

Knowledge Management Strategic Alignment in the Banking Sector at the Gulf Cooperation Council (GCC) Countries

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Abstract

An alignment or “fit” between an organization’s objectives and knowledge management (KM) practices should be established in order for the organization to fully utilize its knowledge assets and to derive competitive advantages. The organization should deploy a holistic approach for KM that spans business strategy, information system (IS) strategy, organization culture, and human factors. This research has investigated the strategic alignment between knowledge strategy and business strategy - KMBS-SA and the strategic alignment between knowledge strategy and IS strategy - KMIS-SA in the banking sector among the Gulf Cooperation Council (GCC) countries. Using the proposed model, the study explored the impacts of KMBS-SA and KMIS-SA on the organizational performance. The main hypothesis of this research is that knowledge is the main resource in an organization, and by aligning this resource with the business strategy and IS strategy, the alignment will contribute positively on the performance of the organization.

The research model was illustrated in two different conceptualizations hypothesizing the different relationships between knowledge strategies, business strategy and IS strategy. The first conceptualization illustrates the KMBS-SA and KMIS-SA, and an investigation on the contribution of these alignments on the organizational performance. The second conceptualization of the research model aims at investigating the impact of different types or profiles of KMBS-SA and KMIS-SA on the organizational performance. This study examined different alignments between two profiles of knowledge strategy -

Aggressive Knowledge Strategy (AKS) and Conservative Knowledge Strategy (CKS), with various types of business strategy according to Miles and Snow's (1978) strategic typology, and, the alignment of the two profiles of knowledge strategy with various IS strategy based on the STROIS approach by Chan et al. (1997). Using both conceptualizations, the role of knowledge strategy as a *moderator* or a *mediator* in the contribution of the business strategy and IS strategy towards the organizational performance was examined. The primary data for this study was collected through a survey of 106 banks from the six Gulf countries: Kingdom of Bahrain, Kingdom of Saudi Arabia, Kuwait, Qatar, United Arab Emirates (UAE), and Oman.

The first overall conclusion demonstrated that there is a strong association between knowledge strategy and business strategy and that KMBS-SA clearly influenced the organizational performance. The second overall result of this research shows that in the context of GCC countries, knowledge strategy received stronger support as moderator of the IS congruence association with performance and that KMIS-SA is the primary determinant of the effectiveness of IS in the GCC banks.

From the finding, it is recommended that the GCC banks should take KMBS-SA and KMIS-SA challenge seriously and should consider the alignment implication before moving ahead to implement a strategic plan. Furthermore, the research finding revealed that GCC bank should not ignore the different dimensions of knowledge strategic choices. The banks need to determine different profiles for their knowledge strategy in order to support all aspects of business strategy and IS strategic dimensions that are most

important for the organization. They should then direct the organizational knowledge resources to support these profiles. Finally, it is recommended that the banks should define and establish a position in KM in order to oversee the knowledge strategy and KM issues.

Declaration

I certify that this work contains no material which has been accepted for the award to the candidate of any other degree or diploma, in any university or other institution. To the best of my knowledge the thesis contains no material previously published or written by another person, except where due reference has been made in the text.

Signed: _____

Dated: _____

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List of Publications

The following papers have reported the progress and results of work related to this thesis. This includes a book chapter and ten papers in the proceedings of local or international conferences. Out of the following list, one paper received the Best Paper Award in the Sixth International Conference on e-Business 2007 (INCEB 2007) at Bangkok, Thailand.

Book Chapter

- [1] Jaflah Hassan Al-Ammary and Chun Che Fung (2007), “Knowledge Management in the Gulf Cooperation Council (GCC) Countries: a Study on the Alignment between KM and Business Strategy”, Knowledge Management Integrated – Concepts and Practice, - Edited by Yoosuf Cader, ISBN 978-1-920889-12-8, Heidelberg Press, Australia, pp. 187-211.

Best Paper Award

- [2] Jaflah Al-Ammary and Chun Che Fung (2007) “Management Perspectives on Knowledge Management and Business Strategies Alignment in the Gulf Cooperation Council Banks”, Proceedings of the 6th International Conference on e-Business 2007 (INCEB 2007), Nov 2007, Bangkok Thailand, pp 118-125.

Conferences Proceedings

- [3] Jaflah Al-Ammary and Chun Che Fung (2007), “Knowledge Management Strategic Alignment in the Gulf Cooperation Council countries”, Proceedings of the International Conference on Intellectual Capital, Knowledge Management and Organizational Learning (ICICKM 2007), Cape Town, South Africa, 15-16 October, 2007.
- [4] Jaflah Al-Ammary and Chun Che Fung (2007), “An Investigation on Knowledge Management and Business Strategies Alignment in the Gulf Cooperation Council Banks”, Proceedings of the eighth Postgraduate Electrical Engineering and Computing Symposium (PEECS 2007), Perth, Western Australia, Nov 2007, ISBN 1-74067-5673, pp. 198-204.
- [5] Jaflah Al-Ammary, Chun Che Fung and Paula Goulding (2005), “Alignment of Knowledge and IT Strategies: a case for the Banking Sector in the Gulf Cooperation Countries (GCC)”, Proceedings of the “International Conference on

Knowledge Management”, (ICKM 2005), 7-9 July 2005, Kuala Lumpur, Malaysia. (16 pages – CD ROM).

- [6] Jaflah Al-Ammary and Chun Che Fung (2005), “The alignment of knowledge strategy and business strategy - a case of the Gulf Cooperation Countries (GCC)”, Proceedings of the 6th European Conference on Knowledge Management”, (ECKM 2005), (ISBN 1-905305-07-9), 8-9 September 2005, University of Limerick, Ireland, pp 7-14.
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- [8] Jaflah Al-Ammary and Chun Che Fung (2004), “A Study on Efficient use of Knowledge Management for the Kingdom of Bahrain Financial Institutions (KBFI)”, Proceedings of the International Conference on Computational Intelligence for Modelling, Control and Automation – (CIMCA 2004), 12-14 July 2004, Gold Coast, Australia, p.p.520-528.
- [9] Jaflah Al-Ammary, Chun Che Fung and Paula Goulding (2004), “A Study on the Alignment of Knowledge and Business strategies and the effect on the performance of Kingdom of Bahrain’s Banking and Financial Institutions”, Proceedings of the International Conference on Knowledge Management, (ICKM ’04) 13-15 December , 2004, Singapore, pp. 380.
- [10] Jaflah Al-Ammary, Paula Goulding and Chun Che Fung (2004), "The need for aligning Knowledge Management, Business and Information Technology strategies: a proposed study of the Financial Industry in the Kingdom of Bahrain”, Australian Conference for Knowledge Management & Intelligent Decision Support (ACKMIDS 2004), Melbourne, 29-30 Nov., 2004.
- [11] Jaflah Al-Ammary, Chun Che Fung and Paula Goulding (2004), “The effect of the Knowledge strategy and Business strategy alignment on the organization performance in the Kingdom of Bahrain’s Banking and Financial institutions (KBBFI)”, Proceedings of the Fifth Postgraduate Electrical Engineering and Computing Symposium (PEECS 2004), 28th September 2004, Perth, Western Australia, pp 31-36.

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