

# The Impact of Leadership, Organizational Culture, and Strategy on Knowledge Management in GCC Countries

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## Abstract

The purpose of this study is to investigate the effects of leadership, organizational culture and strategy on knowledge management. To date, little empirical research has been done to investigate the relationships and organizational outcomes of these constructs. This study, therefore, is unique in that it has helped to fill this gap in an effort to improve our understanding of organizational culture, strategy and leadership on knowledge management in the GCC environment and beyond. A survey was conducted of eight telecommunication companies located and operating in GCC countries. Structural equation modeling (SEM) was used to test the relationship among variables. The results suggest that knowledge management fully mediates the impact of organizational culture on organizational effectiveness, and partially mediates the impact of organizational leadership and strategy on organizational effectiveness. The findings carry theoretical implications for knowledge management literature as they extend the scope of research on knowledge management from examining a set of independent management practices to examining a system-wide mechanism that connects internal resources and competitive advantage. The results providing empirical evidence to the connection between leadership, organizational culture, strategy and knowledge management. Further, culture has a larger contribution to knowledge management than other factors inspected.

**Keywords:** Leadership, Organizational culture, Knowledge management, Organizational strategy

## 1. Introduction

Knowledge management increasingly become more important because organizations dealing with overload of data and managing knowledge is important to a company's success to facilitate decision-making capabilities and builds learning organizations by making learning routine in addition it stimulates cultural change and innovation. Successful companies are those that consistently create new knowledge, disseminate it widely throughout the organization and quickly embody it in new technologies and products (Nonaka, 1991). Through KM, organizations seek to acquire or create potentially useful knowledge and to make it available to those who can use it at a time and place that is appropriate for them to achieve maximum effective usage in order to positively influence organizational performance. It is generally believed that if an organization can increase its effective knowledge utilization by only a small percentage, great benefits will result.

Scholars and observers from disciplines as disparate as sociology, economics, and management science agree that a transformation has occurred "knowledge" is at centre stage (Aldulaimi, S, 2015; Davenport et al., 1998). KM and related strategy concepts are promoted as important and necessary components for organisations to survive and maintain their competitive keenness. It has become necessary for managers and executives to address "KM" (Goodman and Chinowsky, 1997). KM is considered a prerequisite for higher productivity and flexibility in both the private and the public sectors.

Recently, individuals and organizations began to appreciate the increasingly important role of knowledge in the emerging competitive environment. Growing concern has been given to define the characteristics that contribute to organizational success with high profits and good reputations that almost guarantee a certain level of achievement. O'Dell and Jackson (1998, p. 4) offer a well-known definition of Knowledge Management: "conscious strategy of getting the right knowledge to the right people at the right time" so individuals "share and put information into action in ways that strive to improve organizational performance". Therefore, the objective of this study is to inspect the essential effects of organizational culture, leadership, and strategy on knowledge management.

This paper endeavors to extend previous theories by examining the interrelationships between leadership, organizational culture, organizational strategy and knowledge management. Then, to develop a theoretical integrative framework for leadership, organizational culture, organizational strategy and knowledge management in organizations by identifying conceptual parallels among various theories. The study is significant as integrative framework of leadership, organizational culture, organizational strategy and knowledge management in organizations would facilitate organizational learning, which would in turn lead to the improvement in knowledge management practices.

This study dedicated on GCC countries (Qatar, UAE, KSA, Kuwait, Bahrain, and Oman) based on its rapid economic growth, the magnitude of social changes, leading telecommunication companies in the service sector, and the level of internationalization of business activities within the GCC. In addition, there are noticed

lack detail of the studies focusing on issues related to organizational context which contribute to organizational effectiveness.

## 2. Literature Review

Knowledge is an important subject for business organizations. There have been a number of different perspectives from which researchers and practitioners have approached the management of knowledge. Knowledge management is “a systematic and integrative process of coordinating organization-wide in pursuit of major organizational goals” (Rastogi, 2000, p. 40). Knowledge management is “A discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an enterprise’s information assets. These assets may include databases, documents, policies, procedures, and previously uncaptured expertise and experience of individual works” (Srikantaiah, 2001, p.3). KM refers to these as “The tools, techniques, and strategies to retain, analyze, organize, and share business expertise” (Groff and Jones, 2003, p.11).

