

**Linking Performance Appraisal to
Knowledge Management in the
management consultancy sector in
the UK**

Scope of the study

- This presentation is extracted from a wider research aiming to investigate the alignment between HRM and KM in the UK management consulting sector.
- The paper was written a while ago. New findings emerged which altered some of the previous ones.

Motives

- Scholars claim that there is a shift from the information age to the knowledge era. This shift is represented at the firm level by the concept of knowledge management (KM).
- Increasing trend of highlighting the role of HRM practices in supporting KM and its activities
 - (examples; Haesli and Boxall, 2005; Davenport et al., 1996; Hansen et al., 1999; Smith, 2004; Gourlay, 2001; Kase and Zupan, 2007)
- Effective and efficient KM is claimed to be only possible if firms address its human dimension in addition to its information technology (IT) one.
- The review of relevant literature showed lack of sufficient empirical research to support theoretical claims that link HRM to KM.
- Available empirical studies are rare and subject to criticism. Mostly focus on multinational and large firms with claimed “best practices” towards HRM and KM.

PA & KM

- PA is claimed to have the strongest potentials in supporting KM.
 - (examples; Currie and Kerrin, 2003; Hannula et al., 2003; Olomolaiye and Egbu, 2006; Yahya and Goh, 2002)
- PA contributes to changing behaviors towards KM
- PA highlights the knowing-doing gap.
- PA outcomes act as an input to the KM process.
- PA provides an indicator in assessing KM activities such as knowledge sharing, knowledge acquisition, increasing the depth and breadth of business knowledge...etc.
- PA can be utilized to enforce both individual and group performances where each type of performance is argued to support various sets of KM activities.

Context

- The context of this research is chosen to be the management consulting sector in the UK
 - Management consultancies as typical examples of knowledge intensive firms
 - (examples, Swart et al., 2003, Balaz, 2004, Anand et al., 2007, Richter and Schmidt, 2006)
 - Management consultancies as typical employers of knowledge workers
 - (example; Kitay and Wright, 2003)
 - Therefore: consultancies most likely have developed HRM practices and KM initiatives

Methodology

- **Descriptive survey (extensive):**
 - Responses: 52
 - Sampling frame: 323
 - Response rate: 16.1%
 - Participants: responsible managers of HR
- **Semi-structured interviews (intensive):**
 - 15 interviews
 - Document review
 - Participants: responsible managers of HR
 - Representative sample of the survey sample.
- **Mini case studies (intensive):**
 - Case study 1: 2 interviews
 - Case study 2: 3 interviews
 - Extensive document review
 - Participants: Managers responsible of HR, Managers responsible of KM
 - Purposeful sampling: High formality levels of HRM practices and KM initiatives

