

Investigating the Impact of Social Capital on Knowledge Management Development (The Case Study: Telecommunication Company of Kashan)

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Abstract Nowadays knowledge is considered as a precious and strategic source and also an intangible capital (asset). Social capital is one of the important factors accelerating the transfer and share of knowledge and information in macro and micro level. Therefore, trust – based communications and interactions and norms among people in developing, creating, and applying knowledge have been emphasized. The purpose of this study is investigating the fashion of relationship of the impact of social capital on developing the organizational knowledge management in Telecommunication Company of Kashan and the amount of social capital effect (influence) on knowledge management in organization is tested. 96 subjects (people) from among managers and staffers form the statistical body of this study. From the viewpoint of applied purpose and the manner of (data) collection, this is a geodesic descriptive study and of integrative type. The results of co efficiency of correlation are in line with the hypotheses of the study. So it shows that there is a meaningful relationship between knowledge management and social capital and its different dimensions. But the correlation between different dimensions of knowledge management and those of social capital in this company is not at optimal level. The results show that the presented model in this study is approved.

Key words Social capital, knowledge management, knowledge creation, knowledge establishment and stability

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1. Introduction

In today's economy, it seems that intangible sources play a key role in the market value of the organizations. While intangible sources are dealt in free market (open market) and can be duplicated by rivals. In tangible sources cannot be proliferated by rivals easily.

Therefore, it is supposed that intangible sources are the only reserve for competitive advantage. Those companies with worthwhile advantages and difficult duplicatable competence have better performance. According to Better *et al.* (2008), 68% of market value of the companies results from intangible assets which have not been mentioned in balance sheet. The great difference between registered (office) value and the companies' market is indicative of something intangible. Knowledge is beginning to turn into the most important stable competitive advantage for organizations. The recent developments in information technology have considerably reduced the cost of dada management.

The developments have added concepts like learning organization, knowledge organization and knowledge management, and knowledge engineering to the literature of management and organization. Applying knowledge management strategy, organizations have created the opportunity for innovation in

procedures, activities, products, and their services, and as a result they can improve their competitive situation. In the dynamic, challenging, and competitive environment of marketing today, the organization movement toward learning organization is the requirement of being successful. Nowadays organizations must be able to acquire the required knowledge for innovation in the products and services and for improvement in their procedures and it should be disseminated among the staffers and be applied in their daily activities. This is the only way to meet the requirement of dynamic and competitive environment and highly changing needs of customers (clients). Recognition of effective factors on organizational knowledge management is one of primary measures in applying the effectiveness of organizational intellectual capitals.

On the other hand, social capital is a new concept playing much more important role compared to physical and personal capital in organizations and society (Prusak and Cohen, 2001). As the worth of knowledge is recognized day after day, the definition and measurement of intellectual capital become more considerable. In the world in which everything is indefinite and obscure, knowledge is the only thing which is considered competitive and only those organizations are successful which could produce new and continuous knowledge and could disseminate it in the organization and its real representation could be shown in new product and services.

One of the aims of knowledge management is establishing value in organizations. Supporting efficient decisions is one of the most popular methods in creating (establishing) value by knowledgeable staffers.

Creating value does not necessarily mean economic value. Charity, state, and non-state organizations create value in non – economic method they create something called social capital. Lesser and Ketrel believe that social activities have a prominent role in knowledge – based economy.

They are a bunch of sources which create the required competence and potential and increase creating, sharing, and managing capacity. Culture is regarded as the common pattern of basic hypotheses which is applied for solving problems and managing the challenges of adaptation with the outer environment and integration of inner environment.

Paying attention to it, new members learn the correct method of observation and thinking about problems and challenges. Knowledge culture is one aspect of organizational culture. Knowledge culture is a collection of values and norms in organizational and inters – organizational environments which has developed gradually and has been accepted by members and affects production, ownership, and knowledge, application (Yadollahi *et al.*, 1386).