The organizational culture is considered to be a critical factor in building and reinforcing knowledge creation and knowledge management in organization as it impacts how members learn, acquire, and share knowledge (Alavi and Leidner, 2001; Gummer, 1998; Gupta and Govindarajan, 2000; Knapp and Yu, 1999; Martin, 2000). Paradoxically, the organizational culture has also been identified as the main hindrance to successful knowledge management in organizations (Bock, 1999; De Long and Fahey, 2000; Knapp and Yu, 1999; Rastogi, 2000; Ribere and Sitar, 2003). But very little is known about how organizational culture enables or obstructs knowledge creation and its management in organizations. It is evident from the extant literature that the primary focus of the earlier studies has been on developing frameworks/models and typologies to define and outline the characteristics of organizational culture, for, e.g. the “competing values framework” (Quinn and Rohrbaugh, 1983a, b) and the “organizational culture profile” (O’Reilly et al., 1991). The recent works in knowledge management also have unambiguously emphasized the close relationship between knowledge management and organizational culture (Davenport and Prusak, 2000; Nonaka and Takeuchi, 1995), along with an appreciation of social context of learning (Easterby-Smith et al., 1998), and augmenting individual participation in communities of practice (Easterby-Smith et al., 1998). Hence, organizations need to foster cultures where their members are promoted to share knowledge in order to gain competitive advantage, but unfortunately they have little understanding of how to create and leverage it in practice (Wenger, 1998). There are, however, a few studies in this area but they focus on limited aspects of organizational culture and organizational knowledge management.

Organizational strategy can be defined as a plan for interacting with the competitive environments to achieve organizational goals (Daft, 1995, p. 49). The study of organizational strategy started with Andre (Collis and Montgomery, 1995) who defined strategy as the match between what an organizations can do within the universe of what it might do. For Chandler (1997), strategy can be defined as determining the basic long-term goals and objectives of an enterprise, and adopting courses of action and allocating the resources necessary to carry out these goals. Existing studies cover some ground of the contextual antecedents of knowledge management (Gold et al., 2001; Lee and Choi, 2003). However, these studies usually start from a micro perspective and investigate the immediate knowledge-related environment rather than the general contextual environment of the whole organization. They focus on exploring the antecedents of knowledge management rather than examining knowledge management as a mediating mechanism between general organizational context and organizational effectiveness. Organizational culture and strategy are highly interrelated. It is generally accepted that once the organization change strategy, it must align organizational culture with strategy, or face almost certain strategic failure. Specifically, both Gold et al. (2001) and Lee and Choi (2003) examine the aspects of organizational culture, structure, and technology that are directly related to knowledge management. They did not investigate the general cultural, leadership, and technological characteristics of the whole organization. The restriction to only knowledge relevant contextual factors reveals the assumption that knowledge management is a set of relatively independent managerial practices rather than a central mechanism through which organizational factors are leveraged to achieve organizational goals. This assumption may have underestimated the actual influence of knowledge management.

Zheng et al. (2009), investigated the mediating effect of knowledge management on the relationship between the organizational contexts, organizational culture, structure, strategy and organizational effectiveness. They find that knowledge management can partially play the role of mediating mechanism among the variables. They also encourage coming research to find out other variables which capable to make significant mechanism with this formula.

This study attempt to steer a path on knowledge management in its potential capacity to transmit contextual and strategic influence onto knowledge management. Certainly, Knowledge management in the inherent power for the move of circumstantial and strategic influence on organizational effectiveness. Strategic Management has been defined as the process of general managers co-aligning their organizations to

environmental opportunities and constraints (Schendel and Hofer, 1979). Although much has been written in recent years about the desirability of creating a fit between strategy in organizations and business, this work remains largely descriptive and empirical work in this area is rare. Limited studies investigate how organizational strategy can impact knowledge management (Pedler et al., 1991; Senge, 1990; Watkins and Marsick, 1996), but only a direct relationship has been examined between organizational strategy and knowledge management. Therefore, there is a need expected for testing complex formula of how organizational leadership, cultural, and strategic characteristics employ a combined influence on knowledge management and consequently organizational effectiveness. Knowledge management literature exhibits that to achieve a sustainable competitive advantage over competitors in the modern economy, an organization must be able to generate new knowledge by using its knowledge base resources. Interestingly, the result from literature indicates that knowledge management practices have significant influence over organizational effectiveness (Zahidul et al; 2011). The literature review shows there is a great number of critical success factors for KM. This paper contributes to the knowledge management research field through understanding those factors, their interrelation and how it affect KM in organizations.

