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

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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?

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