Enabler Leadership style of Knowledge Management in Export Guarantee Fund of Iran (Based on Bass Model)

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ABSTRACT

In the era which its economy is based on knowledge, knowledge is regarded as a vital factor for maintaining constant competitive advantage in organizations. Nowadays management art in organizations is transforming to knowledge management art and leadership means providing suitable situation to produce valuable knowledge by means of human resource and doing it in such a way that people are encouraged to personal responsibility [26]. Leadership plays a key role in successful knowledge management implementation in organizations, so this paper investigates relationship between knowledge management and leadership style and enabler leadership style of knowledge management is determined. The statistical population of this research constitutes employees of Export Guarantee Fund of Iran. This research is an applied one according to the purpose of the study and it is descriptive –correlation type in terms of nature and methodology. Regression analysis based on SPSS Software and factor analysis as well as Structural Equation Modeling by PLS Software are used to consider the relation between latent variables. In consistency with research hypotheses, correlation coefficients suggest there is a positive and significant relationship between transformational and transactional leadership styles and knowledge management. Moreover, Laissez-Faire leadership has a negative relationship with knowledge management and significance of the relation between two variables was not confirmed. Also, the transactional leadership is recognized as the enabler leadership style of knowledge management in Export Guarantee Fund Of Iran.

Key word: Knowledge Management, Knowledge Leadership, Transformational Leadership, Transactional Leadership, Laissez-Faire Leadership

Introduction

In today’s dynamic world, organizations are constantly seeking for ways for adapting with new conditions so that they are prepared for survival in a competitive environment. Knowledge-based economy development emphasizes on information value which is created by competitive advantage. Such information helps organizations to use their past knowledge assets to act in a more effective manner in the future. In such conditions it is not surprising that concepts such as knowledge management are emerged as one of the popular views in strategic change management in early 21th century. For modern organizations, knowledge is a strategic source which should be created for survival and preserving competitive advantage [11]. Draket introduced knowledge beside capital and labor force as the only meaningful economic sources in knowledge communities. Thus focus on knowledge and knowledge management is critical need for organizations. Organizations successful in knowledge management tend to consider knowledge as an asset and develop organizational values and norms which support knowledge creation and sharing [18]. Knowledge is regarded as a key source for achieving sustainable competitive advantage. In responding to highly competitive environments, most organizations move toward using and better management of the knowledge to gain success in their business [33]. Knowledge management facilitates knowledge maintenance and distribution in the organization. In other words, knowledge management is a broad concept denoting all processes through which the organization develops the knowledge. Processes include acquisition, storage, distribution, sharing and application of knowledge in an organization [18]. Knowledge management is not developed by its own in the organization. Implementing knowledge management programs requires effective knowledge leadership and handling at all organizational levels [1]. Leadership is one of the essential necessities for implementing most activities in today organizations.

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and it plays a key role in success of knowledge management system, since leaders serve as patterns, behaviors of whom are imitated for knowledge management [32]. In addition, other important leadership capabilities include command for changing works, demonstrating importance of knowledge management to staff, helping preserving their spirit and creating a culture which facilitates knowledge creation and sharing [19]. Thus one of the main aspects of successful implementation of knowledge management is leadership style of the organization. Since leadership style varies by the type of the organization and its dominant issues, leadership enabler leadership style of management should be determined separately for every organization.

On the other hand, given important role of Export Guarantee Fund of Iran in Iran's political and economic development through covering commercial and political risks of export and funding exporters as well as knowledge-based activities of this fund, it is necessary to determine and adopt a leadership style appropriate for ability and capacity of the staff which is facilitating for knowledge management activities.

**Previous Research:**

Sing [29] in his work on leadership role in knowledge management man in software organizations found that directing and supporting styles have negative signification relation with knowledge management actions and counseling and delegating styles have the highest and most positive relation with knowledge management actions.

Kangas [14] in his work in transportation industry stated the first and most important step for knowledge management and successful knowledge creation is paying attention to the individuals. The main action of the management is identifying appropriate culture for implementing knowledge management.

Jayasingam et al. [12] studied relation between leadership power and knowledge management processes. They found specialized knowledge-based power has positive effect on knowledge acquisition and distribution and legitimate power prevents from knowledge acquisition actions.

Lord and Shondrick [20] in their study on leadership and knowledge identified three knowledge perspectives including symbolic, connectionist and embodied perspectives. Their findings indicated three perspectives have inevitable relation with leadership, so that application of them requires perfect understanding of the fact that how the leader behaves and how his followers react. In addition, they stated leadership process should be adopted effectively with changes needed for more effective application of knowledge management.