In spite a vast range of studies related to organizational learning , the fashion of forming different types of knowledge via communicative and interactive procedures among people is still obscure (unclear). This study applies social capital theory to explain this problem.

Social capital refers to the economic effect of facilities created by trust networks and cultural elements in a social system. In another definition, it refers to the fact that communications are valuable these communications are based on trust axis. Besides reducing operational and managerial costs, trust networks result in allocating more time and capital to the main activities and also lead to transferring knowledge among members of different groups and create a suitable flow of knowledge & learning among them. This issue can be really influential in reducing the managerial, social development, and organizational costs (Amini, 1387).

Considering the role and the importance of social capital and knowledge management which have been regarded as the most important sources of a country or an organization recently, the transfer and share of knowledge & information at macro and micro level among people & organization depend on the people accelerating and facilitating this transfer. That is why the importance of trust – based communications & interactions and also the norms among people in development, creation, and application of knowledge has been emphasized. Therefore, attempts have been made to investigate the influence of different dimension of social capital on organizational knowledge management in Telecommunication Company of Kashan and the essence (nature) of this study is client (customer)-oriented, knowledge-oriented, public (general) participation, leaning toward public wisdom, and applying implicit knowledge & wisdom of staffers. In this study social capital is composed of three dimensions: structural, cognitive, and communicative.

These dimensions are investigated along with four major activities of know ledge management including knowledge acquirement , knowledge creation and stabilization, knowledge transfer and share , and knowledge application and also the amount of social capital influence on knowledge management in the

organization has been investigated. In fact the main research question is as follows: what is the effect of social capital on knowledge management procedures in the society under – investigation?

1.1. Organizational social capital

In Prusak and Cohen (2001), the idea of social capital in organizations has been investigated. The people like Cohen & Prusak who had studies related to organizational development, doubted the effectiveness of staffs, procedures, and technology on organization, it is claimed that social capital can help economic development. The claimed advantages are specially as follows: more optimal sharing of knowledge, creating trust – based communications, reducing movement rate, reducing employment cost, assisting education, retention of organizational knowledge, reducing work force changes, increasing the activities related to organizational stability, and mutual understanding (Cohen and Prusak, 2001), organizational social capital, intra-organizational communications, and the ability to perform collective activities for profiting organizational aims (Leana & Van Buren, 1999).

The importance of organizational social capital lies in the fact that it socializes people (groups, teams, organizations ...) and makes them finish the job together successfully. Organizational social science creates the sense of integrity (coherence) through cooperation & trust. It creates elements such as trust, mutual understanding, commitment, and communicative stability which maintain organizations in the changing market (Cohen and Prusak, 2001). This capital unites managers and staffs and by facilitating successful collective activities creates an added value. It is a source endowing both managers & staffs. This capital reflects the features of social interactions in an organizations and equals personal, physical, and financial sources (Leana, 2001; Salehi Amiri and Kavousi, 1387).

1.2. Comparing social capital with physical & personal capital

Physical capital is created by bringing changes to the material to from the tools (instrument) which facilitate production. Personal capital is created by changing the people to teach those skills and expertise which enable them to behave in new fashions. Social capital, in itself, is created when the relationship among people is diverged in a manner to facilitate action. Physical capital is completely tangible and is embodied materially and is observable. Personal capital is not as much tangible and is embodied in the skills & expertise acquired by the person.

Social capital is even much less tangible. Because it is embodied in the relationships among people.

Physical & personal capital facilitates productive activity and social capital acts like them. For instance, the group with reliable members performs the action.

1.3. Knowledge management

Bhatt (2001) believes that knowledge management Cycle includes acquiring, registering, creating, and applying knowledge in the organization. Knowledge acquirement includes the collection of activities performed for obtaining new knowledge from the outside of organization.

