

# The Role of Knowledge Management in Strategic Decision-Making in Higher Education Institutions (HEIs): A Proposed Model

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Higher education institutions (HEIs) around the world are facing serious challenges towards planning and implementing their own strategic plans. Previous studies have been conducted to evaluate the strategic decision-making process in HEIs, and the factors that influence strategic planning. It was identified that rationality and intuition play a vital role towards effective planning. This paper intends to propose a model to evaluate the extent of knowledge required to support rationality and intuition leading to strategic decisions at HEIs. The paper will demonstrate the different types of knowledge and their relationship with rationality and intuition, leading to effective decision-making in HEIs. The findings of this paper will support researchers and HEIs, as well as policy makers, to develop or revise current practices of strategic planning and knowledge sharing.

**Keywords:** *Higher Education Institutions (HEIs), Knowledge Management, Strategic Planning, Strategic Decision-Making Process, Association to Advance Collegiate Schools of Business (AACSB) and European Quality Improvement System (EQUIS).*

## Introduction

Higher education institutions (HEIs) worldwide are facing issues, in particular to strategic planning and strategic decision-making (Glass, 2014; Hinton, 2012; Aldhean, 2017; Stone et al., 2018). The issue of strategic planning and decision-making in higher education has been investigated by multiple researchers. However, until today, there are calls for papers to discuss the implementation stage of strategic plans which are related to the initial strategic decisions issued. According to Albanna and Child (2007), Aldhean (2017), and Stone et al., (2018) the strategic decision-making process plays a vital role in activating strategic plans, in

particular in higher education institutes. For instance, Albanna and Child (2007), and Aldhean (2017) developed strategic decision-making process models that were investigated in industry as well as HEIs. Similarly, Stone et al. (2018) highlighted the dark side of implementing strategic plans and the issues that could be the cause for failure of strategic plans. From the current literature review, it can be suggested that there is a relationship between knowledge management and the strategic decision-making process through the use of rationality and intuition. This paper will demonstrate a proposed model to evaluate the relationship between knowledge management and the component of strategic decision-making.

### **Literature Review**

The demands on HEIs has increased in the past few years. HEIs are not only expected to produce graduates, but they are expected to procedure researchers, qualified employees for the market, and business leaders (Divjak, 2016; Immordino et al., 2016). Universities are also required to comply with the adapted quality standards within their context, as well as compete by various means, such as ranking and international accreditations including via the Association to Advance Collegiate Schools of Business (AACSB), European Quality Improvement System (EQUIS), and The Association of MBAs (AMBA). It was argued by researchers such as Glass (2014), Hinton (2012), Albanna and Child (2007), Aldhean (2017), and Stone et al. (2018), that in order to achieve all the demands of regulators and international accreditation standards, there is a need to establish a clear strategic plan that is supported by clear strategic decisions which are derived by authorised leadership that allows planning and activating strategic objectives. This argument was also supported by Roberts et al. (2006), which highlighted the need of HEIs to link their strategic objectives with the demands on international accreditation. According to Stone et al. (2018), in order to activate strategic plans and strategic decision-making, there is a need to share knowledge by leaders of the organisation, which is also considered as the decentralisation of information (Aldhean, 2017).

Similarly, Albanna and Child (2007), Papadakis and Lyriotaki (2013), and Elbanna (2006) stated that decentralisation in decision-making is important; decentralisation was emphasised upon as it provides knowledge and allows the involvement of other members in both levels of strategic planning and decision-making, as well as the implementation stage.

Alhawari, S., and Al-Jarrah, M. (2011) investigated the relationship between knowledge management and strategic competence. The study included various knowledge processes and strategic competence. The Alhawari, S., and Al-Jarrah, M. (2011) model identified the knowledge process as knowledge identification, knowledge storage and knowledge application. The model also identifies a shared vision, empowerment and innovation as

strategic competence. The study of Alhawari, S., and Al-Jarrah, M. (2011) highlighted that there is a significant impact between the knowledge management process with strategic competence. In line with the findings of Alhawari, S., and Al-Jarrah, M. (2011), it could be seen that there is a relationship between knowledge management and strategic competence and hence, strategic decision-making.

In the same context, Pai (2006) examined the relationship between knowledge sharing behaviour and the effectiveness of information systems and information technology strategic planning. The study investigated the behaviours of stakeholder's in relation to knowledge sharing, specifically in entering data in a management information system. Therefore, it could be seen that the various studies were conducted to define the relationship between knowledge management and strategic planning or practices which led to effective decision-making and hence, effective implementation.

The various studies recommended the use of knowledge management tools towards strategic planning and operational plans. Such tools could ease the organisation's measurements towards their own targets. In this context, Padron et al. (2010) investigated the use of a balance scorecard and knowledge management towards effectiveness of organisations. The study recommended the use of a balance scorecard as a tool with an emphasis on knowledge management and knowledge sharing. From the above literature, it could be found that there is a relationship between knowledge management and strategic planning, as well as strategic decision-making. Therefore, the following section will demonstrate an extensive literature review of each proposed component for this study model, that will encompass the components of knowledge management and the strategic decision-making process.