### **3. Theoretical background and development of hypotheses**

The methodology of measuring knowledge management maturity is complex. According to literature and our business experience especially in the GCC countries, there is a significant relation between organizational elements strategy, culture and leadership and knowledge management. Thus, the findings from literature and mentioned assumptions are organized and designed in a form of hypothesis and tested by empirical research. Organizational culture, leadership and strategy are three key organizational assets that have been studied widely in their relation with organizational effectiveness. However, the previous research suggests the KM positively affects organizational outcomes (Fugate, Stank, & Mentzer, 2009; Kiessling, et al. 2009). Zheng et al. (2009), suggest that KM fully mediates the impact of organizational culture on organizational effectiveness, and partially mediates the impact of organizational structure and strategy on organizational effectiveness.

KM is a process that through creating, accumulating, organizing and utilizing knowledge helps achieve objectives and enhance organizational performance. The literature review shows there is a great number of critical success factors for KM. This paper contributes to the knowledge management research field through understanding those factors, their interrelation and the role of information technology in achieving a better business performance

In literature there are a plenty models for knowledge management processes have been recognized. This study examines three processes that have received the most consensus: knowledge generation, sharing, and utilization (Davenport and Prusak, 1998). Knowledge generation refers to the process in which knowledge is acquired by an organization from outside sources and those created from within (Davenport and Prusak, 1998). Knowledge sharing, also called knowledge transfer or knowledge diffusion, refers to the process by which knowledge is transferred from one person to another, from individuals to groups, or from one group to another group (Davenport and Prusak, 1998). Knowledge utilization is the higher the effectiveness of utilizing the existing knowledge in an organization, the better the KM result (Ikarni and Louis, 2003).

It is well known that knowledge management assists as an antecedent to organizational effectiveness, and also a medium between organizational factors and effectiveness. Knowledge resources are an outcome of organizational culture, leadership, and strategy, because knowledge is shaped and utilized in accordance with a set of cultural values and norms, embedded in structural relationships, and reflected in strategic priorities. For example, knowledge sharing practices are affected by cultural expectations such as what knowledge should be shared with the organization and what should be hoarded by individuals, by structural relationships such as how quickly the knowledge flows through formal reporting relationships, and by strategic priorities such as what knowledge is to be paid attention to and what to be ignored. In turn, organizational knowledge reflective of cultural, leadership, and strategic characteristics of the organization is utilized to help produce new products and services, improve efficiency, and enhance effectiveness (Nonaka et al., 2000). Grant (1996) suggests that the challenge of the Knowledge-based view of the organization is effective coordination among organizational members as their knowledge is specialized and needs to be integrated.

Organizational culture, according to Lewis (2002) a universal definition of organizational culture has proven elusive, however it is generally considered to be the shared values, beliefs and assumptions that exist among employees within a company that help guide and coordinate behavior (Schein, 1991). Organizational culture is generally accepted to be a holistic and multidimensional concept that is historically determined and socially constructed (Hofstede, Neuijen, Ohayv, & Sanders, 1990). Tyrrell (2000) explained that organizational culture is constantly being negotiated as it is an emergent property of human interaction. The values and beliefs that emerge from the ongoing negotiation and practices among group members become a source of reference for what is deemed acceptable or unacceptable in an organization in terms of right and wrong behaviour (Kusluvan & Karamustafa, 2003). The values and beliefs that underlie organizational culture likely reflect what is most

important to the founders and/or company leaders as they are responsible for the vision and purpose of the organization, and presumably exemplify and reinforce the core values and beliefs through their own behaviour (e.g., Schein, 1991; Scheres & Rhodes, 2006; Weese, 1995; Wilkins, 1983). Organizational culture is also manifested through member dialogue and behaviour as well as organizational practices (Schein, 1985).