Such activities as the amount of members participation in scientific forums and educational courses, organizational cooperation with scientific centers, and buying (purchasing) new knowledge for organization refers to the amount of attempt and endeavor for obtaining new knowledge and injecting it into the organization.

Recording (registering) and documentation of knowledge includes the activities which are performed for registering the existing knowledge. The produced and existing knowledge should be recorded in a manner to be accessible and citeable for all. This way, we can change the mental state of knowledge into organizational memory. Otherwise, the knowledge may remain in the mind of staffs and founders of organizations and etc. and this knowledge may be lost when these people leave the organization or die.

From among knowledge recording activities in the organization, we can refer to using data base for recording (storing) (registering) organizational knowledge, coding knowledge, documentation of successful and unsuccessful experiences. Knowledge transfer includes the set of activities for transforming organizational Knowledge among members.

Knowledge transfer is an important aspect of knowledge management because when the knowledge is acquired, it must be shared by people and other groups of the organization. The process of transfer and share

of knowledge includes transferring and distributing explicit and implicit knowledge of one person, one group, or one organization to another person, group, or organization.

Studies have shown that, by transferring and sharing the influential know ledge, organization can improve their efficiency and reduce educational costs and the risks resulting from mistrust.

Activities such as holding discussion and interaction meetings for presenting experiences and job methods, members tendency and cooperation for helping coworkers to improve vocational methods, applying data lose, and putting the organizational knowledge at the reach of all member are indicative of the organization endeavor for transferring organizational knowledge (Bhatt, 2001).

Knowledge creation includes a set of activities through which new knowledge is produced in organization.

In each organization, knowledge creation is the key source of innovation. The essential factors in knowledge management include information production & distribution, interpretation and production of the processed information and changing them into knowledge. Among activities which" facilitate creation & production of new knowledge in the organization, we can refer to rewarding and encouraging innovations and new ideas of the staffers, open discussion about experiences and failures of the organization, forming leaning groups in the organization, employing experts with the required knowledge for the organization, and financial support of the studies & investigative centers.

Knowledge application includes activities showing that the organization has applied its knowledge. Applying new ideas of staffers in procedures and vocational methods, improving organizational performance , improving organizational performance, effective decision making, problem solving, and considering organizational knowledge selling are among knowledge application activities (Bhatt, 2001).

1.4. Social capital & knowledge management

In order to understand the relationship between knowledge & social capital, social capital should be considered as a mixture of individual & collective knowledge. Social capital refers to a network of communications which are based on the trust among organization people. These communications (relationships) which result from continuous interactions are the value source for organizations

Since social capital of the two sides has the ability to perform many actions & measures, it will have the ability to manage knowledge.

From knowledge creation standpoint, social capital facilitates the development of collective thought capacity by influencing the required conditions for transaction (interaction), and mixing knowledge sources. In this condition, the collective thought capital is considered as knowledge ability of a social set (like an organization) (Nahapiet and Ghoshal, 1998).

Social capital can develop mental (spiritual) capital. Because spiritual (mental) capital depends on the combination of knowledge and experiences of different sections.

The creation of spiritual capital is extensively done (by) through social capital. The existence of social capital can promote coding, exploiting, knowledge transferring, and knowledge management procedures.

Because it helps the organization to create a value with innovative aspect via facilitating in combination and transaction of knowledge (Schumpeter, 1984).

It should be considered that social learning or social innovation is an important social phenomenon which has not been regarded appropriately in social capital literature , and it is knows social innovation capital and it is the same as knowledge creation in knowledge management literature (Helmhout *et al.* , 2004). What makes social innovation capital prominent in social capital theory is the fact that is forms the source of most types of capitals (Mohammedi *et al.*, 1387). Generally speaking, social capital makes the collective measures efficient and promotes the total process of knowledge management and it is a good alternative for formal contacts, rewarding and supervising mechanism: The purpose of knowledge management is affecting the quality of measures in social system by quality control of learning logic and problem solving. Therefore it can be called social capital management.

