

Midocean University

Faculty of Management

Project management



**Impact of Knowledge Management on Organizational Innovation &
PMO Success in Consulting Sector in Riyadh**

Abdulaziz Rami Aboudayah

232002374

Graduation Project – 1

Faculty of Management - Midocean University

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1. Chapter 1: Introduction

1.1. Research Background

In today's highly competitive and dynamic business environment, organizations increasingly recognize that effective management of knowledge assets is crucial to sustaining innovation and achieving superior performance. Knowledge Management (KM) which involves the systematic process of creating, sharing, and utilizing knowledge within an organization, has become a strategic imperative for firms seeking to enhance their innovative capabilities and overall efficiency (**Dalkir, 2017**). This is particularly true in the consulting sector, where intellectual capital and expertise are core assets that directly influence project outcomes and client satisfaction (**Alavi & Leidner, 2001**). achieving Project Management Offices (PMOs) success is critical to the firm's growth (**Aubry et al., 2007**). Yet, ensuring this success requires more than traditional management; it demands Organizational Innovation to tackle complex challenges. This innovation, in turn, is deeply rooted in Knowledge Management (KM), as a consulting firm can only innovate and succeed when it effectively utilizes its collective intellectual capital (**Darroch, 2005**). Organizational innovation, defined as the successful implementation of new ideas, processes, or products within a company, has emerged as a key factor driving competitive advantage and long-term growth (**Teece, 2010**). Consulting firms rely heavily on their ability to continuously innovate in their service delivery and project management practices to meet evolving client demands (**Den Hertog, 2000**). The presence of a robust Project Management Office (PMO) plays a pivotal role in coordinating projects, standardizing processes, and ensuring alignment with strategic goals (**Project Management Institute, 2021**). As such, the success of PMOs is increasingly seen as linked to how well organizations manage and leverage their knowledge resources to foster innovation (Jugdev & Thomas, 2002).

While current literature often discusses these concepts independently, their core definitions highlight a strong theoretical connection. Knowledge Management (KM) is the systematic process of creating, sharing, and utilizing organizational knowledge, which prevents redundant efforts and provides the historical data that mature Project Management Offices (PMOs) rely on to optimize resources and manage risks **(Dalkir, 2017; PMI, 2021)**. Consequently, Organizational Innovation, defined as the ability to generate and implement creative solutions, is fundamentally driven by how effectively a firm manages these knowledge assets **(Nonaka & Takeuchi, 1995)**.

Despite extensive research on Organizational Innovation, Knowledge Management, and Project Management Offices (PMOs) independently, there is a deficiency in the current literature regarding the intersection of these variables. Specifically, the mediating role of Organizational Innovation between KM practices and PMO Success remains largely unexplored, particularly within the localized context of the consulting sector a rapidly growing business hub in Saudi Arabia. The consulting industry in Riyadh faces challenges and opportunities due to the fast pace of economic transformation and initiatives such as Saudi Vision 2030, which call for improved efficiencies and innovative practices across sectors **(Saudi Vision 2030, 2016)**. Thus, exploring the impact of KM on organizational innovation and the consequent PMO success in this regional context holds substantial practical and theoretical value. PMO success is often viewed simply as the result of effective processes, overlooking the crucial role that shared knowledge plays in driving the innovation needed to manage complex and modern dynamic project environments.

Therefore, the primary purpose of this study is to investigate the impact of Knowledge Management on Organizational Innovation and PMO success within Riyadh consulting firms. By examining the relationship between intellectual capital,

innovative capabilities, and project outcomes, this study seeks to establish a clear, evidence-based model demonstrating how effectively managing intellectual capital can foster the innovative capabilities can ensure consistent project delivery and long-term PMOs effectiveness.

1.2. Research Problem

The consulting sector in Riyadh is currently operating at the epicenter of a massive economic shift driven by Saudi Vision 2030. However, while existing literature extensively covers Knowledge Management (KM), Organizational Innovation, and PMO success as independent domains, there is a lack of understanding of how KM

practices influence PMO success, and whether Organizational Innovation mediates this relationship, particularly within the localized context of consulting firms in Riyadh.