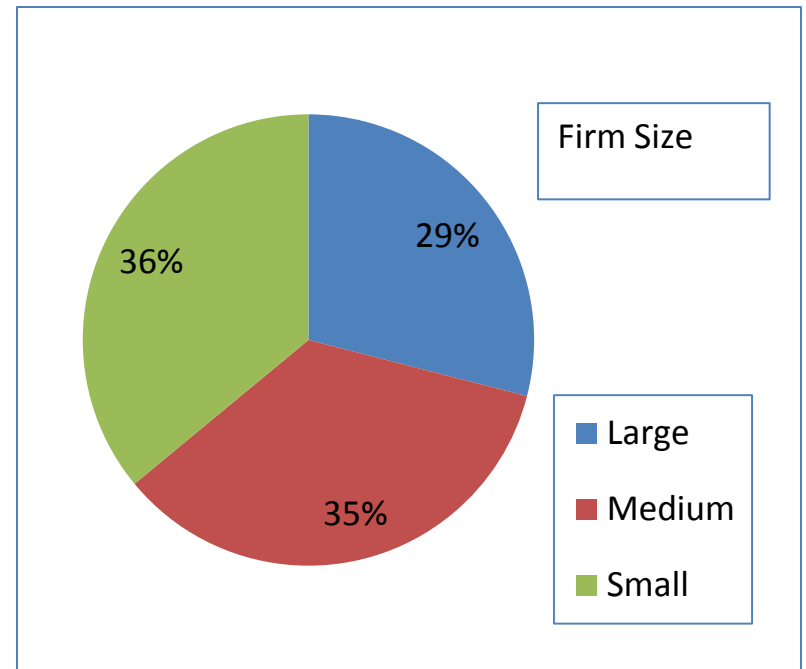
Background

Service	Frequency	Percent
HR	23	44%
Change management	16	31%
Strategy	15	29%
IT	13	25%
Admin.& General Management	12	23%
Engineering/ Design	10	19%
Others	9	17%
Operations Management	8	15%
Outsourcing	7	13%
Supply chain/ procurement management	7	13%
Finance	5	10%
Environmental management	5	10%
Marketing	4	8%
Scientific and technical	3	6%

Small < 50 employees

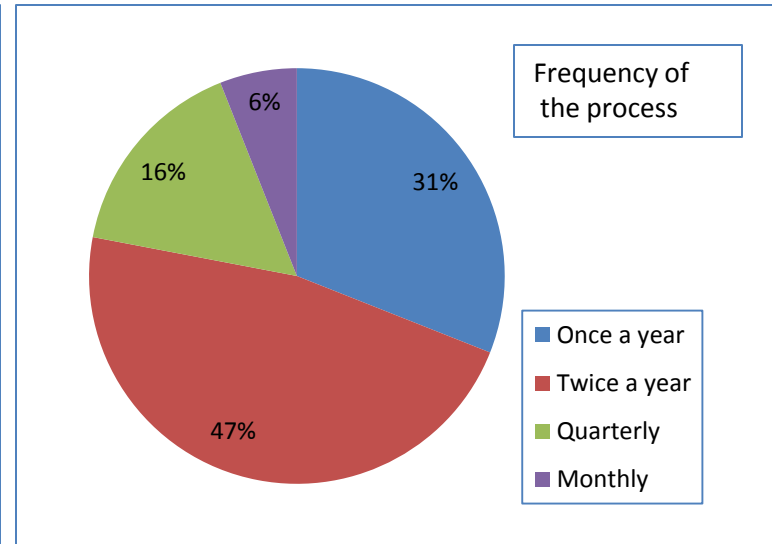
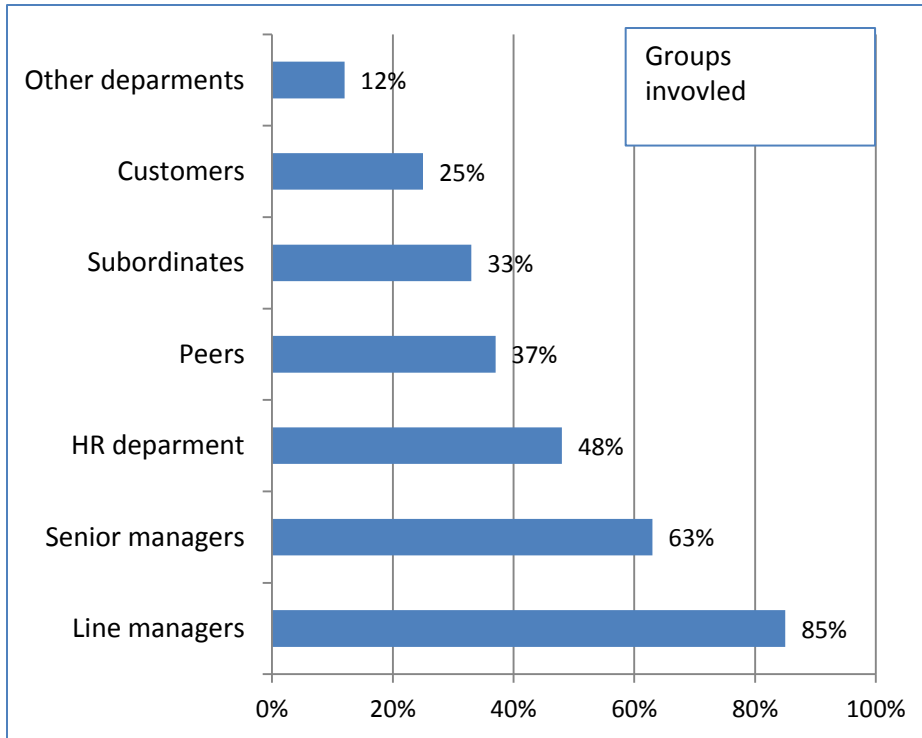
50 ≤ Medium < 250