2. Conceptual model of the study

Investigating different models related to social capital and knowledge management, social capital model related to Nahapiet and Ghoshal and knowledge management model related to Bhatt were selected as

conceptual model of this study. This model answers the main research question that is why it has been selected. The exactness of the selected model and tangibility and testability of its parameters and elements are other reasons of selection. The presented model contains comprehensive factors of social capital & knowledge management and its validity has been proved in various studies and articles. In this study, by adjusting, modifying, and naturalizing parameters and locutions of this model, it was applied for investigating the influence of social capital on knowledge management.

2.1. Nahapiet and Ghoshal's social capital model

Nahapiet and Ghoshal have mentioned different aspects of social capital with organizational approach in 3 dimensions as follows (moshabehi *et al.*, 1386):

Structural dimension:

Structural dimension of social capital refers to the communicative pattern among members of a group or a social unit. In other words, it says whom you access and how you access.

Cognitive dimension:

Cognitive dimension of social capital refers to the sources providing totems, interpretations, and systems, of common meanings among groups and it include social & cultural comprehension, believes, and imaginations.

Communicative dimension:

The communicative dimension of social capital describes a kind of personal relationships (communication) which people have with each other because of their interaction back ground.

2.2. Knowledge Management Model

Bhatt (2001) believes that knowledge management cycle includes these activities: acquiring, creating and stabilizing, sharing and transacting, and applying knowledge in the organization. Now, considering the conducted studies in this field, Bhatt's model has been used in knowledge management section and, in social capital section, Nahpiet and Ghoshal's social capital model has been applied.

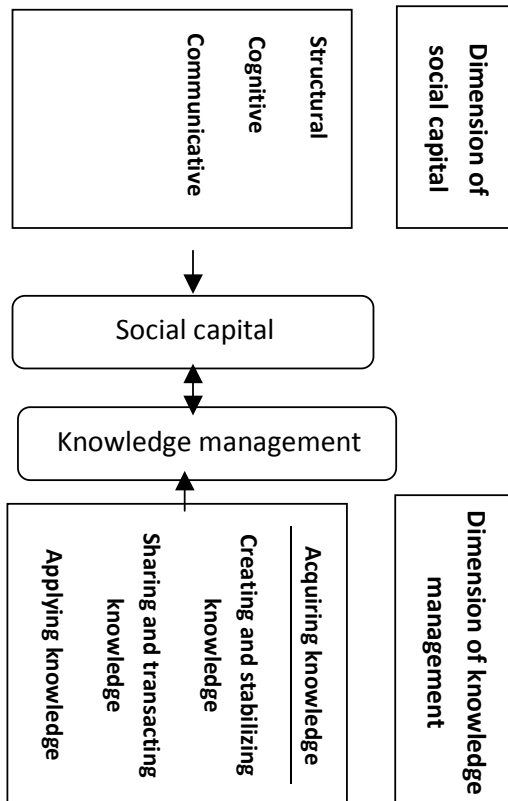


Figure 1. conceptual model of the study

3. Research hypotheses

Considering the applied models in this study, we test the following hypotheses.

1. There is a significant relationship between the structural dimension of social capital and knowledge management in Telecommunication Company of Kashan.
2. There is a significant relationship between cognitive dimension of social capital and knowledge management in Telecommunication Company of Kashan.
3. There is a significant relationship between the communicative dimension of social capital and knowledge management in Telecommunication Company of Kashan.
4. The amount of correlation between different dimensions of knowledge management and the structural dimension of social capital in Telecommunication Company of Kashan is not the same.
5. The amount of correlation between different dimensions of knowledge management and cognitive dimension of social capital in Telecommunication Company of Kashan is not the same.
6. The amount of correlation between different dimensions of knowledge management and communicative dimension of social capital in Telecommunication Company of Kashan is not the same.