1.2.1. Theoretical Gaps

Most existing research examines Knowledge Management (KM), Organizational Innovation, and PMO success as separate topics, primarily focusing on Western markets. While there is a general lack of studies explaining how these variables connect.

1.2.2. Practical Gaps

In practice, consulting firms in Riyadh frequently struggle with knowledge silos, where valuable expertise remains trapped with individuals rather than being translated into innovative project solutions. Furthermore, many local PMOs focus strictly on traditional processes and metrics such as timelines and budgets, while neglecting the collective intellectual capital necessary to drive project success in complex environments.

1.3. Research Significance

This study holds substantial theoretical and practical value by investigating the impact of Knowledge Management on Organizational Innovation and PMO success within Riyadh consulting firms, especially in light of Saudi Vision 2030.

1.3.1. At the theoretical level

- It advances theory on KM by testing its impact on organizational innovation and PMO performance, thereby bridging KM and project management literature through knowing the impact and the relationship.
- Establishes the boundary conditions for the pathway linking Knowledge Management, Organizational Innovation, and PMO success within a knowledge intensive professional services setting.
- It sharpens the conceptualization and measurement of PMO success by integrating knowledge- and innovation-related determinants, fostering a more holistic view of PMO effectiveness beyond process adherence.

1.3.2. At the practical level

- It provides empirical evidence to guide Riyadh-based consulting firms in designing KM managers and governance mechanisms that are aligned with innovation goals and PMO outcomes.
- It informs the development of training, leadership, and cultural initiatives that foster a knowledge-sharing climate conducive to innovation and improved project delivery.
- It contributes to policy-relevant insights for industry associations and organizational policymakers seeking to enhance knowledge-intensive service productivity in Saudi Arabia's growing consulting sector.

1.4. Research Questions

How does Knowledge Management impact Organizational Innovation and PMO success within Riyadh consulting firms?

- How does organizational innovation affect PMO success in consulting firms?

- Does organizational innovation mediate the relationship between KM practices and PMO success in Riyadh consulting firms?

1.5. Research Objectives

- To investigate the impact of Knowledge Management on Organizational Innovation and PMO success, specifically within consulting firms in Riyadh.
- To test the mediating role of organizational innovation in the relationship between KM and PMO success.

1.6. Research Hypotheses

- H1: KM practices have a positive and significant impact on PMO success.
- H2: KM practices have a positive and significant impact on Organizational Innovation.
- H3: Organizational Innovation has a positive and significant impact on PMO success.
- H4: Organizational Innovation mediates the relationship between KM practices and PMO success.

1.7. Research Model

The research model is illustrated in Figure 1.

