THE ROLE OF KNOWLEDGE CREATION 
PROCESS IN ENHANCING ORGANIZATIONAL 
RESILIENCE AND PERFORMANCE 

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BY 

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Certificate of Original Authorship

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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Abstract

The banking industry has been widely plagued by global financial and economic crises despite its central role in the financial sustainability and economic life of a country. A series of deep economic reforms has been initiated to boost the productivity of the banking sector, particularly in developing countries; however, little certainty and agreement has yet to be seen with respect to the organisational performance and resilience of the banks in an ever-changing environment in these countries. The banking system may need to adopt an innovative approach in delivering efficient services while coping with environmental changes, such as global financial disorders.

The effective and efficient development, application and implementation of a knowledge management system and practices is believed to be key in the success of financial institutions, including the banking system, in the areas of operations, management, accounting and marketing.

Given this background, this study investigates the influence of knowledge creation and sharing processes (based on Nonaka and colleagues’ SCEI model) on organisational resilience and performance. It explores the key role of the knowledge creation process (KCP) in enhancing organisational resilience capabilities including adaptability, agility, robustness and innovation. It also examines the mediating effect of organisational resilience on the relationship between the knowledge creation process and organisational performance in the Saudi Arabian banking system.

A correlational method, quantitative in nature, is employed to collect data in order to test the hypotheses and find the relationship between knowledge creation, organisational resilience, and organisational performance. The research design employed is the survey design in order to collect data on the views of the Saudi Arabian banking employees on issues related to the aforementioned concepts.

The correlation test and the structural equation modelling revealed that a significant and positive association exists between the knowledge creation process and overall organisational resilience. It was found that except for robustness, other capabilities of organisational resilience i.e. adaptability, agility and innovation are correlated positively and significantly with the knowledge creation process.

In addition, the current study shows a significant, direct and positive association between
the knowledge creation process and organisational performance. More specifically, statistically significant support was found for the effects of knowledge creation and sharing processes on organisational performance in the framework of the four perspectives of the balanced score card (BSC) (i.e. financial perspective, internal business process, customer perspective, and learning and growth perspective). The relationship analysis also revealed a positive relationship between organisational resilience and organisational performance, including the four perspectives of BSC. The Structural Equation Modeling (SEM) showed that organisational resilience has a mediating effect on the relationship between the KCP and organisational performance in the Saudi banking sector.

For Saudi Arabian banks to remain resilient and maintain or sustain their performance, it is necessary for them to continue to enhance their ability in creating and sharing knowledge, and to invest in knowledge management infrastructure and technologies as it is still in its early stages.
Table of Contents

Certificate of Original Authorship .................................................................................. i
Acknowledgement ........................................................................................................ ii
Abstract........................................................................................................................... iii

CHAPTER 1 : INTRODUCTION.................................................................................. 1
  1.1 Statement of the Problem ....................................................................................... 1
  1.2 Purpose of the Study: Research Aims and Questions ........................................ 6
  1.3 Significance of the Study ....................................................................................... 7
  1.4 Research Method Overview .................................................................................. 9
  1.5 Research Scope ..................................................................................................... 9
  1.6 Thesis Structure ................................................................................................... 10

CHAPTER 2 : LITERATURE REVIEW .................................................................... 12
  2.1 Knowledge Management ....................................................................................... 12
      2.1.1 Definition of Knowledge ............................................................................... 12
      2.1.2 Knowledge as a competitive resource within organizations ....................... 14
      2.1.3 The hierarchical view of a knowledge system: data, information and knowledge 15
      2.1.4 Tacit versus explicit knowledge .................................................................... 17
      2.1.5 Definitions of Knowledge Management ......................................................... 19
      2.1.6 Knowledge Management Process .................................................................... 23
      2.1.7 The SECI Framework/Model of Knowledge Creation ..................................... 26
          2.1.7.1 Socialization ............................................................................................... 28
          2.1.7.2 Combination .............................................................................................. 29
          2.1.7.3 Externalization .......................................................................................... 30
          2.1.7.4 Internalization ......................................................................................... 31
  2.2 Resilience ............................................................................................................ 32
      2.2.1 The Concept of Resilience ............................................................................. 32
      2.2.2 Organisational Resilience ............................................................................. 39
          2.2.2.1 Adaptability ............................................................................................... 40
          2.2.2.2 Robustness ............................................................................................... 41
          2.2.2.3 Agility ....................................................................................................... 42
          2.2.2.4 Innovation ............................................................................................... 43
  2.3 Organisational Performance ............................................................................... 43
      2.3.1 The Balanced Scorecard ................................................................................ 44
          2.3.1.1 The customer-related perspective ................................................................. 45
          2.3.1.2 The internal business perspective ................................................................. 46
          2.3.1.3 The learning and growth perspective ......................................................... 47
          2.3.1.4 The financial perspective ......................................................................... 48
      2.3.2 The Justification of using the BSC ................................................................. 49
  2.4 The banking industry in Saudi Arabia ................................................................. 50
  2.5 Knowledge creation process and organisational resilience and organisational performance: A critical review ................................................................. 51
  2.6 Chapter Summary ............................................................................................... 60
5.3.3 Organization Performance ................................................................. 111