Empirical research shows that Organizational culture is a key factor to organizational effectiveness (Deal and Kennedy, 1982; Denison, 1990; Gordon and Di Tomaso, 1992; Ouchi and Jaeger, 1978; Peters and Waterman, 1982; Wilkins and Ouchi, 1983). In particular, Denison and his colleagues (Denison, 1990; Denison and Mishra, 1995; Denison and Neale, 1996; Fey and Denison, 2003) identified and validated four dimensions of organizational culture that are conducive to organizational effectiveness: adaptability, consistency, involvement, and mission. Adaptability refers to the degree to which an organization has the ability to alter behavior, structures, and systems in order to survive in the wake of environmental changes. Consistency refers to the extent to which beliefs, values, and expectations are held consistently by members. Involvement refers to the level of participation by an organization's members in decision making. Mission refers to the existence of a shared definition of the organization's purpose. Previous studies suggests a positive relationship between organizational culture and knowledge management (Brockman and Morgan's, 2003; Young et al.'s, 1999; Huber's, 1991; O'Reilly's, 1989, Davenport and Prusak's, 1998). Therefore, organizational culture is positively associated with knowledge management. Organizational culture exerts its influence through shaping the behavior of organizational members. Base on above explanation, this hypothesizes can be generated.

H1. Organizational culture (adaptability, consistency, mission, and involvement) relates positively with knowledge management.

Daft (2005) defined leadership as an influence relationship among leaders and followers who intend real changes and outcomes that reflect their shared purposes. Over the course of time, a number of dimensions or facets of leadership behavior have been developed and applied as researchers continue to discover what contributes to leadership success and failures. These included, among others, autocratic versus democratic, task-oriented versus people-oriented, and the contingency approaches. Currently, the most influential contingency approach to leadership is the Path-Goal theory, developed by Robert House (Robbins, 2005). This theory states that the main goal of the leader is to help subordinates attain the subordinates' goals effectively, and to provide them with the necessary direction and support to achieve their own goals as well as those of the organization (Silverthorne, 2001). The Path-Goal theory suggests a fourfold classification of leader behaviors, as described below. Directive leadership (initiating structure; task-oriented) tells subordinates exactly what they are supposed to do. This leadership behavior is similar to the initiating structure or task-oriented leadership styles. Supportive leadership (consideration; people-oriented) shows concern for subordinates' wellbeing and personal needs, and is similar to the consideration or people-oriented leadership styles. Participative leadership consults with subordinates about decisions. Achievement-oriented leadership sets clear and challenging goals for subordinates. No one leadership style is ideal for every situation (Rad and Yarmohammadian, 2006). The study of leadership behaviors as conceptualized under the Path-Goal theory has been applied in many types of researches. For example, in the context of business strategies in international marketing channels (Mehta et al., 1990; Mehta et al., 2003), small and middle-sized firms (Li, 2004), company managers (Silverthorne, 2001), steel industry (Downey et al., 1975), automotive industry (Chang et al., 2003), and market orientation of UK firms (Harris and Ogbonna, 2001).

Leadership can influence knowledge management processes through shaping patterns and frequencies of communication among organizational members, and affecting efficiency and effectiveness in sharing new ideas and significant information. Knowledge management can carry over the leadership impact onto organizational effectiveness, because the way knowledge is organized, knowledge management activities are coordinated, and the extent to which knowledge management practices are embedded in the daily work processes influence the effectiveness and efficiency of organizational performance. At the same time, leadership influences organizational effectiveness through paving the way of participation. It influences organizational effectiveness through non knowledge related functions, especially through decision making, tasks, and motivation, because of their minimal involvement of active knowledge management.

H2. Leader's directive, participative and supportive behaviors relates positively to knowledge management.

An increasingly sophisticated body of theory and practice has emerged over the past years about the impact that strategy plays in driving corporate business success. Max McKeown (2011) argues that "strategy is about shaping the future" and is the human attempt to get to "desirable ends with available means". Organizational strategy have been studied widely in literature and scholars argued it relationship to organizational performance (Govindarajan and Fisher, 1990; Manvondo, 1999; Rapert et al., 1996; Smith et al., 1986). This study utilizing STROBE (Strategic Orientation of Business Enterprise) framework developed by Venkatraman (1989) to represent organizational strategy. Four dimensions are incorporated in the framework of this study. Therefore, only these four dimensions are examined. Analysis refers to the overall problem-solving

