




Designing a Model for Integrating Social Capital with Innovative Knowledge Management in Gaining Competitive Advantage and Development of the Country's Banks (Case Study: Sepah Bank Branches in Tabriz)

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ABSTRACT

Objective: Achieving a competitive advantage in the banking industry, which has transformed itself through the employment of unpredictable approaches, is both more difficult and more crucial. Therefore, the present research aimed to provide a model for integrating social capital with innovative knowledge management in gaining competitive advantage and developing the country's banks.

Methodology: This study was conducted using a mixed (qualitative and quantitative) approach. The qualitative part was carried out through interviews with 15 managers and deputies of Sepah Bank branches in Tabriz and university professors specializing in innovative knowledge management and social capital, using grounded theory method. The quantitative part involves structural equations.

Findings: The results from the interpretive structural modeling method for the components of social capital and knowledge management showed that tangible and cognitive dimensions, knowledge gathering, and knowledge dissemination have the highest impact, with the responsiveness component having the most significant influence in integrating the variables of social capital with knowledge management. Furthermore, the results indicated that, except for the impact of organizational culture on the empowerment of human resources with a path coefficient of 0.062 and a t-value of 1.535, which is less than 1.96 and not significant, all path coefficients are significant.

Conclusion: The findings demonstrated that components such as tangible and cognitive dimensions, knowledge gathering, and knowledge dissemination at the first level and in the dependent region have the highest susceptibility, and the responsiveness components, which are in the independent region, have the highest impact in the integration of investment variables with knowledge management.

Keywords: Social Capital, Knowledge Management, Gaining Competitive Advantage, Bank Development.

1 Introduction

In today's world, with the increasing number of customers globally, gaining a competitive advantage and achieving sustainable development is critically important as a capability to face and overcome competition. By evaluating the strengths and weaknesses of competitors and identifying ways to bridge existing gaps, strategies can be developed to create competitive advantages and foster development. Organizations, when acquiring better characteristics than their competitors, essentially set a boundary for their competition. In other words, gaining a competitive advantage involves skills that help an organization survive in the competitive arena. Most competitive advantages arise through knowledge and information; hence, successful organizations seek to acquire the latest technologies related to gaining a competitive advantage. Therefore, organizations wishing to maintain their competitive edge must implement strategies related to gaining a competitive advantage to experience sustainable development. Bank development, one of the components of competitiveness, includes the availability of financial services, financing through the stock market, the cost of using financial services, ease of access to facilities, availability of financial resources for venture investors, financial solidity, regulation and supervision of the stock market, and the legal support index for lenders and borrowers (Dehghan et al., 2016; Kumar & Mokha, 2022; Kumar et al., 2022).

In recent years, the concept of social capital, meaning that participating in groups and communities can bring positive benefits and functions for individuals, has become one of the most common terms introduced from social sciences into the literature of other scientific fields and even into public language (Cappiello et al., 2020). Organizations have been engaged in knowledge management for many years, hoping to improve performance through better management of what they know. Although theories of knowledge management are either people-oriented or technology-oriented, knowledge management is generally defined as the ability to use knowledge to achieve organizational goals (Nahapiet & Ghoshal, 1998; Paşamehmetoğlu et al., 2022). Gaining a competitive advantage and fostering growth and development in banks, as one of the most important service organizations in the country, becomes increasingly significant. The competitive advantage and development of the country's banks are a set of unique capabilities of the bank that allow it to penetrate desired markets and dominate competitors.

Given the rapid pace of technological changes in the banking sector and the increasing diversity in customer needs and market structure demands, banks must secure a larger market share through gaining a competitive advantage and developing in the banking systems to maintain and continue their existence. Thus, banks can enhance their competitive advantage and development by leveraging social capital and knowledge management, achieving profitability and providing banking services in a better and more suitable manner nationwide. If the financial services offered to customers do not keep pace with social capital and the application of appropriate knowledge management methods, undoubtedly attracting, retaining, and maintaining customers will be affected, subsequently reducing the bank's market share in various areas (Kulkarni & St Louis, 2003; Lee & Choi, 2003; Liu & Lee, 2015; Mahdi et al., 2019). Therefore, it is essential for banks to adopt a systematic approach to integrating social capital and knowledge management in light of changes in customer needs and environmental developments, to maintain their competitive advantage and develop banking, enabling them to use their advantages in existing markets and also discover and exploit new opportunities (Brady & Davies, 2004).