Shao et al. [28] in China, they studied mediating effect of organizational culture and knowledge sharing on transformational leadership and success of human resources planning systems. Their findings suggest direct effect of transformational leadership on four types of organizational cultures including development culture, group culture, hierarchical culture, and rational culture. They also indicated transformational leadership is related to knowledge sharing and human resources planning systems indirectly.

Chuang et al. [6] in their work entitled as Role of Leadership, Human Resources Management and Tacit Knowledge in Knowledge-Based Groups Management on 162 R & D groups studied role of human resources system and leadership style in knowledge acquisition and knowledge sharing in R & D teams. Their findings showed there is significant relationship between human resources and knowledge acquisition and knowledge sharing. Also, enabling leadership has positive effect on this relation as an adjusting factor.

Politis [24] argued that among various leadership styles, the style which includes human interactions and encouragement to participation and decision making in the individuals has the highest impact on knowledge management especially on knowledge acquisition process. He considered understanding problems and communication, personal characteristics of the leadership, control, and negotiation and organization capacity as the main leadership indicators.

**Hypotheses:**

**Main Hypotheses:**

H1: There is significant relationship between leadership style and knowledge management actions in Export Guarantee Fund of Iran.

H2: Transformational leadership style has the highest effect on knowledge management actions in Export Guarantee Fund of Iran.

**Minor Hypotheses:**

H3: There is significant relationship between transformational leadership style and knowledge management actions in Export Guarantee Fund of Iran

H4: There is significant relationship between transactional leadership style and knowledge management actions in Export Guarantee Fund of Iran

H5: There is significant relationship between Laissez-Faire leadership style and knowledge management actions in Export Guarantee Fund of Iran

**Review of Literature:**

**Theoretical Principles:**
• **Knowledge Management**: process which transforms mental information and assets to sustainable values in the organization [18]. Process of knowledge creation, collection, organization, distribution and application in the organization or the art of value creation using intangible assets of the organization [5].

• **Explicit Knowledge**: codded knowledge which is found in theories, formulae, procedures, bylaws and plans. It is transferred through education and it is acquired through training. [15].

• **Implicit Knowledge**: According to Spender (1996) implicit knowledge is similar to a floating iceberg, huge part of which is beneath water surface and it is not visible. This knowledge is implicit deeply in social activities and identities, values, experiences, ideas, attitudes and feelings of the people [18]. Since implicit knowledge has mental nature and it is stored in the minds of people, its understanding and quantification is very difficult [33].

• **Knowledge Acquisition**: knowledge acquisition is the first knowledge management process and emphasizes on importance of personal knowledge capability in the organization. Since knowledge acquisition is an effective activity for the organizations, it should be in association with the needs emerged in the organization's outlook and strategies. Knowledge acquisition and collection may be derived from internal knowledge sources such as knowledge about working activities, reports and various knowledge records [2]. Also knowledge acquisition may denote processes that new knowledge is obtained from external sources. In fact, knowledge acquisition in this regards refers to the organization's ability for determining and gaining information developed out of the organization [30], for example, environmental information, customer information, competitors information and other sources [2] which are vital for the organization's performance [30].

• **Knowledge Sharing**: some authors consider knowledge sharing as a process in which people exchange their implicit and explicit knowledge mutually for creation of new knowledge [13].

• **Knowledge Application**: in fact, knowledge application means application of implicit and explicit knowledge, whether from internal or external sources, aiming at achieving organization's goals in a more effective manner.

• **Knowledge Maintenance and Storage**: knowledge maintenance and storage incudes embedding knowledge in a knowledge reservoir so that it denotes survival over the time. This knowledge reservoir can be an individual or an information system. Stored knowledge of the people is obtained through their observations, experiences and actions [27].

• **Leadership**: leadership is a process, by which one person affects a group of people for achieving common goals [22].

• **Transformational Leadership**: this style of leadership shows how leaders are able to persuade followers to do acts beyond the expectations through stimulating high-level requirements. They act in such a way that others become willing to moral values, they respect followers and admire them, they help employees to act beyond their personal interest in favor of the organization and create a climate so that employees act more effective and they make sense for organizational life [17]. According to Yokel (2010) transformational leadership emphasizes on moral values so that attentions are given to moral issues [3].

• **Idealized Influence**: in fact, it refers to the extent that highly moral behavior of the leader is admired by the followers, which causes followers to understand reason of the leader's behavior and imitate it [8]. Transformational leadership induces sense of admiration, loyalty and respect through the idealized influence [16].