4. Research method

From the standpoint of aim, this research is applied and from the standpoint of method is causative and from geodesic type (branch). Because applied studies are those which apply theories, lawful nesses, principles, and techniques compiled for basic studies to solve real & executive problems (khaki, 1382).

4.1. Subjects & samples of the study

Subject of this research are from Telecommunication Company of Kashan but because of a huge number of managers and experts, 96 managers and experts have been selected as the samples of the study. The research was conducted in the first half of 1392. All subjects have been considered equal by the researcher and questionnaires were given to them. Because of a huge number of managers and experts, taking opinion poll from all was not possible. Therefore, the subjects were randomly selected. In order to estimate the volume of the sample, Cochran formula, with the supposition of an infinite society, has been applied as follows:

$$n = \frac{(1.96)^2 \times \left(\frac{1}{2} \times \frac{1}{2}\right)}{(0.04)^2} = 96 \quad \frac{\left(\frac{Z_{\alpha}}{2}\right)^2 \cdot P \cdot q}{d^2}$$

4.2. Data gathering instruments

With adaptation from 2-standard questionnaires of social capital and knowledge management, a questionnaire was developed to be in line with the subject of the study. Questions were of closed type and measuring criteria was of Likert's cate type. The following chart shows the question with each of the related hypo theses in this research.

Table 1. question related to independent variable

| Independent variables | Question number |
|-----------------------|-----------------|
| Structural | 1-9 |
| Communicative | 10-21 |
| Cognitive | 22-30 |

Table 2. questions related to dependant variables

| Dependant variables | Question number |
|--------------------------------------|-----------------|
| Acquiring knowledge | 1-9 |
| Creating & stabilizing knowledge | 10-18 |
| Sharing and transaction of knowledge | 19-29 |
| Applying knowledge | 30-38 |

4.3. Questionnaire validity and Reliability

In order to investigate the validity of the instruments of the present study, the existing variables in each hypothesis and parameters and the questions related to the key paper were extracted. Based on the research literature and analytical model of the research and with the experts' help, the questions were raised. The reliability of questionnaires was calculated by Cronbach's Alpha measuring method and SPSS software. The results for the questionnaire of social capital and knowledge management are as follows:

Descriptive analysis includes these factors: gender, age group, educational level and the record of service. Factors of inferential analysis includes: single – variable T.test, Friedman test, Spearman co efficiency of correlation, Kruskal Wallis test, were investigated and SPSS software was applied.

4.4. Gender

As it is observed in table 3, 84.37% of participants were men and 15.63% of them were women.

Table 3. distribution of the number of participants related to the gender

| Gender | The number | Percentage |
|--------|------------|------------|
| Woman | 15 | 15.63 |
| Man | 81 | 84.37 |
| Total | 96 | 100 |

4.5. Educational level

According to table 4, the highest percentage is related to MA holders (62.5%) and lowest percentage is related to Ph.D holders (2.80%).

Table 4. The percentage of participants related to educational level

| Educational level | The number | Percentage |
|-------------------|------------|------------|
| Associate | 9 | 9.37 |
| B.A | 25 | 26.05 |
| M.A | 60 | 62.5 |
| Ph.D | 2 | 2.08 |
| Total | 96 | 100 |

4.6. Age group

According to table 5, the highest percentage of participants is related to 31 to 40 year olds (52.08%) and the lowest one is related to 51 year olds and upper (2.08%).

Table 5. The percent of participants related to age group.

| Age group | The number | The percentage |
|-----------|------------|----------------|
| 20-30 | 29 | 30.20 |
| 31-40 | 50 | 52.08 |
| 41-50 | 15 | 15.64 |
| Upper 51 | 2 | 2.08 |
| Total | 96 | 100 |

4.7. Service record

As it is observed from table (6) , the highest percentage is related to the participants with the service record between 6 to 10 years (41.5%) and the lowest percentage is related to the participants with the service record between 21 20 30 years (12.5%).

