KNOWLEDGE MANAGEMENT MATURITY FROM A STRATEGIC/MANAGERIAL PERSPECTIVE

by

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1 All published articles were the result of work ensuing from this thesis

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The shift in the strategic role that knowledge plays in business is forcing business managers to actively participate in, if not lead, knowledge management for decision making. Unfortunately there are not enough generic models or even guidelines for incorporating the management of knowledge into business and especially business strategy formulation. This leads to business managers considering knowledge management as being separate from business, leading to an inability to align knowledge management goals with corporate goals.

The goal of the study was therefore to investigate the interdependency between knowledge, knowledge management and business from a managerial/strategic perspective rather than from a technological perspective. This was done to supply practitioners and managers with guidelines for successful institutionalization and management of knowledge.

In order to achieve this goal, research focused on the following objectives:

- Heightening awareness of the critical role knowledge plays as a strategic corporate resource.
- Determining the issues/models/methods and perspectives available, to guide strategists in the quest to efficiently and effectively manage knowledge, within a strategic/managerial perspective.
- The progression of knowledge management maturity from a strategic/managerial perspective.
- Knowledge management’s performance in relation to the objectives and measures that determine the overall efficiency and effectiveness of an organization.
- Formulation of guidelines (a knowledge management maturity questionnaire) to aid practitioners and strategists to successfully assess knowledge management maturity.
Finally, to expand the research beyond purely theoretical and/or academic value, i.e. to validate all propositions made in the scholarly review as being valid and applicable in a real world scenario, the knowledge management maturity questionnaire was tested in South African industry. Although not directly supportive of the aim, the knowledge gained from conducting research in industry supply knowledge management practitioners with a baseline of data to benchmark knowledge management maturity upon. The thesis therefore concludes with a summary of the main findings of the knowledge management maturity in 86 South African-based organizations.

In focusing on the evolution of strategy, it was determined that knowledge has played an enabling role in the formulation of strategies. It was proposed that the evolution of strategy will continue not by replacing previous notions, but rather by building knowledgeably upon previous thought. The proposition was made that in order to set the stage for the successful institutionalization of knowledge management, organizations should decide upon issues that are proven to lead to the implementation of a knowledge management culture. In order to ensure uniformity in the institutionalizing of these issues, it was proposed that not only should issues be encapsulated within policy, but also that the strategic management process be used to determine the priority of issues.

In placing knowledge management issues, policies and strategies in a chronological order, a new maturity model was formulated to reflect the progression of knowledge management endeavours from within a strategic/managerial perspective. Differences in opinion with regard to innovation’s role as measurement criteria for knowledge management were also critically reviewed. It was found that although numerous authors support a link between knowledge management and innovation, empirical evidence is not supportive. It was argued that the link between knowledge management and innovation is blurred, primarily due to the interdependency between knowledge, strategy and knowledge management. Owing to the complex nature of managing knowledge as a strategic enabler, the argument was proposed that the sum of the input will not equal the output. It was therefore proposed that knowledge management enables strategists to formulate winning strategies. The key to determining the value of knowledge management therefore lies in the extent knowledgeable reasoning leads to organisational growth, profitability and sustainability and not purely within the amount of innovation it sparks.

As mentioned earlier, building on the inductive reasoning followed in the literature review, a questionnaire of six sections, constituting 101 descriptive questions, was developed and used to empirically test the knowledge management maturity of 86 South African-based organizations. With regard to the level of knowledge management maturity reached it was found that Information and Communication Technology (ICT) and Information Management (IM) are fairly well institutionalised within South African industry. A large number of South African organizations still consider ICT, and especially, IM to be knowledge management. Most organizations understand the concepts and issues surrounding knowledge management. Organizations agree on the benefits of knowledge management.
Findings also indicated that there are differences between the scores forwarded for small, medium, large and extra-large organizations. Also, it was found that there are significant differences between the score by the different managerial levels present within organizations. Organizations in general struggle with the successful institutionalization of formal knowledge management endeavours beyond their borders. Not only is there a strong indication that middle management (supported by senior management) hold the key to successful implementation and diffusion of knowledge management, but knowledge management maturity achievements seem to be more dependent on a deliberate, conscious and calculated managerial effort, than on factors such as organizational size, the industry competing within, number of managerial levels present and resources available such as ICT.

