Links between performance appraisal and knowledge management

Potentials and evidence from the management consultancy sector in the United Kingdom

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.

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.
- 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)
- 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.

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
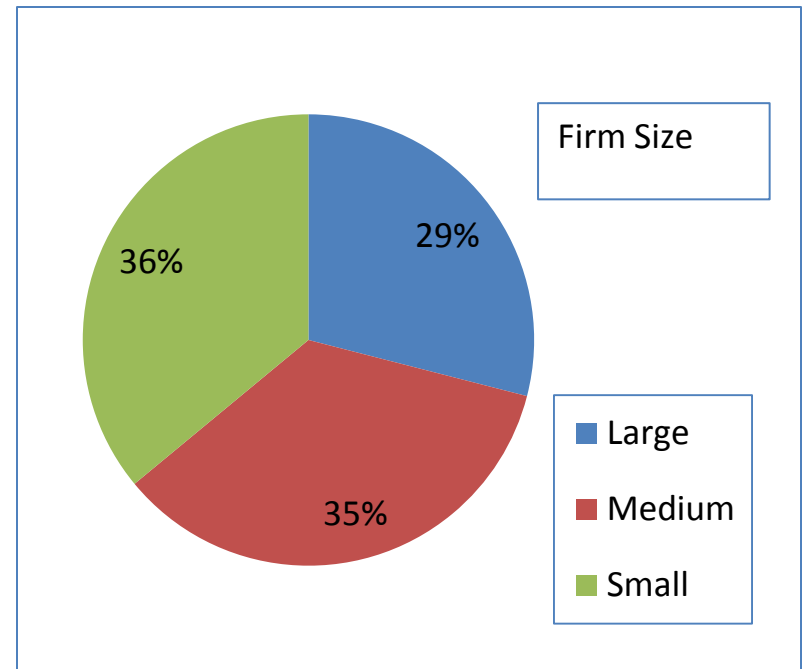
Background

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%

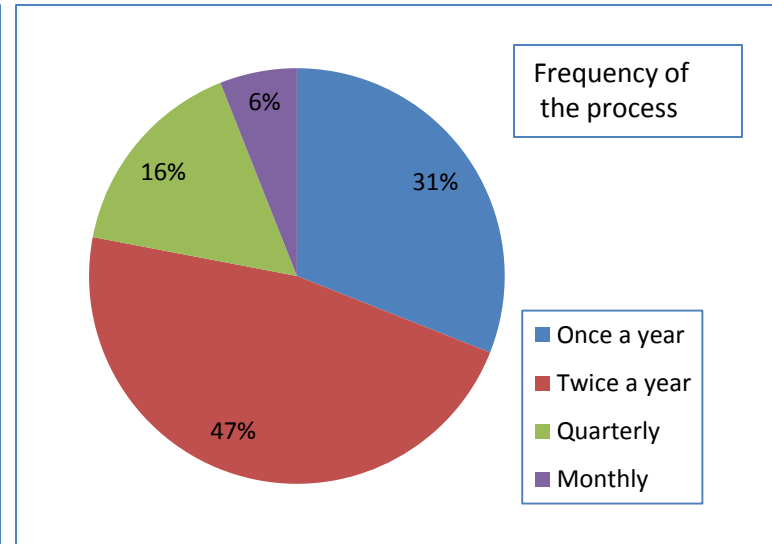| Small < 50 employees |
| 50 ≤ Medium < 250 |
| Large ≥ 250 |