Table 6. The percent of participants related to service record

| Service record | The number | The percentage |
|----------------|------------|----------------|
| 1-5 | 22 | 23 |
| 6-10 | 40 | 41.5 |
| 11-20 | 22 | 23 |
| 21-30 | 12 | 12.5 |
| Total | 96 | 100 |

4.8. Kolmogorov-Smirnov Test

According to table 7 and based on Kolmogorov-Smirnov test, research variables were not normal except structural, cognitive, and applied variables of knowledge. Therefore spearman's coefficient of correlation was used for conclusion.

Table 7. Findings based on Kolmogorov-Smirnov test

| Managing knowledge | Applying knowledge | Communicative knowledge | Transacting knowledge | Creating and stabilizing knowledge | Acquiring knowledge | Social capital | Cognitive | Structural | Variables |
|--------------------|--------------------|-------------------------|-----------------------|------------------------------------|---------------------|----------------|-----------|------------|-------------------|
| 2.086 | 1.298 | 2.306 | 1.570 | 1.764 | 2.333 | 1.223 | 1.515 | 1.306 | coefficient |
| 0.000 | 0.069 | 0.000 | 0.014 | 0.004 | 0.000 | 0.100 | 0.020 | 0.066 | significant level |

4.9. Spearman test

Based on Spearman test, the findings have been illustrated in table 8.

1. The value of this coefficient correlation for knowledge acquirement as one of the dimensions of knowledge management and for structural dimension at significant level of (0/000) was (0/389), for communicative dimension at significant level of (0/000) was (0/368), and for cognitive dimension with significant level of (0/000) was (0/268). It means that there is a significant relation among these variables. Based on spearman coefficient correlation, at meaningful level of (0/000) the value is (0/336). In other words, there is there is a significant relationship between these Z variables.

2. The value of coefficient correlation for creating and stabilizing knowledge as one of the dimensions of knowledge management and structural level at significant level of (0/096) was (0/137), because its level of error was above 0/05.

The correlation among these variables is not significant also the value of the coefficient correlation of communicative dimension at significant level of (0/008) was (0/214), the value for cognitive dimension at significant level of (0/004) was (0/235), for creating and stabilizing dimensions and social capital at significant level of (0/18) was (0/193). It means that there is a significant & direct relationship among these variables.

3. The value of the coefficient correlation for knowledge transaction as one of the dimensions of knowledge management and structural dimension at significant level of (0/019) was (0/192), for communicative dimension at significant level of (0/005) was (0/225), and for cognitive dimension at significant level of (0/000) was (0/360). Based on spearman coefficient correlation between knowledge transaction dimension and social capital at significant level of (0/001) the value was (0/260). It means that there is a direct and significant relationship among these variables.

4. The value of coefficient correlation for knowledge

Application variable as one of the dimensions of knowledge management and structural dimension at significant level of (0/041) was (0/167). It means that there is a significant and direct relationship among these variables. But the value for knowledge application and communicative dimension at significant level of (0/168) was (0/113), for cognitive dimension at significant level of (0/920) was (0/008) and between

knowledge application and social capital at significant level of (0/630), the value was (0/040). Because its error level is above (0/05), the relationship among these variables was not significant.

5. The value of coefficient correlation for knowledge management variable and structural dimension at significant level of (0/003) was (0/241), for communicative dimension at significant level (0/005) was (0/23) , for cognitive dimension at significant level of (0/035) was (0/168), and for knowledge management variable & social capital at significant level of (0/000) was (0/970).

It means that there is a direct and significant relationship among these variables.