The study not only commented on the knowledge management maturity of the 86 South African-based organizations, but also identifies the extent of maturity in South African organizations and industry groupings. It was found those organizations in the construction, building materials and mining sectors, banks and insurance, consulting, auditing, and service delivery and consumer goods and utilities were the leaders regarding knowledge management maturity. Score differences between groupings could mainly be attributed to the consistency of achievement over maturity. It was noted that sector leaders achieved higher than average scores in maturity sections, and in particular regarding the management of ICT and information, the formulation of knowledge management issues, plus policy and strategy.
KNOWLEDGE MANAGEMENT MATURITY FROM A STRATEGIC/MANAGERIAL PERSPECTIVE

GLOSSARY .................................................................................................................................12
1. Definitions ..............................................................................................................................12
2. Abbreviations .......................................................................................................................16

CHAPTER 1: INTRODUCTION AND AIM OF THE RESEARCH .............................................18
1.1 Introduction ..........................................................................................................................18
1.2 Background to the problem ...............................................................................................19
1.2.1 Aim ..................................................................................................................................21
1.2.2 Objectives of research .................................................................................................21
1.3 Research methodology .......................................................................................................22
1.4 Limitations .........................................................................................................................24
1.5 Assumptions .....................................................................................................................24
1.6 Contribution to the fields of knowledge management .......................................................25
1.7 Overview of Chapters ........................................................................................................27
1.7.1 Chapter 1: Introduction .................................................................................................27
1.7.2 Chapter 2: Knowledge as a strategic corporate resource ............................................27
1.7.3 Chapter 3: Knowledge management issues, policies and strategies .............................28
1.7.4 Chapter 4: Knowledge and knowledge management maturity ....................................28
1.7.5 Chapter 5: Determining the value of knowledge management .....................................29
1.7.6 Chapter 6: Methodology to assess knowledge management maturity ..........................29
1.7.7 Chapter 7: Study of the knowledge management maturity of South African Industry ......30
1.7.8 Chapter 8: Conclusion ....................................................................................................30

CHAPTER 2: KNOWLEDGE AS A STRATEGIC CORPORATE RESOURCE .........................31
2.1 Introduction ..........................................................................................................................31
2.1.1 Aim ..................................................................................................................................32
2.1.2 Scope .............................................................................................................................32
2.2 The complexity of knowledge ..........................................................................................33
2.3 The strategic importance of knowledge ...........................................................................36
2.4 The role knowledge plays in the formulation of strategy ..................................................38
2.4.1 The role played by knowledge in the evolution of strategy .........................................47
2.4.2 The Role of knowledge in assessing the organization’s environments .......................55
2.4.3 The Future of strategy formulation ................................................................................56
2.5 Summary .............................................................................................................................59

CHAPTER 3: KNOWLEDGE MANAGEMENT ISSUES, POLICIES AND STRATEGIES .......62
3.1 Introduction ..........................................................................................................................62
3.1.1 Aim ..................................................................................................................................63
3.1.2 Scope .............................................................................................................................63
3.2 Definition of knowledge management ................................................................................64
3.3 Knowledge management in relation to business strategy ...............................................65
3.4 Issues of knowledge management ....................................................................................66
3.4.1 Knowledge management is expensive ........................................................................67
3.4.2 Effective management of knowledge requires hybrid solutions of people and technology.68
3.4.3 Knowledge management is highly political ..................................................................68
3.4.4 Knowledge management requires knowledge managers. .............................................69
3.4.5 Knowledge management benefits more from maps than from models ..........................69
3.4.6 Sharing and using of knowledge are often unnatural acts ............................................70
3.4.7 Knowledge management means improving knowledge work processes ........................70
3.4.8 Knowledge access is only the beginning .....................................................................71
3.4.9 Knowledge management never ends ..........................................................................71

PHD: C.J.Kruger
CHAPTER 4: KNOWLEDGE AND KNOWLEDGE MANAGEMENT MATURITY ...............89
4.1 Introduction .............................................................................................................89
4.1.1 Aim .....................................................................................................................89
4.1.2 Scope ...................................................................................................................89
4.2 The Evolution of knowledge management ..................................................................90
4.3 Criteria to determine the organization’s knowledge management orientation ..........96
4.4 Formulation of a holistic knowledge management maturity model .........................98
4.4.1 Phase 1: ICT and Information management enablers for knowledge management ....109
4.4.2 Phase 2: Deciding on knowledge management issues ........................................111
4.4.3 Phase 3: The formulation of an organization-wide knowledge management policy ....111
4.4.4 Phase 4: Formulating knowledge management strategy/strategies ......................112
4.4.5 Phase 5: Implementation of knowledge management strategies ..........................113
4.4.6 Phase 6: Ubiquitous knowledge ..........................................................................114
4.4.7 The next phase - The future ..............................................................................115
4.5 Summary ................................................................................................................116