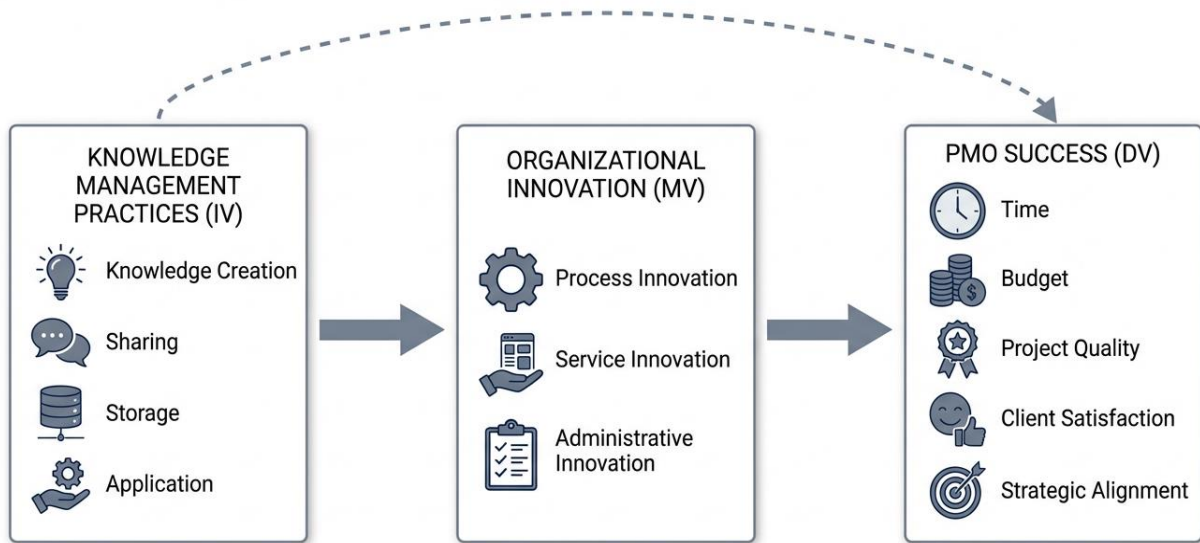


Figure: Conceptual framework illustrating the mediating role of Organizational Innovation in the relationship between Knowledge Management Practices and PMO Success.

Figure 1. The research model.

1.7.1. 1.7.1. Suggested Industry: Consulting Sector in Riyadh

- Consulting is a knowledge of intensive industry where intellectual capital and innovation directly dictate PMO success and project outcomes. It also aligns with the rapid economic transformation driven by Saudi Vision 2030. Riyadh serves as the primary business hub for projects, making its consulting firms a highly representative population for PMO practices and organizational innovation.
- Ensuring all ethical considerations regarding data privacy and voluntary participation are strictly upheld.

1.8. Research Methodology

This study adopts a quantitative, explanatory, cross-sectional survey approach to empirically test the proposed hypotheses and explain the relationships between the variables. The target population comprises professionals specifically general employees, Project Managers (PMs), PMO managers, and consultants operating within consulting firms in Riyadh that have established Project Management Offices (PMOs). To ensure a robust and representative sample, a two-stage sampling strategy will be utilized. First, purposive or stratified sampling will be applied at the organizational level to select the relevant consulting firms.

Subsequently, random sampling will be employed at the individual level to select the specific staff members within those chosen firms. Finally, data collection will be conducted through a structured questionnaire administered cross-sectionally to the targeted respondents, ensuring the efficient gathering of standardized data.

1.9. Structure of the Research

The proposed structure for the research project strictly follows the guidelines of Midocean University and is organized into five main chapters as follows:

Chapter 1: Introduction It provides an overview of the study, encompassing the background information, research problem, objectives, and the significance of the research.

1.1. Research Background: It illustrates the context and historical roots of the project idea within Riyadh's consulting sector and Saudi Vision 2030.

1.2. Research Problem: It reflects the core issue in current practice regarding PMO success and intellectual capital that the project seeks to investigate and address. It highlights the theoretical and practical deficiencies in the existing literature.

1.3. Research Significance: It clarifies the importance of the study at the theoretical level and the empirical level.

1.4. Research Questions: It presents the specific questions that the project seeks to answer.

1.5. Research Objectives: It identifies the specific goals and outcomes that the project aims to achieve.

1.6. Research Hypotheses: It presents the specific hypotheses that will be tested in the project.

1.7. Research Model: It illustrates the proposed relationships between independent, mediating, and dependent variables. And the Suggested Industry.

1.8. Research Methodology: It provides a brief overview of the quantitative approach, survey strategy, and data collection techniques used in the study.

1.9. Structure of the Research: It defines the chapters and scope of the project work.

Chapter 2: Literature Review It presents a critical analysis of existing research and literature relevant to the project, specifically focusing on Knowledge Management (KM) practices, Organizational Innovation, Project Management Office (PMO) success, and the mediating role of innovation in professional environments.

Chapter 3: Research Methodology It details the methods and procedures used to conduct the research, including information about the research philosophy, quantitative survey design, data collection methods, sample selection within consulting firms in Riyadh, and data analysis techniques.

Chapter 4: Statistical Analysis It describes and discusses the statistical analysis of the research findings, including descriptive statistics, reliability tests, and the inferential testing of the proposed hypotheses.

Chapter 5: Findings' Discussion & Conclusion It connects the project findings with the existing literature, summarizes the key conclusions, and outlines the theoretical and practical implications for the project.

References: It provides a comprehensive list of academic sources and references used throughout the study formatted in APA style.

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