Large ≥ 250



Background

- 94% of consultancies have formal PA systems



Findings

- A total of 44% of the surveyed firms claimed that they formally appraise employees' participation in KM activities.
- KM is more viewed as a set of activities.
- The level of formality and directness is questionable

Importance of various PA criteria related to KM

	Mean	% of respondents reporting criteria as important or very important
Enriching the depth of business knowledge	4.29	92%
Using individual knowledge for business productivity	4.29	94%
Building core competencies	4.27	84%
Enriching the breadth of business knowledge	4.06	81%
Person-to-person knowledge sharing	4.06	78%
Acquiring knowledge from other employees	3.98	73%
Creativity and innovation	3.94	82%
IT knowledge	3.9	67%
Contributing to IT (databases)	3.88	67%
IT usage	3.82	67%
Protecting knowledge	3.61	51%

Types of performances

	Mean	% of respondents reporting criteria as important or very important
Individual performance	4.69	96%
Group performance	4.31	88%

Correlation			
		Individual performance	Group performance
Individual performance	Pearson Correlation	1.00	0.59
	Sig. (2-tailed)		0.00
Group performance	Pearson Correlation	0.59	1.00
	Sig. (2-tailed)	0.00	

Correlation is significant at the 0.01 level (2-tailed).

Factor analysis

Rotated component matrix(a) – three components.

	Component		
	1	2	3
Person-to-person knowledge sharing	0.8		
Protecting knowledge	0.8		
Acquiring knowledge from other employees	0.8		
Group performance	0.7		
Enriching the breadth of business knowledge	0.7		
Using individual knowledge for business productivity.		0.8	
Individual performance		0.8	
Enriching the depth of business knowledge		0.7	
Building core competencies		0.7	
Creativity & Innovation		0.7	
Information technology usage			0.9
Information technology knowledge			0.8
Contributing to the information technology (databases)			0.8

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Correlations between KM activities of each of the three components

		Individual performance activities	Group performance activities	IT activities
Individual performance activities	Pearson Correlation	1.00	0.75	0.17
	Sig. (2-tailed)		0.00	0.26
Group performance activities	Pearson Correlation	0.75	1.00	0.25
	Sig. (2-tailed)	0.00		0.09
IT activities	Pearson Correlation	0.17	0.25	1.00
	Sig. (2-tailed)	0.26	0.09	

** . Correlation is significant at the 0.01 level (2-tailed).

Performance appraisal criteria of knowledge management activities

Performance appraisal components related to knowledge management activities.