• **Inspirational Motivation**: it describes leaders who exchange high-level expectations and standards with their followers and persuade them to achieve this outlook [17]. In fact, the leader specifies a motivating outlook through inspirational motivation and shows the way to achieve it for followers [16].

• **Intellectual Stimulation**: Antonaxis (2002) states that intellectual stimulation is related to some behaviors of the leader which direct followers' minds to testing their hypotheses and provide innovative and creative solutions for the problems [35]. In other words, through intellectual stimulation, the leader develops interests and tendency of the staff in such a way that are persuaded to think about the old problems in the new ways [16].

• **Individual Considerations**: according to Wu [33] individual consideration is related to some transformational leader's behaviors which provide social – emotional supports appropriate to the followers and cause development of the followers' abilities and capabilities [35]. Through personal relationship and interaction with followers, the leader perceives their different needs, skills and tendencies and pays attention to their personal feelings and needs [16].

• **Transactional Leadership**: Transactional leadership means leadership based on transaction between the leader and follower so that mutual personal tendencies are met [34]. Transactional Leadership stimulates followers through paying attention to their personal and transactional interests [35].

• **Contingent Rewards**: it means that followers are rewarded because of successful implementing of the relegated tasks. In this aspect, the emphasis is put on the trade-off relationship between leader and
follower; it is a kind of transaction which is mostly related to the material aspects [10].

- **Enabled Exception-Based Management:** which includes leader intervention in the work of his followers before it is problematic [10]. In enabled exception-based management, leader controls all standard deviations, errors and mistakes of the followers in performing their tasks through continuous monitoring, and runs corrective actions, if necessary [4].

- **Passive Exception-Based Management:** in this form, the leader intervenes only when the works encounter problem [10]. The leader waits so that deviations, errors and mistakes occur, then he acts for the correction [4].

- **Laissez-Faire Leadership:** according to Bernard Bass, Laissez-Faire leader avoids active leadership role and is regarded as the most passive type of the leadership [10]. Yokel [34] defines Laissez-Faire leadership as lack of effective leadership [3].

- **Export Guarantee Fund of Iran:** Export Guarantee Fund of Iran was founded as one of subsets of the Ministry of Industry, Mines and Trade with independent legal and financial personality for Iranian exporters' financial security and development of the country's non-oil exports. This fund is supported by government's financial helps and covers commercial and political risks and issues credit guarantees for funding for exporters.

**Knowledge Management and Leadership:**

Successful implementation of the knowledge management requires explicit commitment and leadership at top management in all knowledge management attempts. That is, a kind of paradigm change is needed in the philosophy of the top management. Instead of emphasis on controlling staff, management should put emphasis on the commitment, reliability and trust in them [23]. Van Baren identifies top management support as one of the main factors for successful knowledge creation and knowledge sharing in the organization [9]. Knowledge management is a process through which the leader helps employees in understanding and learning processes necessary for realization of the organization's goals [31]. Ambil (1996, 1999) introduces this idea that primary task of the leaders is creating optimal environment where organization's individuals can create new ideas, develop the knowledge and update it, realize innovations and improve organization performance so that regular relationship between leaders and employees can be facilitated by knowledge acquisition [7].

**Research Method:**

This research is an applied one according to the purpose of the study and it is descriptive –correlation type in terms of nature and methodology. Employees of Export Guarantee Fund of Iran constitute statistical population of this research, which are 110 individuals. Considering population size and for increased reliability of the results, full-counting was used. To this end, 110 questionnaires were distributed among the employees, 95 of which were returned and finally 80 questionnaires were used and analyzed. Model used in this work for knowledge management aspect is Building Stones of Knowledge Management. It was developed by Prost, Reb and Romhard in 2000. Given its applied aspect, the authors considers this model as a relatively perfect model which includes positive points of almost all models. Model is consisted of 8 steps including two external and internal cycles and one complementary cycle. Regarding leadership styles, Multifactor Leadership Model was adopted based on the author reviews and because of its novelty. In 1985, Bass provided multifactor model for Transformational Leadership, Transactional Leadership, and Laissez-Faire leadership, which expressed leader's behavior in 5 leadership aspects including ideal behavior, ideal features, inspirational motivation, intellectual stimulation, individual considerations; two aspects of transactional leadership including contingent reward and exception based management; and one aspect of Laissez-Faire leadership. Statistical Package for the Social Sciences (SPSS) software and Partial Least Squares (PLS) software were used for data analysis, model validation and testing hypotheses. Descriptive statistics were used for analysis of demographic data. Kolmogorov–Smirnov test (K–S test) was used for data normality. To assess reliability, Cronbach's alpha test, Spearman Brown test, split-half method, and composite reliability coefficient were used. For evaluation of validity, convergent validity (AVE) was used. For investigation of relation among variables, multivariate regression was used. For investigation of relation among variables, Variance-Based Structural Equation Modeling (VBSEM) or Partial Least Squares (PLS) were applied.