CHAPTER 5: DETERMINING THE VALUE OF KNOWLEDGE MANAGEMENT ..........118
5.1 Introduction .............................................................................................................118
5.1.1 Aim .....................................................................................................................118
5.1.2 Scope ...................................................................................................................118
5.2 Knowledge management in relation to business strategy and innovation ................119
5.3 Criteria to determine the efficiency and effectiveness of an organization ...............120
5.4 How to assess the efficiency and effectiveness of knowledge management from an organizational perspective .........................................................126
5.5 The value of knowledge management in relation to knowledge maturity ................130
5.6 Summary ................................................................................................................133

CHAPTER 6: METHODOLOGY PROPOSED TO ASSESS THE KNOWLEDGE MANAGEMENT MATURITY OF AN ORGANISATION .........................135
6.1 Introduction .............................................................................................................135
6.1.1 Aim .....................................................................................................................135
6.1.2 Scope ...................................................................................................................136
6.2 Methodology to measure the knowledge management maturity of an organization ....136
6.3 Formulation of a knowledge management maturity assessment questionnaire ........142
6.4 Methodology to empirically test the knowledge management maturity of organizations 146
6.5 Summary ................................................................................................................148

CHAPTER 7: A STUDY OF THE KNOWLEDGE MANAGEMENT MATURITY OF SOUTH AFRICAN INDUSTRY ..............................................................149
7.1 Introduction .............................................................................................................149
7.1.1 Aim .....................................................................................................................149
7.1.2 Scope ...................................................................................................................149
7.2 The handling of data ..............................................................................................150
7.3 Analysis of the knowledge management maturity of organizations, viewed from within a holistic managerial/strategic perspective .....................................................152
7.3.1 ICT Management ..............................................................................................154
7.3.2 Information management .................................................................................154
7.3.3 Knowledge management issues (principles), policies and strategy .....................157
7.3.4 Implementation of knowledge management .......................................................159
7.3.5 Ubiquitous knowledge ......................................................................................163
7.4 Knowledge management maturity according to organizational size .......................163

PHD: C.J.Kruger
Knowledge management maturity as a function of different managerial levels............................167
Knowledge management maturity as a function of different managerial levels within different organizational sizes .......................................................................................................................169
Assessment of the knowledge management maturity per industry grouping ........................................174
Summary of the major findings with regard to the knowledge management maturity of South African industry. ...........................................................................................................................185

CHAPTER 8: CONCLUSIONS AND RECOMMENDATIONS..........................................................189

Introduction...................................................................................................................................189
Summary of methodology used.....................................................................................................190
Main findings of the research ........................................................................................................191
Anomalies and surprising results ..................................................................................................197
Larger relevance of the study (gaps and uncertainties) ................................................................198
Recommendations regarding further research .............................................................................199

Appendix A: ...............................................................................................................................................201
Knowledge Management Maturity Assessment Matrix (KMMAM)...............................................201

Appendix B: ...............................................................................................................................................203
Knowledge Management Maturity Assessment Questionnaire (KMMAQ)..................................203

Appendix C ................................................................................................................................................214
Knowledge Management Maturity Rating System (KMMRS) .............................................................214

Appendix D ................................................................................................................................................222
Knowledge Management Maturity Findings ....................................................................................222
Table 1: Section 1 - ICT management...............................................................................................222
Table 2: Section 2 - Information management ..................................................................................223
Table 3: Section 3 - Formulation of knowledge management principles, policy and strategy ....226
Table 4: Section 4 - Implementation of knowledge management .....................................................229
Table 5: Section 5 - Ubiquitous knowledge ......................................................................................233
Table 6: Section 6 - Assessment of knowledge management growth ............................................236

REFERENCES ..........................................................................................................................................237
LIST OF FIGURES