posture that indicates the extent of tendency to search deeper for the roots of problems and to generate the best possible solution alternatives (Miller and Friesen, 1983). Defensiveness refers to defensive behavior that is demonstrated through cost reduction and efficiency-seeking methods (Venkatraman, 1989). Futurity refers to temporal considerations reflected in key strategic decisions, relative emphasis on long term effectiveness versus efficiency considerations at the present (Venkatraman, 1989). Proactiveness refers to proactive behavior, such as participation in emerging industries, continuous searching for market opportunities and experimentation with potential responses to changing environmental trends (Venkatraman, 1989). Bergeron et al. (2004) found that a stronger organizational strategy that is high on analysis, defensiveness, futurity, and proactiveness is associated with higher performance. The composite of the four dimensions indicates the extent to which the organization realizes its strategic directions rather than its intended strategies (Bergeron et al., 2004). Deductions based on previous research suggest a positive association between organizational strategy (STROBE) and knowledge management. For example, Pedler et al. (1991) highlight the importance of an analytical approach to strategy that contributes to learning. Senge

(1990) stresses the ability to envision the future that is crucial to the learning organization. Watkins and Marsick (1996) emphasize a proactive approach to new learning and new markets in establishing a learning organization (Watkins and Marsick, 1996).

H3. Organizational strategy (analysis, defensiveness, futurity, and proactiveness) relates positively to knowledge management.

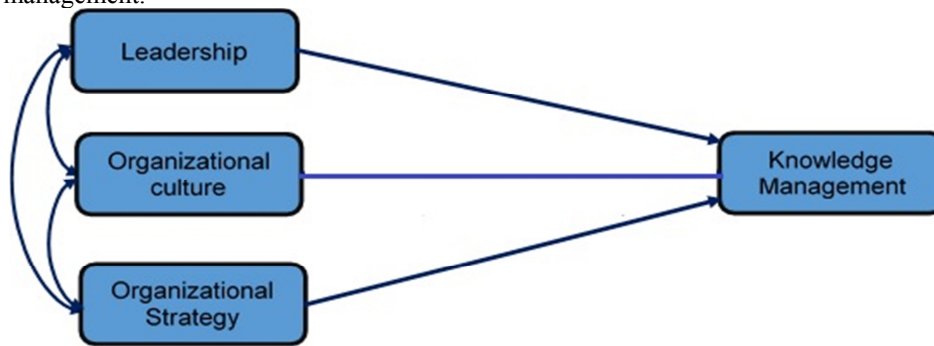


Fig. 1. Hypothesized model.

#### 4. Method

This cross-sectional study utilizing self-administered survey to collect data on organizational members' perceptions of the five constructs: organizational culture, leadership, strategy, and knowledge management.

##### 4.1 Data Collection and sample

The sample population for this study consists of human resources professionals who were members of eight telecommunication companies located and operating in the GCC countries excluding Oman (because of data restrictions). HR professionals were chosen as the respondents because they usually have good knowledge of organizational members (Gilley and Maycunich, 2000) and a realistic view of what the organizational characteristics are rather than what they should be. The sample population base totaled 585 distributed on eight companies, Qatar (Ooredoo and Vodafone), KSA (STC and Zain), Kuwait (Zain), Bahrain (Batelco and Zain), UAE (Etesalat) and no company from Oman was participated due to difficulties of reaching this country. However, antecedents improve that all GCC countries are similar. A mix of web-based and mail survey was carried out on the sample. A total of 384 responses were received, among which 218 were mail responses (56.8%) and 166 were web responses (43.2%). That constitutes a response rate of 24%. Among the respondents, 37.4% were at the middle management level, 27.9% at the senior management level, 26.5% at the non-management level, and 8.2% at the supervisory level. A MANOVA test was conducted on the mail and web-based survey results and no statistical differences were detected between the two samples (Wilks' lambda=0.79, p=0.71). To assess nonresponse bias (Amstrong and Overton, 1977), all responses received within the first two weeks were treated as early responses and the rest as late respondents. The two-week cutoff was based on the observed pattern of responses received. No statistical differences were detected between the two samples (Wilks' lambda=0.77, p=0.45). The unit of analysis in this study is the organization as each organization has unique sets of cultural, leadership, strategic, and knowledge management characteristics. A total of eight organizations were represented by the respondents.

The average Cronbach's alpha was 0.78, indicating that there is a generally acceptable inter-rater consistency among the multiple respondents. Cronbach's Alpha of .70 or higher is considered "acceptable" in most social science research situations (George and Mallery, 2005).