Table 8. Findings based on Spearman test test

| | | Structural | Communicative | Cognitive | Social capital |
|------------------------------------|----------------------|------------|---------------|-----------|----------------|
| Acquiring knowledge | Spearman correlation | 0.389 | 0.368 | 0.268 | 0.336 |
| | significant level | 0.000 | 0.000 | 0.001 | 0.000 |
| | Number | 96 | 96 | 96 | 96 |
| Creating and stabilizing knowledge | Spearman correlation | 0.137 | 0.214 | 0.235 | 0.193 |
| | significant level | 0.096 | 0.008 | 0.004 | 0.018 |
| | Number | 96 | 96 | 96 | 96 |
| Transacting knowledge | Spearman correlation | 0.192 | 0.225 | 0.360 | 0.260 |
| | significant level | 0.019 | 0.006 | 0.000 | 0.001 |
| | Number | 96 | 96 | 96 | 96 |
| Applying knowledge | Spearman correlation | 0.167 | 0.113 | 0.008 | 0.040 |
| | significant level | 0.041 | 0.168 | 0.920 | 0.630 |
| | Number | 96 | 96 | 96 | 96 |
| Managing knowledge | Spearman correlation | 0.241 | 0.23 | 0.168 | 0.097 |
| | significant level | 0.003 | 0.005 | 0.035 | 0.000 |
| | Number | 96 | 96 | 96 | 96 |

4.10. The analysis of structural equations results

K2 (x2) is the ratio of square of K to degree of freedom and (RMSEA) the square root of the variance is the error of approximation. Therefore, regarding table 9 and significant level (0/05) and the degree of freedom 76 and the obtained error (p-value = 0/00000), the reliability of this model is proved.

Table 9. The analysis of structural equations results

| Index | Amount |
|--------------------|---------|
| χ^2 | 59.19 |
| RMSEA | 0.154 |
| P-Value | 0.00000 |
| Degrees of freedom | 76 |

4.11. Summary of the results of measuring model

As it can be observed from table (10) and on meaningfulness level of (0/05) and t values, the correlation between knowledge acquiring and knowledge management variables is not confirmed but the correlation among other variables of the study is proved (confirmed).

Figure 2

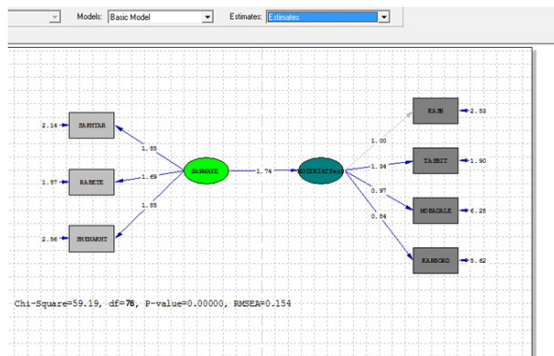


Figure 3

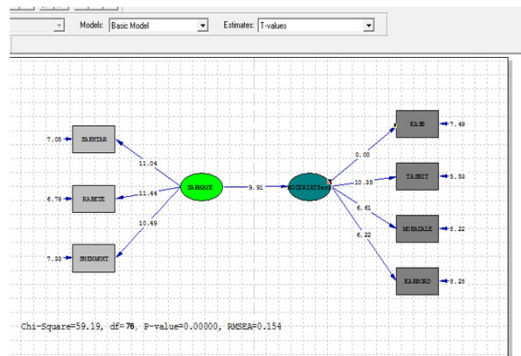


Table 10.

| Variable | Coefficients (γ) | Values t | Result | |
|---|---------------------------|----------|--------|-----|
| Structural | 1.85 | 11.04 | Ok | |
| Communicative | 1.69 | 11.44 | Ok | |
| Cognitive | 1.85 | 10.49 | Ok | |
| Social capital and knowledge management | | 1.74 | 9.91 | Ok |
| Acquiring knowledge | | 1.00 | 0.000 | Not |
| Creating and stabilizing knowledge | | 1.34 | 10.35 | Ok |
| Sharing and transacting knowledge | | 0.97 | 6.61 | Ok |
| Applying knowledge | | 0.84 | 6.22 | Ok |

5. Conclusion and suggestions

The educational level of subjects had no influence on their answers (replies) and on the results of structural, knowledge application and knowledge variables but it influences other variables. Because its error is below 5% and its influence is such that in structural dimension in BA, in knowledge application dimension in Associate , and in knowledge management dimension in BA less attention has been given to these variables.