## **Component of Proposed Model**

### ***Rationality***

Rationality in decision-making has been widely discussed. Various research papers stated that rationality is the main element of decision-making. For instance, Ganesan et al. (2002), and Haukland (2014) highlighted that rationality in higher education requires attention. Aldhaen (2017) stated that rationality in decision-making, specifically in higher education, is yet to be investigated as decisions are taken in a 'fuzzy manner' and ad-hoc basis. In the same context, Walter et al. (2008) stated that rationality is an analytical mechanism that is used while taking decisions, therefore it is highly important.

Rationality has been defined previously as a process of cognitive thinking towards achieving a role (Evans et al., 1993). It was also argued by other researchers that rationality in decision-making requires the gathering of sufficient data and knowledge (Stone et al., 2018). It could be seen, there is a relationship between rationality and knowledge which requires

streamlining in order to provide effective decision-making and is expected to lead to effective HEI performance. Therefore, this paper proposes to investigate the relationship between knowledge management and rationality in decision-making at HEIs, which is expected to tackle an important issue in the dilemma faced by higher education institutes worldwide.

### ***Intuition***

Previous papers discussed the need to further discuss intuition decision-making in the higher education context. Nicolas, R. (2004) stated that there is a relationship between knowledge management and intuition which leads to decision-making. Similarly, McAfee et al. (2013) stated that big data, which is used as a knowledge management tool, is normally used along with intuition to take various decisions, however such studies were not conducted at higher education institutes.

For instance, Batool et al. (2015) and Eling et al. (2014) called for future research that combined intuition with other variables such as decentralisation and knowledge management. Dienes, Z. (2007) investigated subjective measures of knowledge, one of which was considered as decisions taken based on intuition, which is described as decisions taken based on confidence and unconscious knowledge.

From the above arguments, it could be seen that there is a relationship between and various types of knowledge that could lead to gained confidence. Therefore, it is proposed to include intuition as part of this study model and assess the relationship between the use of intuition and the extent of knowledge towards effective decision-making in HEIs.

### ***Decentralisation***

The topic of decentralisation has attracted various researchers, in particular in the context of higher education institutes (Pritchard et al., 2016). In this same context, Aldhean (2017) stated that decentralisation in strategic decision-making is a gap that should be addressed. This is related to leaders in higher education while making decisions. While planning their strategic levels normally, they take such decisions in a centralised manner and do not involve the relevant stakeholders (Papadakis & Lyriotaki, 2013). The researchers emphasised on restructuring and developing the appropriate organisational structures that allow decentralisation and knowledge sharing (Claver-Cortes et al., 2007). Various emphasis of sharing knowledge throughout taking decisions and decentralisation was made by the researchers. The literature indicated that there is a relationship between the involvement of relevant stakeholders in decision-making that leads to decision effectiveness within HEIs (Stone et al., 2018). Therefore, it could be seen that a lack of disseminating knowledge and centralisation will have an impact on higher education effectiveness. In this context,

decentralisation is proposed as part of this study model to describe the extent of knowledge used in relation to decentralisation that is expected to lead to effective decision-making and hence, higher education effectiveness.

### ***Knowledge Management***

Despite various researchers discussing the importance of knowledge management, the main focus was towards the means and tools that could be adapted to support knowledge management in organisations such as the use of big data and data mining (Hislop et al., 2018). However, very few papers discussed the relationship between knowledge management and strategic managements, planning or decision-making.

Alhawari, S., and Al-Jarrah, M. (2011) investigated the relationship between knowledge management and strategic competence. They defined that competence is the study related to organisational structure such as empowerment and the level of knowledge sharing. Furthermore, that such elements could be related to the level of authorities and decentralisation. Similarly, Mohammadpour et al. (2013) developed a model to assess the relationship between the knowledge management process and strategic thinking capacity. The study included decisions taken based on strategic thinking and non-strategic thinking, which concluded that there is a relationship between knowledge management and the level of strategic thinking capacity. This study could be related to rationality by the use of knowledge gained and the support of information.

From the above, it is clear there is a relationship between knowledge management and strategic decision-making. However, it has not yet been investigated, and there is a need to better understand how knowledge management influences strategic decision-making, specifically in higher education which is expected to lead to the better performance of HEIs.

### **Conclusion and Future Recommendation**

This paper demonstrated a proposed model to investigate the relationship between knowledge management and strategic decision-making in HEIs. The paper provided the basis and the relationship of the model and therefore, researchers could use this study as a starting point to initiate the hypothesis and gather data to identify the extent of knowledge management and processes for each strategic decision-making component. Due to the limited time frame, this paper did not gather data. However, as a future recommendation, it is a call for researchers to activate this model and gather data from HEIs. Furthermore, it could be focussed on colleges and departments or the private and governmental sectors, which are expected to add to the knowledge and the variation of effect of maturity levels and its impact on knowledge management processes and practices.

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