01. As a result, zero hypothesis is rejection, that is relation between vertical trust and knowledge management.

Spearman correlation between 2 variance is 0.534 that indicates positive relation between them.

#### Test of third sub-hypothesis

There is a meaning full relation between organizational trust and knowledge management in the national company.

Statistical hypothesis is as below:

$H_0 : \rho = 0$	There isn't meaning full relation between organizational trust and knowledge management in national company of refining oil production
$H_1 : \rho \neq 0$	There isn't meaning full relation between organizational trust and knowledge management in national company of refining oil production

Result of the test of Spearman hypothesis in 0.01 levels is as below:

In 99% trust level , percent of Sig=0.000 is below 0.01 and zero hypothesis is rejected and we accept that there is a meaningful relation between organizational trust and knowledge management Spearman correlation coefficient between two variance is 0.589 that indicates positive relation.

#### Conclusion

The trust is a mainly organization for successions of the organization – results indicate that low level of the trust caused increasing of stress and decreasing of efficiency. Making trust needs assurance toward making relation between individuals based on openness of relation, and comprehension on the other hand creating is necessity of succession, and accordance of organization with environmental condition. So in this study, spearman unity test was used for reviewing of the relation between organizational trust and knowledge management. The results of this test is meaning full in 0/99 level.

The results indicate positive and meaning full relation between organization trust and knowledge management that proves the result of Alones study.

So Suggestions and problems expresses for increasing of organizational trust as bellow:

- 1: increase of employees trust capacity through certain system can make trust capacity in the person.
- 2: improve of employee confidence, for this; the company can improve finding employee system.
- 3: making training periods to improve employee skills in their special field.
- 4: making same aim between employees so that can help each other.
- 5: alternation to the same values in the organization.

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