Figure 2.1: Knowledge sources present in an organization .......................................................... 35
Figure 2.2: Providing stakeholders with value .................................................................................. 39
Figure 2.3: Demand vs. Supply ........................................................................................................ 41
Figure 2.4: Models for strategy formulation .................................................................................... 48
Figure 3.1: Setting the stage for knowledge management .............................................................. 76
Figure 3.2: Formulation of a knowledge strategy ........................................................................... 79
Figure 3.3: Knowledge creation and knowledge processing ............................................................. 85
Figure 4.1: Planning to manage knowledge as a strategic corporate resource ................................ 91
Figure 4.2: Changing the knowledge management structure .......................................................... 95
Figure 4.3: Representation of knowledge management dimensions ............................................. 103
Figure 4.4: Knowledge management maturity model ................................................................. 109
Figure 4.5: The interdependency between knowledge exploration and knowledge exploitation .... 125
Figure 5.1: The relationship between strategy formulation, knowledge management and knowledge exploitation ................................................................................................. 130
Figure 5.2: Progression in knowledge management leading to growth and profitability .......... 133
Figure 6.1: Methodology to assess the knowledge management maturity of an organization ....... 136
Figure 7.1: Knowledge Management Maturity distribution of all questionnaires ......................... 153
Figure 7.2: Distribution of organizational sizes according to the number of employees employed .. 164
Figure 7.3: Distribution of maturity according to organizational size ............................................ 166
Figure 7.4: Knowledge management maturity plotted as a function of different managerial levels ... 168
Figure 7.5: Knowledge management maturity ratings as a function of different managerial levels within different organizational sizes ................................................................. 170
Figure 7.6: Distribution of scores in small organizations .............................................................. 171
Figure 7.7: Distribution of scores in medium-sized organizations ................................................ 172
Figure 7.8: Distribution of scores in large organizations ............................................................... 173
Figure 7.9: Distribution of scores in extra-large Organizations ..................................................... 174
Figure 7.10: Maturity achievements in the resources grouping ..................................................... 176
Figure 7.11: Maturity achievements in the financial grouping ...................................................... 177
Figure 7.12: Maturity achievements in the service grouping ......................................................... 178
Figure 7.13: Maturity achievements in the goods grouping ........................................................... 179
Figure 7.14: Maturity achievements in the Automobiles/Transport grouping ............................... 180
Figure 7.15: Maturity achievements in the ICT grouping ............................................................... 180
Figure 7.16: Maturity achievements in the chemical and pharmaceutical grouping ..................... 182
Figure 7.17: Maturity achievements in the government grouping .................................................. 183
Figure 7.18: Knowledge management maturity distribution of educational institutions ............ 184
LIST OF TABLES

Table 6.1: Comparison between the phases forwarded in chapter 4, and the maturity sections included in the KMMAQ .........................................................................................................................143
Table 7.1: Knowledge management maturity distribution ................................................................................152
Table 7.2: Number of organizations per organizational category ........................................................................164
Table 7.3: Distribution of maturity achievements per organizational category ................................................166
Table 7.4: Knowledge management maturity as a function of different managerial levels .........................168
Table 7.5: Knowledge management maturity ratings as a function of different managerial levels within different organizational sizes ......................................................................................................170
Table 7.6: Grouping of organizations ..............................................................................................................175
Table 7.8: Comparison of scores per organizational grouping broken down per organizational sizes and managerial level ................................................................................................................186

Appendix D
Table 1: Section 1 - ICT Management ........................................................................................................222
Table 2: Section 2 - Information Management ............................................................................................223
Table 3: Section 3 - Formulation of Knowledge Management principles, policy and strategy ..........226
Table 4: Section 4 - Implementation of Knowledge Management ..............................................................229
Table 5: Section 5 - Ubiquitous Knowledge ................................................................................................233
Table 6: Section 6 - Assessment of Knowledge Management Growth .......................................................236
GLOSSARY

1. Definitions

**Chief Information Officer (CIO)**: “The strategic level information and ICT manager who directs information and all ICT systems and personnel while communicating directly with the highest levels of the organisation”.

(Haag, Cummings and Dawkins, 1998:515)

**Core Competence**: “A capability or skill running through a firm’s business and that once identified, nurtured and deployed, becomes the basis for lasting competitive advantage”.

(Pearce and Robinson, 2000:327)

**Effectiveness**. “A measure of the extent to which a system achieves its goals; it can be computed by dividing the goals actually achieved by the total of the stated goals”.

(Stair and Reynolds, 2003:663)

**Efficiency**. “A measure of what is produced divided by what is consumed”.

(Stair and Reynolds, 2003:663)

**Evaluation research**: “Implementation evaluation research aims to answer the question of whether an intervention (program, therapy, policy, or strategy), has been properly implemented (process evaluation studies), whether the target group has been adequately covered and whether the intervention was implemented as designed”

(Mouton, 2001:158)

**Explicit knowledge**: “Structured internal knowledge (explicit knowledge), such as product manuals or research reports”.

(Laudon and Laudon, 2004:316)
**Growth:** “In this context, the meaning of growth must be broadly defined. Although the product impact market studies have shown that growth in market share is correlated with profitability, other important forms of growth do exist. Growth in the number of markets served, in the variety of products offered, and in the technologies that are used to provide goods and services frequently lead to improvement in a firm’s competitive ability. Growth means change, and proactive change is essential in a dynamic business environment”.

(Pearce and Robinson, 2000:32)

**Information Management:** “Information management deals with management of resources such as information media, people, information systems and physical facilities that are required if information as content is to play a role on the corporate strategic, organizational, operational and personal levels”.