#### 4.2 Instrument

For performing quantitative study, questionnaire items were adapted from current instruments used in previous researches. Organizational culture was measured by instrument were adapted from Denison and his colleagues (Denison, 1990; Denison and Mishra, 1995; Denison and Neale, 1996; Fey and Denison, 2003) that included four dimensions: adaptability, consistency, involvement, and mission. The scale measures to what degree an organization is perceived to exhibit the four dimensions of characteristics, for example, to what degree “we have a shared vision of what the organization will be like in the future”. Leadership behavior measurement instrument has been adapted from Harris and Ogbonna (2001), which was based on previous research by House (1971), House and Dessler (1974), Fleishman (1957) and Stogdill (1963). This measure of leadership has been widely used in the strategy literatures and has been generally accepted as a good measure of subordinate’s perceptions of leadership style and behavior (Harris and Ogbonna, 2001). In this study, it has been used to identify the leadership behavior as participative (five items). STROBE (Strategic Orientation of Business Enterprise) framework established by Venkatraman (1989) was used in this study to identify organizational strategy. STROBE measures how the respondents perceive the organization's strategy as displaying four characteristics including analysis, defensiveness, futurity, and proactiveness.

Items measuring knowledge management were modified from Gold et al. (2001), assessing respondents' perception of the existence of the three knowledge management processes. A sample item is “matching sources of knowledge to problems and challenges”. As this study utilized one self-report survey to collect data on all of the variables, common method bias may be present. In order to assess the possible common method bias, Harman's one-factor test was conducted on the variables, following Konrad and Linnehan (1995) and Simonin (1997). The results of the principal component factor analysis yielded 12 factors with eigenvalues greater than 1.0, which accounted for 70% of the variance. In addition, the first factor did not account for the majority of the variance (37%). It seems that common method bias is not a serious problem (Podsakoff and Organ, 1986).

#### 5. Data analysis

This study used structural equation modeling for statistical analysis of data collected. Following Jöreskog and Sörbom (1989), structural equation modeling (SEM) was conducted with the AMOS program, assessing confirmatory measurement models (factor analysis) and confirmatory structural models (path analysis). SEM were divided into two parts: a measurement model and a structural model. The measurement model contained a measurement variable that could be observed directly and was measured by confirmatory factor analysis (CFA). Then the relationship between endogenous (dependent variables) and exogenous (independent) latent variables were examined— resulting in a specified “structural model” (Schmidt, Clouth, Haggemuller, Naber, and Reitberger, 2006; Ullman, 1996).

#### 6. Results

##### 6.1 Measurement models

Measurement model is specification of the measurement theory that shows how constructs are operationalized by set of measured variables (Hair et al 2010). Results from the confirmatory factor analysis demonstrated that all of the scales used in the study formed adequate measurement models and thus provided evidences for the construct validity of the measures. Table 1 shows the fit indices of the measurement models. While, Table 2 shows the descriptive of the constructs which include reliability test.

Table 1: Evaluation of measurement model for the constructs used in the study.

Variables	$\chi^2$	df	p	NNFI	CFI	GFI	AGFI	RMR
Organizational culture	164.35	48	<0.01	0.97	0.98	0.92	0.86	0.038
Organizational leadership (Participative)	35.03	5	<0.01	0.95	0.98	0.96	0.87	0.036
Organizational strategy	148.60	164	0.08	1	1	0.95	0.94	0.08
Knowledge Management	402.60	87	<0.01	0.96	0.97	0.85	0.79	0.043

Table 2 shows the descriptive of the constructs.

Constructs	M	SD	1	2	3	4	5
1. Knowledge Management	4.13	0.88	0.52**	(0.93)			
2. Organizational culture	4.22	0.95	0.52**	0.88**	(0.89)		
3. Organizational leadership	3.18	1.21	0.24**	0.23**	1.43**	(0.89)	
4. Organizational strategy	3.95	0.79	0.52	0.83	0.82	0.16	(0.85)

Reliability coefficient alphas are presented in diagonal in parenthesis.

\*\*p<0.01.

### 6.2 Structural models

The hypothesized model was tested with a nested-model approach. The hypothesized model was compared to the saturated structural model (Alternative Model 1 where all paths relating to the constructs were to be estimated), as well as two alternative models, one fixing the path from organizational structure to organizational effectiveness to zero (Alternative Model 2), and the second fixing the path from strategy to organizational effectiveness to zero (Alternative Model 3). The three alternative models are shown in Figs. 2–3. The hypothesized model demonstrates a better model fit than the three alternative models because (1) it contains no insignificant paths while other models do; and (2) chi-square/df ratios in the alternative models (4.97, 4.96, and 5.00) are slightly larger than that of the hypothesized model (4.94), indicating that the hypothesized model fits the data slightly better than the rest. Table 3 shows the fit indices for all the structural models. Fig. 3 shows the hypothesized model with parameter estimates and model fit indices.