Subject’s service record has no effect on their answers and on variables of the study, but it affects other variables.

In fact it affects the following variables: structural, communicative cognitive, social capital and knowledge acquiring, stabilizing transacting and application and its influence is such that, in structural dimension of people within the range of 1 to 5 years of service , in communicative dimension of people within the range of 1 to 5 years of service, in cognitive dimension of 21 to 30 year olds , in knowledge creating, stabilizing , transacting and application dimension of people within 21 to 30 years of service , less attention is given to them. According to the findings of table (10) , all hypotheses of the study were proved.

1-6 The compatibility of findings with the previous studies

Based on the results of this study and the previous studies, and according to the studies related to knowledge management and social capital in Iran and other countries, we can observe the compatibility of the findings of this study with those of other studies especially regarding the meaningful correlation between these 2 subjects.

In Pushak and Cohen (2001), social capital in organizations was investigated and it was claimed that social capital could help the economy. Specifically, the claimed advantages are as follows: more optimal sharing of knowledge, creating trust – based communication, reducing moving rate reducing employment cost, helping education, maintaining organizational knowledge, reducing work force changes, increasing the activities related to organizational stability and mutual understanding. Also in Lina vanborn (1999), organization social capital is the feature of Intra – social relationships and is the ability of performing collective activities for organizational aims to work. The results of this study showed that social capital leads to integration & coherence of managers and staffers. By facilitating successful collective activities, this capital creates an added value and is a source benefiting managers and staffers.

Considering the results of this study and their correspondence with other studies (Nahapiet and Ghushal, 1998), the relationship between knowledge and social capital can be regarded as a combination of individual & collective knowledge.

The communicative network which is based on trust among the people of organization result from continuous interactions and is the value source in organizations. Because the social capital of both sides has the capability of performing among actions and has the power of managing knowledge from knowledge creation standpoint, via influencing the required conditions for transaction and combination of knowledge sources, social capital facilitate the capacity of collective thought. In such condition, collective thought capital is considered as a learned ability of a social organization.

The alignment of this research with Shumper's studies (1934) shows that social capital can develop (thought) spiritual capital. Spiritual capital is created through social capital. The presence of social capital can promote coding, taking and transferring knowledge and knowledge management procedures. Because it helps the organization to create an innovative value by facilitating combination and transaction of sources.

Regarding Helmete *et al.* (2004) , social innovative capital is knowledge creation and generally it can be mentioned that social capital promotes the whole process of knowledge management and is a good alternative for formal contacts, rewards and supervision mechanism. Because social capital makes collective measures efficient. As the aim of knowledge management is influencing the quality of measures in social systems by controlling the logic of learning and problem solving, it can be named as social capital management.

Regarding the condition and the stand of knowledge management and social capital in the organization under investigation, there are differences among the element of these two governmental topics from desirability viewpoint.

In other words, in some organizations, elements are in optimal conditions but in the organization under investigation, most elements are in critical and inappropriate situation.

2-6 suggestions based on research findings proved the relation (correlation) between social capital and developing knowledge management. We should find ways to increase the level of social capital of organization to improve knowledge management development. Therefore, there are some suggestions:

1. Internalizing perspective, vocation, and aims of organization by: people cooperation in creating them and continuous reminding of them.

2. Identifying organizational communications and completing them in order to appropriate, distribute, and exploit, knowledge, to establish efficient suggestions and create brain storming, and to apply data bank of experts.

3. Building trust in organization by: procedural justice, distributed justice, interactional justice, creating open & clear communication, distributed justice, distributing organization's good & bad news, continuous meeting between staffers and managers of different levels.

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