Firm Size

- Large (29%)
- Medium (35%)
- Small (36%)
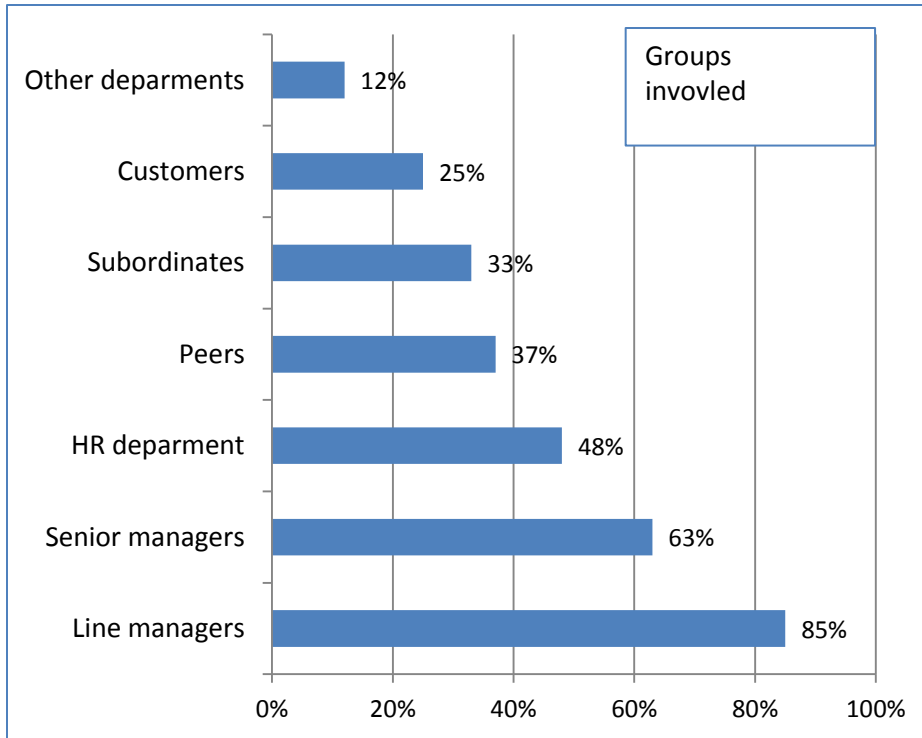
Background

- 94% of consultancies have formal PA systems

Importance of various PA criteria related to KM

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

Findings

- A total of 44% of the surveyed firms claimed that they formally appraise employees' participation in KM activities.

- 12 out of 15 interviewees agreed that PA contributes to KM.

- Most of the connections are indirect and specific to particular KM activities

KM indirectly measured through performance

- Most organisations consider that KM is already measured while measuring performance in terms of productivity, because this is ultimately the end result of any activity within the organisation

- *"If we are getting things out on time or before time, we are doing things under budget, then we have got the ability to capitalise on costs, and our clients, they can reap the reward of that. That is where the connection comes in"* (Company 3).

KM measured through meeting personal T&D targets

- 6 out of 15 organizations measure levels of achieving personal T&D targets
- Others believe that knowledge acquisition is measured indirectly through actual performance
- T&D is concerned mostly with technical needs.
- *"The PA affects KM because it is a time when individuals identify any T&D needs and they also set their goals and their career goals and then the line manager will decide what support that individual needs to obtain those targets and goals. That is 20%; I would say"* (Company 15).

Measuring IT related activities

- 3 out of 15 organizations measure IT update

- Magnitude and quality of updated data

- IT usage and update reflect on personal productivity; thus indirectly measured through bottom line measurements.

KM measured through competencies

- 6 out of 15 measure competencies that are claimed to increase knowledge acquisition and sharing. The most common competencies are teamwork and collaboration.

- *"What happens is you put teams together to do tenders, or on multidisciplinary projects and then there is the cross sharing of information and knowledge. Teamwork is key to all that. So, a key measurement in any appraisal is teamwork; one always looks at that team site and not only team work within the consultants themselves but with their management and within their client. Within teamwork, knowledge sharing would be part of that"* (Company 10).

PA and KM – power dimension

- Case study 1:
  - Internal power struggles between the executive search practice and the newly developing leadership consulting practice
  - Leadership consulting is striving to enforce non quantitative measures such as teamwork, collaboration and knowledge sharing within a unified PA.
  - Harvesting the social capital of the executive search team.
- Case study 2:
  - Trying to enforce a holistic PA for all the offices, stressing collaboration measures
  - Resistance from the partners of the separate dynamic offices.

Why KM is undermined

- PA indirectly addresses KM activities
- KM is rarely addressed as a strategic concern
- Rarity of supporting explicit policies and procedures
- KM is still viewed within the traditional vicinity of information management
- KM activities are part of unwritten job descriptions
- KM is mostly supported through informal mechanisms
- Mandatory for employees to accomplish their tasks and cannot be viewed separately
- KM is about "anything and everything"
- Formalising KM adds complexity with no clear end results (Intangible).
- Nothing new!!! (Information management, teamwork, collaboration...etc)
- KM is not adopted as a management concept in this sample

Thank you

Questions

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