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

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DOCTOR OF PHILOSOPHY

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.

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