Table 3: Fit Indices for structural Models.

structural Models	X	df	p	X/df	NNFI	CFI	GFI	AGFI	RMR
Hypothesized Model	794.82	161	<0.01	4.94	0.90	0.92	0.79	0.73	0.09
Alternative Model 1	795.70	160	<0.01	4.97	0.90	0.92	0.79	0.73	0.09
Alternative Model 2	798.55	161	<0.01	4.96	0.90	0.92	0.79	0.73	0.09
Alternative Model 3	805.70	161	<0.01	5.00	0.90	0.92	0.79	0.73	0.09

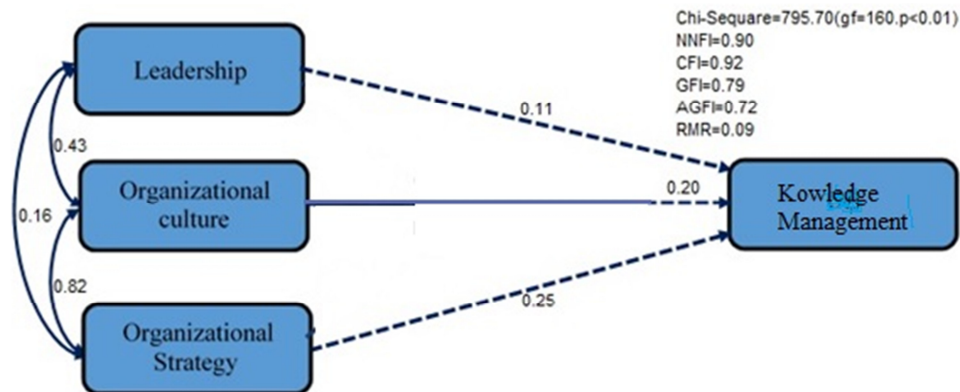


Figure 2: Structural Model

### 7. Hypothesis testing

The proposed Hypotheses 1,2 and 3 assume, organization culture, leadership, and strategy are all significantly related to knowledge management, judging from the results of bivariate correlations (as shown in Table 2). Culture ( $r=0.52$ ,  $p<0.01$ ), and strategy ( $r=0.52$ ,  $p<0.01$ ) demonstrated a positive relationship with Knowledge management, and leadership ( $r=-0.24$ ,  $p<0.01$ ) had a positive relationship with Knowledge management. As hypotheses 1,2 predict, organizational culture ( $r=0.88$ ,  $p<0.01$ ) and strategy ( $r=0.83$ ,  $p<0.01$ ) were both positively related to knowledge management, and leadership ( $r=0.23$ ,  $p<0.01$ ) was positively associated with knowledge management. Our structural model analyses showed that organizational culture demonstrated a significant direct impact on knowledge management ( $\gamma=0.71$ ,  $p<0.05$ ).

Hypothesis 2 predicted that knowledge management has relationship with organizational leadership. The findings supported this hypothesis. Organizational leadership had a small and positive influence on knowledge management ( $\gamma=0.12$ ,  $p<0.05$ ). Additionally, hypothesis 3 predicts that knowledge management has relationship with organizational strategy. The findings supported this hypothesis. Organizational strategy had a positive influence on knowledge management ( $\gamma=0.27$ ,  $p<0.05$ ), and a positive influence on organizational effectiveness ( $\gamma=0.28$ ,  $p<0.05$ ).