This research examines the presentation of a model integrating social capital with innovative knowledge management in gaining a competitive advantage and developing the country's banks, which is innovative in many aspects. So far, many studies have not evaluated the integration of social capital and knowledge management. Therefore, this research provides a comprehensive model for creating a competitive advantage and developing the country's banks through the integration of social capital components with innovative knowledge management, aiming at winning the competition to attract customers for increased investment.

2 Methods and Materials

Given that this research aims to propose a model for integrating social capital with innovative knowledge management in gaining a competitive advantage and developing Sepah Bank of Tabriz, utilizing a developed theory, the research falls under the category of applied studies in terms of its objective. Since the data for this study are obtained through semi-structured interviews, it is considered exploratory mixed research in terms of approach, categorized under qualitative research, and from a paradigmatic perspective, it follows pragmatism. Given that

in qualitative research, the researcher's mindset is highly influential, this study also adheres to interpretivism from a philosophical paradigm perspective. In this research, semi-structured interviews were used for data collection. In the qualitative section, indicators of integrating social capital with knowledge management, competitive advantage, and bank development were identified through interviews and the grounded theory method. To extract data from within the interviews, two methods are used: microanalysis and the analysis of key points. The cooperation of Sepah Bank employees in Tabriz was utilized for data extraction. Grounded theory or the grounded theory method is an inductive process because the theory emerges inductively from the data set.

Strauss and Corbin present four criteria for judging the applicability of grounded theory, which are: fit, understandability, generality, and control. If the theory is compatible with the everyday realities of the field and is derived from the data, it will fit that field. This criterion is not met if the researcher has not collected sufficient information and prematurely concludes data collection. Since this theory represents a reality, it must be comprehensive and understandable both for participants and for practitioners who have experience in this field. If the data on which the theory is based are comprehensive and the conceptual interpretations are broad, it will be abstract enough to be applicable in various contexts related to the phenomenon under study and will meet the criterion of generality. It must also practically provide control over the phenomenon. Efforts were made to adhere to these considerations in this study.

For research credibility, a part of the findings was made available to the study group for review by members. Triangulation of data sources was achieved using three sources of data. For peer review, the text of three interviews for independent coding was provided to a research colleague knowledgeable about the subject for coding. After review, agreement on the main and secondary categories was reached. Finally, for external observer review, comments from two participants as external observers were used to complete and adjust the analyses.

To calculate reliability using the inter-rater agreement method, two coders (one of whom is a colleague in the relevant field) were asked to participate in this area as research collaborators. The percentage of inter-rater agreement, used as a reliability index, was calculated as follows:

$$\text{Reliability Percentage} = (\text{Total Number of Agreements} \times 2) / (\text{Total Number of Data Points}) \times 100\%$$

The inter-coder reliability for the selected interviews, based on the MAXQDA2020 software, is over 60 percent. Given that this level of reliability exceeds 60 percent, the credibility of the codings is confirmed, and it can be claimed that the reliability of the analyzed interviews is appropriate.

3 Findings and Results

In this research, 15 experts, including managers, heads, deputy managers of Sepah Bank branches in Tabriz, and university professors specializing in knowledge management, innovation, and social capital, were selected for interviews.

Initially, the content of all interviews was transcribed and then subjected to open coding using the method of coding key points. Open coding was conducted in three stages: the first, second, and third stages. At each stage, the number of data points decreased compared to the previous stage. In total, 96 codes were extracted from the third stage of open coding. Axial coding, the second stage of analysis in the grounded theory method, aims to establish relationships between the categories generated during the open coding stage. This process is conducted based on the paradigm model and assists the theorist in easily carrying out the theory development process. In axial coding, the codes generated in the previous step are interconnected through the creation of relational networks among these codes. This process is achieved by analyzing the data obtained from open coding. Therefore, the purpose of axial coding is to organize the relationship between each concept. When establishing connections in the network, it is necessary to examine how these categories are related to each other. This stage was conducted by forming networks to create connections between concepts, categories, and components. The main networks in this section are the six networks of grounded theory: central phenomenon, causal conditions, contextual conditions, intervening conditions, strategies, and consequences.

3.1 Central Phenomenon

The central phenomenon in this study includes the following components, with the number of main components related to each indicated in parentheses.

Social capital (2)

Knowledge management (3)

The tangible or structural dimension of social capital refers to aspects that are visible and tangible. These aspects include education, educational policies, functions of NGOs, characteristics of national media, and the structure of universities pursuing economic, social, cultural, political, educational, and nurturing goals. The tangible dimension of social capital affects the horizontal and vertical relationships among group members or the group structure and hierarchy. Also, in knowledge management, the primary goal is the explicit and tacit management of knowledge within the organization. For knowledge management gathering, organizations must produce and create knowledge and facilitate access to it. The dissemination and distribution of knowledge are equally important compared to knowledge advancement. Knowledge producers do not spend much time and effort searching for knowledge users. Despite being a group of knowledge users, acquiring knowledge that genuinely exists in the mind of the knowledge producer confidentially, with varied intentions and mental conditions, is very challenging.