**Questionnaire Reliability and Validity:**

The questionnaire includes two parts; one is related to artistic styles aspect where Multifactor Leadership Questionnaire (MLQ) by Bass and Avolio was used. The questionnaire contain 9 factors and 36 items, 20 items are related to transformational leadership, 12 items are related to transactional leadership, and 4 items are related to Laissez-Faire leadership. Reliability and validity of them were evaluated several times and they have acceptable reliability and validity. However, reliability and validity of the questionnaires were evaluated in this work. The second part is related to knowledge management aspect where author-made questionnaire was used. Standard questionnaire of Knowledge Management Assessment Tool was used.
in designing the author-made questionnaire. The designed questionnaire include 20 items, 3 items are related to knowledge goals determination, 6 items are related to knowledge identification and acquisition, 5 items are related to knowledge development and sharing, 3 items are related to knowledge maintenance and usage and 3 items are related to evaluation and feedback index. Cronbach's alpha coefficient for this questionnaire was obtained as 0.956 by SPSS software, suggesting high and acceptable reliability. Also total reliability of the questionnaire (56 items) was reported as 0.945 denoting optimal reliability for the questionnaire. Reliability of each of aspects was measured by PLS software, results of which are given in Table 1.

| Table 1: Cronbach's alpha coefficient for the model's latent variables. |
|--------------------------|------------------|
| Cronbach's Alpha         | Aspects          |
| 0.9278                   | Transformational leadership |
| 0.692                    | Transactional leadership |
| 0.9535                   | Knowledge management |

Composite Reliability (CR) is another factor which is used in evaluation of the model's internal consistency reliability. Its value varies between 0 to 10, values larger than 0.7 are accepted and values smaller than 0.6 are evaluated as non-optimal. This coefficient was reported as 0.9453, 0.8635, and 0.9642 for transformational leadership, transactional leadership, and knowledge management, respectively. Composite reliability for latent variables for one index, such as Laissez-Faire equals with 1. Values for this coefficient are summarized in Table 2.

| Table 2: Composite reliability coefficient for the model's latent variables. |
|--------------------------|------------------|
| CR                       | Aspects          |
| 0.9453                   | Transformational leadership |
| 0.8635                   | Transactional leadership |
| 0.9642                   | Knowledge management |

Convergent validity was used for evaluating questionnaire's total validity. Convergent validity means that the collection of indices determines the main construct. In order to evaluate convergent validity, Average Variance Extracted (AVE) is used in SmartPLS software. Value of this coefficient varies between 0 to 1, values larger than 0.5 are accepted. Minimum AVE as 0.5 denotes adequate convergent validity. It means one latent variable can account for over half of scattering of its indices in average.

| Table 3: Convergent validity coefficient for the model's latent variables. |
|--------------------------|------------------|
| AVE                      | Aspects          |
| 0.7758                   | Transformational leadership |
| 0.7003                   | Transactional leadership |
| 1                        | Laissez-Faire leadership |
| 0.8434                   | Knowledge management |

As it is observed in Table 3, AVE is larger than 0.5 for the model's latent variables. AVE is 1 for a latent variable which is measured by an index. Thus it can be said that convergent validity for variables of the questionnaire is in optimal level.

Hypotheses Testing Based on Multivariate Regression:

Testing $H_1$, $H_3$, $H_4$ and $H_5$:

Table 4: Hypotheses Testing (Results obtained from regression analysis).