(Boon, 1990:320)

**Information technology:** “All forms of technology involved in capturing, manipulating, communicating, presenting and using data - and data transformed into information”.

(Wainright Martin et al., 2005:688)

**Implicit knowledge:** “Tacit knowledge in the form of mental models can be expressed to a certain degree, even if only in the mind of the individual, makes it expressible knowledge, in other words information.”

(Nonaka and Takeuchi, 1995:63-64)

**Innovation.** “New products and systems, new technologies and services. In short, everything the outside world perceives as a company’s output”.

(Weyrich, 1998:01)

Knowledge Management: Viewed from a two-dimensional perspective. “The first dimension consists of the activities that are critical to knowledge creation and innovation: knowledge exchange, knowledge capture, knowledge re-use and knowledge internalization. The second dimension consists of those elements that enable or influence knowledge creation activities. These include:

- **Strategy** – the alignment of corporate and knowledge management strategies.
- **Measurement** – the measures and metrics captured to determine if knowledge management improvement is occurring or if a benefit is being derived.
- **Policy** – the written policy or guidance that is provided by the organisation.
- **Content** – the corporate knowledge base that is captured electronically.
- **Process** – the processes that knowledge workers use to achieve the organization’s mission and goals.
- **Technology** – the information technology that facilitates the identification, creation and diffusion of knowledge among organisational elements within and across enterprises, for instance an enterprise portal.
- **Culture** – the environment and context in which knowledge management processes must occur”.

(Taylor Small and Tatalias, 2000:02)

Knowledge management vs. Information management: Grey explains the difference between KM and IM simply by saying that IM is working with objects such as data or information whereas KM is concerned with working with people. He goes on to state that IM deals exclusively with overt representations such as accuracy, speed, cost, storage and retrieval, whereas KM deals more with implicit symbols such as learning, meaning, understanding and negotiation.

(Grey, 1998)

Knowledge management strategies: Knowledge management strategies define the processes and infrastructure for managing knowledge. “Once a firm identifies
opportunities, threats, strengths and weaknesses related to its intellectual resources and capabilities, then actions it may take to manage gaps or surpluses (e.g. recruiting for particular skills, building online documentary repositories, establishing communities of practice, acquiring firms, licensing technologies, etc.) are guided by knowledge management strategies”.

(Zack, 2001: online)

**Participatory research:** “Studies that involve the subjects of research (research participants) as an integral part of the design. Use mainly qualitative methods in order to gain understanding and insight into life-worlds of research participants”.

(Mouton, 2001:150)

**Strategic Knowledge Management Plan.** “A set of longer-range goals that document movement towards the knowledge vision and knowledge architecture and the associated major initiatives that must be undertaken to achieve these goals”.

(Snyman and Kruger, 2004:19)

**Strategic management:** “The set of decisions and actions that results in the formulation and implementation of plans designed to achieve a company’s objectives”.

(Pearce and Robinson, 2005:03)

**Tacit Knowledge:** “Informal internal knowledge, often called tacit knowledge, which resides in the minds of the individual employees but has not been documented in structured form.”

(Laudon and Laudon, 2004:316)

And,

"Tacit knowledge is hidden knowledge, hidden even from the consciousness of the knower."

(Skyrme and Amidon, 1997:30)
**Total Quality Management.** “An intense focus on customer satisfaction; on acute measurement of every critical variable in a business’s operation; on continuous improvement of products, services and processes, and on work relationships based on trust and teamwork.”

(Pearce and Robinson, 2005:373)

2. **Abbreviations**

- **CIO** - Chief Information Officer
- **CMM** - Capacity Maturity Model
- **DSS** - Decision Support Systems.
- **ERM** – Enterprise Resource Management
- **ERP** – Enterprise Resource Planning
- **HR** – Human Resource
- **ICT** - Information and Communication Technology
- **IS** – Information System
- **IT** – Information Technology
- **KM** – Knowledge Management
- **KMMA** - Knowledge Management Maturity Assessment

- **KMMAM** – Knowledge Management Maturity Assessment Matrix
- **KMMAQ** - Knowledge Management Maturity Assessment Questionnaire
- **KMMM** – Knowledge Management Maturity Model
- **KMMRS** - Knowledge Management Maturity Rating System
- **KM3** – Knowledge Management Maturity Model
- **R&D** - Research and Development
- **SEI** - Software Engineering Institute
- **SEI-CMM** - Software Engineering Institute Capacity Maturity Model
- **SKMP** - Strategic Knowledge Management Plan
SM – Strategic Management

TPS - Transaction Processing System

TQM - Total Quality Management