3.2 Causal Conditions

Causal conditions in this study include the following components, with the number of sub-components related to each indicated in parentheses.

Individual characteristics (3)

Organizational climate (3)

Individuals, including managers and employees of an organization, can impact the integration of social capital and knowledge management in the bank through cognitive characteristics: with individual effort, attitudes, views, and imaginative skills; emotional-psychological characteristics: considering feelings and emotions, emotional turmoil, confusion in relationships; and behavioral characteristics: through participation, interests, risk-taking, taste, and personal creativity, among others. The organizational climate can include supportive conditions such as employee support for each other and managerial support, organizational cohesion such as integration, teamwork, consensus, autonomy such as organization, setting employee standards, and individual decision-making, affecting the strategies for integrating social capital and knowledge management.

3.3 Contextual Conditions

Contextual conditions are specific conditions that affect strategies. In this study, contextual conditions are defined by the following components:

Organizational culture (4)

Service groundwork (2)

Organizational culture includes components of shared responsibility, team orientation, pragmatism, and appropriate communication patterns. A correct understanding of organizational culture concepts in shared responsibility such as mutual responsibility, empathy and harmony, coordination, and in team orientation concepts such as the development of team culture, commitment to the team, team dynamics and adaptability, team flexibility and responsiveness, and in pragmatism such as striving for a common understanding of organizational goals, providing timely and effective services, emphasis on results according to set standards, and in appropriate communication patterns such as managerial communication skills, effective meetings, employee cohesion in the work environment, public relations, interpersonal communication ability, etc., leads to the cohesion of shared values and beliefs among bank managers and employees, and synergy in achieving a common goal or goals. Service groundwork, including groundwork for knowledge management and competition, are also important factors that affect strategies contextually. Therefore, for the implementation of knowledge management, knowledge must be supported, new and innovative information must be acquired by bank personnel, and for groundwork for competition, the scope of competition, competitive areas, competitive groups, identification of competitors to avoid losing customers must be considered.

3.4 Intervening Conditions

Intervening conditions are general contextual conditions that affect strategies. In this research, intervening conditions are defined by the following components:

Economic conditions (2)

Political-legal conditions (1)

Economic factors are defined by economic risk and macroeconomic factors. Banks always face significant economic risks such as financial risks, operational risks, and commercial risks. Also, factors in the national and macroeconomic domain towards economic stability, such as currency fluctuations, economic growth, inflation rates, foreign investment, can have an intervening effect on

strategies. On the other hand, political-legal conditions in the realm of foreign policies such as sanctions conditions and cumbersome laws and regulations pose major problems for the country's banking, all of which can act as interveners in the model of integrating social capital and knowledge management.

3.5 Strategies

Strategies are specific actions or interactions that result from the central phenomenon. In this research, strategies are defined by the following components:

- Workforce empowerment (2)
- Planning (2)

Workforce empowerment is defined by the necessary training, both in-person and virtual, with the provision of correct educational resources, and recruitment and retention. This can increase productivity and efficiency of the workforce and also enhance risk-taking. Planning in the identification of goals can include identifying and controlling goals and visions, and in human resource planning can be aimed at developing and feedback of human resources, are strategies that can assist in the integration of social capital and knowledge management towards bank development and gaining a competitive advantage.