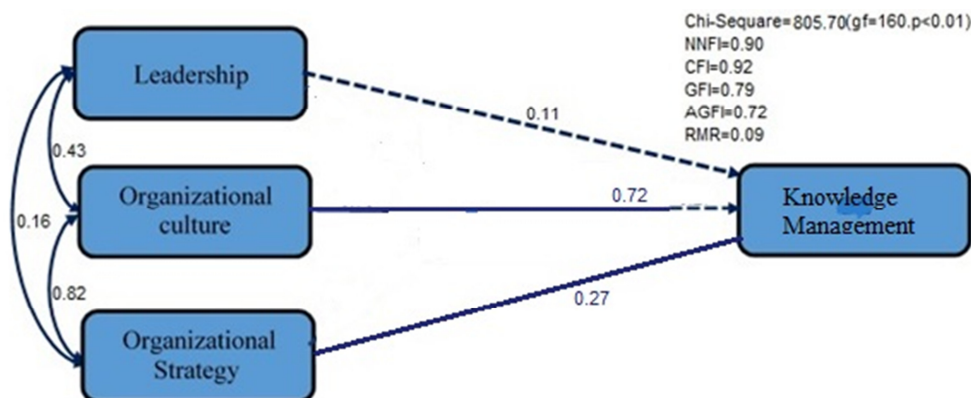


Fig. 3. Alternative Structural Model 3 .

## 8. Conclusions

The purpose of this study was to investigate the effects of organizational culture, strategy and leadership on knowledge management. To date, little empirical research has been done to investigate the relationships and organizational outcomes of these constructs. This study, therefore, is unique in that it has helped to fill this gap in an effort to improve our understanding of organizational culture, strategy and leadership on knowledge management in the GCC environment and beyond.

The results of this study is trying to resolve issues in the literature as specified in the introduction. First, providing empirical evidence to the connection between organizational culture, strategy and leadership with knowledge management. It also agrees with Penrose's (1959) view that the efficacy of organizational resources differs with changes in organizational knowledge. Knowledge management assists as a key leverage tool in organizations. Organizational strategy employs a significant effect on knowledge management, although its effect is reduced when organizational culture and leadership are taken into consideration. These findings guarantee further investigation of strategy's relationship with knowledge management. This finding suggests that how well knowledge is managed is largely associated with how well cultural values are translated into value to the organization. Further, culture has a larger contribution to knowledge management than other factors inspected. This may be a matter of the fact that culture determines the basic beliefs, values, and norms regarding the why and how of knowledge generation, sharing, and utilization in an organization. This finding draw attention to creating an organizational culture that is encouraging learning and knowledge management (Davenport and Prusak, 1998; De Long and Fahey, 2000; Watkins and Marsick, 1996). Various current studies have focused on the direct relationship between organizational culture and organizational effectiveness. However, in this study, it has been revealed that organizational culture's impact on organizational effectiveness is unimportant when a mediator (knowledge management) is considered. It appears that a rational following step in research on culture and effectiveness might continue to a higher level by examining the exact mechanism(s) through which organizational culture effects organizational performance. Knowledge management has long been considered from the onset in the firm's business strategy and has been shown to have a positive effect on innovation. However, other factors beyond the deliberate initiatives taken by the firm also affect knowledge management.

## 9. Managerial implications

This study revealed variance of implications which able to enhance the organizational effectiveness especially in GCC countries. Meantime analyzing the significance of organizational characteristics to knowledge management success, this study conveys to courtesy the significance of concentrating on generating a knowledge-friendly environment that is made up of suitable cultural, leadership, and strategic features. Furthermore, the study findings specify that knowledge management can affected by organizational culture, leadership, and strategy. Focus on knowledge management practices, such as providing knowledge management tools, and supporting knowledge management initiatives, would help transfer the impact of organizational contextual resources to the bottom line. Clearly, culture has the strongest positive influence on knowledge management. This indicates that knowledge management practices need to center on integrating culture-building activities to boost an environment which eventually support knowledge. Organizational culture dimensions (adaptability, consistency, involvement, and mission) when combined positively lead to enhance knowledge management. This study shows that organizational culture, leadership, and strategy have close interrelationships. Organizations that are adaptive, consistent in their values, engaging to employees, and embracing common missions in their cultures have a higher tendency to probe into issues, to seek methods to reduce costs, to look into the future, and to act proactively in their strategies. The three organizational factors create an interdependent method in which changes



in one or two of the factors may move through to another factor(s). Drawing knowledge management plans usually includes organizational changes therefore, organizations should considering all three factors in designing and executing intended changes is essential.

#### 10. Limitations:

There exists vast amount of contemporary literature on various schools of thought in respect of organizational culture, which posits different but compelling views to understand organizational culture (for details see Allaire and Firsirotu, 1984; Alvesson, 2002). In addition, there is also an emerging school of thought, which highlights the “orientation” as another dimension to study organizational culture. But the author has restricted this study to Denison and Neale, 1996; Fey and Denison, 2003.

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