5.4 Measurement Scale Analysis .................................................................. 114
5.4.1 Reliability Assessment ......................................................................... 114
5.4.2 Exploratory Factor Analysis ................................................................. 121

5.5 Measurement Model ............................................................................. 123
5.5.1 Confirmatory Factor Analysis ............................................................... 123
5.5.1.1 Knowledge Creation Process Factors .................................................. 123
5.5.1.2 Organisational Resilience ................................................................. 125
5.5.1.3 Organization Performance ............................................................... 126
5.5.2 Model Fit ............................................................................................ 127

5.6 Structural Model Testing ....................................................................... 129
5.6.1 Impact of Knowledge Creation Process on Organisational Resilience ... 129
5.6.2 Impact of Organisational Resilience Factors on Performance .............. 131
5.6.3 Impact of Knowledge Creation Process on Performance ...................... 133
5.6.4 Organisational Performance ............................................................... 135
5.6.5 Organization Resilience Mediation effect ............................................. 136

5.7 Chapter Summary .................................................................................. 138

CHAPTER 6 : DISCUSSION AND CONCLUSION ........................................ 141

6.1 Revisiting the Research Aims, Research Model, Hypotheses and Questions 141
6.2 Discussion of the Major Research Findings ........................................... 145
6.3 Quantitative Study Assessment ............................................................... 145
6.4 Study Contributions .............................................................................. 149
6.5 Implications for Theory and Practice ...................................................... 151
6.6 Limitations of the Study and Recommendations for Future Research ...... 153
6.7 Conclusion ............................................................................................ 154

References ................................................................................................. 156

APPENDIX ................................................................................................. 175

Appendix A The English survey version ...................................................... 175
Appendix B The Arabic survey version ....................................................... 182
List of Tables

Table 2.1: Definitions of Knowledge Management ......................................................... 19  
Table 2.2: Definitions of resilience ................................................................................. 33  
Table 5.1. Participant Profile ........................................................................................ 101  
Table 5.2. Descriptive statistics of the knowledge creation process factors .......... 108  
Table 5.3. Descriptive statistics of the organisational resilience factors .......... 110  
Table 5.4. Descriptive statistics of the organisational performance factors .......... 112  
Table 5.5. Cronbach’s alphas of measurement scales ................................................... 114  
Table 5.6. Reliability assessment of the knowledge creation process factors .......... 116  
Table 5.7. Reliability assessment of organisational resilience factors ......................... 118  
Table 5.8. Reliability assessment of organisational performance factors ................. 120  
Table 5.9. KMO and Bartlett’s Test of Sphericity ........................................................ 122  
Table 5.10. Total variance explained and reliability of the factors ............................. 122  
Table 5.11. Factor loading of the knowledge creation process ..................................... 124  
Table 5.12. Reliability and discriminant validity of the knowledge creation process .... 124  
Table 5.13. Factor loading of organisational resilience factors .................................. 125  
Table 5.14. Reliability and discriminant validity of organisational resilience .......... 126  
Table 5.15. Factor loadings of organisational performance .......................................... 126  
Table 5.16. Reliability and discriminant validity of organisational performance ...... 127  
Table 5.17. Model fit summary ..................................................................................... 128  
Table 5.18. H1.1 to H1.5 hypothesis testing ................................................................. 130  
Table 5.19. H2.1 to H2.5 hypothesis testing ................................................................. 132  
Table 5.20. H3.1 to H3.5 hypothesis testing ................................................................. 134  
Table 5.21. Mediation effect ......................................................................................... 138  
Table 5.22. Summary of hypotheses testing ................................................................. 139
List of Figures

Figure 2.1: Modes of Nonaka’s knowledge conversion model ........................................... 28
Figure 2.2: Different faces of resilience (Madni and Jackson 2009) ............................. 37
Figure 2.3: System trajectory (Fiskel, 2003).................................................................... 38
Figure 3.1: Research Model ............................................................................................ 69
Figure 4.1: Research Activities ....................................................................................... 88
Figure 5.1. Participants' Gender .................................................................................... 102
Figure 5.2. Participants' age ........................................................................................ 103
Figure 5.3. Participants' Education levels ....................................................................... 103
Figure 5.4. Participants' Work Experience ...................................................................... 104
Figure 5.5. Participants' bank function .......................................................................... 105
Figure 5.6. Participants' Nationality .............................................................................. 105
Figure 5.7. Results of the Hypothesis Testing ................................................................ 131
Figure 5.8. H2.1 to H2.5 hypothesis testing .................................................................. 133
Figure 5.9. H3.1 to H3.5 hypothesis testing .................................................................. 135
Figure 5.10. Research model results ............................................................................. 136
Figure 5.11. Mediating effect ....................................................................................... 138