Using individual knowledge for business productivity

Loadings

0.8

Enriching the depth of business knowledge

0.7

Building core competencies

0.7

Creativity & Innovation

0.7

Person-to-person knowledge sharing

0.8

Protecting knowledge

0.8

Acquiring knowledge from other employees

0.8

Enriching the breadth of business knowledge

0.7

Information technology usage

0.9

Information technology knowledge

0.8

Contributing to the information technology

0.8

Individual performance activities

Correlation
0.75

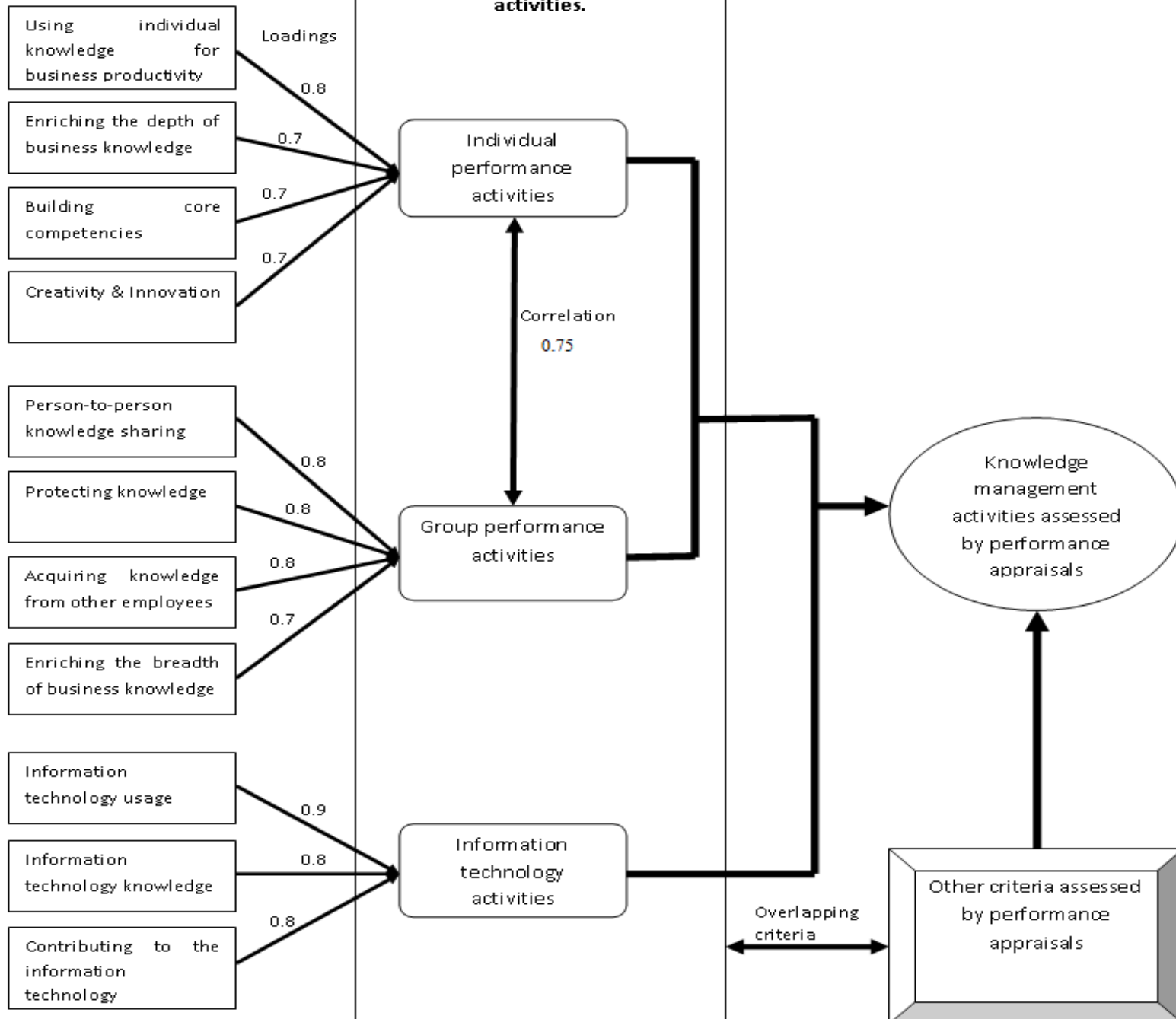
Group performance activities

Information technology activities

Knowledge management activities assessed by performance appraisals

Other criteria assessed by performance appraisals

Overlapping criteria



Thank you

Questions

Please contact: hadi.elfarr@gmail.com