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Correlation Coefficient</th>
<th>Adjusted Coefficient of Determination</th>
<th>t-statistics</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship between leadership style and knowledge management ($H_1$)</td>
<td>R = 0.641</td>
<td>$R^2\text{adj} = 0.403$</td>
<td>7.373</td>
<td>Approved</td>
</tr>
<tr>
<td>Relationship between transformational leadership style and knowledge management ($H_3$)</td>
<td>R = 0.549</td>
<td>$R^2\text{adj} = 0.292$</td>
<td>5.797</td>
<td>Approved</td>
</tr>
<tr>
<td>Relationship between transactional leadership style and knowledge management ($H_4$)</td>
<td>R = 0.694</td>
<td>$R^2\text{adj} = 0.475$</td>
<td>8.519</td>
<td>Approved</td>
</tr>
<tr>
<td>Relationship between Laissez-Faire leadership style and knowledge management ($H_5$)</td>
<td>R = 0.444</td>
<td>$R^2\text{adj} = 0.187$</td>
<td>-4.379</td>
<td>Approved</td>
</tr>
</tbody>
</table>

Research hypotheses were evaluated in two ways, one through multivariate regression based on SPSS software, results of which are given in Tables 4 and 5, and the other way is based on path coefficients and t-statistics using PLS software, results of which are given in the following.

Testing $H_2$:

Considering Beta coefficients obtained from regression analysis for $H_2$ (Table 5), it is rejected.
Table 5: Coefficients of regression analysis test for effect of leadership styles on management.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>b</th>
<th>Beta</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>transformational leadership style</td>
<td>0.267</td>
<td>-0.232</td>
<td>2.982</td>
<td>0.004</td>
</tr>
<tr>
<td>transactional leadership style</td>
<td>0.691</td>
<td>0.510</td>
<td>5.915</td>
<td>0.000</td>
</tr>
<tr>
<td>Laissez-Faire leadership style</td>
<td>-</td>
<td>-0.2</td>
<td>2.512</td>
<td>0.014</td>
</tr>
</tbody>
</table>

Beta coefficient shows standardized amount of the independent variables. Among three leadership styles of Bass Model, transactional leadership style has the highest positive effect on the knowledge management in Export Guarantee Fund of Iran (Beta = 0.510). And transformational and Laissez-Faire leadership styles are in the next places with 0.232 and – 0.2 Beta coefficients, respectively. Negative coefficient in Laissez-Faire leadership style shows its negative impact on knowledge management actions. Its coefficient indicates very weak impact of this style on knowledge management actions. Thus, the second main hypothesis (H2) is rejected.

Results of Structural Equations Model:

In order to confirm and investigate model variables and its constituents and provide final model for relationship between leadership styles and knowledge management, PLS software was used. According to Fig 1, values on the measurement model relationships (relation of the indices with aspects) suggest factor loads and values on structural model relationships (relation between aspects) denote path coefficients.

![Factor loads and path coefficients of variables and model constituents.](image)

Factor load should be larger than 0.6, if it is smaller than 0.4 it is considered as small and it should be excluded from index set. Considering analysis results, factor load of knowledge management constituent indices which include knowledge goals determination, knowledge identification and acquisition, knowledge development and sharing, knowledge maintenance and usage and evaluation and feedback, is 0.905, 0.94, 0.898, 0.909 and 0.938, respectively, which are larger than acceptable level (0.4), thus role of five factors as knowledge management constituents was confirmed.

Indices constituting transformational leadership include ideal behavior, ideal features, inspirational motivation, intellectual stimulation, individual considerations, their factor loads are as follows: 0.842, 0.863, 0.926, 0.91, and 0.859. Thus these variables can be regarded as constituents of transformational leadership aspect.

Considering review of related literature, contingent reward, enabled and passive exception based management were identified as indices of constituting transactional leadership aspect with factor loads as 0.912, 0.814, and 0.263, respectively. As it was mentioned, since factor load for variables of contingent rewards and enabled exception based management is larger than acceptable minimum (0.4), they are confirmed as constituent indices of transactional leadership, while passive exception based management showed factor load smaller than acceptable minimum and it was excluded from the model.

According to conceptual model based on structural equations modeling, path coefficients of each type of leadership styles with knowledge management were studied. Amount of path coefficient indicates strength and severity of the relationship between two latent variables. Positive path coefficients suggest positive effects (direct
relation between two variables), while negative path coefficients denote negative effects (inverse relation) between variables. Path coefficients for the model are given in Table 6.

### Table 6: Path coefficients of the model's latent variables.

<table>
<thead>
<tr>
<th>Path Coefficients</th>
<th>Aspect</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.253</td>
<td>Knowledge management</td>
</tr>
<tr>
<td>- 0.125</td>
<td>Knowledge management</td>
</tr>
<tr>
<td>0.003</td>
<td>Laissez-Faire leadership</td>
</tr>
<tr>
<td>0.253</td>
<td>Knowledge management</td>
</tr>
<tr>
<td>0.003</td>
<td>Laissez-Faire leadership</td>
</tr>
</tbody>
</table>

In order to study t-statistics related to relations in the measurement model (relations between aspects), Bootstrapping command in PLS software was used. T-statistic should be at least 1.96 for confirmation of a hypothesis at 0.95 significance level. It was reported as 3.223, 8.502. And 1.762, for transformational leadership style, transactional leadership style, and Laissez-Faire leadership style, respectively.

