

Linking performance appraisal to knowledge management activities in the management consultancy sector in the UK

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Abstract

Although many scholars have suggested a link between knowledge management and performance appraisal, little empirical evidence has supported this claim. This paper identifies the importance of knowledge management activities in the performance appraisal systems in the UK consultancy sector. The findings of this paper suggests that although less than half of the respondents have reported that they formally appraise participation in knowledge management, all of the knowledge management activities suggested by the literature are viewed as important in their performance appraisals at diverse weights. This might be because knowledge management is viewed as a set of activities rather than a separate function. Another explanation is that these activities might be appraised indirectly through the already specified working tasks which include such actions. The study focuses on the consultancy sector in the UK, because it is believed that such knowledge intensive organizations are adequate as a starting point to collect empirical evidence on this research subject.

The performance appraisal criteria that relate to knowledge management activities clustered into three components. The highest ranked component in importance represented individual performance. The knowledge management activities supporting individual performance are using individual knowledge for business productivity, enriching the depth of business knowledge, building core competencies and creativity & innovation. The second highest component corresponded to group performance where its supporting knowledge management activities are person-to-person knowledge sharing, protecting knowledge, acquiring knowledge from other employees and enriching the breadth of business knowledge. The third component in importance represents information technology which is relatively lower in importance than the first two components, yet still significantly important. The knowledge management activities supporting information technology are information technology usage, information technology knowledge and contributing to the information technology (databases).

Knowledge management activities related to individual and group performances are positively correlated with each other; however, the activities related to information technology are viewed as a separate issue by organizations.

Key words: Human resources management, knowledge management, performance appraisal, management consultancy