3.6 Consequences

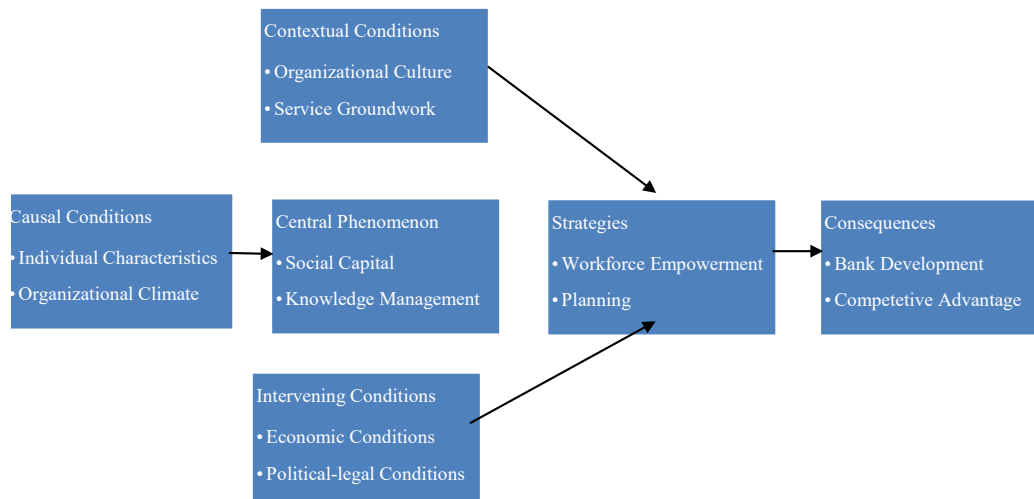
Consequences in this research are defined by the following two important components:

- Bank development (2)
- Gaining a competitive advantage (2)

Bank development and gaining a competitive advantage are among the most important factors that will be attainable if social capital is integrated with knowledge management. Today, banks, as the largest financial institutions of any country, play a crucial role in monetary and financial markets, attracting and encouraging customers to save, gathering small capitals, and investing them in manufacturing and service sectors. Given the current competitive environment, the volume of facilities, financial capability, and the range of their activities determine their share of the financial markets and customers. Bank development in terms of productivity, given the intense competition among banks, can be defined in significant factors such as capital productivity, service supply productivity, and human resource productivity, and on the other hand, mark its economic development with the increase in market share and profitability. Banks will be able to change their conditions from competitive parity compared to other banks to gaining a competitive advantage in significant areas of innovation such as management system innovation, process service innovation, and electronic service innovation, possessing high marketing capability. Banks, to attract and retain their customers, must seriously and specifically focus on the aforementioned factors; because the stronger the customer attraction levers, the greater the hope of gaining and retaining customers in the bank. Consequently, banks' understanding of customers' preferences and behavior, as well as assessing their position, performance, and current conditions in the competitive market, can enhance their development and competitive advantage.

Figure 1

Final Model of The Study



The components of integrating social capital with knowledge management and their role in gaining a competitive advantage and developing the country's banks were obtained. Each of the main networks is described in continuation.

Therefore, the model of integrating social capital with innovative knowledge management and its role in gaining a competitive advantage and developing the country's banks can be depicted as [Figure 1](#).

4 Discussion and Conclusion

The aim of this study was to explore the integration of social capital with innovative knowledge management for gaining competitive advantage and developing banks, with a specific focus on Sepah Bank branches in Tabriz. The research found that integrating social capital with knowledge management involves a complex interplay of tangible and cognitive dimensions, knowledge gathering, and dissemination, significantly impacting competitive advantage and bank development.

The results align with Cappiello, Giordani, and Visentin (2020), who emphasized the effect of social capital on firm innovation and competitiveness, suggesting that social capital facilitates the sharing and integration of knowledge within organizations, leading to enhanced innovation capabilities. Similarly, Ekemen and Sesen (2020) highlighted the importance of social capital in knowledge integration within project management, indicating its pivotal role in achieving project success and organizational learning, as supported by Gasik (2011). Furthermore, the research supports de Guimaraes, Severo, and de Vasconcelos's (2018) findings on the influence of knowledge management on sustainable competitive advantage, underscoring the necessity of managing knowledge effectively to maintain competitiveness in the banking sector ([de Guimarães et al., 2018](#); [Ekemen & Şeşen, 2020](#); [Gasik, 2011](#)).

In conclusion, this study underscores the significance of integrating social capital with knowledge management in banks, demonstrating its positive impact on competitive advantage and development. The findings suggest that banks can enhance their competitiveness and development by fostering social capital and effectively managing knowledge, which are crucial in the rapidly evolving banking sector.

However, this research faces limitations, including the focus on a single banking institution and a relatively small

sample size of experts. The study's findings may not be generalizable across different banking contexts or regions, necessitating further investigation.

Future studies should explore the integration of social capital with knowledge management in other banking institutions and countries to validate and extend the findings. Additionally, research could examine the role of digital technologies in facilitating this integration, given the increasing importance of digitalization in the banking sector. Implications for practice include the need for banks to cultivate a culture that values social capital and knowledge sharing, as well as to invest in knowledge management systems that enable efficient knowledge dissemination and innovation.

Authors' Contributions

All authors have contributed significantly to the research process and the development of the manuscript.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

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Declaration of Interest

The authors report no conflict of interest.

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Ethical Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were observed.

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