**Hypotheses Testing Based on structural equations modeling analysis:**

According to results obtained from structural equations modeling analysis, research hypotheses were investigated. The third hypothesis was as follows:

**H3:** There is significant relationship between transformational leadership style and knowledge management actions in Export Guarantee Fund of Iran.

In order to investigate this hypothesis, related path coefficient was calculated in PLS software as 0.253. This coefficient suggests positive and significant relationship between transformational leadership style and knowledge management and regression analysis results by SPSS software are confirmed. Also, t-statistics for relationship between transformational leadership style and knowledge management actions was reported as 2.223, which is larger than its threshold (1.96), thus significance of the relation between two variables is confirmed.

The Fourth hypothesis was as follows:

**H4:** There is significant relationship between transactional leadership style and knowledge management actions in Export Guarantee Fund of Iran.

Path coefficient for this relationship is 0.553 which provides significant and positive relationship between variables. On the other hand, given calculated t-statistics for relationship between transactional leadership style and knowledge management actions as 8.502 (larger than critical value as 1.96), significance of the relation between two variables is confirmed.

The fifth hypothesis was as follows:

**H5:** There is significant relationship between Laissez-Faire leadership style and knowledge management actions in Export Guarantee Fund of Iran.

In order to investigate this hypothesis, path coefficient and t-statistics for relationship between two variables were evaluated. Since path coefficient of this relationship is – 0.125, it shows negative and inverse relationship between two variables. Considering that t-statistics is 1.762 which is smaller than critical value (1.96), significant of their relationship is not confirmed and third minor hypothesis is rejected, thus it is excluded from final model and the final model is formed as shown in Fig 4.

In addition, path coefficients obtained from PLS software support analysis based on SPSS software and suggest that transactional leadership style has the highest positive effect in the actions of knowledge management and transformational leadership style is in the second place in terms of its effect. Laissez-Faire leadership style is in the last place in this regards. Thus the second main hypothesis is rejected. It can be said among three mentioned leadership styles, transactional leadership style can be introduced as the enabling leadership style of knowledge management in this organization. So the second hypothesis (H2: Transactional leadership style has the highest effect on knowledge management actions in Export Guarantee Fund of Iran.) is rejected.

**Summary and Concluding Remarks:**

Interesting finding in this work is that unlike expectations based on previous works and considering conditions of the organization under study, transformational leadership style had lower effect compared to transactional leadership on knowledge management actions. Thus it can be concluded adopting transformational leadership style in an organization requires necessary grounds and preparation of the human resources. Application of this leadership style without considering preparation level and features of the human resources may not bring expected outcomes. As it was observed, given features of subordinates in this organization, transactional leadership style was identified as the enabling leadership style of knowledge management.

Regarding Laissez-Faire leadership style, results indicate negative relation between this leadership style with knowledge management in this organization. Although results of SPSS software show a very weak relationship between this style with knowledge management, it is a significant relationship, while results of PLS software considers the whole model and thus it is more reliable. PLS software rejects significance of relationship between Laissez-Faire leadership style and knowledge management. Hence, this aspect was excluded from
the final model. According to reviewed literature, this result can be inferred too, since successful implementation of knowledge management requires active and effective leadership and emergence of such behaviors as avoiding interference in important issues, absence in necessities, avoiding decision making and evading from responding serious questions in the part of the leader may not have positive effect on knowledge management implementation.

Fig. 4: Final conceptual model of research.

Results obtained from testing research hypotheses about relation between model's major variables indicated that highest relationship is between transactional leadership style and knowledge management. Hence, it can be concluded that application of indices related to transactional leadership such as contingent rewards (in the form of helping subordinates according to their attempts, appointing individuals who are appropriate for achieving goals, determining received profits of the people after realization of the goals, satisfaction in subordinates after realization of the goals by them) and enabled exception based management (in the form of such behaviors as focus on troubleshooting, dealing with errors, complaints, standard deviations and failures, investigation and following-up origin of the errors and learning from errors for achieving standards) may have the highest effectiveness in the organization under study for successful implementation of knowledge management.

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