

## Chapter 78

# Assessing Organisational KM Performance Based on the Criteria of Total Quality Management

**Kit Fai Pun**

*University of the West Indies, St. Augustine, Trinidad and Tobago*

**Man Yin Rebecca Yiu**

*University of the West Indies, St. Augustine, Trinidad and Tobago*

### ABSTRACT

*Recent literature gives much prominence to emerging performance measurement (PM) systems for assessing performance in organisations. A major question for management is how well these systems support the core business functions and operations of organisations on one hand. Knowledge management (KM) has been gaining momentum as the means toward organisational survival and growth on the other hand. Measures of KM performance are thus to validate the effectiveness of KM/PM practices. This paper comprehends the concepts of integrating KM with PM, and in short, KM performance measures in organisations. It reviews the issues that surround KM/PM initiatives and discusses the assessment criteria that integrate the philosophy and the principles of total quality management (TQM) with KM performance measures. It then identifies five areas of KM/PM enablers and/or attributes, namely 1) Senior management leadership, 2) Management by processes, 3) People development, 4) Continuous improvement, and 5) Results orientation. The concepts and substances reviewed are important to measure organisational KM performance. They are used as key inputs to the development of a proposed model for integrating KM and PM efforts in organisations so as to attain performance improvement. It is anticipated that future research could evaluate the efficacy of the IKM model, validate the key KM/PM criteria, and develop an implementation framework to foster the KM/PM efforts in organisations in different sectors.*

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## **1. INTRODUCTION**

Interests on performance measurement (PM) in organisations have notably increased in the last two decades (Pun and White, 2005; de Lima et al., 2009; Yiu et al., 2013). Measurement systems incorporating financial and non-financial measures have been a topic of considerable interest to both business practitioners and academics (Taticchi and Balachandran, 2008; Taticchi et al., 2010). It has been reported that knowledge and its management has been linked to organisational performance and strategy (Pun and White, 2005; Yiu and Sankat, 2012). There has also been an increasing recognition on the importance of intangible assets (expertise, experiences and patents) to the performance of any organisation (Wong and Aspinwall, 2005; Migdadi, 2009; Ma and Yu, 2010). Over the past two decades, knowledge management (KM) has progressed as a strategic management concept drawing from various disciplinary areas (Pillania, 2009) and has emerged as a phenomenon with wide-ranging implications for organisational performance and competitiveness (Heisig, 2009; Serenko and Bontis, 2009; Yiu et al., 2013).

Knowledge is recognised as a vital resource and source of competitive advantage (Maqsood et al., 2007), and knowledge management (KM) is a key differentiator (Sujatha, 2007) in today's dynamic and changing business environment. KM involves the design, review and implementation of both social and technological activities and processes to improve creating, sharing and applying/using knowledge (Standards Australia, 2005). The challenges for today's organisations are to 1) match and align performance measures with business strategy, structures and corporate culture, 2) deploy the measures so that the results are used and acted upon, and 3) integrate KM with performance measurement (PM) to attain sustainable competitive performance (del-Rey-Chamorro et al., 2003; Pun and White, 2005). Without measurable success, enthusiasm and support for KM is unlikely to continue. Bose (2004) contends that the best and most logical approach to measuring the impact of KM on an organisation's performance is to tie-in measurement of KM with the organisation's overall PM systems. Meanwhile, many organisations have been adopting the philosophies of total quality management (TQM) and business excellence (BE) to foster their performance goals (Chin and Pun, 2002; Lyons et al., 2008).

de Gooijer (2000) argues that the resolution of PM problems lays in two areas: linking KM to the overall business performance framework and organisational culture change. Besides, it is widely recognised that using performance metrics would help management and stakeholders to quantify KM capabilities and embed them in the policy, strategy and implementation processes of their organisations (Bose 2004; Yiu, 2012). Development of performance metrics for KM began in recent years and various metrics are being applied by forward-looking organisations. Many researchers (e.g. Ho, 2009; Zack et al. 2009) argue that a viable KM approach with well-defined metrics would help organisations to measure and monitor their performance. In the last two decades, various models, frameworks and approaches had been postulated pertinent to KM, PM and their integration (e.g. Sasson and Douglas, 2006; Heisig, 2009; Khatibian et al., 2010; Yiu et al., 2013).

There has been an increasing need to integrate KM with PM in the pursuit of continuous improvement and organisational goals. This paper begins with a review of the PM concepts and the development of PM systems since the 1980s. It then discusses the needs of, and explores the scope of recent studies on measuring KM performance. Common enablers and performance metrics of KM are reviewed, and five (5) categories of KM criteria are identified. An integrated knowledge management (IKM) model incorporating the TQM-BE philosophies is then to be derived, along with a results-oriented scoring method that facilitates the self-assessment of KM performance in organisations. This paper concludes

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