Chapter 7.13
A View on Knowledge Management: Utilizing a Balanced Scorecard Methodology for Analyzing Knowledge Metrics

Alea Fairchild
Vesalius College/Vrije Universiteit Brussel (VUB), Belgium

ABSTRACT

IT professionals who want to deploy foundation technologies such as groupware, CRM or decision support tools, but fail to justify them on the basis of their contribution to Knowledge Management, may find it difficult to get funding unless they can frame the benefits within a Knowledge Management context. Determining Knowledge Management’s pervasiveness and impact is analogous to measuring the contribution of marketing, employee development, or any other management or organizational competency. This chapter addresses the problem of developing measurement models for Knowledge Management metrics and discusses what current Knowledge Management metrics are in use, and examines their sustainability and soundness in assessing knowledge utilization and retention of generating revenue. The chapter discusses the use of a Balanced Scorecard approach to determine a business-oriented relationship between strategic Knowledge Management usage and IT strategy and implementation.

INTRODUCTION

“Knowledge has become the key economic resource and the dominate — and perhaps even the
The definition of knowledge is a complex and controversial one, and ‘knowledge’ can be interpreted in many different ways. Much of the Knowledge Management literature defines knowledge in broad terms, covering basically all the “software” of an organization. This involves the structured data, patents, programs and procedures, as well as the more intangible knowledge and capabilities of the people. It may also include the way that organizations function, communicate, analyze situations, come up with novel solutions to problems and develop new ways of doing business. Knowledge Management in an organization can also involve issues of culture, custom, values and skills as well as the enterprise’s relationships with its suppliers and customers. Knowledge Management is a strategic, systematic program to capitalize on what an organization “knows” (Knapp, 1998).

Managerial interest in Knowledge Management stems from a number of economic facts about knowledge utilization in today’s environment. These facts are shown in Figure 1.

- Long-run shifts in advanced industrial economies which have led to the increasingly widespread perception of knowledge as an important organizational asset.

Figure 1. Economic reasons for the interest in knowledge management (KPMG Consulting, 2000)
Related Content

Information Quality in Participatory Systems: The Case of Abu Dhabi
[www.igi-global.com/article/information-quality-in-participatory-systems/188497?camid=4v1a](www.igi-global.com/article/information-quality-in-participatory-systems/188497?camid=4v1a)

Understanding the Context of Large-Scale IT Project Failures
[www.igi-global.com/article/understanding-context-large-scale-project/69778?camid=4v1a](www.igi-global.com/article/understanding-context-large-scale-project/69778?camid=4v1a)

The Role of a Knowledge-Centric Capability in Innovation: A Case Study
[www.igi-global.com/chapter/role-knowledge-centric-capability-innovation/68332?camid=4v1a](www.igi-global.com/chapter/role-knowledge-centric-capability-innovation/68332?camid=4v1a)

Orchestrating Knowledge-Based Urban Development: Lessons from Multimedia Super Corridor, Malaysia
[www.igi-global.com/chapter/orchestrating-knowledge-based-urban-development/41698?camid=4v1a](www.igi-global.com/chapter/orchestrating-knowledge-based-urban-development/41698?camid=4v1a)